

Consolidated Financial Report for the fiscal year ended March 31, 2014
(April 1, 2013 – March 31, 2014)

Summary of Consolidated Financial Results

1. Summary of consolidated statements of operations

	Millions of yen		Change(%) (A)/(B)	Millions of U.S. dollars
	FY2013	FY2012		FY2013
Net sales	759,911	745,781	101.9%	7,378
Operating income	33,136	21,992	150.7%	322
Ordinary income	36,731	25,714	142.8%	357
Net income	19,582	26,368	74.3%	190
	Yen			U.S. dollars
Net income per share	27.41	36.90	74.3%	0.27

2. Summary of consolidated financial position

	Millions of yen		Millions of U.S. dollars
	3/31/2014	3/31/2013	3/31/2014
Total assets	810,774	765,563	7,872
Net assets	251,225	215,672	2,439
Net assets ratio (%)	28.0%	25.4%	-

Note: U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥103=U.S.\$1

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2015
(April 1, 2014 - March 31, 2015)

	Millions of yen
	FY2014
Net sales	780,000
Operating income	38,000
Ordinary income	39,000
Net income	23,000
	FY2014
Net income per share	32.19

< Cautionary Statements With Respect to Forward-Looking Statements >

Statements made in this financial report with respect to Fuji Electric's future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it. Accordingly, actual results could differ from those contained in any forward-looking statements. Potential risks and uncertainties include :

- Sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from changes in trade regulations
- Exchange rate, particularly between the yen and the U.S. dollar and Asian and European currencies
- The ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way
- The rapid pace of technological innovation, especially in the field of electronics
- Sudden changes in the supply and demand balance in the markets Fuji Electric serves
- Problems involving the intellectual property of Fuji Electric and other companies
- Stock market conditions in Japan

Consolidated Balance Sheets

	Millions of yen		<i>Millions of U.S. dollars</i>
	<u>3/31/2014</u>	<u>3/31/2013</u>	<u>3/31/2014</u>
Assets			
Current assets:			
Cash and deposits	34,025	39,750	330
Notes and accounts receivable-trade	222,481	216,852	2,160
Merchandise and finished goods	43,180	42,464	419
Work in process	48,030	39,294	466
Raw materials and supplies	30,231	25,963	294
Deferred tax assets	17,554	18,047	170
Other	34,365	42,735	334
Allowance for doubtful accounts	-532	-401	-5
Total Current assets	<u>429,338</u>	<u>424,706</u>	<u>4,168</u>
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures, net	78,094	73,249	758
Machinery, equipment and vehicles, net	21,240	21,541	206
Tools, furniture and fixtures, net	4,908	4,145	48
Land	35,199	36,201	342
Lease assets, net	28,627	23,920	278
Construction in progress	4,549	9,383	44
Total Property, plant and equipment	<u>172,619</u>	<u>168,442</u>	<u>1,676</u>
Intangible assets	13,874	12,706	135
Investments and other assets			
Investment securities	148,867	119,464	1,445
Long-term loans receivable	1,893	1,259	18
Prepaid pension cost	-	27,885	-
Net defined benefit asset	31,263	-	304
Deferred tax assets	4,519	4,381	44
Other	8,975	8,379	87
Allowance for doubtful accounts	-744	-1,798	-7
Total Investments and other assets	<u>194,775</u>	<u>159,572</u>	<u>1,891</u>
Total Noncurrent assets	<u>381,269</u>	<u>340,721</u>	<u>3,702</u>
Deferred assets	<u>166</u>	<u>135</u>	<u>2</u>
Total Assets	<u><u>810,774</u></u>	<u><u>765,563</u></u>	<u><u>7,872</u></u>

