

# Annual Report

For the year ended March 31, 2013

 FUJITSU TEN

FUJITSU TEN LIMITED

## ***MESSAGE FROM THE PRESIDENT***

Please accept our gratitude for your continued support.

Below are some remarks on the report for FUJITSU TEN's 43<sup>rd</sup> term (April 2012 to March 2013).



***Takashi Shigematsu, President***

### **(1) Business Environment**

Looking at the economy this term, the government financial problems of the United States dragged on for a long time, however, personal consumption picked up and there were other signs of recovery in the second half. In the Asian region centering on ASEAN countries and China, growth rates were stifled due to a decline in exports and so on, however, the economy is showing signs of recovery. In Europe, the economy struggled due to the effects of the reignited government debt crisis and fiscal austerity. In Japan, recovery has been sluggish, however, government policies have helped the recovery get back on track.

In the automobile industry, car sales were solid in North America and ASEAN but struggled in Europe. In China, sales have continued to struggle due to an aversion to Japanese cars and, although the degree of reduction is small, conditions remain harsh. In Japan, the ending of subsidies on eco cars has caused year-on-year monthly car sales to fall since the middle of the fiscal year.

In our business area, concerning the domestic car navigation system market, which is a key sector, against a background of a shrinking retail market size, reduced fitting of navigation products in line with the shift towards compact cars, and a continuing fall in product prices due to the ongoing shift of mainstream sales to cheap items, competition with rivals has intensified and conditions have generally remained difficult.

### **(2) Approach for the current term**

In these circumstances, FUJITSU TEN Group has continued to make a concerted effort to implement structural reform. Structural reform is a two-pronged strategy comprising profit and loss improvement measures geared to building a robust corporate constitution that can definitely secure profits even under conditions where it is hard to increase sales due to falling unit prices and intensifying competition, and a growth strategy for shifting the company's business to new growth areas responding to the market expansion for "tsunagaru" (linkage) products and services, and it entails the implementation of both short-term and medium- to

long-term measures.

Concerning profit and loss improvement measures, making it our goal to achieve a surplus this term, we advanced the reduction of fixed costs through actualizing the effects of various measures such as consolidation of domestic production centers and promotion of early retirements. Moreover, as there were strong concerns over a major dip in sales for the term, we strived to cut costs even more in order to further ensure a surplus for the term.

Moving on to the growth strategy, in order to reinforce our initiatives in new business areas, we conducted organizational reform on April 1, 2012, adopting a four-division organization comprising the three business areas of CI (Car Infotainment), AS (Advanced Safety), and AE (Automotive Electronics) and the support area of SS (Software / Services). Responding to market expansion for “tsunagaru” products and services, we have switched to a system whereby the SS Engineering Group, which is in charge of developing software and services, acts as the driving force in designing the business model.

This term, as center collaboration services, we launched remote engine start services for North American customers and participated in the construction of a test platform for the eCall emergency call service that is scheduled to be made compulsory in Europe and Russia. Moreover, in order to accelerate the development of cutting edge technologies in new business fields, we have established the Silicon Valley Creative Square (SCS) in the United States and taken other steps to build the development setup. In addition, as a result of presenting customers with concepts for new products and services linking various information concerning security, safety, comfort and convenience both inside and outside of cars in collaboration with FUJITSU Group, we have succeeded in earning a certain degree of recognition. Also, in the AS (security and safety) field, where market growth can be expected, we advanced the actualization of the DSS (driver support system) concept.

In terms of geographical areas and customers, we implemented measures in China, India and Indonesia, where markets are expected to grow, as well as winning numerous major orders from a number of important customers upon conducting aggressive proposal activities. In China, as a result of establishing a regional control company and advancing activities mainly in our local subsidiaries, we were able to win orders from local automobile makers, however, efforts to expand our Chinese business via joint ventures and to develop competitive products through local design were not as successful as we had anticipated, and we are faced with the need to review our business strategy.

In India, we established a manufacturing hub and retail hub in collaboration with local capital last July, while in Indonesia too, we established a manufacturing company last December and joint venture retailing company with a local enterprise in February this year. Accordingly, we made a start on building a production and retailing system geared to opening up the India-Indonesia market, which is one of our most important markets.

### (3) Results for the current term

As a result, looking at the results for this term, although we embarked on structural reform measures geared to achieving medium- to long-term development, these did not directly link to increased sales for the term, and consolidated sales were down 1.1% over the previous term. Regarding profit and loss, as a result of cutting fixed costs based on structural reform and implementing steps to thoroughly reduce expenses, we succeeded in achieving a consolidated surplus in all areas.

