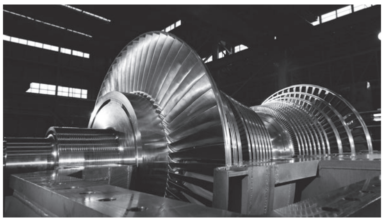
Fuji Electric

Innovating Energy Technology

Fuji Electric Report Finacials 2015



Innovating Energy Technology

Consolidated Financial Highlights

Years ended March 31	2011	2012	2013	2014	Millions of yen 2015	Thousands of U.S. dollars*1 2015
Operating Results						
Net sales	¥689,065	¥703,534	¥745,781	¥759,911	**¥810,678**	**$6,755,657**
Japan	510,843	525,096	567,314	582,223	**605,763**	**5,048,026**
Overseas	178,221	178,437	178,466	177,688	**204,915**	**1,707,631**
Operating income	11,917	19,252	21,992	33,136	**39,316**	**327,641**
Net income	15,104	11,801	26,368	19,582	**27,978**	**233,151**
R&D and Capital Investment						
R&D expenditures	¥ 32,568	¥ 32,247	¥ 31,160	¥ 32,029	**¥ 35,023**	**$ 291,865**
Plant and equipment investment*2	27,223	24,989	31,771	26,916	**29,041**	**242,014**
Depreciation and amortization*3	27,945	29,755	31,054	30,849	**33,615**	**280,132**
Cash Flows						
Cash flows from operating activities	¥ 53,853	¥ 28,314	¥ 55,342	¥ 53,651	**¥ 51,459**	**$ 428,828**
Cash flows from investing activities	84,241	(13,489)	(24,286)	(9,649)	**(22,750)**	**(189,587)**
Free cash flow	138,094	14,825	31,055	44,002	**28,709**	**239,241**
Cash flows from financing activities	(93,468)	(32,593)	(56,827)	(50,570)	**(33,827)**	**(281,906)**
Financial Position						
Total assets	¥805,797	¥792,848	¥765,563	¥810,774	**¥904,522**	**$7,537,686**
Total net assets	174,935	183,217	215,672	251,225	**319,636**	**2,663,636**
Interest-bearing debt	274,019	255,865	226,717	199,504	**191,225**	**1,593,546**
Financial Indicators						
Ratio of operating income to net sales (%)	1.7	2.7	2.9	4.4	**4.8**	—
ROE (Return on equity) (%)	9.0	7.4	14.7	9.3	**10.8**	—
ROA (Return on assets) (%)	1.8	1.5	3.4	2.5	**3.3**	—
Equity ratio (%)	19.3	20.6	25.4	28.0	**32.1**	—
Net debt-equity ratio (times)*4	1.2	1.2	1.0	0.7	**0.5**	—
Debt-equity ratio (times)*5	1.8	1.6	1.2	0.9	**0.7**	—
Per Share Data					Yen	U.S. dollars*1
Net income	¥ 21.14	¥ 16.52	¥ 36.90	¥ 27.41	**¥ 39.16**	**$0.33**
Net assets	217.40	228.91	272.29	317.96	**406.39**	**3.39**
Cash dividends	4.00	4.00	5.00	7.00	**9.00**	**0.08**
Others					Headcount	
Employees	24,562	24,973	24,956	25,524	**25,740**	—
Japan	18,002	17,933	18,271	18,022	**17,814**	—
Overseas	6,560	7,040	6,685	7,502	**7,926**	—

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥120 = U.S. $1, the approximate exchange rate at March 31, 2015.
*2 Plant and equipment investment is the total of investment in tangible fixed assets, including acquisition amounts for lease contracts.
*3 Depreciation and amortization expense is the total of the depreciation of tangible fixed assets and amortization of intangible assets.
*4 Net debt-equity ratio: Net interest-bearing debt (interest-bearing debt – cash and cash equivalents) / Net assets
*5 Debt-equity ratio: Interest-bearing debt / Net assets

Contents

Management's Discussion and Analysis

Overview

In fiscal 2014, the year ended March 31, 2015, the operating environment for Fuji Electric saw a modest recovery trend in the domestic economy. While there was a fallback from the demand rush that preceded the April 2014 consumption tax hike, this was offset by positive factors including the recovery of corporate performance. Overseas, activity was weak in certain markets, but the overall trend was that of gradual improvement supported by the recovery of the United States and other major developed nations.

In response to these conditions, Fuji Electric concentrated on advancing the management policies of expanding energy-related businesses and globalizing operations. At the same time, we positioned the fiscal year under review as a year for aggressive management expansion, in a step forward from the previous fiscal year, which was designated as the first year for aggressive management. As such, we worked to boost profitability focused on businesses in the Industrial Infrastructure and Power Electronics segments while strengthening overseas operations.

Financial Performance

Net Sales

In fiscal 2014, net sales increased 6.7% year on year, to ¥810,678 million. Domestic net sales were up 4.0% year on year, to ¥605,763 million. Meanwhile, overseas net sales were up 15.3% year on year, to ¥204,915 million.

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

Cost of sales increased 5.1% year on year, to ¥609,376 million. The cost of sales to net sales ratio decreased 1.1 percentage points to 75.2%.

Selling, general and administrative expenses increased 10.3% year on year, to ¥161,986 million. Selling, general and administrative expenses as a percentage of net sales increased 0.7 percentage points to 20.0%.

Operating income improved ¥6,180 million year on year, to ¥39,316 million. This was due to higher net sales and the effects of structural improvements, such as cost reduction measures.

Non-Operating Income (Expenses) and Ordinary Income

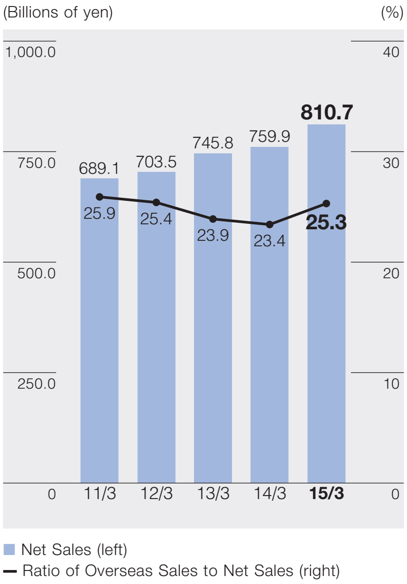
Non-operating income (net) was ¥3,823 million, an increase of ¥228 million compared to the non-operating income (net) of ¥3,595 million in the previous fiscal year. The increase was mainly due to a ¥1,055 million increase in interest and dividend income and a ¥1,894 million increase in foreign exchanges gains from the previous fiscal year, which were partially offset by a ¥1,317 million decrease in equity in earnings of affiliates.

As a result, ordinary income was ¥43,139 million, an improvement of ¥6,408 million from the previous fiscal year.

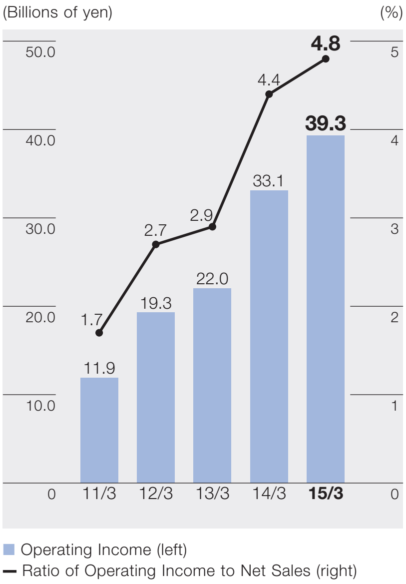
Extraordinary Income (Loss), Income Before Income Taxes and Minority Interests

Extraordinary income was ¥7,703 million due to recording gain on sales of noncurrent assets, gain on sales of investment securities, and gain on change in equity. Extraordinary income increased ¥6,790 million year on year, mainly due to recording of gain on change in equity.

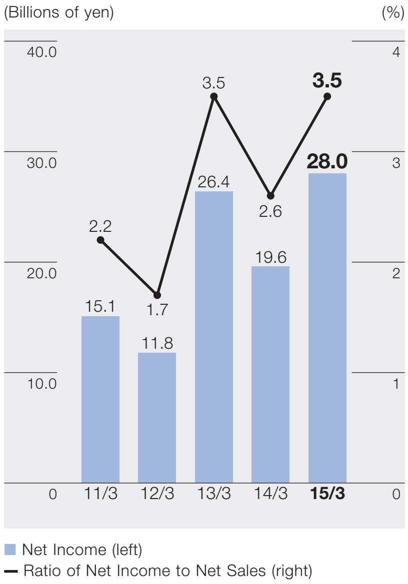
Net Sales / Ratio of Overseas Sales to Net Sales



Operating Income / Ratio of Operating Income to Net Sales



Net Income / Ratio of Net Income to Net Sales



Extraordinary loss was ¥5,123 million, reflecting loss on disposal of noncurrent assets, loss on devaluation of investment securities, impairment loss, settlement packages and other items. Extraordinary loss increased ¥1,216 million year on year, mainly due to an increase in impairment loss from the previous fiscal year.

As a result, income before income taxes and minority interests increased ¥11,982 million year on year to ¥45,719 million.

Net Income

Net income was ¥27,978 million, after deducting ¥14,919 million for income taxes and ¥2,822 million for minority interests from income before income taxes and minority interests. The net income result increased by ¥8,396 million year on year.

Results by Business Segment

Power and Social Infrastructure

Net sales increased 15% year on year to ¥175,213 million, and operating income improved ¥607 million year on year to ¥8,266 million.

In fiscal 2014, orders received (Power and Social Infrastructure segment of Fuji Electric Co., Ltd., non-consolidated-basis) were ¥214,000 million.

In the power plant business, sales were up year on year due to a rise in orders for solar power generation systems, which offset the decline in large-scale orders for hydropower generation facilities. In the social engineering systems business, sales were up due to higher sales centered on power systems and other items in the power grid field as well as smart meters. In the social information business, sales increased as a result of the rise in activities targeting small- to medium-scale orders. Overall, the segment saw improved operating results due to higher net sales.

Industrial Infrastructure

Net sales increased 4% year on year, to ¥198,035 million, and operating income improved ¥1,799 million year on year, to ¥11,423 million.

In fiscal 2014, orders received (Industrial Infrastructure segment of Fuji Electric Co., Ltd. non-consolidated-basis) were ¥125,800 million.