Consolidated Balance Sheets

	Millions of yen		<i>Millions of U.S. dollars</i>
	<u>3/31/2014</u>	<u>3/31/2013</u>	<u>3/31/2014</u>
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	142,087	129,934	1,379
Short-term loans payable	76,412	62,594	742
Commercial papers	-	28,000	-
Current portion of bonds	-	10,000	-
Lease obligations	13,521	11,832	131
Accrued expenses	37,469	39,242	364
Income taxes payable	4,543	2,918	44
Advances received	33,933	39,620	329
Other	51,489	56,323	500
Total Current liabilities	<u>359,457</u>	<u>380,466</u>	<u>3,490</u>
Noncurrent liabilities:			
Bonds payable	60,500	40,500	587
Long-term loans payable	62,592	85,623	608
Lease obligations	20,726	18,555	201
Deferred tax liabilities	17,911	7,626	174
Provision for retirement benefits	-	11,681	-
Net defined benefit liability	34,236	-	332
Provision for directors' retirement benefits	215	266	2
Other	3,908	5,170	38
Total Noncurrent liabilities	<u>200,091</u>	<u>169,424</u>	<u>1,943</u>
Total Liabilities	<u>559,548</u>	<u>549,890</u>	<u>5,433</u>
Net Assets			
Shareholders' equity:			
Capital stock	47,586	47,586	462
Capital surplus	46,734	46,734	454
Retained earnings	102,631	87,620	996
Treasury stock	-7,148	-7,115	-69
Total Shareholders' equity	<u>189,804</u>	<u>174,824</u>	<u>1,843</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	44,768	20,383	435
Deferred gains or losses on hedges	20	-83	0
Foreign currency translation adjustments	3,202	-551	31
Remeasurements of defined benefit plans	-10,614	-	-103
Total Accumulated other comprehensive income	<u>37,376</u>	<u>19,747</u>	<u>363</u>
Minority interests	<u>24,043</u>	<u>21,100</u>	<u>233</u>
Total Net assets	<u>251,225</u>	<u>215,672</u>	<u>2,439</u>
Total Liabilities and Net assets	<u><u>810,774</u></u>	<u><u>765,563</u></u>	<u><u>7,872</u></u>

Consolidated Statements of Operations

	Millions of yen		Millions of U.S. dollars
	FY2013	FY2012	FY2013
Net sales	759,911	745,781	7,378
Cost of sales	579,856	587,457	5,630
Gross profit	180,055	158,323	1,748
Selling, general and administrative expenses	146,918	136,330	1,426
Operating income	33,136	21,992	322
Non-operating income			
Interest income	268	158	3
Dividends income	1,202	2,722	12
Equity in earnings of affiliates	2,348	2,562	23
Foreign exchange income	1,772	1,446	17
Other	1,578	1,870	15
Total Non-operating income	7,170	8,760	70
Non-operating expenses			
Interest expense	2,855	3,729	28
Other	720	1,308	7
Total Non-operating expenses	3,575	5,038	35
Ordinary income	36,731	25,714	357
Extraordinary income			
Gain on sales of noncurrent assets	543	29	5
Gain on sales of investment securities	370	750	4
Insurance income	-	265	-
Total Extraordinary income	913	1,045	9
Extraordinary loss			
Loss on disposal of noncurrent assets	1,304	404	13
Loss on devaluation of investment securities	1,134	520	11
Impairment loss	641	6,446	6
Settlement package	420	700	4
Loss on liquidation of subsidiaries	-	827	-
Other	407	1,242	4
Total Extraordinary loss	3,907	10,141	38
Income before income taxes	33,737	16,617	328
Income taxes-current	9,005	5,725	87
Income taxes-deferred	2,976	-17,152	29
Income taxes	11,982	-11,426	116
Income before minority interests	21,754	28,044	211
Minority interests in income of consolidated subsidiaries	2,172	1,676	21
Net income	19,582	26,368	190

Consolidated Statements of Comprehensive Income

	Millions of yen		<i>Millions of U.S. dollars</i>
	FY2013	FY2012	<i>FY2013</i>
Income before minority interests	21,754	28,044	211
Other comprehensive income			
Valuation difference on available-for-sale securities	24,468	1,554	238
Deferred gains or losses on hedges	97	-2	1
Foreign currency translation adjustments	4,351	5,761	42
Share of other comprehensive income of associates accounted for using equity method	27	34	0
Total other comprehensive Income	28,945	7,348	281
Comprehensive income	50,700	35,393	492
Comprehensive income attributable to:			
Shareholders of the Company	47,826	33,187	464
Minority interests	2,874	2,205	28