	Consolidated	Non-consolidated
<b>Sales</b>	¥246.4 billion ※1.1% down from the previous term	¥194.7 billion yen ※1.9% down from the previous term
<b>Operating income (loss)</b>	¥2.53 billion ※the previous term : (¥ 4.13 billion)	(¥730 million) ※the previous term : (¥ 8.54 billion)
<b>Ordinary income (loss)</b>	¥2.43 billion ※the previous term : (¥ 4.33 billion)	¥3.0 billion ※the previous term : (¥ 6.41 billion)
<b>Net income (loss)</b>	¥790 million ※the previous term : (¥ 15.63 billion)	¥2.32 billion ※the previous term : (¥ 15.56 billion)

### (4) Year-end dividends

We have set the year-end dividend at 50 yen per share. Combined with the interim dividend (50 yen per share), we implemented last December, the annual dividend amounts to 100 yen.

### (5) Problems that must be addressed

This term, as a result of cutting fixed costs through structural reform and advancing further reductions in expenses, we were able to achieve a surplus as planned. However, balance improvement measures only go as far as conventional cost cutting, and we realize that our efforts to reform the intrinsic earnings structure are still only halfway finished. In fiscal 2013, we will need to accelerate activities geared to enhancing the earning capacity of our businesses.

Also, the business environment surrounding the group is undergoing major changes. In the automotive information device sector, as moves to connect car control systems with smartphones gather pace, we expect there to be greater demand for high-convenience automotive information systems primarily geared to ensuring driver safety. Concerning the automotive electronic devices field, we expect demand to grow for low-cost safety devices in the emerging countries where cars are becoming disseminated, and for sophisticated safety systems in the advanced countries where automobile environmental and safety standards are being tightened.

For our company, which operates in the three major business areas of CI (Car Infotainment), AS (Advanced Safety), and AE (Automotive Electronics), we consider such circumstances to

be a major opportunity to achieve further development, but we also have a sense of crisis in that we cannot hope for the sustained growth of the company if we let this opportunity slip.

Based on such awareness, we have compiled Vision 2022 as a new management policy for challenging these new business areas and achieving drastic reform, and this paints the future vision for our company to aim for. Through working on the three areas of CI (Car Infotainment), AS (Advanced Safety), and AE (Automotive Electronics) through Vehicle-ICT, which aims to raise the added value of cars based on information and communications technology, we aim to link people and cars and society and cars and thereby contribute to the realization of a free and comfortable mobile society.

In fiscal 2013, in addition to challenging new business fields based on Vision 2022 and accelerating initiatives geared to pioneering new markets and customers in existing business fields, we intend to solidify the foundations supporting such activities through reinforcing the earnings constitution and reforming the organizational culture.

#### **Reform of business and technology fields**

In order to prevail in competition with other companies in the Vehicle-ICT business, which aims to raise the added value of cars through linking various kinds of CI/AS/AE information based on information/communication technology, we will mobilize the general capacity of FUJITSU Group in order to quickly establish a vertical integration model that links services, centers, terminals and control. As for uncovering of new markets and customers in existing business fields, we aim to expand global markets and customers and maximize sales through extending sales of low-cost audio products to ASEAN markets developed this term, developing products for the commercial vehicle business, receiving orders for the consigned production and development business, and utilizing products and technologies in existing business areas.

#### **Strengthening of earnings constitution**

Through strengthening our intrinsic earnings constitution going beyond conventional cost cutting, we will steadily make investments in order to challenge new business areas and achieve reform in existing businesses. In the development field, we will promote standardization of design and drastic reduction of development costs based on platforming. In the procurement field, we will strive to build the optimum global procurement setup through advancing the common utilization and versatility of parts, conducting joint procurement and expanding local procurement. Concerning the reorganization and strengthening of the production setup, as production hubs spread around the world, we will build a low-cost production system that is based on production in consumption areas.

#### **Consolidating the foundation (organization and culture reform)**

We will bolster the consolidation of foundations in order to execute structural reform.

Utilizing the resources we have secured through advancing downsizing and appropriate operations in existing business fields, we will rapidly train global human resources who can support the expansion of new businesses and overseas business and shift more power to priority areas. Also, we will improve work efficiency through embedding work improvement awareness and rebuilding information systems, etc. In addition, since last year we have conducted meetings between top management and executives in order to share management issues and reform awareness over the entire company. Also, we introduced a new business proposal system this February with a view to nurturing a culture that encourages the creativity and challenger spirit of employees. From now on we intend to utilize such activities in order to realize structural reform from the bottom up.