In the transmission and distribution business, sales were up year on year, reflecting a rise in large-scale orders in Japan. In the industrial plant business, sales increased following strong domestic replacement demand. In the industrial and instrumentation equipment business, sales were relatively unchanged year on year. In the equipment construction business, sales increased due to a rise in orders for air-conditioning facility construction and solar power generation system construction. The segment's overall operating results improved year on year due to the higher net sales and the benefits of cost reduction efforts.

Power Electronics

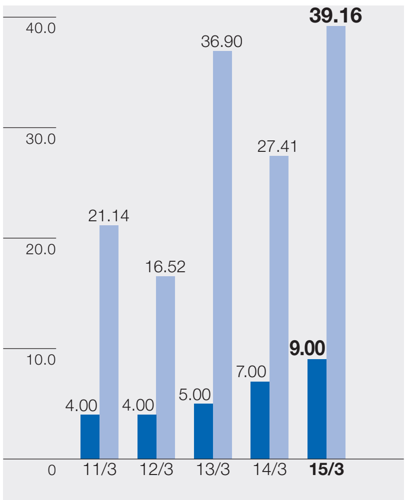
Net sales increased 5% year on year, to ¥184,110 million, and operating income improved ¥1,491 million year on year, to ¥6,822 million.

In fiscal 2014, orders received (sum of Power Electronics segment of Fuji Electric Co., Ltd. and Fuji Electric FA Components & Systems Co., Ltd., non-consolidated-basis) were ¥149,200 million.

In the drive business, sales and operating results improved year on year following a rise in demand for mainstay inverters and

Cash Dividends per Share / Net Income per Share

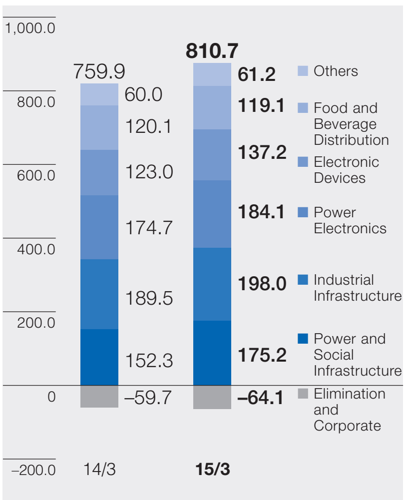
(Yen)



■ Cash Dividends per Share
■ Net Income per Share

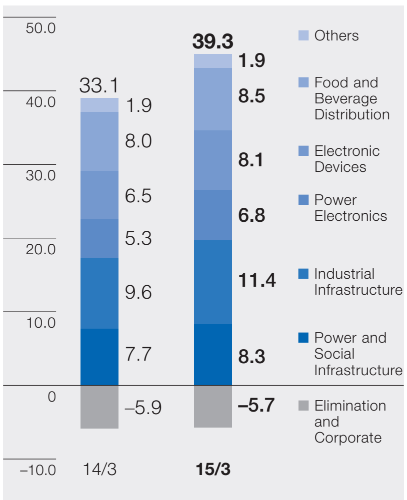
Net Sales by Segment*

(Billions of yen)



Operating Income (Loss) by Segment*

(Billions of yen)



* Based on figures reflecting the change in subsegments that took effect from April 1, 2014

servos. In the power supply business, sales and operating results were up year on year as a result of increased overseas demand for power supply equipment coupled with the robust demand for power conditioning sub-systems for mega solar facilities in Japan. In the ED&C components business, sales and operating results improved year on year due to strong demand for machine tools and solar power generation-related equipment.

Electronic Devices

Net sales increased 11% year on year, to ¥137,189 million, and operating income improved ¥1,599 million year on year, to ¥8,071 million.

In fiscal 2014, orders received (sum of Electronic Devices segment of Fuji Electric Co., Ltd. and Fuji Electric (Malaysia) Sdn. Bhd., non-consolidated-basis) were ¥107,500 million.

In the semiconductors business, sales were up year on year due to strong demand for inverters, servos, and other industrial machinery in the industrial business and recovered demand for products for telecommunications equipment in the power supply application business. These factors outweighed a decrease in demand in the automotive electronics business following the consumption tax hike in Japan. Operating results improved due to higher sales and the benefits of cost reduction efforts. In the magnetic disks business, sales increased, but operating results were unchanged year on year due to the negative impacts of changes in prices and the ratios of sales for specific models.

Food and Beverage Distribution

Net sales decreased 1% year on year, to ¥119,113 million, and operating income improved ¥480 million year on year, to ¥8,527 million.

In fiscal 2014, orders received (Food and Beverage Distribution segment of Fuji Electric Co., Ltd., non-consolidated basis) were ¥110,800 million.

In the vending machines business, sales decreased year on year as sales increases in overseas markets focusing on China were offset by the impacts of detracting factors in the domestic market, namely the unseasonable weather, the decrease in vending machine demand following the consumption tax hike, and the fact that demand for convenience store coffee machines returned to normal levels. In the store distribution business, sales were down year on year as customer demand for automatic change dispensers declined, counteracting the benefits of higher sales of freezing and refrigerating facilities for convenience stores, refrigeration facilities for the distribution sector, and equipment and systems for plant factories. Despite the decrease in net sales, the segment's overall operating results improved year on year due to the benefits of cost reduction efforts.

Others

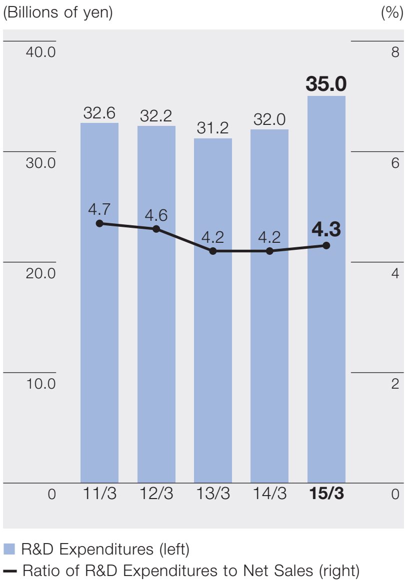
Net sales increased 2% year on year, to ¥61,208 million, and operating income was ¥1,884 million, relatively unchanged from the previous fiscal year.

R&D Investment and Plant and Equipment Investment

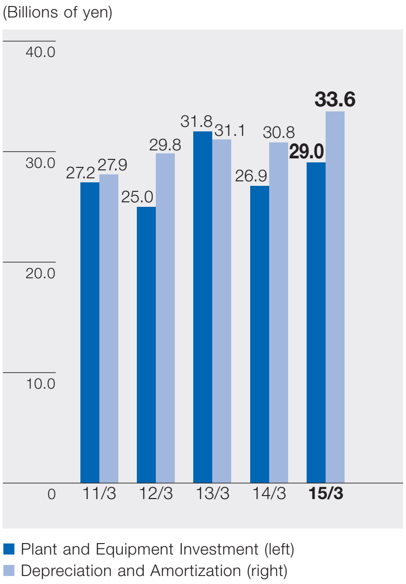
R&D Expenditures

Fuji Electric's R&D is focused on developing products that lead to a responsible and sustainable society through the pursuit of cutting-edge energy technologies. The Company has also

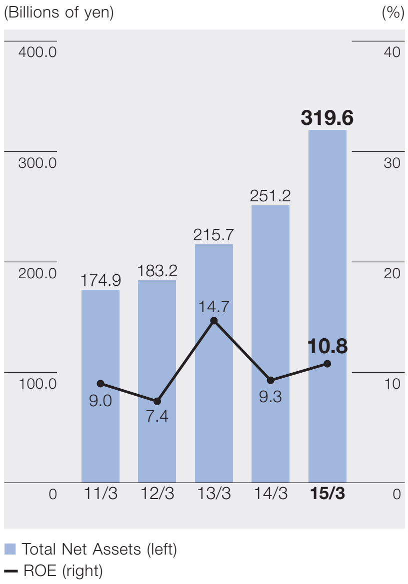
R&D Expenditures / Ratio of R&D Expenditures to Net Sales



Plant and Equipment Investment / Depreciation and Amortization



Total Net Assets / ROE



been realizing companywide synergies and advancing the globalization of its R&D functions, as well as stepping up open innovation initiatives with universities, research institutes, and other companies.

For fiscal 2014, Fuji Electric's total R&D expenditures amounted to ¥35,023 million.

The number of industrial property rights held by Fuji Electric in Japan and overseas was 10,838 as of March 31, 2015.

Capital Expenditure

In fiscal 2014, the Company's capital expenditure, including leases, totaled ¥29,000 million. We bolstered investment in the Power Electronics and Industrial Infrastructure segments to strengthen their bases in Asia.

We also conducted intensive capital expenditure for mass production and development of new products, aiming to expand sales.

Key investments were as follows.

We commenced construction work on a core R&D center at our Tokyo Factory in order to bolster development of electrical and thermal energy solutions.

In the Power and Social Infrastructure segment, we invested in the construction of new assembly lines and test lines for mass production of smart meters.

In the Industrial Infrastructure segment, we invested in high power testing facilities at our Chiba Factory to accelerate development of electrical switchgears. Moreover, at Fuji Electric Manufacturing (Thailand) Co., Ltd. (FMT) we invested in production facilities for electrical switchgear.

In the Power Electronics segment, we invested in testing facilities at FMT for equipment such as uninterruptible power systems. In addition, we invested in an automated assembly line at our Suzuka Factory for mass production of a new model of inverter. In the ED&C components business, we established a new development center to bolster our development capabilities, and made additional investments in evaluation facilities.

In the Electronic Devices segment, we commenced construction of a development center at the Matsumoto Factory to accelerate development of new power semiconductor technologies and products, as well as new production technologies. Furthermore, we invested in development facilities for next-generation IGBTs, and made investments in our assembly processes to bolster production of pressure sensors as well as to expand the variety of industrial IGBTs produced.

Financial Position

Total Assets

Total assets as of March 31, 2015 stood at ¥904,522 million, an increase of ¥93,748 million from the previous fiscal year-end.

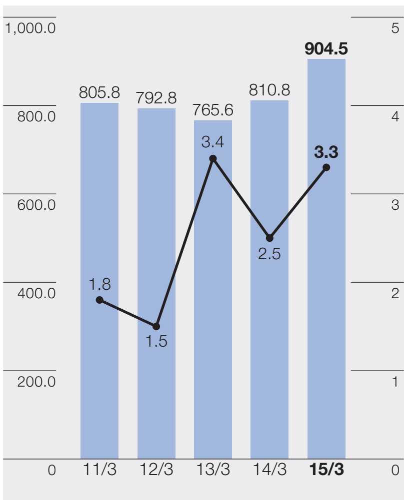
Current Assets and Current Liabilities

Total current assets amounted to ¥462,969 million as of March 31, 2015, up ¥33,631 million from the previous fiscal year-end. This was mainly due to increases from the previous fiscal year-end of ¥15,150 million in trade receivables and ¥16,171 million in inventories.