Consolidated Statements of Shareholders' Equity

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
BALANCE AT MARCH 31, 2012	47,586	46,734	63,438	-7,110	150,648
Changes of items during the period					
Dividends from surplus			-2,858		-2,858
Net income for the year			26,368		26,368
Purchase of treasury stock				-5	-5
Disposal of treasury stock		-0		0	0
Change of scope of consolidation			-		-
Change of scope of equity method			672		672
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-0	24,181	-5	24,176
BALANCE AT MARCH 31, 2013	47,586	46,734	87,620	-7,115	174,824

	Millions of yen						
	Accumulated other comprehensive income					Minority interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements Of Defined Benefit Plans	Total Accumulated other comprehensive income		
BALANCE AT MARCH 31, 2012	18,848	-81	-5,838	-	12,928		
Changes of items during the period							
Dividends from surplus							-2,858
Net income for the year							26,368
Purchase of treasury stock							-5
Disposal of treasury stock							0
Change of scope of consolidation							-
Change of scope of equity method							672
Net changes of items other than shareholders' equity	1,534	-1	5,286	-	6,819	1,459	8,279
Total changes of items during the period	1,534	-1	5,286	-	6,819	1,459	32,455
BALANCE AT MARCH 31, 2013	20,383	-83	-551	-	19,747	21,100	215,672

Consolidated Statements of Shareholders' Equity

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
BALANCE AT MARCH 31, 2013	47,586	46,734	87,620	-7,115	174,824
Changes of items during the period					
Dividends from surplus			-4,287		-4,287
Net income for the year			19,582		19,582
Purchase of treasury stock				-32	-32
Disposal of treasury stock		0		0	1
Change of scope of consolidation			-283		-283
Change of scope of equity method			-		-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	15,011	-32	14,979
BALANCE AT MARCH 31, 2014	47,586	46,734	102,631	-7,148	189,804

	Millions of yen						Minority interests	Net assets
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements Of Defined Benefit Plans	Total Accumulated other comprehensive income			
BALANCE AT MARCH 31, 2013	20,383	-83	-551	-	19,747	21,100	215,672	
Changes of items during the period								
Dividends from surplus							-4,287	
Net income for the year							19,582	
Purchase of treasury stock							-32	
Disposal of treasury stock							1	
Change of scope of consolidation							-283	
Change of scope of equity method							-	
Net changes of items other than shareholders' equity	24,385	103	3,754	-10,614	17,628	2,943	20,572	
Total changes of items during the period	24,385	103	3,754	-10,614	17,628	2,943	35,552	
BALANCE AT MARCH 31, 2014	44,768	20	3,202	-10,614	37,376	24,043	251,225	

