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, 2019 include the accounts of the Company and its 72 significant subsidiaries and its 4 subsidiaries and affiliates are accounted for by the equity method (70 and 5 in FY2018).

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 profits included in assets resulting from transactions within the Companies are eliminated. The Company does not consolidate nor apply the equity method to subsidiaries or affiliates whose gross assets, net sales, net income (loss) and retained earnings are not significant to the consolidated financial statements.

Investments in unconsolidated subsidiaries and affiliates are stated at cost.

The balance sheet date of certain consolidated subsidiaries is December 31 or January 31. In principle, 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 non-controlling shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Goodwill 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 or 10 years.

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 and currency swap agreements as a means of managing its interest rate and foreign currency 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 paragraphs 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 accounted for allocation treatment ("Furiate shori") where these receivables and payables are translated at the contracted rate if the forward contracts qualify for hedge accounting.

c) The interest rate and currency swaps which qualify for hedge accounting and meet criteria for exceptional accounting treatment ("Tokurei shori") and allocation treatment ("Furiate shori") under hedge accounting are accounted for integrated treatment ("Ittai shori").

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 and the facilities attached to buildings and the other non-building structures acquired after April 1, 2016. The range of useful lives is from 15 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 employees 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.

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 cannot be estimated reliably, the completed-contract method is adopted.

l. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The Company filed a consolidated tax return, which allows companies to file tax payments on the combined basis of profits or losses of the parent company and its wholly owned domestic subsidiaries. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

m. Foreign Currency Transactions

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

n. Foreign Currency Financial Statements

Assets, liabilities, and revenue and expense accounts of the foreign consolidated subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for share holders' equity, which is translated at the historical rate.

Differences arising from such translation are included in foreign currency translation adjustments and non-controlling 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 attributable to common shareholders of the parent 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 attributable to owners of parent's common stock 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 non-controlling interests and the number of shares of common stock outstanding at the year end.

q. Accounting Standards Issued but not yet Effective

- "Accounting Standard for Revenue Recognition" (Accounting Standard Board of Japan ("ASBJ") statement No. 29 issued on March 30, 2018)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 issued on March 30, 2018)

(1) Overview

International Accounting Standards Board ("IASB") and Financial Accounting Standards Board ("FASB") worked together toward development of a comprehensive accounting standard for revenue recognition and "Revenue from Contracts with Customers" was issued as IFRS 15 by the IASB and as ASC 606 by the FASB in May, 2014. IFRS 15 became effective for annual reporting periods beginning on or after January 1, 2018 and ASC 606 became effective for the periods beginning on or after December 15, 2017. In light of these circumstances, the ASBJ developed and issued a comprehensive accounting standard for revenue recognition together with an implementation guidance.

The ASBJ's basic policy for developing accounting standard for revenue recognition is to build the standard on the core principle of IFRS 15 in terms of international comparability between financial statements that is one of the benefits of convergence toward IFRS 15. It also stated that alternative accounting treatment may be additionally adopted locally, to make consideration to the current Japanese practices if necessary, provided such alternative treatments would not impair international comparability.

(2) Scheduled date of adoption

The Companies expect to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

The Companies are currently evaluating the effect of the adoption of this accounting standard and implementation guidance on the consolidated financial statements.

r. Change in Methods of Presentation

- "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standard Board of Japan ("ASBJ") statement No. 28 revised on February 16, 2018)

Effective April 1, 2018, the Company and its domestic consolidated subsidiaries have adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, revised on February 16, 2018). As such, deferred tax assets and deferred tax liabilities are included within investments and other assets and long-term liabilities, respectively.

As a result, ¥17,763 million of deferred tax assets in current assets, ¥495 million of other current liabilities in current liabilities and ¥3,620 million of deferred tax liabilities in long-term liabilities previously presented in consolidated balance sheet as of March 31, 2018 have been reclassified and included within ¥15,911 million of deferred tax assets in investments and other assets and ¥755 million of deferred tax liabilities in long-term liabilities, respectively.

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 ¥110=U.S.$1, the approximate exchange rate as of March 31, 2019. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4. Inventories

Inventories as of March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Merchandise and finished goods	¥ 62,185	¥ 57,821	$ 565,327
Work in process	63,914	50,372	581,038
Raw materials	50,873	41,564	462,472
Inventories	¥176,972	¥149,757	$1,608,837

Losses on valuation of inventories with lower profitability were ¥390 million ($3,548 thousand) and ¥210 million for the years ended March 31, 2019 and 2018, 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, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Investment securities	¥ 14	¥ 22	$ 130
Property, plant and equipment	1,545	1,812	14,052
Intangible assets	415	445	3,767
Total	¥1,974	¥2,279	$17,949

Collateralized liabilities as of March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Trade payables	¥ 77	¥ 78	$ 700
Short-term debt	891	412	8,100
Long-term debt	101	140	919
Total	¥1,069	¥630	$9,719

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 to14 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 and currency swap transactions.

Regarding derivatives, the Companies employ foreign exchange forward contracts to reduce the risk of foreign currency exchange movements that arise from the previously mentioned receivables and payables denominated in foreign currencies. In addition, the Companies use interest rate and currency 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 Companies' policies to reduce the corresponding risk to each hedged item. The Companies compare the market change of hedged items and hedging instruments or the cash flow changes. Assessment of effectiveness for hedging activities depends on the ratio of the amount of change.