Total current liabilities stood at ¥404,748 million, up ¥45,291 million from the previous fiscal year-end.

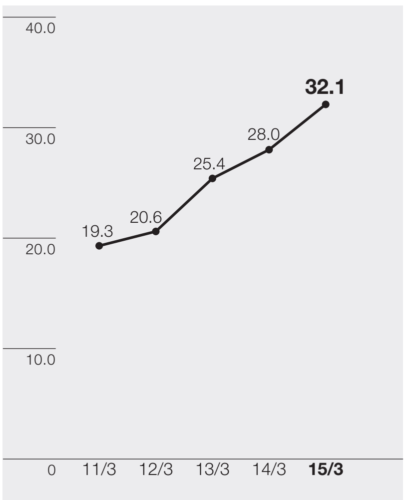
This was due to increases from the previous fiscal year-end of ¥19,000 million in commercial paper and ¥15,000 million in current portion of bonds.

Total Assets / ROA

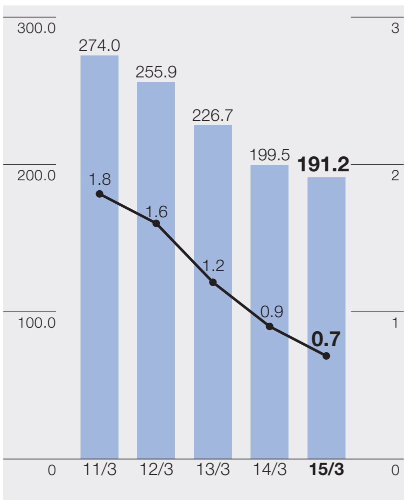


Total Assets (left)
ROA (right)

Equity Ratio



Interest-bearing Debt / Debt-equity Ratio



Interest-bearing Debt (left)
Debt-equity Ratio (right)

Noncurrent Assets

Net property, plant and equipment stood at ¥174,953 million, an increase of ¥2,334 million from the previous fiscal year-end.

Further, total investments and other assets amounted to ¥266,600 million, up ¥57,783 million from the previous fiscal year-end. This was attributable to an increase of ¥46,525 million in investment securities, owing to factors such as the rise in the value of available-for-sale securities following differences in mark-to-market valuation.

Long-term Liabilities

Total long-term liabilities were ¥180,138 million, a decrease of ¥19,954 million from the previous fiscal year-end. This reflected decreases from the previous fiscal year-end of ¥15,000 in bonds payable, and ¥18,963 in long-term loans payable, while deferred tax liabilities increased by ¥14,665 million.

Net Assets

Total net assets as of March 31, 2015, were ¥319,636 million, up ¥68,411 million from the previous fiscal year-end. This rise was mainly due to the increases in valuation difference on available-for-sale securities of ¥24,760 million and remeasurements of defined benefit plans of ¥24,279 million from the previous fiscal year-end. As a result, the equity ratio was 32.1%, an increase of 4.1 percentage points from the previous fiscal year-end.

Debt

Interest-bearing debt as of March 31, 2015, was ¥191,225 million, down ¥8,279 million from the previous fiscal year-end. The ratio of interest-bearing debt to total assets was 21.1%, a decrease of 3.5 percentage points from the previous fiscal year-end.

Cash Flows

In fiscal 2014, consolidated free cash flow (cash flows from operating activities + cash flows from (used in) investing activities) was a positive ¥28,709 million, a deterioration of ¥15,293 million compared with ¥44,002 million in the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥51,459 million, compared with ¥53,651 million for the previous fiscal year. This was due to the recording of income before income taxes and an increase in advances received, which outweighed increases in inventories and trade receivables.

This was a deterioration of ¥2,192 million year on year.

Cash Flows from (Used in) Investing Activities

Net cash used in investing activities was ¥22,750 million, compared with ¥9,649 million in the previous fiscal year. This was primarily related to purchase of property, plant and equipment and purchase of investment securities.

Year on year, this was an increase in cash used of ¥13,101 million.

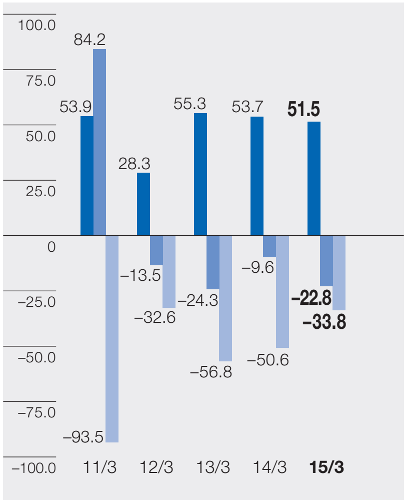
Cash Flows from (Used in) Financing Activities

Net cash used in financing activities was ¥33,827 million, compared with ¥50,570 million in the previous fiscal year. This was principally due to repayment of long-term loans payable.

As a result, consolidated cash and cash equivalents at fiscal year-end amounted to ¥31,895 million, down ¥1,517 million, or 4.5%, from the previous fiscal year-end.

Cash Flows

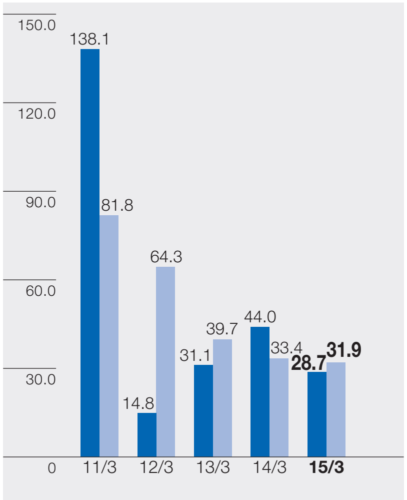
(Billions of yen)



■ Cash Flows from Operating Activities
■ Cash Flows from (Used in) Investing Activities
■ Cash Flows from (Used in) Financing Activities

Free Cash Flow / Cash and Cash Equivalents

(Billions of yen)



■ Free Cash Flow
■ Cash and Cash Equivalents

Risk Factors

Fuji Electric takes appropriate measures to minimize the impact of business risks and other risks by managing them in a systematic and methodical manner. Currently, the main risks that could have a negative effect on the operating results and financial position of Fuji Electric are as follows. These are the factors that the Company judged to have a potential future effect as of March 31, 2015.

(1) Risks Related to Changes in the Operating Environment

(a) In addition to increasing raw material and components prices against the background of a weak yen, such changes as the drastically increasing demand in emerging nations may result in tightened supply and demand as regards materials and raw materials. Consequently, although Fuji Electric strives to lessen the risk of rising raw material prices through commodity swap transactions and other measures, significant increases in these prices could have a negative effect on the Company's operating results.

(b) Fuji Electric is developing operations actively in overseas markets, focusing particularly on expanding sales in China and other Asian markets. In addition, economic trends in Japan, such as private sector capital investment and public investment affect the Company significantly. In order to minimize the effect on operating results of overseas and domestic market trends, the Company is implementing overall cost and expense reductions. However, a deterioration of the business climate or a change of economic policy in China, a dramatic change in product supply and demand or intensified competition in the market, or a steep decrease in price levels as a result of such factors could have a negative effect on the Company's operating results.

(c) Based on an established set of management criteria, Fuji Electric systematically employs forward-exchange contracts to minimize the risk of exchange rate fluctuations on its operating results. However, the forward-exchange contract policy is not capable of entirely mitigating exchange rate risk. Consequently, fluctuations in yen exchange rates, primarily against the U.S. dollar, could have a negative effect on the Company's operating results and financial position.

(d) Fuji Electric's interest-bearing debt totaled ¥191,225 million as of March 31, 2015. A higher-than-anticipated increase in interest rates could lead to a significant additional interest payment burden, which could have a negative effect on the Company's operating results.

(e) Trends in the financial markets or deterioration in Fuji Electric's financial indicators could impact on Fuji Electric's fund procurement or interest payments, for example by prompting early repayment due to infringement on financial covenants relating to certain loans. Such an event could have a negative effect on the Company's operating results and financial position.

(2) Risks Related to Product Quality

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

(3) Risks Related to Investments

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

(4) Risks Related to Technology Development

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

(5) Risks Related to Overseas Business Activities

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

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

(6) Risks Related to Intellectual Property

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

(7) Risks Related to Business Alliances

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

(8) Risks Related to Human Resources

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

(9) Risks Related to the Leakage of Personal Information

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

(10) Risks Related to Major Natural Disasters

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

(11) Risks Related to Soil Contamination

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

(12) Risks Related to Retirement Benefit Liabilities

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

(13) Risks Related to Compliance

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

(14) Risks Related to Lawsuits and Other Legal Proceedings

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

Consolidated Balance Sheets

As of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Assets			
Current Assets:			
Cash and cash equivalents (Note 6)	¥ 31,895	¥ 33,412	$ 265,792
Short-term investments (Notes 5, 6 and 7)	59	613	493
Trade receivables (Note 6)	237,631	222,481	1,980,263
Allowance for doubtful accounts	(777)	(532)	(6,482)
Inventories (Note 4)	137,614	121,443	1,146,785
Deferred tax assets (Note 17)	17,246	17,554	143,721
Other current assets	39,301	34,367	327,504
Total Current Assets	462,969	429,338	3,858,076
Property, Plant and Equipment (Note 5)**:**			
Land	35,080	35,199	292,339
Buildings and structures	225,183	218,327	1,876,528
Machinery and equipment	204,121	186,283	1,701,012
Lease assets (Note 20)	65,838	59,651	548,653
Construction in progress	7,603	4,551	63,346
	537,825	504,011	4,481,878
Less accumulated depreciation	(362,872)	(331,392)	(3,023,930)
Net Property, Plant and Equipment	174,953	172,619	1,457,948
Investments and Other Assets:			
Investment securities (Notes 5, 6 and 7):			
Unconsolidated subsidiaries and affiliates	31,274	13,750	260,621
Other	164,118	135,117	1,367,656
Long-term loans receivable	1,407	1,893	11,729
Net defined benefit asset (Note 11)	44,103	31,263	367,526
Deferred tax assets (Note 17)	2,518	4,519	20,985
Other investments and other assets	24,355	23,019	202,941
Allowance for doubtful accounts	(1,175)	(744)	(9,796)
Total Investments and Other Assets	266,600	208,817	2,221,662
Total Assets	¥ 904,522	¥ 810,774	$ 7,537,686