Consolidated Statements of Cash Flows

	Millions of yen		Millions of U.S. dollars
	FY2013	FY2012	FY2013
I Cash flows from operating activities			
Income before income taxes and minority interests	33,737	16,617	328
Depreciation and amortization	30,849	31,054	300
Increase (decrease) in allowance for doubtful accounts	-941	-135	-9
Interest and dividends income	-1,471	-2,880	-14
Interest expenses	2,855	3,729	28
Foreign exchange losses (gains)	1,125	-256	11
Loss (gain) on sales of noncurrent assets	-543	-29	-5
Loss (gain) on sales of investment securities	-370	-750	-4
Loss (gain) on disposal of noncurrent assets	1,304	404	13
Loss (gain) on devaluation of investment securities	1,134	520	11
Impairment loss	641	6,446	6
Loss (gain) on liquidation of subsidiaries	-	827	-
Decrease (increase) in notes and accounts receivable-trade	-1,185	-11,034	-12
Decrease (increase) in inventories	-9,964	36,873	-97
Increase (decrease) in notes and accounts payable-trade	8,290	-10,643	80
Increase (decrease) in advances received	-6,445	-9,553	-63
Other, net	3,544	130	34
Subtotal	62,561	61,321	607
Interest and dividends income received	1,451	2,859	14
Interest expenses paid	-2,958	-4,096	-29
Income taxes paid	-7,403	-4,742	-72
Net cash provided by operating activities	53,651	55,342	521
II Cash flows from investing activities			
Purchase of property, plant and equipment	-13,823	-17,912	-134
Proceeds from sales of property, plant and equipment	2,280	510	22
Purchase of investment securities	-3,666	-7,688	-36
Proceeds from sales of investment securities	9,464	8,628	92
Purchase of investments in subsidiaries	-	-321	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-3,823	-
Payments of loans receivable	-6,939	-4,535	-67
Collection of loans receivable	6,986	4,294	68
Other, net	-3,952	-3,438	-38
Net cash used in investing activities	-9,649	-24,286	-94
III Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	1,404	-8,331	14
Increase (decrease) in commercial papers	-28,000	18,000	-272
Proceeds from long-term loans payable	95	52,224	1
Repayment of long-term loans payable	-13,798	-62,561	-134
Proceeds from issuance of bonds	20,000	20,000	194
Redemption of bonds	-10,000	-60,510	-97
Repayments of lease obligations	-15,214	-12,431	-148
Proceeds from sales of treasury stock	1	0	0
Purchase of treasury stock	-32	-5	-0
Cash dividends paid	-4,287	-2,858	-42
Cash dividends paid to minority shareholders	-645	-262	-6
Other, net	-91	-91	-1
Net cash used in financing activities	-50,569	-56,827	-491
IV Effect of exchange rate change on cash and cash equivalents	-76	1,196	-1
V Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	-6,644	-24,575	-65
VI Cash and cash equivalents at beginning of period	39,688	64,261	385
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	368	-	4
VIII Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	2	-
IX Cash and cash equivalents at end of period	33,412	39,688	324

Consolidated Segment Information

Information on net sales, and profit or loss by each reporting segment

As of April 1, 2013, reflecting change of organization structure, the reporting segments were reclassified in Power and Social Infrastructure, Industrial Infrastructure and Power Electronics, and contents of Others were changed.

The reporting segment information for the fiscal year ended March 31, 2013 has been reclassified to reflect this change.

FY2012	Millions of yen								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	155,546	195,479	140,539	110,584	111,891	31,740	745,781	-	745,781
Inter-segment sales and transfers	1,348	3,246	7,817	3,007	195	28,843	44,459	-44,459	-
Total sales	156,895	198,725	148,357	113,591	112,086	60,583	790,240	-44,459	745,781
Segment profits (losses)	8,421	11,026	1,236	-1,416	6,423	1,627	27,319	-5,326	21,992

FY2013	Millions of yen								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	151,881	185,174	150,932	120,231	119,830	31,862	759,911	-	759,911
Inter-segment sales and transfers	1,772	3,474	14,590	3,620	226	28,136	51,820	-51,820	-
Total sales	153,653	188,648	165,523	123,851	120,056	59,998	811,732	-51,820	759,911
Segment profits (losses)	8,138	9,209	5,435	6,302	8,047	1,912	39,045	-5,909	33,136

FY2013	Millions of U.S. dollars								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	1,475	1,798	1,465	1,167	1,163	309	7,378	-	7,378
Inter-segment sales and transfers	17	34	142	35	2	273	503	-503	-
Total sales	1,492	1,832	1,607	1,202	1,166	583	7,881	-503	7,378
Segment profits (losses)	79	89	53	61	78	19	379	-57	322

Supplemental Consolidated Financial Materials**1. Financial summary**

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Net sales	745.8	759.9	780.0
Operating income	22.0	33.1	38.0
Ordinary income	25.7	36.7	39.0
Net income	26.4	19.6	23.0