(3) Systems for management of financial instruments risk

a) Credit risk management (the risk that transaction partners may default on their obligations to the Companies)

The credit risk in relation to trade receivables from customers, pursuant to criteria for managing credit exposure, is managed by controlling due dates and balances of each customer. In addition, the Companies manage to identify doubtful receivables earlier and mitigate their risk caused by aggravation of the financing position, etc.

Because the counterparties to derivative transactions are limited to authentic financial institutions, the Companies do not anticipate any losses arising from credit risk.

b) Market risk management (the risks arising from fluctuations in exchange rates, interest rates and other indicators)

The Companies, in principle, employ foreign exchange forward contracts to reduce the risk of foreign currency exchange movements that arise from the previously mentioned receivables and payables denominated in foreign currencies. In addition, the Companies use interest rate and currency swap transactions to reduce the interest rate and exchange 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, 2019 and 2018, 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		
	2019		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	¥ 29,134	¥ 29,134	¥ —
Trade receivables	308,831	308,808	(23)
Investment securities	117,739	128,010	10,271
Trade payables	(196,669)	(196,669)	—
Short-term debt	(29,508)	(29,508)	—
Current portion of long-term debt	(26,788)	(26,788)	—
Lease obligations (Current Liabilities)	(11,991)	(11,991)	—
Long-term debt	(60,548)	(61,044)	496
Lease obligations (Long-term Liabilities)	(25,148)	(25,472)	324
Derivatives			
Derivative transactions to which hedge accounting is not applied	24	24	—
Derivative transactions to which hedge accounting is applied	(404)	(404)	—

	Millions of yen		
	2018		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	¥ 33,329	¥ 33,329	¥ —
Trade receivables	287,084	286,992	(92)
Investment securities	120,305	132,928	12,623
Trade payables	(183,976)	(183,976)	—
Short-term debt	(31,998)	(31,998)	—
Current portion of long-term debt	(21,867)	(21,895)	28
Lease obligations (Current Liabilities)	(12,153)	(12,153)	—
Long-term debt	(74,435)	(74,602)	167
Lease obligations (Long-term Liabilities)	(23,053)	(23,355)	302
Derivatives			
Derivative transactions to which hedge accounting is not applied	16	16	—
Derivative transactions to which hedge accounting is applied	128	128	—

	Thousands of U.S. dollars (Note 3)		
	2019		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	$ 264,862	$ 264,862	$ —
Trade receivables	2,807,558	2,807,346	(212)
Investment securities	1,070,362	1,163,729	93,367
Trade payables	(1,787,907)	(1,787,907)	—
Short-term debt	(268,258)	(268,258)	—
Current portion of long-term debt	(243,531)	(243,531)	—
Lease obligations (Current Liabilities)	(109,016)	(109,016)	—
Long-term debt	(550,441)	(554,949)	4,508
Lease obligations (Long-term Liabilities)	(228,624)	(231,564)	2,940
Derivatives			
Derivative transactions to which hedge accounting is not applied	225	225	—
Derivative transactions to which hedge accounting is applied	(3,674)	(3,674)	—

(*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)
	2019	2018	2019
	Carrying amounts	Carrying amounts	Carrying amounts
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	¥15,608	¥15,609	$141,898

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, 2019 and 2018:

	Millions of yen			
	2019			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 29,134	¥ —	¥—	¥—
Trade receivables	299,560	9,206	64	—
Total	¥328,694	¥9,206	¥64	¥—

	Millions of yen			
	2018			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 33,329	¥ —	¥—	¥—
Trade receivables	260,206	26,878	—	—
Total	¥293,535	¥26,878	¥—	¥—

	Thousands of U.S. dollars (Note 3)			
	2019			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	$ 264,862	$ —	$ —	$—
Trade receivables	2,723,270	83,699	589	—
Total	$2,988,132	$83,699	$589	$—

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, 2019 and 2018 were as Follows:

	Millions of yen			
	2019			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥41,069	¥104,610	¥64,104	¥(563)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	¥41,069	¥104,610	¥64,104	¥(563)

	Millions of yen			
	2018			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥39,284	¥107,990	¥69,243	¥(537)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	¥39,284	¥107,990	¥69,243	¥(537)

	Thousands of U.S. dollars (Note 3)			
	2019			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	$373,359	$951,002	$582,765	$(5,122)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	$373,359	$951,002	$582,765	$(5,122)

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, 2019 and 2018 were ¥4,124 million ($37,491 thousand) and ¥4,026 million, respectively.)

2. Sales of other securities for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Proceed from sales	¥1,590	¥2,633	$14,455
Gain on sales	1,055	1,691	9,594
Loss on sales	—	(1)	—

3. Impairment of other securities for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Impairment losses	¥279	¥776	$2,543

Note 8. Derivatives

1. Derivative Transactions to which Hedge Accounting is Not Applied

	Millions of yen			
	2019			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. Dollar	¥2,708	¥—	¥(16)	¥(16)
Euro	1,924	—	54	54
Won	112	—	(0)	(0)
Baht	136	—	(3)	(3)
Yuan Renminbi	1,624	—	(13)	(13)
Payables:				
U.S. Dollar	205	—	2	2
Yen	22	—	0	0
Total	¥6,731	¥—	¥ 24	¥ 24