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Liabilities and Net Assets			
Current Liabilities:			
Short-term debt (Notes 5, 6 and 9)	**¥ 67,080**	¥ 52,713	**$ 559,005**
Current portion of long-term debt (Notes 5, 6 and 9)	**35,015**	23,698	**291,793**
Trade payables (Notes 5 and 6)	**150,648**	142,087	**1,255,408**
Lease obligations (Notes 6 and 10)	**12,988**	13,521	**108,237**
Advances received	**38,303**	33,933	**319,193**
Income taxes payable (Note 17)	**5,905**	4,543	**49,209**
Other current liabilities (Note 24)	**94,809**	88,962	**790,061**
Total Current Liabilities	**404,748**	359,457	**3,372,906**
Long-term Liabilities:			
Long-term debt (Notes 5, 6 and 9)	**89,129**	123,092	**742,748**
Lease obligations (Notes 6 and 10)	**22,260**	20,726	**185,502**
Net defined benefit liability (Note 11)	**32,518**	34,236	**270,984**
Provision for directors' retirement benefits	**236**	215	**1,969**
Deferred tax liabilities (Note 17)	**32,576**	17,911	**271,475**
Other long-term liabilities (Note 24)	**3,419**	3,912	**28,466**
Total Long-term Liabilities	**180,138**	200,092	**1,501,144**
Total Liabilities	**584,886**	559,549	**4,874,050**
Contingent Liabilities (Note 19)**:**			
Net Assets (Note 25)			
Shareholders' Equity:			
Capital stock (Note 12):			
Authorized—1,600,000,000 shares			
Issued— 746,484,957 shares as of March 31, 2015	**47,586**	—	**396,551**
746,484,957 shares as of March 31, 2014	**—**	47,586	**—**
Capital surplus	**46,735**	46,734	**389,464**
Retained earnings	**109,543**	102,631	**912,861**
Treasury stock at cost (Note 12):			
32,057,107 shares as of March 31, 2015	**(7,184)**	—	**(59,873)**
31,985,886 shares as of March 31, 2014	**—**	(7,148)	**—**
Total Shareholders' Equity	**196,680**	189,803	**1,639,003**
Accumulated Other Comprehensive Income (Loss):			
Valuation difference on available-for-sale securities	**69,528**	44,768	**579,408**
Deferred gains or losses on hedges (Notes 6 and 8)	**(513)**	20	**(4,280)**
Foreign currency translation adjustments	**10,980**	3,205	**91,491**
Remeasurements of defined benefit plans	**13,665**	(10,614)	**113,877**
Total Accumulated Other Comprehensive Income	**93,660**	37,379	**780,496**
Minority Interests in Consolidated Subsidiaries	**29,296**	24,043	**244,137**
Total Net Assets	**319,636**	251,225	**2,663,636**
Total Liabilities and Net Assets	**¥904,522**	¥810,774	**$7,537,686**

Consolidated Statements of Income

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Net Sales	¥810,678	¥759,911	$6,755,657
Cost of Sales (Note 13)	609,376	579,856	5,078,140
Gross Profit	201,302	180,055	1,677,517
Selling, General and Administrative Expenses (Notes 13 and 14)	161,986	146,919	1,349,876
Operating Income	39,316	33,136	327,641
Non-Operating Income (Expenses):			
Interest and dividend income	2,526	1,471	21,051
Interest expense	(2,551)	(2,855)	(21,262)
Foreign exchange gains	3,666	1,772	30,555
Equity in earnings of affiliates	1,031	2,348	8,594
Other, net	(849)	859	(7,087)
	3,823	3,595	31,851
Ordinary Income	43,139	36,731	359,492
Extraordinary Income (Loss), Net (Notes 15 and 16)	2,580	(2,994)	21,501
Income Before Income Taxes and Minority Interests	45,719	33,737	380,993
Income Taxes (Note 17)	14,919	11,983	124,319
Income Before Minority Interests	30,800	21,754	256,674
Minority Interests in Net Income of Consolidated Subsidiaries	2,822	2,172	23,523
Net Income (Note 25)	¥ 27,978	¥ 19,582	$ 233,151

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

Consolidated Statements of Comprehensive Income

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Income Before Minority Interests	**¥30,800**	¥21,754	**$256,674**
Other Comprehensive Income (Loss) (Note 18)			
Valuation difference on available-for-sale securities	**24,731**	24,468	**206,097**
Deferred gains or losses on hedges	**(531)**	97	**(4,427)**
Foreign currency translation adjustments	**8,785**	4,351	**73,214**
Remeasurements of defined benefit plans	**24,141**	—	**201,176**
Share of other comprehensive income (loss) of associates accounted for using equity method	**519**	30	**4,310**
Total Other Comprehensive Income	**57,645**	28,946	**480,370**
Comprehensive Income	**¥88,445**	¥50,700	**$737,044**
Comprehensive Income Attributable to:			
Shareholders of the Company	**¥84,260**	¥47,826	**$702,175**
Minority interests	**4,185**	2,874	**34,869**

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

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2015 and 2014

	Thousands	Millions of yen										
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Treasury stock	Total	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2013	746,484	¥47,586	¥46,734	¥ 87,620	¥20,383	¥ (83)	¥ (553)	¥ —	¥(7,115)	¥194,572	¥21,100	¥215,672
Net income for the year	—	—	—	19,582	—	—	—	—	—	19,582	—	19,582
Change of scope of consolidation	—	—	—	(285)	—	—	—	—	—	(285)	—	(285)
Cash dividends	—	—	—	(4,286)	—	—	—	—	—	(4,286)	—	(4,286)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(34)	(34)	—	(34)
Sale of treasury stock	—	—	0	—	—	—	—	—	1	1	—	1
Net change in the year	—	—	—	—	24,385	103	3,758	(10,614)	—	17,632	2,943	20,575
Balance at March 31, 2014	746,484	¥47,586	¥46,734	¥102,631	¥44,768	¥ 20	¥ 3,205	¥(10,614)	¥(7,148)	¥227,182	¥24,043	¥251,225
Cumulative effect of changes in accounting policies	—	—	—	(16,026)	—	—	—	—	—	(16,026)	(180)	(16,206)
Restated balance	—	47,586	46,734	86,605	44,768	20	3,205	(10,614)	(7,148)	211,156	23,863	235,019
Net income for the year	—	—	—	27,978	—	—	—	—	—	27,978	—	27,978
Change of scope of consolidation	—	—	—	675	—	—	—	—	—	675	—	675
Cash dividends	—	—	—	(5,715)	—	—	—	—	—	(5,715)	—	(5,715)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(37)	(37)	—	(37)
Sale of treasury stock	—	—	1	—	—	—	—	—	1	2	—	2
Net change in the year	—	—	—	—	24,760	(533)	7,775	24,279	—	56,281	5,433	61,714
Balance at March 31, 2015	**746,484**	**¥47,586**	**¥46,735**	**¥109,543**	**¥69,528**	**¥(513)**	**¥10,980**	**¥ 13,665**	**¥(7,184)**	**¥290,340**	**¥29,296**	**¥319,636**

	Thousands of U.S. dollars (Note 3)										
Balance at March 31, 2014	$396,551	$389,457	$ 855,264	$373,073	$ 168	$26,689	$ (88,458)	$(59,567)	$1,893,177	$200,366	$2,093,543
Cumulative effect of changes in accounting policies	—	—	(133,554)	—	—	—	—	—	(133,554)	(1,497)	(135,051)
Restated balance	396,551	389,457	721,710	373,073	168	26,689	(88,458)	(59,567)	1,759,623	198,869	1,958,492
Net income for the year	—	—	233,151	—	—	—	—	—	233,151	—	233,151
Change of scope of consolidation	—	—	5,631	—	—	—	—	—	5,631	—	5,631
Cash dividends	—	—	(47,631)	—	—	—	—	—	(47,631)	—	(47,631)
Purchase of treasury stock	—	—	—	—	—	—	—	(311)	(311)	—	(311)
Sale of treasury stock	—	7	—	—	—	—	—	5	12	—	12
Net change in the year	—	—	—	206,335	(4,448)	64,802	202,335	—	469,024	45,268	514,292
Balance at March 31, 2015	**$396,551**	**$389,464**	**$ 912,861**	**$579,408**	**$(4,280)**	**$91,491**	**$113,877**	**$(59,873)**	**$2,419,499**	**$244,137**	**$2,663,636**

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

Consolidated Statements of Cash Flows

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 45,719	¥ 33,737	$ 380,993
Depreciation and amortization	33,615	30,849	280,132
Decrease in allowance for doubtful accounts	657	(941)	5,476
Interest and dividend income	(2,526)	(1,471)	(21,051)
Interest expense	2,551	2,855	21,262
Foreign exchange losses (gains)	610	1,125	5,089
Gain on sales of noncurrent assets	(81)	(543)	(682)
Gain on sales of investment securities	(2,778)	(370)	(23,153)
Gain on change in equity	(4,843)	—	(40,361)
Loss on disposal of noncurrent assets	880	1,304	7,341
Loss on devaluation of investment securities	447	1,134	3,727
Impairment loss	2,830	641	23,584
Changes in operating assets and liabilities:			
Trade receivables	(8,646)	(1,185)	(72,053)
Inventories	(12,572)	(9,964)	(104,767)
Trade payables	3,410	8,290	28,420
Advances received	3,958	(6,445)	32,986
Other, net	(4,456)	3,545	(37,147)
Cash generated from operations	58,775	62,561	489,796
Interest and dividends received	2,572	1,451	21,441
Interest expenses paid	(2,536)	(2,958)	(21,140)
Income taxes paid	(7,352)	(7,403)	(61,269)
Net cash provided by operating activities	51,459	53,651	428,828
Cash Flows from (Used in) Investing Activities:			
Purchase of property, plant and equipment	(15,248)	(13,823)	(127,072)
Proceeds from sales of property, plant and equipment	868	2,280	7,235
Purchase of investment securities	(10,253)	(3,666)	(85,450)
Proceeds from sales of investment securities	6,233	9,464	51,950
Payments of loans receivable	(6,530)	(6,939)	(54,421)
Collection of loans receivable	5,578	6,986	46,488
Other, net	(3,398)	(3,951)	(28,317)
Net cash used in investing activities	(22,750)	(9,649)	(189,587)
Cash Flows from (Used in) Financing Activities:			
Net increase (decrease) in short-term loans payable	11,073	(26,595)	92,279
Proceeds from long-term loans payable	751	95	6,261
Repayment of long-term loans payable	(24,357)	(23,798)	(202,975)
Proceeds from issuance of bonds	—	20,000	—
Repayments of lease obligations	(14,562)	(15,214)	(121,357)
Proceeds from sales of treasury stock	1	1	13
Purchase of treasury stock	(37)	(32)	(311)
Cash dividends paid	(5,715)	(4,286)	(47,631)
Cash dividends paid to minority shareholders	(981)	(645)	(8,185)
Other, net	—	(96)	—
Net cash used in financing activities	(33,827)	(50,570)	(281,906)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,718	(76)	14,318
Net Decrease in Cash and Cash Equivalents	(3,400)	(6,644)	(28,347)
Cash and Cash Equivalents at Beginning of Year	33,412	39,688	278,440
Increase in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	1,883	368	15,699
Cash and Cash Equivalents at End of Year	¥ 31,895	¥ 33,412	$ 265,792

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

Notes to the Consolidated Financial Statements

Note 1. Basis of Preparing Consolidated Financial Statements

The accompanying consolidated financial statements of Fuji Electric Co., Ltd. (the "Company") and consolidated subsidiaries (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 year's 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, 2015 include the accounts of the Company and its 48 significant subsidiaries and its 5 subsidiaries and affiliates are accounted for by the equity method (48 and 5 in 2014).