2. Number of consolidated subsidiaries

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Number of consolidated subsidiaries	47	48	49
Japan	25	24	24
Overseas	22	24	25
Number of equity-method associates	5	5	5

3. Net income per share

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Net income per share	36.90	27.41	32.19

4. Sales exchange rate (Yen)

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
US\$	83.10	100.24	100.00
EURO	107.14	134.37	135.00

5. Net sales by reporting segment

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Power and Social Infrastructure	156.9	153.7	165.1
Industrial Infrastructure	198.7	188.6	202.7
Power Electronics	148.4	165.5	179.7
Electronic Devices	113.6	123.9	118.4
Food and Beverage Distribution	112.1	120.1	118.6
Others	60.6	60.0	57.1
Subtotal	790.2	811.7	841.6
Elimination	-44.5	-51.8	-61.6
Total	745.8	759.9	780.0

Note : Net sales include inter-segment transactions.

6. Operating income by reporting segment

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Power and Social Infrastructure	8.4	8.1	8.3
Industrial Infrastructure	11.0	9.2	11.6
Power Electronics	1.2	5.4	8.3
Electronic Devices	-1.4	6.3	7.6
Food and Beverage Distribution	6.4	8.0	7.1
Others	1.6	1.9	1.7
Subtotal	27.3	39.0	44.6
Elimination	-5.3	-5.9	-6.6
Total	22.0	33.1	38.0

7. Net overseas sales

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Asia (except for China)	95.8	77.3	-
China	54.6	68.4	-
Europe	14.4	17.4	-
America	13.8	14.7	-
Total	178.5	177.7	-

12. R&D expenditures

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Power and Social Infrastructure	5.1	4.5	4.7
Industrial Infrastructure	5.3	5.9	6.9
Power Electronics	7.3	7.5	10.3
Electronic Devices	9.6	9.4	9.4
Food and Beverage Distribution	3.8	4.7	4.9
Others	0.0	0.0	0.0
Total	31.2	3.2	36.1
Ratio to net sales (%)	4.2%	4.2%	4.6%

13. Plant and equipment investment (including leases)

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Power and Social Infrastructure	2.0	1.6	2.7
Industrial Infrastructure	2.2	2.1	2.7
Power Electronics	7.2	8.3	9.1
Electronic Devices	17.2	11.3	11.9
Food and Beverage Distribution	2.2	2.6	2.3
Others	0.9	1.0	3.4
Total	31.8	26.9	32.0
(Leases)	(16.5)	(12.5)	(11.7)

Note: Leases are included in total plant and equipment investment.

14. Depreciation, Leases paid

	Billions of yen		
	FY2012	FY2013	FY2014 [Forecast]
Power and Social Infrastructure	2.1	1.8	1.9
Industrial Infrastructure	2.2	2.1	2.5
Power Electronics	4.2	4.2	5.2
Electronic Devices	20.2	17.9	18.6
Food and Beverage Distribution	2.7	2.2	2.5
Others	1.3	1.5	1.5
Total	32.7	29.7	32.3
(Leases)	(4.2)	(1.7)	(1.8)

Note: Leases paid for plant and equipment investment and begun to pay before the end of March, 2008.

15. Number of employees

	FY2014 [Forecast]		
	FY2012	FY2013	FY2014 [Forecast]
Power and Social Infrastructure	2,768	2,507	2,673
Industrial Infrastructure	5,104	5,261	5,303
Power Electronics	5,941	6,365	6,524
Electronic Devices	6,647	6,555	6,746
Food and Beverage Distribution	1,938	2,392	2,413
Others	2,558	2,444	2,378
Total	24,956	25,524	26,037
Japan	18,271	18,022	18,143
Overseas	6,685	7,502	7,894

Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

Results of Operations in the Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, Fuji Electric's operating environment saw a gradual recovery in the domestic market spurred on by the government's fiscal and financial policies. In particular, areas related to renewable energy and energy saving performed solidly. Overseas, overall activity was weak, but there was a recovery trend supported by the gradual recovery of major developed nations, such as the United States and those nations in Europe. In particular, conditions in the power electronics and semiconductors areas were strong.