	Millions of yen			
	2018			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. Dollar	¥2,234	¥ —	¥ 14	¥ 14
Euro	1,046	—	15	15
Won	507	197	(4)	(4)
Baht	109	—	(10)	(10)
Payables:				
U.S. Dollar	506	—	(4)	(4)
Won	198	—	5	5
Yen	12	—	(0)	(0)
New Taiwan Dollar	7	—	(0)	(0)
Total	¥4,619	¥197	¥ 16	¥ 16

	Thousands of U.S. dollars (Note 3)			
	2019			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. Dollar	$24,596	$—	$(122)	$(122)
Euro	17,492	—	494	494
Won	1,023	—	(7)	(7)
Baht	1,245	—	(36)	(36)
Yuan Renminbi	14,772	—	(126)	(126)
Payables:				
U.S. Dollar	1,871	—	21	21
Yen	200	—	1	1
Total	$61,199	$—	$ 225	$ 225

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

2. Derivative Transactions to which Hedge Accounting is Applied

(1) Currency-related contracts

			Millions of yen		
			2019		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. Dollar		¥ 5,461	¥1,814	¥(223)
	Euro		2,048	—	20
	Baht		25	—	(1)
	Payables:	Accounts payable–trade			
	U.S. Dollar		3,750	—	42
	Euro		6,375	2,537	(242)
	Singapore Dollar		32	—	0
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. Dollar		¥ 2,201	¥ —	
	Yuan Renminbi		184	—	
	Baht		168	—	(Note2)
	Payables:	Accounts payable–trade			
	U.S. Dollar		1,078	—	
	Euro		178	—	
	Total		¥21,500	¥4,351	¥(404)

			Millions of yen		
			2018		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. Dollar		¥ 7,417	¥2,058	¥ 354
	Euro		1,448	—	(18)
	Payables:	Accounts payable–trade			
	U.S. Dollar		8,596	2	(107)
	Euro		11,175	6,213	(89)
	Pound Sterling		395	—	(8)
	Singapore Dollar		99	—	(3)
	Swiss Franc		26	—	(1)
	Australian Dollar		7	—	(0)
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. Dollar		¥ 1,388	¥ —	
	Yuan Renminbi		299	—	
	Baht		148	—	(Note2)
	Payables:	Accounts payable–trade			
	U.S. Dollar		589	—	
	Euro		941	—	
	Singapore Dollar		66	—	
	Swiss Franc		0	—	
	Total		¥32,594	¥8,273	¥ 128

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3)		
			2019		
			Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. Dollar		$ 49,652	$16,498	$(2,035)
	Euro		18,620	—	183
	Baht		232	—	(9)
	Payables:	Accounts payable–trade			
	U.S. Dollar		34,092	—	388
	Euro		57,909	23,064	(2,202)
	Singapore Dollar		297	—	1
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable–trade			
	U.S. Dollar		$ 20,017	$ —	
	Yuan Renminbi		1,679	—	
	Baht		1,534	—	(Note2)
	Payables:	Accounts payable–trade			
	U.S. Dollar		9,801	—	
	Euro		1,622	—	
	Total		$195,455	$39,562	$(3,674)

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		
			2019		
			Contract amount	Contract amount over 1 year	Fair value
Exceptional accounting treatment and allocation treatment	Interest rate and currency swap contracts (Floating rate receipts / Fixed rate payments)	Long-term loans payable	¥1,835	¥1,835	(Note2)

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			2018		
			Contract amount	Contract amount over 1 year	Fair value
Exceptional accounting treatment and allocation treatment	Interest rate and currency swap contracts (Floating rate receipts / Fixed rate payments)	Long-term loans payable	¥1,835	¥1,835	(Note 2)

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3)		
			2019		
			Contract amount	Contract amount over 1 year	Fair value
Exceptional accounting treatment and allocation treatment	Interest rate and currency swap contracts (Floating rate receipts / Fixed rate payments)	Long-term loans payable	$16,684	$16,684	(Note2)

Notes: 1. The fair value is principally based on the quotes obtained from the correspondent financial institutions.
2. Since amounts in interest rate swaps which qualify for hedge accounting and meet specific matching criteria are handled together with long-term loans payable that are subject to hedging, the estimated fair value of such interest rate swaps is included in the fair value of the long-term loans payable.

Note 9. Short-term Debt and Long-term Debt

Short-term debt as of March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Loans, principally from banks	¥21,508	¥31,998	$195,530
Commercial paper	8,000	—	72,728
Short-term debt	¥29,508	¥31,998	$268,258

Note: The weighted average interest rates on short-term debt as of March 31, 2019 and 2018 were 1.21% and 1.48%, respectively.

Long-term debt as of March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Loans, principally from banks and insurance companies	¥37,336	¥36,302	$339,427
Bonds issued by the Company:			
0.90% Yen unsecured straight bonds due June 6, 2018	—	20,000	—
0.38% Yen unsecured straight bonds due September 4, 2020	15,000	15,000	136,364
0.28% Yen unsecured straight bonds due August 31, 2023	15,000	15,000	136,364
0.40% Yen unsecured straight bonds due May 21, 2027	10,000	10,000	90,909
0.40% Yen unsecured straight bonds due May 25, 2028	10,000	—	90,909
	87,336	96,302	793,972
Less: Portion due within one year	26,788	21,867	243,531
Long-term debt	¥60,548	¥74,435	$550,441

Note: The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2019 and 2018 were 0.57% and 0.45%, respectively.