FUJITSU TEN reached the 40<sup>th</sup> anniversary since founding last October, thanks to the support of stockholders, customers and business partners. Once again, we wish to express our gratitude to you all.

Since its founding, the FUJITSU TEN Group has strived to develop products and provide services that go beyond our customers' expectations, as our main corporate philosophy is "sincerity", that is, to make sincere contributions to both our customers and society. We humbly ask for the unstinting guidance and support of our stockholders from now on.

Finally, we would like to express our sincere gratitude to all our shareholders and ask for your continuous guidance and support in years to come.

June 2013

## OUTLOOK FOR BUSINESS

### 1. Summary of Segments

#### ■ Car Infotainment (CI)

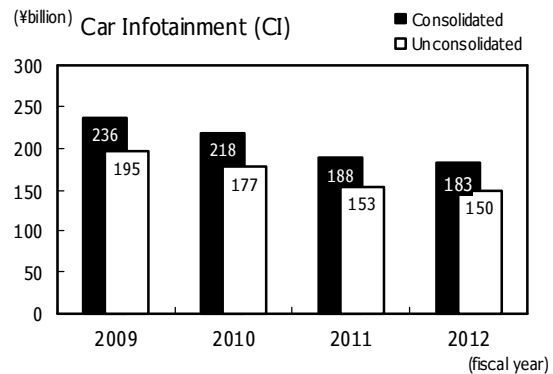
Car Infotainment devices (CI) comprise memory navigation systems, audio navigation devices such as display audio and time domain audio systems and so on. We aim to supply products that contribute to the building of “cars that people want to drive” and maximize the comfort and convenience of drivers through linking cars with social infrastructure.

This term, we advanced the global expansion of areas and customers through developing low-cost audio products for emerging markets in ASEAN, etc. and starting the supply of genuine AVN for use in Mazda cars exported to Middle and Near East markets. As for initiatives in new business areas, we proactively received orders in the consigned center-connected services business that doesn't entail the hardware businesses of

automotive devices and ECU. Furthermore, we have advanced the development of next generation automotive devices equipped with HTML5 – the next generation Web standard technology, and we exhibited a reference prototype in the FUJITSU booth at Mobile World Congress 2013 held in Barcelona, Spain in February.

Consolidated sales for this term amounted to 183.9 billion yen (down 2.4% from the previous term); while the non-consolidated figure was 150.9 billion yen (down 1.6% from the previous term). Sales of domestic navigation products and overseas audio products, etc. grew, although shrinking of the domestic retail market led to a decline in sales.

In future, we aim to extend sales through supplying cost-competitive and attractive products while making full use of our proprietary technologies. Meanwhile, we intend to supply systems for flexibly linking and operating automotive devices with center services, as well as even more competitive new products and services based on creating higher added value through “tsunagaru” services for systemizing automotive devices



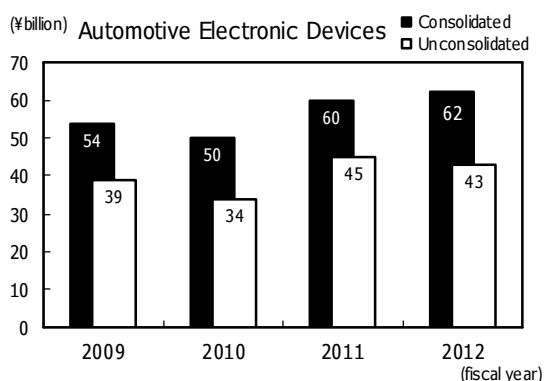
#### □ Start of AVN supply to Mazda for the Middle and Near East

Last September, we started to supply genuine AVN devices for the CX-9 and MAZDA6 models exported to the Middle and Near East market by Mazda Motor Corporation. FUJITSU TEN has previously supplied navigation systems to Mazda cars for sale in Japan, however, this was the first time that we supplied products for export. This product is based on the AVN827GA that is supplied as an after-market item in Australia. In this development we had to make the system compatible with Arabic. Moreover, since this was Mazda's first experience in fitting a genuine navigation system into vehicles intended for the Middle and Near East market, our reputation for having a good after-sales service setup was instrumental in ensuring our selection.