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 or 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.

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. Retirement Benefits

(1) The retirement benefit obligation for employees is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.

(2) The prior service costs are amortized by the straight-line method within the average remaining years of service of the employee participants. The actuarial gains and losses are amortized by the straight-line method within the average remaining years of service of the employee participants from the next period in which they arise, respectively.

(Changes in accounting policies)

Effective April 1, 2014, the Company has adopted the main clauses of paragraph 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26 of May 17, 2012) and paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015). Accordingly, the calculation methods for retirement benefit obligation and service cost have been amended as follows: The method of attributing expected benefit to the periods has been changed from a straight-line basis to the benefit formula basis, and the method of determining the discount rate has been changed from the one based on the average period up to the expected timing of benefit payment to the use of a single weighted average discount rate reflecting the estimated timing and amount of benefit payments. In accordance with transitional treatment as stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of the change in the calculation methods of retirement benefit obligation and service cost is recognized as an adjustment to retained earnings at the beginning of the year ended March 31, 2015. As a result, net defined benefit asset decreased by ¥15,600 million ($130,006 thousand), net defined benefit liability increased by ¥9,051 million ($75,426 thousand), deferred tax liabilities decreased by ¥7,869 million ($65,579 thousand), and retained earnings decreased by ¥16,026 million ($133,554 thousand) as of April 1, 2014. In addition, operating income increased by ¥1,372 million ($11,434 thousand), and ordinary income and income before income taxes and minority interests each increased by ¥1,380 million ($11,502 thousand) for the year ended March 31, 2015. The effect of this change on segment information and amounts per share is noted in "Note 21. Segment Information" and "Note 25. Amounts Per Share," 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 rates 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. Amounts Per Share

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share is computed based on the net income available for distribution to the shareholders and weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock subscription rights.

Net assets per share are computed based on the net assets excluding share subscription rights and minority interests and the number of shares of common stock outstanding at the year end.

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 U.S. dollars at ¥120=U.S.$1, the approximate exchange rate as of March 31, 2015. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4. Inventories

Inventories as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Merchandise and finished goods	**¥ 54,495**	¥ 43,180	**$ 454,129**
Work in process	**48,787**	48,030	**406,566**
Raw materials	**34,332**	30,233	**286,090**
Inventories	**¥137,614**	¥121,443	**$1,146,785**

Losses (gains) on valuation of inventories with lower profitability were ¥663 million ($5,532 thousand) and ¥(522) million for the years ended March 31, 2015 and 2014, 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, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Time deposits	**¥ —**	¥ 60	**$ —**
Investment securities	**23**	418	**197**
Property, plant and equipment	**3,984**	16,325	**33,196**
Total	**¥4,007**	¥16,803	**$33,393**

Collateralized liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Trade payables	**¥ 45**	¥ 12	**$ 379**
Short-term debt	**—**	3,200	**—**
Long-term debt	**501**	859	**4,175**
Total	**¥546**	¥4,071	**$4,554**

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 12 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 arises 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 arises 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, 2015 and 2014, 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		
	2015		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	**¥ 31,895**	**¥ 31,895**	**¥ —**
Trade receivables	**237,631**	**237,596**	**(35)**
Investment securities	**168,374**	**175,963**	**7,589**
Trade payables	**(150,648)**	**(150,648)**	**—**
Short-term debt	**(67,080)**	**(67,080)**	**—**
Current portion of long-term debt	**(35,015)**	**(35,015)**	**—**
Lease obligations (Current Liabilities)	**(12,988)**	**(12,988)**	**—**
Long-term debt	**(89,129)**	**(90,193)**	**1,064**
Lease obligations (Long-term Liabilities)	**(22,260)**	**(22,428)**	**168**
Derivatives			
Derivative transactions to which hedge accounting is not applied	**4**	**4**	**—**
Derivative transactions to which hedge accounting is applied	**(767)**	**(767)**	**—**

	Millions of yen		
	2014		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	¥ 33,412	¥ 33,412	¥ —
Trade receivables	222,481	222,449	(32)
Investment securities	127,601	127,601	—
Trade payables	(142,087)	(142,087)	—
Short-term debt	(52,713)	(52,713)	—
Current portion of long-term debt	(23,698)	(23,698)	—
Lease obligations (Current Liabilities)	(13,521)	(13,521)	—
Long-term debt	(123,092)	(124,107)	1,015
Lease obligations (Long-term Liabilities)	(20,726)	(20,810)	84
Derivatives			
Derivative transactions to which hedge accounting is not applied	(61)	(61)	—
Derivative transactions to which hedge accounting is applied	27	27	—

	Thousands of U.S. dollars (Note 3)		
	2015		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	**$ 265,792**	**$ 265,792**	**$ —**
Trade receivables	**1,980,263**	**1,979,974**	**(289)**
Investment securities	**1,403,119**	**1,466,360**	**63,241**
Trade payables	**(1,255,408)**	**(1,255,408)**	**—**
Short-term debt	**(559,005)**	**(559,005)**	**—**
Current portion of long-term debt	**(291,793)**	**(291,793)**	**—**
Lease obligations (Current Liabilities)	**(108,237)**	**(108,237)**	**—**
Long-term debt	**(742,748)**	**(751,611)**	**8,863**
Lease obligations (Long-term Liabilities)	**(185,502)**	**(186,905)**	**1,403**
Derivatives			
Derivative transactions to which hedge accounting is not applied	**39**	**39**	**—**
Derivative transactions to which hedge accounting is applied	**(6,399)**	**(6,399)**	**—**

(*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 information on securities and derivatives

(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)
	2015	2014	**2015**
	Carrying amounts	Carrying amounts	Carrying amounts
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	**¥27,019**	¥21,266	**$225,166**

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, 2015 and 2014:

	Millions of yen			
	2015			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	**¥ 31,895**	**¥ —**	**¥—**	**¥—**
Trade receivables	**232,510**	**5,090**	**31**	**—**
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	**1**	**—**	**—**	**—**
Total	**¥264,406**	**¥5,090**	**¥31**	**¥—**

	Millions of yen			
	2014			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 33,412	¥ —	¥—	¥—
Trade receivables	218,615	3,866	—	—
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	0	—	—	—
Total	¥252,027	¥3,866	¥—	¥—

	Thousands of U.S. dollars (Note 3)			
	2015			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	**$ 265,792**	**$ —**	**$ —**	**$—**
Trade receivables	**1,937,575**	**42,423**	**265**	**—**
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	**9**	**—**	**—**	**—**
Total	**$2,203,376**	**$42,423**	**$265**	**$—**

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 as of March 31, 2015 and 2014 were as follows:

	Millions of yen			
	2015			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	**¥55,548**	**¥157,534**	**¥102,614**	**¥628**
Debt securities	**1**	**1**	**—**	**—**
Others	**—**	**—**	**—**	**—**
Total	**¥55,549**	**¥157,535**	**¥102,614**	**¥628**

	Millions of yen			
	2014			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥58,693	¥127,601	¥69,480	¥572
Debt securities	0	0	—	—
Others	—	—	—	—
Total	¥58,693	¥127,601	¥69,480	¥572

	Thousands of U.S. dollars (Note 3)			
	2015			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	**$462,901**	**$1,312,788**	**$855,117**	**$5,230**
Debt securities	**9**	**9**	**—**	**—**
Others	**—**	**—**	**—**	**—**
Total	**$462,910**	**$1,312,797**	**$855,117**	**$5,230**

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, 2015 and 2014 were ¥6,584 million ($54,867 thousand) and ¥6,507 million, respectively.)

2. Sales of other securities for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Proceed from sales	**¥5,743**	¥767	**$47,858**
Gain on sales	**2,732**	359	**22,769**
Loss on sales	**7**	9	**66**

3. Impairment of other securities for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Impairment losses	**¥447**	¥1,134	**$3,727**

4. Investments in unconsolidated subsidiaries and affiliates as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Investments in the stock of jointly controlled companies included in investments in unconsolidated subsidiaries and affiliates	**¥—**	¥5,110	**$—**

Note 8. Derivatives

1. Derivative transactions to which hedge accounting is not applied

	Millions of yen			
	2015			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	**¥2,258**	**¥ —**	**¥ (53)**	**¥ (53)**
Euro	**1,434**	**—**	**103**	**103**
Korean Won	**270**	**—**	**(4)**	**(4)**
Canadian dollars	**286**	**—**	**(33)**	**(33)**
Payables:				
Korean Won	**544**	**260**	**(7)**	**(7)**
Yen	**29**	**—**	**(2)**	**(2)**
Total	**¥4,821**	**¥260**	**¥ 4**	**¥ 4**

	Millions of yen			
	2014			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	¥2,358	¥—	¥(23)	¥(23)
Euro	1,465	—	(27)	(27)
Korean Won	175	—	(3)	(3)
Canadian dollars	71	—	(8)	(8)
Payables:				
Korean Won	8	—	0	0
Total	¥4,077	¥—	¥(61)	¥(61)

	Thousands of U.S. dollars (Note 3)			
	2015			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	**$18,791**	**$ —**	**$(423)**	**$(423)**
Euro	**11,955**	**—**	**861**	**861**
Korean Won	**2,256**	**—**	**(37)**	**(37)**
Canadian dollars	**2,387**	**—**	**(281)**	**(281)**
Payables:				
Korean Won	**4,539**	**2,173**	**(61)**	**(61)**
Yen	**249**	**—**	**(20)**	**(20)**
Total	**$40,177**	**$2,173**	**$ 39**	**$ 39**