As of March 31, 2019, the aggregate annual maturities of long-term debt were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2021	¥16,976	$154,336
2022	4,239	38,538
2023	346	3,149
2024	17,594	159,947
2025 thereafter	21,393	194,471
Total	¥60,548	$550,441

Note 10. Lease Obligations

Lease obligations as of March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Short-term	¥11,991	¥12,153	$109,016
Long-term	25,148	23,053	228,624
Total	¥37,139	¥35,206	$337,640

Note: The weighted average interest rates on lease obligations as of March 31, 2019 and 2018 were 1.70% and 1.98%, respectively.

As of March 31, 2019, the aggregate annual maturities of lease obligations were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2021	¥ 8,996	$ 81,783
2022	7,124	64,770
2023	4,926	44,786
2024	2,863	26,033
2025 thereafter	1,239	11,252
Total	¥25,148	$228,624

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. 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 multi-employer corporate 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, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Retirement benefit obligation at the beginning of the year	¥187,344	¥193,369	$1,703,133
Service cost	3,202	3,183	29,115
Interest cost	2,488	2,566	22,621
Actuarial loss	1,296	735	11,785
Retirement benefits paid	(12,950)	(13,767)	(117,733)
Prior service cost	(0)	(294)	(2)
Difference arising from the change from simplified method to principle method	—	1,533	—
Others	7	19	57
Retirement benefit obligation at the end of the year	¥181,387	¥187,344	$1,648,976

(2) The changes in plan assets at fair value except for plans accounted for by a simplified method during the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Plan assets at fair value at the beginning of the year	¥186,726	¥193,368	$1,697,517
Expected return on plan assets	2,166	2,187	19,698
Actuarial gain	(462)	1,930	(4,200)
Contributions by the Companies	1,753	1,613	15,945
Retirement benefits paid	(11,771)	(13,015)	(107,017)
Difference arising from the change from simplified method to principle method	—	645	—
Redemption of the retirement benefit trust assets	(24,556)	—	(223,237)
Others	3	(2)	19
Plan assets at fair value at the end of the year	¥153,859	¥186,726	$1,398,725

(3) The changes in net defined benefit liability calculated by a simplified method during the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Retirement benefit obligation at the beginning of the year	¥1,792	¥2,431	$16,295
Retirement benefit expenses	280	362	2,551
Retirement benefits paid	(47)	(98)	(432)
Contributions	(139)	(157)	(1,271)
Difference arising from the change from simplified method to principle method	—	(724)	—
Others	(2)	(22)	(13)
Net defined benefit liability at the end of the year	¥1,884	¥1,792	$17,130

(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 the consolidated balance sheet were outlined as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Funded retirement benefit obligation	¥ 180,868	¥ 186,955	$ 1,644,262
Plan assets at fair value	(157,467)	(190,198)	(1,431,522)
	23,401	(3,243)	212,740
Unfunded retirement benefit obligation	6,010	5,653	54,640
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 29,411	¥ 2,410	$ 267,380
Net defined benefit liability	45,794	42,519	416,314
Net defined benefit asset	(16,383)	(40,109)	(148,934)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 29,411	¥ 2,410	$ 267,380

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

(5) The components of retirement benefit expenses for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Service cost	¥ 3,202	¥ 3,183	$ 29,115
Interest cost	2,488	2,566	22,621
Expected return on plan assets	(2,166)	(2,187)	(19,698)
Amortization of actuarial loss	181	2,223	1,654
Amortization of prior service cost	17	(422)	158
Retirement benefit expenses calculated by simplified method	280	362	2,551
Difference arising from the change from simplified method to principle method	—	163	—
Others	129	173	1,160
Retirement benefit expenses	¥ 4,131	¥ 6,061	$ 37,560

(6) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Prior service cost	¥ (17)	¥ 127	$ (159)
Actuarial gain and loss	1,575	(3,421)	14,323
Total	¥1,558	¥(3,294)	$14,164

(7) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Unrecognized prior service cost	¥(6,078)	¥(6,060)	$(55,256)
Unrecognized actuarial gain and loss	7,516	5,941	68,338
Total	¥ 1,438	¥ (119)	$ 13,082

(8) The breakdown of plan assets by major category as of March 31, 2019 and 2018 were as follows:

	2019	2018
Debt securities	40%	36%
Deposit	25	35
Equity securities	15	15
General accounts at life insurance companies	18	13
Others	2	1
Total	100%	100%

Note: Retirement benefit trust established for the corporate pension plans is included and equivalent to 9% of total amount of plan assets as of March 31, 2019 and 22% of total amount of plan assets as of March 31, 2018.

The long-term expected rates of return on plan assets has 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, 2019 and 2018 were as follows:

	2019	2018
Discount rates	0.27% – 1.40%	0.27% – 1.40%
Long-term expected rates of return on plan assets	mainly 2.0%	mainly 2.0%
Expected rates of salary increase	2.5% – 8.6%	2.5% – 8.6%

3. Information on Defined Contribution Pension Plans

Contributions of defined contribution pension plans for the years ended March 31, 2019 and 2018 were ¥4,708 million ($42,808 thousand) and ¥4,584 million, respectively.