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, having positioned the current fiscal year as the first year for aggressive management, we established foundations for growth to facilitate future business expansion and promoted business management with a strong focus on earnings in order to further strengthen profitability.

Consolidated business results for the fiscal year ended March 31, 2014, were as follows.

Net sales rose ¥14.1 billion year on year, to ¥759.9 billion. By business segment, Power Electronics, Electronic Devices, and Food and Beverage Distribution saw increased net sales, while Power and Social Infrastructure, Industrial Infrastructure, and Others saw net sales decline.

Operating income improved ¥11.1 billion year on year, to ¥33.1 billion. This reflected improved profitability stemming from the rigorous reduction of costs and expenses. Further, ordinary income increased ¥11.0 billion, to ¥36.7 billion. Net income, however, declined ¥6.8 billion as a result of the rebound from the recording of deferred tax assets in the previous fiscal year, and net income was ¥19.6 billion accordingly.

Consolidated results of operations for the fiscal year ended March 31, 2014, were as follows.

(¥ billion)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Net sales	745.8	759.9	14.1
Operating income	22.0	33.1	11.1
Ordinary income	25.7	36.7	11.0
Net income	26.4	19.6	-6.8

Results by Segment

[Power and Social Infrastructure]

YoY: Net sales decreased 2%, operating results worsened ¥0.3 billion

Net sales decreased 2% year on year, to ¥153.7 billion, and operating income worsened ¥0.3 billion year on year, to ¥8.1 billion.

In the power plant business, net sales were down year on year due to rebound from large-scale orders for thermal power generation facilities recorded in the previous fiscal year, which offset rises in orders for hydropower generation facilities and solar power generation systems. In the social engineering systems business, net sales were down due to lower demand for watt-hour meters in light of the ensuing switch to smart meters. In the social information business, net sales were up following a rise in large-scale orders and a demand rush in light of the upcoming end of support for Windows XP. Overall, the segment saw a worsening in operating results because lower net sales counteracted cost reductions.

[Industrial Infrastructure]

YoY: Net sales decreased 5%, operating results worsened ¥1.8 billion

Net sales decreased 5% year on year, to ¥188.6 billion, while operating income worsened ¥1.8 billion year on year, to ¥9.2 billion.

In the transmission and distribution business, net sales were down year on year, reflecting the absence of the previous fiscal year's large overseas orders. In the machinery and electronics systems business, net sales increased due to a rise in orders for energy-saving equipment from Japanese manufacturers. In the instrumentation and control systems business, net sales were down as a result of lower demand for radiation measurement equipment. In the equipment construction business, net sales were relatively unchanged from the previous fiscal year. In the business segment overall, operating results worsened year on year because lower net sales counteracted cost reductions.

[Power Electronics]

YoY: Net sales increased 12%, operating results improved ¥4.2 billion

Net sales rose 12% year on year, to ¥165.5 billion, and operating income improved ¥4.2 billion year on year, to ¥5.4 billion.

In the drive business, net sales improved year on year thanks to higher demand for inverters and servos in Japan and overseas and the sales contributions from large overseas orders for electric equipment for railcars. Likewise, operating results also showed a year-on-year improvement due to the higher sales and the benefits of the business restructuring conducted in the previous fiscal year. As for

the power supply business, net sales and operating results improved year on year as a result of increased demand for power conditioners for mega solar facilities and power supply equipment for data centers and other products. In the ED&C components business, net sales and operating results improved year on year due to increased demand in the renewable energy field and recovery in domestic demand in the machine tool and semiconductor fields.

[Electronic Devices]

YoY: Net sales increased 9%, operating results improved ¥7.7 billion

Net sales rose 9% year on year, to ¥123.9 billion, while operating loss improved ¥7.7 billion year on year, and operating income of ¥6.3 billion was recorded accordingly.