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 2015 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. dollars		**¥ 4,972**	**¥ 603**	**¥ (404)**
	Euro		**553**	**—**	**17**
	Payables:	Accounts payable–trade			
	U.S. dollars		**8,366**	**1,014**	**1,069**
	Euro		**20,732**	**16,897**	**(1,451)**
	Swiss franc		**78**	**38**	**2**
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. dollars		**¥ 924**	**¥ —**	
	Euro		**12**	**—**	**(Note 2)**
	Payables:	Accounts payable–trade			
	U.S. dollars		**127**	**—**	
	Euro		**24**	**—**	
	Singapore dollars		**3**	**—**	
	Total		**¥35,791**	**¥18,552**	**¥ (767)**

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen 2014 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. dollars		¥ 3,069	¥363	¥ (80)
	Euro		607	—	(2)
	Canadian dollars		702	123	(88)
	Payables:	Accounts payable–trade			
	U.S. dollars		9,495	—	187
	Euro		211	—	20
	Singapore dollars		26	—	1
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			(Note 2)
	U.S. dollars		¥ 1,782	¥ —	
	Total		¥15,892	¥486	¥ 38

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3)		
			2015		
			Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. dollars		$ 41,437	$ 5,028	$ (3,367)
	Euro		4,608	—	143
	Payables:	Accounts payable-trade			
	U.S. dollars		69,721	8,455	8,916
	Euro		172,770	140,815	(12,098)
	Swiss franc		617	304	10
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. dollars		$ 7,707	$ —	
	Euro		107	—	(Note 2)
	Payables:	Accounts payable-trade			
	U.S. dollars		1,066	—	
	Euro		200	—	
	Singapore dollars		30	—	
	Total		$298,263	$154,602	$ (6,396)

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		
			2015		
			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	¥20,132	¥11,500	(Note 2)

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			2014		
			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	¥28,735	¥25,897	(Note 2)

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3)		
			2015		
			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	$167,769	$95,833	(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 2015 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	**¥245**	**¥—**	**¥(0)**

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen 2014 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	¥233	¥—	¥(10)

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3) 2015 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	**$2,050**	**$—**	**$(2)**

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, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Loans, principally from banks	**¥48,080**	¥52,713	**$400,671**
Commercial paper	**19,000**	—	**158,334**
Short-term Debt	**¥67,080**	¥52,713	**$559,005**

The weighted average interest rates on short-term debt as of March 31, 2015 and 2014 were 0.80% and 1.16%, respectively.

Long-term debt as of March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Loans, principally from banks and insurance companies	**¥ 63,644**	¥ 86,290	**$ 530,375**
Bonds issued by the Company:			
0.79% Yen unsecured straight bonds due 2015	**15,000**	15,000	**125,000**
0.86% Yen unsecured straight bonds due 2016	**20,000**	20,000	**166,667**
1.00% Yen unsecured straight bonds due 2017	**5,000**	5,000	**41,667**
0.90% Yen unsecured straight bonds due 2018	**20,000**	20,000	**166,667**
Zero coupon convertible bonds with stock acquisition rights due 2016	**500**	500	**4,165**
	124,144	146,790	**1,034,541**
Less: Portion due within one year	**35,015**	23,698	**291,793**
Long-term Debt	**¥ 89,129**	¥123,092	**$ 742,748**

The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2015 and 2014 were 0.71% and 0.79%, respectively.

As of March 31, 2015, 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)
2017	**¥36,730**	**$306,088**
2018	**29,907**	**249,227**
2019	**20,228**	**168,573**
2020	**2,158**	**17,989**
2021 thereafter	**106**	**871**
Total	**¥89,129**	**$742,748**

Note 10. Lease Obligations

Lease obligations as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Short-term	**¥12,988**	¥13,521	**$108,237**
Long-term	**22,260**	20,726	**185,502**
Total	**¥35,248**	¥34,247	**$293,739**

The weighted average interest rates on lease obligations as of March 31, 2015 and 2014 were 2.17% and 2.28%, respectively.

As of March 31, 2015, the aggregate annual maturities of lease obligations were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2017	**¥7,829**	**$ 65,246**
2018	**5,814**	**48,454**
2019	**4,177**	**34,810**
2020	**2,619**	**21,830**
2021 thereafter	**1,821**	**15,161**
Total	**¥22,260**	**$185,501**

Note 11. Retirement Benefits

1. Outline of retirement benefits for employees

The Company and most of its consolidated subsidiaries have either funded or unfunded defined benefit plans and defined contribution pension plans.

Defined benefit corporate pension plans are all funded and cover substantially all employees who are entitled to lump-sum or annuity payments determined by reference to their basic rates of pay and length of service. As of March 31, 2014, the Company and certain domestic consolidated subsidiaries revised defined benefit corporate pension plans and transferred all benefit accrual occurred after April 1,2014 to defined contribution pension plans. In addition, retirement benefit trust has been established in certain pension plans.

Lump-sum payment plans are either unfunded or funded as a result of establishing retirement benefit trust. They cover substantially all employees who are entitled to lump-sum payments determined by reference to either points obtained with interest credits or their basic rates of pay and length of service.

Certain domestic consolidated subsidiaries adopted a simplified method in the calculation of net defined benefit liability and retirement benefit expense. Certain domestic consolidated subsidiaries have multiemployer pension plans accounted for by the same methods used for defined contribution pension plans because they cannot reasonably calculate their portion of pension assets corresponding to their contributions.

2. Information on defined benefit pension plans

(1) The changes in the retirement benefit obligation except for plans accounted for by a simplified method during the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Retirement benefit obligation at the beginning of the year	**¥187,555**	¥199,254	**$1,562,961**
Cumulative effect of changes in accounting policies	**24,427**	—	**203,563**
Restated retirement benefit obligation at the beginning of the year	**211,982**	199,254	**1,766,524**
Service cost	**3,211**	4,764	**26,762**
Interest cost	**2,903**	4,903	**24,199**
Actuarial loss	**769**	1,148	**6,409**
Retirement benefits paid	**(13,958)**	(12,818)	**(116,324)**
Prior service cost	**—**	(9,730)	**—**
Others	**19**	34	**153**
Retirement benefit obligation at the end of the year	**¥204,926**	¥187,555	**$1,707,723**

Note: Prior service cost occurred due to the revision of defined benefit plans as of March 31, 2014.

(2) The changes in plan assets at fair value except for plans accounted for by a simplified method during the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Plan assets at fair value at the beginning of the year	¥186,844	¥153,278	$1,557,040
Expected return on plan assets	3,469	2,535	28,909
Actuarial gain	30,716	31,429	255,967
Contributions by the Companies	7,277	9,395	60,648
Retirement benefits paid	(9,521)	(9,821)	(79,349)
Others	4	28	34
Plan assets at fair value at the end of the year	¥218,789	¥186,844	$1,823,249

(3) The changes in net defined benefit liability calculated by a simplified method during the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Net defined benefit liability at the beginning of the year	¥2,262	¥2,545	$18,854
Cumulative effect of changes in accounting policies	224	—	1,869
Restated net defined benefit liability at the beginning of the year	2,486	2,545	20,723
Retirement benefit expenses	151	5	1,267
Retirement benefits paid	(66)	(80)	(552)
Contributions	(295)	(292)	(2,464)
Others	2	84	10
Net defined benefit liability at the end of the year	¥2,278	¥2,262	$18,984

(4) The reconciliation of retirement benefit obligation and plan assets at fair value with net defined benefit liability and net defined benefit asset recognized in consolidated balance sheet were outlined as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Funded retirement benefit obligation	¥ 205,188	¥ 188,014	$ 1,709,903
Plan assets at fair value	(222,422)	(190,101)	(1,853,524)
	(17,234)	(2,087)	(143,621)
Unfunded retirement benefit obligation	5,649	5,060	47,079
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ (11,585)	¥ 2,973	$ (96,542)
Net defined benefit liability	32,518	34,236	270,984
Net defined benefit asset	(44,103)	(31,263)	(367,526)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ (11,585)	¥ 2,973	$ (96,542)

Note: Pension plans accounted for by a simplified method are included.

(5) The components of retirement benefit expenses for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
Service cost	¥ 3,211	¥ 4,764	$ 26,762
Interest cost	2,903	4,903	24,199
Expected return on plan assets	(3,469)	(2,535)	(28,909)
Amortization of actuarial loss	7,096	9,485	59,134
Amortization of prior service cost	(607)	33	(5,066)
Retirement benefit expenses calculated by simplified method	151	5	1,267
Others	241	754	2,001
Retirement benefit expenses	¥ 9,526	¥17,409	$ 79,388

(6) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Prior service cost	**¥ 607**	¥—	**$ 5,066**
Actuarial gain and loss	**(37,032)**	—	**(308,612)**
Total	**¥(36,425)**	¥—	**$(303,546)**

(7) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Unrecognized prior service cost	**¥ (7,321)**	¥ (7,884)	**$ (61,010)**
Unrecognized actuarial gain and loss	**(13,909)**	23,079	**(115,908)**
Total	**¥(21,230)**	¥15,195	**$(176,918)**

(8) The breakdown of plan assets by major category as of March 31, 2015 and 2014 were as follows:

	2015	2014
Equity securities	**60%**	54%
Debt securities	**29**	31
General accounts at life insurance companies	**10**	12
Others	**1**	3
Total	**100%**	100%

Note: Retirement benefit trust established for the corporate pension plans is included and equivalent to 27% of total amount of plan assets as of March 31, 2015 and 24% as of March 31, 2014.

The long-term expected rates of return on plan assets have been determined as a result of consideration of both the portfolio allocation at present and in the future, and long-term rates of return from multiple plan assets at present and in the future.

(9) The assumptions used in accounting for the defined benefit plans as of March 31, 2015 and 2014 were as follows:

	2015	2014
Discount rates	**0.99%–1.50%**	mainly 2.5%
Long-term expected rates of return on plan assets	**mainly 2.5%**	mainly 2.5%
Expected rates of salary increase	**2.1%–8.5%**	2.1%–8.5%

3. Information on defined contribution pension plans

Contributions of defined contribution pension plans for the years ended March 31, 2015 and 2014 were ¥4,406 million ($36,719 thousand) and ¥1,563 million, respectively.