## ■ Automotive electronic devices (AE-AS)

Automotive electronic devices are composed of the AE (Automotive Electronics) field, which involves development of powertrain control technology for engines, electric motors and batteries, etc., and the AS (Advanced Safety) field, which entails development of cutting edge safety technologies.

Consolidated sales for this term amounted to 62.4 billion yen (up 2.9% from the previous term); while the non-consolidated figure was 43.7 billion yen (down 2.8% from the previous term).



### AE (Automotive Electronics)

The AE field, which entails development of automotive electronic devices utilizing powertrain technology, contributes to the “building of eco-friendly cars.” We aim to supply system products based on the development of advanced control technology for realizing further fuel economy and exhaust gas reduction of engines and electric powertrain control technology for disseminating eco-friendly cars such as hybrid vehicles and electric vehicles, etc.

In this term, on the product front, we strove to secure larger orders to develop global standard EFI that can be cost competitive in the ASEAN and Chinese markets, and orders for hybrid car control from auto makers. In terms of customers, we advanced the globalization of our business through supplying EFI for Toyota low-price small-size cars aimed at the ASEAN market and aggressively making proposals to and winning new orders from auto makers based in China.

Against a backdrop of increasing environmental protection and energy saving, moves to develop and diffuse eco-friendly cars are gaining pace. In the area of automotive electronic devices, which support vehicles, there is again growing demand for technologies and products that can contribute to environmental protection through cleaning exhaust gases and improving fuel economy, etc.

FUJITSU TEN aims to develop world-leading products in close collaboration with auto makers. Specifically, in response to the spread of eco-friendly cars, we are promoting development of total energy management systems including sensors and actuators. Meanwhile, in addition to building unique high-quality design processes corresponding to functional safety requirements and global standards such as AUTOSAR, we are committed to strengthening the global competitiveness of products through realizing lower costs based on the optimization of universal parts and customized parts. Moreover, we will reinforce market survey in each area and promote optimum product planning and technology development.



#### □ Start of supply of keyless access upgrade kits for the Legacy

We started supplying keyless access upgrade kits for the Legacy produced by Fuji Heavy Industries Ltd. last April. This product makes it possible to start a car engine remotely by pushing the car's access key door lock button three times. Because this system uses an access key attached to the car, it removes the need for a dedicated remote control unit as used in conventional remote control engine starters; moreover, because price has been greatly reduced compared to conventional products, this is proving to be extremely popular and is being increasingly fitted in cars. Fuji Heavy Industries is considering expanding application of this product to other car models scheduled for future launch.



**Keyless access upgrade ECU**

#### **AS (Advanced Safety)**

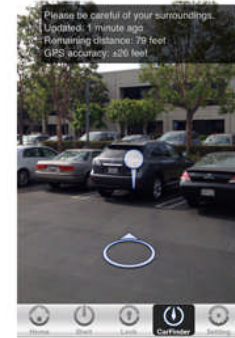
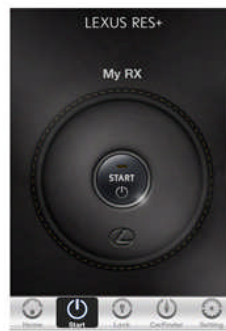
In the AS field, we aim to supply cutting edge safety technologies that will make a contribution to the “building of safe and secure cars.” This field is composed of three areas, namely collision safety (driver and passenger protection) for mitigating impact in collisions, preventive safety (accident prevention and risk avoidance) for averting accidents when there is risk of collision, and peace of mind (comfort) for supporting safe and comfortable driving.

In this term, we launched services for a smartphone-linked remote engine start system, which is our first attempt to provide center-linked services utilizing cloud. We also advanced examination into the DSS (driver support system) concept and conducted activities geared to expanding the low-cost airbag business and worldwide sales of milliwave radars.

In future, we foresee that demand for advanced safety technologies will grow even more as legal controls are tightened in the advanced countries and automobiles continue to spread in emerging countries. Through systemizing and integrating the three technology fields of collision safety (driver and passenger protection), preventive safety (accident prevention and risk avoidance) and peace of mind (comfort) and consolidating the technologies of FUJITSU Group, we aim to supply systems that will contribute to the “building of safe and secure cars.”

### □ RES+ (remote engine starter plus)

RES+ (remote engine starter plus)<sup>(\*)2)</sup>, which is our first attempt to provide center-linked services utilizing cloud, has been adopted as a dealer option by Toyota Motor Sales U.S.A., Inc., and we started supply of this for the Lexus RX in October last year. This system allows users to turn their car engine one and off and lock doors, etc. via a smartphone. Through collectively developing the car-mounted ECU, smartphone application and center server, we have achieved a high degree of security capable of resisting imposter users and network attacks.