In the semiconductors business, net sales were up year on year due to the strong demand in the automotive electronics business, a trend that continued from the previous fiscal year, as well as a recovery trend in demand for inverters, servos, and other industrial machinery in the industrial business. As a result of higher earnings and the benefits of the business restructuring conducted in relation to power semiconductors in the previous fiscal year, the business was able to realize substantially improved operating results. As for the magnetic disks business, net sales declined and operating results deteriorated due to lower demand from customers.

[Food and Beverage Distribution]

YoY: Net sales increased 7%, operating results improved ¥1.6 billion

Net sales rose 7% year on year, to ¥120.1 billion, and operating income improved ¥1.6 billion year on year, to ¥8.0 billion.

In the vending machines business, net sales were up year on year as a result of steady replacement demand for energy-saving, environment-friendly vending machines coupled with solid demand for coffee machines for convenience stores. Operating results improved following higher revenues and lower costs. The store distribution business recorded a year-on-year increase in net sales due to higher orders for construction and renovation of convenience stores and other stores, but operating results deteriorated as a result of the impacts of higher upfront investments for the expansion of new businesses.

[Others]

YoY: Net sales decreased 1%, operating results improved ¥0.3 billion

Net sales declined 1% year on year, to ¥60.0 billion, and operating income improved ¥0.3 billion year on year, to ¥1.9 billion

Forecasts for the Fiscal Year Ending March 31, 2015

Forecasts for consolidated business results in the fiscal year ending March 31, 2015, are as follows.

Further, forecasts for the fiscal year ending March 31, 2015, assume exchange rates of US\$1 = ¥100 and €1 = ¥135.

Consolidated Business Results Forecasts.

Consolidated Business Results Forecasts

(¥ billion)

	Fiscal year ended March 31, 2014	Fiscal year ending March 31, 2015	Change
Net sales	759.9	780.0	20.1
Operating income	33.1	38.0	4.9
Ordinary income	36.7	39.0	2.3
Net income	19.6	23.0	3.4

Forecasts by Segment

(¥ billion)

	Fiscal 2014 Forecasts	
	Net Sales	Operating Income/Loss
Power and Social Infrastructure	165.1	8.3
Industrial Infrastructure	202.7	11.6
Power Electronics	179.7	8.3
Electronic Devices	118.4	7.6
Food and Beverage Distribution	118.6	7.1
Others	57.1	1.7
Elimination and Corporate	-61.6	-6.6
Total	780.0	38.0

In the fiscal year ending March 31, 2015, the Power and Social Infrastructure business segment will work to increase orders for high-efficiency thermal power generation facilities and geothermal power generation facilities. It will also endeavor to expand operations in the new energy field with a particular focus on solar power generation systems, which are expected to continue seeing demand growth into the future. At the same time, manufacturing systems for smart meters will be strengthened as efforts to expand smart community operations are accelerated.

In the Industrial Infrastructure business segment, the focus of domestic operations will be steadily capturing demand for energy-saving equipment as well as replacement demand in fields

where investment is expected to be brisk. Overseas, production systems will be expanded at Fuji Tusco Co., Ltd., and the new Thai Factory, and local engineering systems will be strengthened in Asia to boost competitiveness and advance operations in Asia.

The Power Electronics business segment will develop products for the global market in major product lines, including inverters, uninterruptible power supply systems (UPSs), and power conditioners, so that these products may be introduced into the market. At the same time, enhanced competitiveness will be pursued by expanding production at the new Thai Factory. In this manner, the segment will work to grow businesses overseas, particularly in Asia. Further, Chinese operations will be developed through the joint-venture companies created between Shanghai Electric Group Co., Ltd., and the Company.

The Electronic Devices business segment will pursue higher sales in the semiconductor field by accelerating product development ventures and then launching these new products. In addition, cost reductions will be targeted by increasingly shifting production of certain models overseas. The segment will also accelerate the development of next-generation power semiconductors, an endeavor that will further future business expansion.