4. Information on multiemployer pension plans

Contributions to multiemployer pension plans accounted for by the same methods used for defined contribution plans for the years ended March 31, 2015 and 2014 were ¥76 million ($637 thousand) and ¥68 million, respectively.

Note 12. Shareholders' Equity

1. Shares issued and outstanding / Treasury stock

The Companies Act of Japan 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, 2015 and 2014 were as follows:

	Thousands of shares			
	March 31, 2014	Increase in the year	Decrease in the year	March 31, 2015
Shares outstanding:				
Common stock	**746,484**	**—**	**—**	**746,484**
Total	**746,484**	**—**	**—**	**746,484**
Treasury stock:				
Common stock	**31,985**	**74**	**2**	**32,057**
Total	**31,985**	**74**	**2**	**32,057**

	Thousands of shares			
	March 31, 2013	Increase in the year	Decrease in the year	March 31, 2014
Shares outstanding:				
Common stock	746,484	—	—	746,484
Total	746,484	—	—	746,484
Treasury stock:				
Common stock	31,912	76	3	31,985
Total	31,912	76	3	31,985

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 the request of shareholders who own less than one voting unit for the years ended March 31, 2015 and 2014.

2. Dividends

(1) Dividends paid

For the year ended March 31, 2015

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 27, 2014	Common stock	**¥2,857**	**$23,817**	**¥4.0**	**$0.03**	March 31, 2014	June 9, 2014
Meeting of the Board of Directors on October 30, 2014	Common stock	**2,857**	**23,817**	**4.0**	**0.03**	September 30, 2014	December 3, 2014

For the year ended March 31, 2014

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 23, 2013	Common stock	¥2,143	¥3.0	March 31, 2013	June 4, 2013
Meeting of the Board of Directors on October 24, 2013	Common stock	2,143	3.0	September 30, 2013	December 3, 2013

(2) Dividends with the cut-off date in the year ended March 31, 2015 and effective date in the year ending March 31, 2016

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 26, 2015	Common stock	**¥3,572**	**$29,768**	Retained Earnings	**¥5.0**	**$0.04**	March 31, 2015	June 8, 2015

Dividends with the cut-off date in the year ended March 31, 2014 and effective date in the year ended March 31, 2015

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 27, 2014	Common stock	¥2,857	Retained Earnings	¥4.0	March 31, 2014	June 9, 2014

Note 13. Research and Development Costs

Research and development costs charged to income were ¥35,023 million ($291,865 thousand) and ¥32,029 million for the years ended March 31, 2015 and 2014, respectively.

Note 14. Selling, General and Administrative Expenses

Major components of Selling, General and Administrative Expenses for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Salaries and wages	**¥71,558**	¥67,891	**$596,318**
Retirement benefit expenses	**5,367**	6,944	**44,726**
Research and development costs	**29,421**	25,969	**245,181**

Note 15. Extraordinary Loss, Net

Extraordinary loss, net, for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Extraordinary income			
Gain on sales of noncurrent assets	**¥ 81**	¥ 543	**$ 682**
Gain on sales of investment securities	**2,778**	370	**23,153**
Gain on change in equity	**4,843**	—	**40,361**
Extraordinary loss			
Loss on disposal of noncurrent assets	**(880)**	(1,304)	**(7,341)**
Loss on devaluation of investment securities	**(447)**	(1,134)	**(3,727)**
Impairment loss	**(2,830)**	(641)	**(23,584)**
Settlement package	**(810)**	(420)	**(6,755)**
Others	**(155)**	(408)	**(1,288)**
Extraordinary Loss, Net	**¥ 2,580**	¥(2,994)	**$ 21,501**

Note 16. Impairment Loss

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

For the year ended March 31, 2015, the Companies recognized an impairment loss on the following asset groups:

Usage	Location	Classification	Millions of yen	Thousands of U.S. dollars (Note 3)
Idle assets	Kulim, Kedah (Malaysia) and one other	Lease assets and other assets	**¥2,205**	**$18,377**
Assets to be disposed	Shanghai (China) and six others	Buildings, machinery and equipment and other assets	**625**	**5,207**

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.

The impairment loss consisted of ¥2,160 million ($18,004 thousand) for lease assets and ¥670 million ($5,580 thousand) for other assets.

The recoverable amount of the above assets was measured by the net realizable value. The net realizable value was measured as zero for assets of which selling or diversion was deemed difficult.

For the year ended March 31, 2014, notes to impairment loss were not disclosed because it didn't have significant impact on the consolidated financial statements.

Note 17. Income Taxes

1. The components of income taxes for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Current	**¥ 9,612**	¥ 9,005	**$ 80,104**
Deferred	**5,307**	2,978	**44,215**
Income Taxes	**¥14,919**	¥11,983	**$124,319**

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

2. The significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Deferred tax assets			
Net defined benefit liability	**¥ 20,934**	¥ 28,760	**$ 174,451**
The investment deduction of the foreign consolidated subsidiaries	**19,741**	20,952	**164,513**
Investment securities	**7,727**	8,501	**64,396**
Accrued employees' bonuses	**6,496**	6,574	**54,137**
Inventories	**5,596**	5,458	**46,634**
Tax loss carryforwards	**3,747**	6,872	**31,226**
Tangible fixed assets	**2,641**	3,693	**22,010**
Other	**5,788**	6,247	**48,219**
Gross deferred tax assets	**72,670**	87,057	**605,586**
Less: Valuation allowance	**(28,894)**	(32,318)	**(240,784)**
Total deferred tax assets	**43,776**	54,739	**364,802**
Deferred tax liabilities			
Unrealized gain on other securities	**(33,007)**	(24,561)	**(275,059)**
Gain on securities contribution to employee retirement benefit trust	**(17,030)**	(19,422)	**(141,923)**
Investment securities	**(5,188)**	(5,717)	**(43,233)**
Other	**(1,363)**	(877)	**(11,356)**
Gross deferred tax liabilities	**(56,588)**	(50,577)	**(471,571)**
Net deferred tax assets (liabilities)	**¥(12,812)**	¥ 4,162	**$(106,769)**

3. The reconciliation between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2015 and 2014 were as follows:

	2015	2014
Statutory income tax rate	**35.6%**	38.0%
Tax credits	**(5.9)**	(4.8)
Valuation allowance	**(4.1)**	(6.9)
Tax rate difference of overseas consolidated subsidiaries	**(1.7)**	(2.2)
Permanent difference resulting from non-taxable income, including dividends received	**(1.3)**	(2.0)
Decrease in deferred tax assets due to the revision of statutory income tax rate	**5.0**	4.4
Permanent difference resulting from expenses not deductible for income tax purposes	**2.9**	3.7
Foreign taxes	**0.4**	0.6
Other	**1.7**	4.7
Effective income tax rate	**32.6%**	35.5%

4. Revision of the amount of deferred tax assets / liabilities by change in Corporate Tax Rate

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015. The Corporate tax rates are to be lowered from the fiscal year beginning April 1, 2015. Accordingly, the effective statutory tax rate for the calculation of deferred tax assets and liabilities will be lowered from 35.6% to 33.1% for temporary differences expected to be utilized in the fiscal year beginning April 1, 2015 and 32.3% for fiscal years beginning April 1, 2016 and onwards.

As a result of these changes, deferred tax liabilities (after deducting deferred tax assets) as of March 31, 2015 decreased by ¥1,676 million ($13,971 thousand). Deferred income taxes, valuation difference on available-for-sale securities and remeasurements of defined benefit plans included in accumulated other comprehensive income increased by ¥2,307 million ($19,233 thousand), ¥3,311 million ($27,595 thousand) and ¥692 million ($5,771 thousand), respectively.

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)
	2015	2014	**2015**
Valuation difference on available-for-sale securities:			
Amount arising during the year	**¥ 35,727**	¥ 37,567	**$ 297,727**
Reclassification adjustments	**(2,537)**	(12)	**(21,137)**
Before tax effect	**33,190**	37,555	**276,590**
Tax effect	**(8,459)**	(13,087)	**(70,493)**
Valuation difference on available-for-sale securities	**24,731**	24,468	**206,097**
Deferred gains or losses on hedges:			
Amount arising during the year	**(796)**	170	**(6,638)**
Asset acquisition cost adjustments	**1**	(14)	**12**
Before tax effect	**(795)**	156	**(6,626)**
Tax effect	**264**	(59)	**2,199**
Deferred gains or losses on hedges	**(531)**	97	**(4,427)**
Foreign currency translation adjustments:			
Amount arising during the year	**8,785**	4,279	**73,214**
Reclassification adjustments	**—**	72	**—**
Before tax effect	**8,785**	4,351	**73,214**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**8,785**	4,351	**73,214**
Remeasurements of defined benefit plans:			
Amount arising during the year	**29,937**	—	**249,478**
Reclassification adjustments	**6,488**	—	**54,068**
Before tax effect	**36,425**	—	**303,546**
Tax effect	**(12,284)**	—	**(102,370)**
Remeasurements of defined benefit plans	**24,141**	—	**201,176**
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the year	**392**	30	**3,270**
Reclassification adjustments	**127**	—	**1,040**
Share of other comprehensive income of associates accounted for using equity method	**519**	30	**4,310**
Total Other Comprehensive Income	**¥ 57,645**	¥ 28,946	**$ 480,370**

Note 19. Contingent Liabilities

Contingent liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Guarantees	**¥13,718**	¥9,705	**$114,323**

Note 20. Leases

1. Finance lease transactions

(1) Leased assets

Leased assets primarily consist of machinery and equipment and software.

(2) Depreciation method for 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.

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, 2015 and 2014 were as follows:

(a) Acquisition cost and accumulated depreciation under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Acquisition cost	**¥2,324**	¥5,518	**$19,372**
Accumulated depreciation	**1,693**	4,114	**14,106**
Net leased property	**¥ 631**	¥1,404	**$ 5,266**

(b) Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Due within one year	**¥214**	¥ 710	**$1,786**
Due after one year	**529**	863	**4,409**
Total	**¥743**	¥1,573	**$6,195**

(c) Lease expense, depreciation expense and interest expense under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Lease expense	**¥599**	¥2,202	**$4,998**
Depreciation expense	**408**	1,132	**3,401**
Interest expense	**31**	77	**263**

(d) Method of calculating estimated depreciation expense

Depreciation is computed by the straight-line method over the lease period assuming no residual value.

(e) Method of calculating estimated interest expense

Interest expense is computed and allocated to each period using the interest method assuming interest expense to be the excess of total lease payments over the acquisition cost.