4. Information on Multi-Employer Pension Plans

Contributions to multi-employer welfare pension plans accounted for by the same methods used for defined contributions plans for the years ended March 31, 2019 and 2018 were ¥14 million ($136 thousand) and ¥14 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, 2019 and 2018 were as follows:

	Thousands of shares			
	March 31, 2018	Increase in the year	Decrease in the year	March 31, 2019
Shares outstanding:				
Common stock	746,484	—	597,188	149,296
Total	746,484	—	597,188	149,296
Treasury stock:				
Common stock	32,215	19	25,783	6,451
Total	32,215	19	25,783	6,451

	Thousands of shares			
	March 31, 2017	Increase in the year	Decrease in the year	March 31, 2018
Shares outstanding:				
Common stock	746,484	—	—	746,484
Total	746,484	—	—	746,484
Treasury stock:				
Common stock	32,158	57	0	32,215
Total	32,158	57	0	32,215

Notes: 1. Fuji Electric conducted an 1-for-5 common stock consolidation effective October 1, 2018.
2. The decrease of shares outstanding of common stock amounted to 597,188 thousand is due to stock consolidation.
3. The increase of treasury stock of common stock amounted to 19 thousand consist of the increase amounted to 2 thousand due to purchase of fractions less than a share as a result of the stock consolidation, and the increase amounted to 17 thousand (Before the stock consolidation: 13 thousand, after stock consolidation: 3 thousand) due to purchase of shares of less than a share trading unit associated with the stock consolidation.
4. The decrease of treasury stock of common stock amounted to 25,783 thousand consist of the stock consolidation amounted to 25,782 thousand and the sales of shares of less than a share trading unit amounted to 1 thousand (Before the stock consolidation: 0 thousand, after stock consolidation: 0 thousand).

2. Dividends

(1) Dividends paid

For the year ended March 31, 2019

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars (Note 3))	Dividends per share (yen)	Dividends per share (U.S. dollars (Note 3))	Cut-off date	Effective date
Meeting of the Board of Directors on May 24, 2018	Common stock	¥5,714	$51,947	¥8.0	$0.07	March 31, 2018	June 6, 2018
Meeting of the Board of Directors on October 25, 2018	Common stock	5,714	51,947	8.0	0.07	September 30, 2018	December 4, 2018

For the year ended March 31, 2018

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 25, 2017	Common stock	¥4,285	¥6.0	March 31, 2017	June 7, 2017
Meeting of the Board of Directors on October 26, 2017	Common stock	4,285	6.0	September 30, 2017	December 5, 2017

(2) Dividends with the cut-off date in the year ended March 31, 2019 and effective date in the year ending March 31, 2020

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars (Note 3))	Source of dividends	Dividends per share (yen)	Dividends per share (U.S. dollars (Note 3))	Cut-off date	Effective date
Meeting of the Board of Directors on May 23, 2019	Common stock	¥5,713	$51,944	Retained earnings	¥40.0	$0.36	March 31, 2019	June 5, 2019

Dividends with the cut-off date in the year ended March 31, 2018 and effective date in the year ended March 31, 2019

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 24, 2018	Common stock	¥5,714	Retained earnings	¥8.0	March 31, 2018	June 6, 2018

Note 13. Research and Development Costs

Research and development costs charged to income were ¥33,669 million ($306,087 thousand) and ¥35,620 million for the years ended March 31, 2019 and 2018, respectively.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Research and development costs	¥33,669	¥35,620	$306,087

Note 14. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Salaries and wages	¥79,830	¥77,637	$725,731
Retirement benefit expenses	3,974	4,607	36,134
Research and development costs	29,581	30,796	268,920

Note 15. Extraordinary Income, Net

Extraordinary income, net, for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Extraordinary income			
Gain on sales of noncurrent assets	¥ 96	¥ 209	$ 876
Gain on sales of investment securities	1,055	1,691	9,594
Foreign currency transtation adjustment reversal gains	1,299	—	11,813
Extraordinary loss			
Loss on disposal of noncurrent assets	(1,121)	(366)	(10,194)
Loss on devaluation of investment securities	(279)	(776)	(2,543)
Impairment loss	(2,242)	—	(20,383)
Extraordinary income (loss), net	¥(1,192)	¥ 758	$(10,837)

Note 16. Impairment Loss

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

For the year ended March 31, 2019, the Companies recognized an impairment loss on the following asset groups:

Usage	Location	Classification	Millions of yen	Thousands of U.S. dollars (Note 3)
—	United States of America	Goodwill and intangible assets	¥1,540	$14,005
Assets to be disposed	Tokyo	Buildings and other assets	¥ 572	$ 5,207
Assets to be disposed	Kanagawa Prefecture	Construction in progress	¥ 94	$ 855
Assets to be disposed	Chiba Prefecture	Buildings and other assets	¥ 36	$ 316

Regarding above Goodwill and intangible assets, the Companies recognized an impairment loss on goodwill and intangible assets as an extraordinary loss up to the recoverable amount of the asset groups as a result of having examined the possibility of future recovery based on the current business environment of a consolidated subsidiary in power generation business.

The impairment loss consisted of ¥1,243 million ($11,309 thousand) for goodwill and ¥297 million ($2,696 thousand) for intangible assets.

The value-in-use was measured using discounting future cash flows at a rate of 11.3%.

Regarding the asset to be disposed, the Companies recognized an impairment loss up to the recoverable amount of assets to be disposed as they are not expected to be used.

The impairment loss consisted of ¥606 million ($5,513 thousand) for buildings and structures, ¥94 million ($855 thousand) for construction in progress and ¥1million ($10 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 the assets because it seems difficult to sell or convert to other use.