The Food and Beverage Distribution business segment will expand its vending machine business in China and other Asian markets. Increased orders for equipment for convenience stores and other stores will also be targeted. In the store distribution field, we will grow new businesses that fuse heating and cooling technologies with solutions.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2013	Breakdown (%)	March 31, 2014	Breakdown (%)	Change
Total assets	765.6	100.0	810.8	100.0	+45.2
Interest-bearing debt	226.7	29.6	199.5	24.6	-27.2
Shareholder's equity* ¹	194.6	25.4	227.2	28.0	+32.6
Debt-equity ratio* ² (times)	1.2		0.9		-0.3

*1 Shareholders' equity = Total net assets - Minority interests

*2 D/E ratio = Interest-bearing debt / Shareholders' equity

Total assets at the end of fiscal 2013 stood at ¥810.8 billion, an increase of ¥45.2 billion from the end of the previous fiscal year. Despite a decrease in cash and deposits, total current assets expanded ¥4.6 billion, due mainly to a rise in inventories. Total noncurrent assets were up ¥40.5 billion, owing to factors such as the rise in value of available-for-sale securities following differences in mark-to-market valuation.

Interest-bearing debt at fiscal year-end amounted to ¥199.5 billion, down ¥27.2 billion from the previous fiscal year-end, which was primarily attributable to a decrease in commercial paper. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—amounted to ¥166.1 billion at fiscal year-end, a decline of ¥20.9 billion from the previous fiscal year-end.

Net assets at fiscal year-end stood at ¥251.2 billion, an increase of ¥35.6 billion from the previous fiscal year-end. This rise was mainly due to the valuation difference on available-for-sale securities and an increase in retained earnings, despite decreases due to the posting of remeasurements of defined benefit plans. In addition, shareholders' equity—net assets net of minority interests—was up ¥32.6 billion from the previous fiscal year-end, standing at ¥227.2 billion at fiscal year-end. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) declined 0.3 time from the previous fiscal year-end, to 0.9 time. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) declined 0.3 time, to 0.7 time.

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Cash flow from operating activities	55.3	53.7	-1.7
Cash flow from investing activities	-24.3	-9.6	14.6
Free cash flow	31.1	44.0	12.9
Cash flow from financing activities	-56.8	-50.6	6.3
Cash and cash equivalents	39.7	33.4	-6.3

In fiscal 2013, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was ¥44.0 billion, an improvement of ¥12.9 billion compared with free cash flow of ¥31.1 billion in the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities was ¥53.7 billion, compared with ¥55.3 billion for the previous fiscal year. This was due to the recording of income before income taxes and an increase in notes and accounts payable—trade, despite an increase in inventories.

This was a deterioration of ¥1.7 billion year on year.

Cash flows from investing activities

Net cash used in investing activities was ¥9.6 billion, compared with ¥24.3 billion in the previous fiscal year. This was primarily related to the purchase of property, plant and equipment.

This was an improvement of ¥14.6 billion year on year.

Cash flows from financing activities

Net cash used in financing activities was ¥50.6 billion, compared with ¥56.8 billion in the previous fiscal year. This was principally due to a decrease in commercial paper.

As a result, consolidated cash and cash equivalents at fiscal year-end amounted to ¥33.4 billion, down ¥6.3 billion from the previous fiscal year-end.

(3) Basic Policy Regarding Distribution of Earnings; Dividends for Fiscal 2013 and Fiscal 2014

We intend to return profit gained through business activities to shareholders. At the same time—while maintaining and strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, human resources, and other investments reflecting a medium-to-long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium-to-long-term business cycle; our policy of paying stable and continuous dividends; and comprehensive consideration of the business results of the relevant fiscal year, research and development and capital investment plans for future growth, and business conditions.

We regard the acquisition of treasury stock as a flexible mechanism to supplement dividends when warranted by the cash flow position.

In light of comprehensive consideration of performance, forecasted performance for fiscal 2014, and our financial position, we plan to pay a year-end dividend of ¥4 per share for fiscal 2013. Together with the interim dividend of ¥3 per share, this will give an annual dividend of ¥7 per share for fiscal 2013.

We have not yet determined the dividend to be paid for fiscal 2014.