2. Operating lease transactions

The minimum rental commitments under noncancellable operating leases as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Due within one year	**¥1,490**	¥ 759	**$12,419**
Due after one year	**3,135**	729	**26,124**
Total	**¥4,625**	¥1,488	**$38,543**

Note 21. 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 comprehensive 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, 2014, reflecting change of organization structure, the reporting segments were reclassified in Power and Social Infrastructure, Industrial Infrastructure, Power Electronics and Electronic Devices, and the content of Others was changed. The reporting segment information for the year ended March 31, 2014 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, solar power generation systems, fuel cells, energy management systems, watt-hour meters, smart meter, information systems
Industrial Infrastructure	Power distribution substation equipment, industrial power supply equipment, industrial drive systems, heating and induction furnace equipment, factory energy management systems, data centers, plant control systems, measurement system, radiation control systems, electrical equipment and air conditioning construction
Power Electronics	Inverters/servo systems, motors, transport systems, uninterruptible power supply systems (UPSs), power conditioners (PCSs), power distribution and control equipment
Electronic Devices	Power semiconductors, photoconductive drums, 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.

(Changes in accounting policies)

Effective April 1, 2014, the Company has adopted the main clauses of paragraph 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012) and paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015). Accordingly, the calculation methods for retirement benefit obligation and service cost have been amended as follows: The method of attributing expected benefit to the periods has been changed from a straight-line basis to the benefit formula basis, and the method of determining the discount rate has been changed from the one based on the average period up to the expected timing of benefit payment to the use of a single weighted average discount rate reflecting the estimated timing and amount of benefit payments.

As a result, segment profits for the year ended March 31, 2015 increased in each segment as follows: Power and Social Infrastructure ¥199 million ($1,665 thousand), Industrial Infrastructure ¥375 million ($3,131 thousand), Power Electronics ¥246 million ($2,052 thousand), Electronic Devices ¥172 million ($1,435 thousand), Food and Beverage Distribution ¥212 million ($1,773 thousand) and Others ¥57 million ($482 thousand).

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

Reporting segment information as of March 31, 2015 and 2014 and for the years then ended were as follows:

	Millions of yen								
Year ended March 31, 2015	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	**¥173,502**	**¥193,119**	**¥162,243**	**¥130,772**	**¥118,824**	**¥32,218**	**¥810,678**	**¥ —**	**¥810,678**
Inter-segment sales and transfers	**1,711**	**4,916**	**21,867**	**6,417**	**289**	**28,990**	**64,190**	**(64,190)**	**—**
Total sales	**175,213**	**198,035**	**184,110**	**137,189**	**119,113**	**61,208**	**874,868**	**(64,190)**	**810,678**
Segment profits (losses)	**¥ 8,266**	**¥ 11,423**	**¥ 6,822**	**¥ 8,071**	**¥ 8,527**	**¥ 1,884**	**¥ 44,993**	**¥ (5,677)**	**¥ 39,316**
Segment assets	**¥144,896**	**¥175,030**	**¥156,834**	**¥166,063**	**¥ 70,480**	**¥34,413**	**¥747,716**	**¥156,806**	**¥904,522**
Other items									
Depreciation and amortization	**¥ 2,132**	**¥ 2,792**	**¥ 5,205**	**¥ 18,944**	**¥ 2,877**	**¥ 768**	**¥ 32,718**	**¥ 897**	**¥ 33,615**
Investments for companies applied equity method	**¥ 11,573**	**¥ 1,435**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ 13,008**	**¥ —**	**¥ 13,008**
Capital expenditures	**¥ 2,829**	**¥ 3,390**	**¥ 10,184**	**¥ 10,849**	**¥ 3,069**	**¥ 685**	**¥ 31,006**	**¥ 2,667**	**¥ 33,673**

	Millions of yen								
Year ended March 31, 2014	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	¥150,590	¥186,153	¥155,927	¥115,547	¥119,830	¥31,864	¥759,911	¥ —	¥759,911
Inter-segment sales and transfers	1,731	3,395	18,818	7,502	226	28,136	59,808	(59,808)	—
Total sales	152,321	189,548	174,745	123,049	120,056	60,000	819,719	(59,808)	759,911
Segment profits (losses)	¥ 7,659	¥ 9,624	¥ 5,331	¥ 6,472	¥ 8,047	¥ 1,912	¥ 39,045	¥ (5,909)	¥ 33,136
Segment assets	¥121,047	¥158,092	¥136,436	¥158,033	¥ 65,909	¥33,749	¥673,266	¥137,508	¥810,774
Other items									
Depreciation and amortization	¥ 2,027	¥ 2,615	¥ 4,189	¥ 17,841	¥ 2,574	¥ 753	¥ 29,999	¥ 850	¥ 30,849
Investments for companies applied equity method	¥ 6,107	¥ 683	¥ —	¥ —	¥ —	¥ —	¥ 6,790	¥ —	¥ 6,790
Capital expenditures	¥ 1,977	¥ 2,908	¥ 8,738	¥ 15,153	¥ 3,412	¥ 531	¥ 32,719	¥ 931	¥ 33,650

	Thousands of U.S. dollars (Note 3)								
Year ended March 31, 2015	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	**$1,445,854**	**$1,609,332**	**$1,352,027**	**$1,089,775**	**$990,204**	**$268,465**	**$6,755,657**	**$ —**	**$6,755,657**
Inter-segment sales and transfers	**14,262**	**40,967**	**182,230**	**53,474**	**2,410**	**241,567**	**534,910**	**(534,910)**	**—**
Total sales	**1,460,116**	**1,650,299**	**1,534,257**	**1,143,249**	**992,614**	**510,032**	**7,290,567**	**(534,910)**	**6,755,657**
Segment profits (losses)	**$ 68,885**	**$ 95,194**	**$ 56,854**	**$ 67,263**	**$ 71,062**	**$ 15,688**	**$ 374,946**	**$ (47,305)**	**$ 327,641**
Segment assets	**$1,207,467**	**$1,458,591**	**$1,306,953**	**$1,383,866**	**$587,336**	**$286,753**	**$6,230,966**	**$1,306,720**	**$7,537,686**
Other items									
Depreciation and amortization	**$ 17,775**	**$ 23,267**	**$ 43,383**	**$ 157,870**	**$ 23,975**	**$ 6,385**	**$ 272,655**	**$ 7,477**	**$ 280,132**
Investments for companies applied equity method	**$ 96,442**	**$ 11,966**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 108,408**	**$ —**	**$ 108,408**
Capital expenditures	**$ 23,579**	**$ 28,252**	**$ 84,872**	**$ 90,410**	**$ 25,580**	**$ 5,698**	**$ 258,391**	**$ 22,224**	**$ 280,615**

Notes: 1. Others segment consisted of business segments not attributable to reporting segments and included financial services, real estate operations, insurance agency services, travel agency services, printing and information services, etc.

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Corporate expense*	**¥(5,739)**	¥(5,894)	**$(47,827)**
Elimination of intersegment sales	**62**	(15)	**522**
Total	**¥(5,677)**	¥(5,909)	**$(47,305)**

* Corporate expense mainly consisted of administration cost of the Company.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Corporate assets*	**¥ 314,852**	¥ 256,485	**$ 2,623,767**
Elimination of intersegment transactions	**(158,046)**	(118,977)	**(1,317,047)**
Total	**¥ 156,806**	¥ 137,508	**$ 1,306,720**

* 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 a 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, 2015 and 2014 and for the years then ended were as follows:

Geographic information

(a) Sales

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Japan	**¥605,763**	¥582,223	**$5,048,026**
Asia (except for China), Others	**85,181**	77,260	**709,841**
China	**87,733**	68,401	**731,113**
Europe	**16,519**	17,362	**137,660**
America	**15,482**	14,665	**129,017**
Consolidated	**¥810,678**	¥759,911	**$6,755,657**

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

(b) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Japan	**¥131,374**	¥126,032	**$1,094,791**
Asia (except for China), Others	**27,968**	32,674	**233,050**
China	**14,815**	13,368	**123,467**
Europe	**624**	414	**5,203**
America	**172**	131	**1,437**
Consolidated	**¥174,953**	¥172,619	**$1,457,948**

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

Information on impairment loss of fixed assets by each reporting segment for the year ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Power and Social Infrastructure	**¥ 7**	¥—	**$ 62**
Industrial Infrastructure	**373**	—	**3,112**
Power Electronics	**1**	—	**16**
Electronic Devices	**2,265**	—	**18,881**
Others	**184**	—	**1,513**
Total	**¥2,830**	¥—	**$23,584**

Note: Information for the year ended March 31, 2014 was not disclosed because it didn't have significant impact on the consolidated financial statements.

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 22. Information on Transactions with Related Parties

For the year ended March 31, 2015
None

Note 23. Business Combinations

For the year ended March 31, 2015, business combinations have not been disclosed because they do not have significant impact on the consolidated financial statements.

Note 24. 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 for removing 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 4 and 49 years and use a discount rate equivalent to the interest rate of government bonds corresponding to the use period (0.2% to 2.3%).

3. Changes in the total amounts of asset retirement obligations

Changes in the total amounts of asset retirement obligations for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Balance at the beginning of the year	**¥2,204**	¥2,370	**$18,368**
Increase due to acquisition of property, plant and equipment	**—**	49	**—**
Adjustment due to passage of time	**8**	8	**69**
Decrease due to fulfillment of obligations	**(55)**	(223)	**(462)**
Balance at the end of the year	**¥2,157**	¥2,204	**$17,975**

Note 25. Amounts Per Share

Information of amounts per share as of March 31, 2015 and 2014 and for the years then ended were as follows:

	Yen		U.S. dollars (Note 3)
	2015	2014	**2015**
Net assets per share	**¥406.39**	¥317.96	**$3.387**
Net income per share	**39.16**	27.41	**0.326**
Diluted net income per share	**39.13**	27.39	**0.326**

(Changes in accounting policies)

As described in the "Changes in Accounting Policies" in "h. Retirement Benefits, Note 2. Summary of Significant Accounting Policies," the Company has applied transitional treatment as stipulated in paragraph 37 of "Accounting Standard for Retirement Benefits."

As a result, net assets per share as of March 31, 2015 decreased by ¥22.43 ($0.19), net income and diluted net income per share for the year ended March 31, 2015 increased by ¥1.93 ($0.02), respectively.

Note 26. Subsequent Events

For the year ended March 31, 2015
None

Independent Auditor's Report

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The Board of Directors
Fuji Electric Co., Ltd.

We have audited the accompanying consolidated financial statements of Fuji Electric Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fuji Electric Co., Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 24, 2015
Tokyo, Japan

ECOLOGY
Fuji Electric

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

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