Note 17. Income Taxes

1. The Components of Income Taxes for the Years Ended March 31, 2019 and 2018 were as Follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Current	¥16,051	¥13,738	$145,920
Deferred	1,166	1,066	10,597
Income taxes	¥17,217	¥14,804	$156,517

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, 2019 and 2018 were as Follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Deferred tax assets			
Net defined benefit liability	¥ 21,609	¥ 21,688	$ 196,447
The investment deduction of the foreign consolidated subsidiaries	13,668	14,216	124,262
Inventories	7,596	7,487	69,061
Accrued employees' bonuses	6,860	6,584	62,369
Investment securities	6,366	6,353	57,876
Tangible fixed assets	2,185	2,112	19,872
Other	7,259	6,547	65,961
Gross deferred tax assets	65,543	64,987	595,848
Less: Valuation allowance	(21,554)	(21,822)	(195,945)
Total deferred tax assets	43,989	43,165	399,903
Deferred tax liabilities			
Unrealized gain on other securities	(19,700)	(21,095)	(179,096)
Investment securities	(2,451)	(2,062)	(22,284)
Other	(5,488)	(4,852)	(49,880)
Gross deferred tax liabilities	(27,639)	(28,009)	(251,260)
Net deferred tax assets (liabilities)	¥ 16,350	¥ 15,156	$ 148,643

3. The Reconciliation Between the Statutory Income Tax Rate and the Effective Income Tax Rate for the Years Ended March 31, 2019 and 2018 were as Follows:

	2019	2018
Statutory income tax rate	30.6 %	30.9 %
Tax credits	(3.6)	(3.2)
Tax rate difference of overseas consolidated subsidiaries	(2.8)	(2.1)
Valuation allowance	(0.1)	(1.9)
Permanent difference resulting from non-taxable income, including dividends received	(0.4)	(0.3)
Permanent difference resulting from expenses not deductible for income tax purposes	2.0	1.4
Other	1.9	1.3
Effective income tax rate	27.6 %	26.1 %

Note 18. Consolidated Statements of Comprehensive Income

Amounts reclassified to profit (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)
	2019	2018	2019
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥(4,246)	¥ 8,952	$(38,603)
Reclassification adjustments	(931)	(1,690)	(8,466)
Before tax effect	(5,177)	7,262	(47,069)
Tax effect	1,395	(2,169)	12,686
Valuation difference on available-for-sale securities	(3,782)	5,093	(34,383)
Deferred gains or losses on hedges:			
Amount arising during the year	(532)	2,312	(4,839)
Before tax effect	(532)	2,312	(4,839)
Tax effect	163	(624)	1,481
Deferred gains or losses on hedges	(369)	1,688	(3,358)
Foreign currency translation adjustments:			
Amount arising during the year	(443)	1,600	(4,034)
Reclassification adjustments	(1,300)	—	(11,813)
Before tax effect	(1,743)	1,600	(15,847)
Tax effect	382	—	3,489
Foreign currency translation adjustments	(1,361)	1,600	(12,358)
Remeasurements of defined benefit plans:			
Amount arising during the year	(1,757)	1,492	(15,976)
Reclassification adjustments	199	1,802	1,812
Before tax effect	(1,558)	3,294	(14,164)
Tax effect	452	(993)	4,101
Remeasurements of defined benefit plans	(1,106)	2,301	(10,063)
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the year	68	31	624
Reclassification adjustments	133	140	1,204
Share of other comprehensive income of associates accounted for using equity method	201	171	1,828
Total other comprehensive income	¥(6,417)	¥10,853	$(58,334)

Note 19. Contingent Liabilities

Contingent liabilities as of March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Guarantees	¥15,169	¥14,396	$137,900

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 method for leased assets is as stated in "f. Depreciation, 2) Leased assets" in "Note 2. Summary of Significant Accounting Policies".

In addition, 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, 2019 and 2018 were as follows:

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Acquisition cost	¥1,103	¥1,433	$10,031
Accumulated depreciation	1,029	1,277	9,354
Net leased property	¥ 74	¥ 156	$ 677

(b) Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Due within one year	¥ 83	¥ 93	$ 760
Due after one year	31	115	277
Total	¥114	¥208	$1,037

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Lease expense	¥98	¥127	$899
Depreciation expense	82	96	748
Interest expense	5	8	46

(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, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Due within one year	¥2,244	¥2,105	$20,407
Due after one year	1,518	3,024	13,796
Total	¥3,762	¥5,129	$34,203

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 comprehensively global strategies related to their products and services and control their business activities.

Accordingly, the Companies have five reporting segments, principally based on the business headquarters, that take into account the similarity of category and nature of products and services: Power Electronics Systems—Energy Solutions, Power Electronics Systems—Industry Solutions, Power and New Energy, Electronic Devices and Food and Beverage Distribution. These segments except for Electronic Devices and Food and Beverage Distribution consist of 2 or more business segments.

As of April 1, 2018, reflecting change of organization structure, business segments in the reporting segments of Power Electronics Systems—Energy Solutions and Power Electronics Systems—Industry Solutions were reclassified. The reporting segment information for the year ended March 31, 2018 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 Electronics Systems —Energy Solutions	Power distribution, smart meters, industrial substation, railway substation, industrial power supplies, datacenters, uninterruptible power systems (UPSs), electrical facilities, switchboards, power distribution and control equipment
Power Electronics Systems —Industry Solutions	Inverters, motors, FA components (servos/controllers), measuring instruments and sensors, FA systems, drive control systems, measuring and control systems, transport systems, radiation monitoring systems, electricity and air conditioning equipment construction, information systems
Power and New Energy	Thermal/biomass/geothermal/hydro power generation facilities, solar power generation systems, wind power generation systems, fuel cells
Electronic Devices	Power semiconductors, magnetic disks
Food and Beverage Distribution	Beverage vending machines, vending machines for food and other goods, showcases, automatic change dispensers, eco-friendly stores

(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 transfers are determined by market value.

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

Reporting segment information as of March 31, 2019 and 2018 and for the years then ended were as follows:

	Millions of yen								
Year ended March 31, 2019	Power Electronics Systems—Energy Solutions	Power Electronics Systems—Industry Solutions	Power and New Energy	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	¥220,409	¥308,921	¥106,921	¥133,828	¥113,345	¥31,491	¥914,915	¥ —	¥914,915
Inter-segment sales and transfers	4,378	13,021	91	3,506	261	30,740	51,997	(51,997)	—
Total sales	224,787	321,942	107,012	137,334	113,606	62,231	966,912	(51,997)	914,915
Segment profits (losses)	¥ 16,854	¥ 19,393	¥ 4,750	¥ 15,623	¥ 5,756	¥ 2,766	¥ 65,142	¥ (5,170)	¥ 59,972
Segment assets	¥204,632	¥263,922	¥116,166	¥172,699	¥ 78,733	¥33,962	¥870,114	¥ 82,545	¥952,659
Other items									
Depreciation and amortization	¥ 5,668	¥ 6,267	¥ 1,367	¥ 13,168	¥ 2,498	¥ 874	¥ 29,842	¥ 1,064	¥ 30,906
Investments for companies applied equity method	¥ 14,828	¥ 1,426	¥ —	¥ —	¥ —	¥ —	¥ 16,254	¥ —	¥ 16,254
Capital expenditures	¥ 6,443	¥ 7,006	¥ 1,193	¥ 20,451	¥ 2,647	¥ 929	¥ 38,669	¥ 869	¥ 39,538

Year ended March 31, 2018	Power Electronics Systems—Energy Solutions	Power Electronics Systems—Industry Solutions	Power and New Energy	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
	Millions of yen								
Sales, profits or losses and assets by reporting segments									
Net sales									
Sales to third parties	¥214,450	¥310,165	¥ 96,757	¥123,502	¥117,485	¥31,092	¥893,451	¥ —	¥893,451
Inter-segment sales and transfers	3,165	10,815	122	3,369	268	29,313	47,052	(47,052)	—
Total sales	217,615	320,980	96,879	126,871	117,753	60,405	940,503	(47,052)	893,451
Segment profits (losses)	¥ 14,015	¥ 18,920	¥ 5,521	¥ 13,699	¥ 6,234	¥ 2,861	¥ 61,250	¥ (5,288)	¥ 55,962
Segment assets	¥187,996	¥255,618	¥113,246	¥150,783	¥ 80,191	¥32,062	¥819,896	¥ 94,848	¥914,744
Other items									
Depreciation and amortization	¥ 5,726	¥ 6,126	¥ 1,444	¥ 12,882	¥ 2,271	¥ 808	¥ 29,257	¥ 894	¥ 30,151
Investments for companies applied equity method	¥ 13,802	¥ 1,318	¥ —	¥ —	¥ —	¥ —	¥ 15,120	¥ —	¥ 15,120
Capital expenditures	¥ 6,470	¥ 4,960	¥ 1,335	¥ 10,614	¥ 5,081	¥ 641	¥ 29,101	¥ 1,347	¥ 30,448

Year ended March 31, 2019	Power Electronics Systems—Energy Solutions	Power Electronics Systems—Industry Solutions	Power and New Energy	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
	Thousands of U.S. dollars (Note 3)								
Sales, profits or losses and assets by reporting segments									
Net sales									
Sales to third parties	$2,003,719	$2,808,378	$ 972,018	$1,216,622	$1,030,416	$286,261	$8,317,414	$ —	$8,317,414
Inter-segment sales and transfers	39,804	118,376	826	31,874	2,370	279,457	472,707	(472,707)	—
Total sales	2,043,523	2,926,754	972,844	1,248,496	1,032,786	565,718	8,790,121	(472,707)	8,317,414
Segment profits (losses)	$ 153,220	$ 176,301	$ 43,186	$ 142,031	$ 52,334	$ 25,139	$ 592,211	$ (47,008)	$ 545,203
Segment assets	$1,860,298	$2,399,298	$1,056,062	$1,570,000	$ 715,759	$308,713	$7,910,130	$ 750,415	$8,660,545
Other items									
Depreciation and amortization	$ 51,528	$ 56,981	$ 12,432	$ 119,717	$ 22,715	$ 7,914	$ 271,287	$ 9,678	$ 280,965
Investments for companies applied equity method	$ 134,803	$ 12,969	$ —	$ —	$ —	$ —	$ 147,772	$ —	$ 147,772
Capital expenditures	$ 58,577	$ 63,695	$ 10,852	$ 185,919	$ 24,064	$ 8,430	$ 351,537	$ 7,901	$ 359,438

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)
	2019	2018	2019
Corporate expense*	¥(5,187)	¥(5,287)	$(47,163)
Elimination of intersegment sales	17	(1)	155
Total	¥(5,170)	¥(5,288)	$(47,008)

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Corporate assets*	¥ 262,857	¥ 266,495	$ 2,389,609
Elimination of intersegment transactions	(180,312)	(171,647)	(1,639,194)
Total	¥ 82,545	¥ 94,848	$ 750,415

* 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, 2019 and 2018 and for the years then ended were as follows:

Geographic information

(a) Sales

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Japan	¥682,503	¥674,744	$6,204,573
Asia (except for China), Others	121,733	110,935	1,106,649
China	78,368	74,968	712,445
Europe	16,477	17,584	149,799
America	15,834	15,220	143,948
Consolidated	¥914,915	¥893,451	$8,317,414

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

(b) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Japan	¥141,585	¥136,205	$1,287,141
Asia (except for China), Others	24,900	22,342	226,341
China	14,354	14,597	130,500
Europe	660	782	6,008
America	625	674	5,685
Consolidated	¥182,124	¥174,600	$1,655,675

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 years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Power Electronics Systems—Energy Solutions	¥ 34	¥—	$ 315
Power Electronics Systems—Industry Solutions	572	—	5,207
Power and New Energy	1,636	—	14,861
Electronic Devices	—	—	—
Food and Beverage Distribution	—	—	—
Others	—	—	—
Total	¥2,242	¥—	$20,383

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 for the year ended March 31, 2019 and 2018 were as follows:

	Millions of yen						
Year ended March 31, 2019	Power Electronics Systems— Energy Solutions	Power Electronics Systems— Industry Solutions	Power and New Energy	Electronic Devices	Food and Beverage Distribution	Others	Consolidated
Amortization	¥292	¥134	¥186	¥11	¥—	¥—	¥623
Balance as of March 31	¥292	¥580	¥ —	¥64	¥—	¥—	¥936

	Millions of yen						
Year ended March 31, 2018	Power Electronics Systems— Energy Solutions	Power Electronics Systems— Industry Solutions	Power and New Energy	Electronic Devices	Food and Beverage Distribution	Others	Consolidated
Amortization	¥308	¥ 9	¥ 189	¥23	¥—	¥—	¥ 529
Balance as of March 31	¥612	¥79	¥1,456	¥70	¥—	¥—	¥2,217

	Thousands of U.S. dollars (Note 3)						
Year ended March 31, 2019	Power Electronics Systems— Energy Solutions	Power Electronics Systems— Industry Solutions	Power and New Energy	Electronic Devices	Food and Beverage Distribution	Others	Consolidated
Amortization	$2,661	$1,221	$1,696	$ 90	$—	$—	$5,668
Balance as of March 31	$2,661	$5,279	$ —	$576	$—	$—	$8,516

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, 2019

None

Note 23. Business Combinations

For the year ended March 31, 2019

This disclosure is omitted due to the immateriality.

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 12 and 49 years and use a discount rate equivalent to the interest rate of government bonds corresponding to the use period (0.3% 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, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Balance at the beginning of the year	¥1,931	¥1,986	$17,557
Increase due to acquisition of property, plant and equipment	3	—	32
Adjustment due to passage of time	6	8	60
Decrease due to fulfillment of obligations	(22)	(63)	(206)
Balance at the end of the year	¥1,918	¥1,931	$17,443

Note 25. Amounts Per Share

Information of amounts per share as of March 31, 2019 and 2018 and for the years then ended were as follows:

	Yen		U.S. dollars (Note 3)
	2019	2018	2019
Net assets per share	¥2,470.65	¥2,314.50	$22.460
Net income per share	281.89	264.34	2.563

Diluted net income per share in 2019 and 2018 are not disclosed because there is no potential common stock that has a dilutive effect.

Fuji Electric conducted an 1-for-5 common stock consolidation effective October 1, 2018.

Net assets per share and Net income per share are calculated assuming that the share consolidation was executed at the beginning of the year ended March 31, 2018.

Note 26. Subsequent Events

(The Acquisition of Company through the Acquisition of Shares)

The Company has adopted a resolution to acquire the entire shares of Consul Neowatt Power Solutions Private Limited (CNPS) and to make the CNPS its subsidiary at a meeting of its Board of Directors held on June 20, 2019.

(1) Purpose of the acquisition

CNPS is a leading manufacturer of power supply equipment in India.

Uninterruptible power systems (UPSs), which is the CNPS's main product, is winning the first place of the domestic market share in the country.

CNPS is also achieving many business results of sales to manufacturing, medical and social infrastructure industries etc. in India.

The company is expanding its power electronics systems business in India through obtaining CNPS's price competitive products, manufacturing bases and sales and service bases which are locating throughout India mainly targeting on markets of manufacturers and data centers, which is active in recent years.

(2) Share transferees

Peepul Capital Fund III LLC, management of CNPS and other individual shareholders

(3) Acquired company, description and size of the business

a. Acquired company

Consul Neowatt Power Solutions Private Limited

b. Description of the business

Development, manufacturing, engineering, sales, and services of UPSs, servo voltage stabilizers, active harmonic filters, off-grid solar inverters and other customized power electronic solutions.

c. Business size

Gross asset: 3,123 million Indian Rupee, Sales amount: 4,168 million Indian Rupee

(4) Acquisition schedule

End of August 2019 (planned)

(5) Number of shares to be acquired, Acquisition price and Shareholding ratio after the acquisition

a. Number of shares to be acquired: 177,569 shares

b. Acquisition price: 10,550 million yen (estimated amount (*))

c. Shareholding ratio after the acquisition: 100%

(*) Note: The acquisition price above is estimated based on the CNPS's financial information at the end of March, 2019. Final acquisition price may be adjusted since it will be determined based on the actual value as at point in time of the share transfer.