**RES+ (remote engine starter plus)  
Smartphone operating screen image**

Moreover, as may be gathered from the fact that the center server is installed in the data center of Fujitsu America Inc., FUJITSU Group was involved in the development of this product. Moreover, through simultaneously launching and commencing operation of the call center, we were able to launch services without any major hitches. This call center is constituted around the CRM database system, and we hope to gather and analyze support information so that it can also be utilized in new future products and services.

### □ Construction of a test platform for the “eCall automatic emergency call system” – the first of its kind in Japan

Last September, we started to supply genuine AVN devices for the CX-9 and MAZDA6 models exported to the Middle and Near East market by Mazda Motor Corporation. FUJITSU TEN has previously supplied navigation systems to Mazda cars for sale in Japan, however, this was the first time that we supplied products for export. This product is based on the AVN827GA that is supplied as an after-market item in Australia. In this development we had to make the system compatible with Arabic. Moreover, since this was Mazda’s first experience in fitting a genuine navigation system into vehicles intended for the Middle and Near East market, our reputation for having a good after-sales service setup was instrumental in ensuring our selection. Last December, in collaboration with Yokosuka Telecom Research Park, Inc. and Gemalto NV, we constructed the test platform for the “eCall automatic emergency call system” – the first of its kind in Japan – in Yokosuka Research Park (YRP). In Europe, it is scheduled for the eCall automatic emergency call system to be equipped in cars from 2015, and in Russia (ERA-GLONASS) from 2014. It is intended for this test platform to build the test environment in Japan and serve as a hub of information on trends in Europe. We aim to contribute to the promotion of the automobile industry and growth of telematics services in Europe and Russia in terms of both competitiveness and compatibility. As cars increasingly become mounted with safety and security functions, this case has attracted media attention, as may be gathered from its coverage on TV Tokyo’s World Business Satellite program, and it has thus helped enhance FUJITSU TEN’s presence in the eyes of car makers.

## [SS field]

FUJITSU TEN conducted organizational reform on April 1, 2012, adopting a four-division organization comprising the three business areas of CI (Car Infotainment), AE (Automotive Electronics), and AS (Advanced Safety), and SS (Software / Services), which is a basis for the first three areas.

The SS Engineering Group manages the development of software and platforms for strengthening the competitiveness of automotive devices, and it also promotes activities geared to commercializing “tsunagaru” systems geared to flexibly linking with mobile devices and connecting and operating cloud services that utilize centers.

## 2. Other Topics

### ■ Awards

#### □ **The FUJITSU TEN milliwave radar receives the Project Award from Toyota Motor Corporation**

The new Crown that was launched by Toyota on December 25, 2012 was fitted with the newly developed milliwave radar. This device adopts the electronic scan system and is more compact and lighter (by half) than conventional FUJITSU TEN products. Moreover, through modifying the high frequency circuit materials and antenna design, price reduction has been realized. Furthermore, through increasing the detection angle to 30 degrees (compared to 20 degrees in conventional products) and enhancing response performance (double our conventional products), it can make rapid judgments even when traveling at high speeds. Thanks to these points, combined with a super live sound system and detachable on-glass DTV antenna, the FUJITSU TEN milliwave radar received the Project Award.

#### □ **GM Supplier of the Year for 2012 (4<sup>th</sup> year running)**

In March this year, in recognition of our leadership in supporting development of the Cadillac User Experience next-generation infotainment system for the new Cadillac (launched in July 2012), our delivery quality boasting zero nonconformities, and our positive technology development cooperation geared to expanding new functions, we received the "2012 Supplier of the Year Award" from General Motors (GM) for the fourth year running.

#### □ **FUJITSU TEN Thailand receives the Area Overall Outstanding Performance Award from TMAP-EM Co.**

This March, in recognition of FUJITSU TEN Group’s all-round capability in terms of development, manufacturing, sales and services in ASEAN, we received the 2012 Area Overall Outstanding Performance Award from Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd. (TMAP-EM) for the first time. This is thought to reflect evaluation of ongoing cost cutting activities, high product quality, “monozukuri” reform activities and so

on of not only FTTL but also FUJITSU TEN CORPORATION OF THE PHILIPPINES, which similarly conducts manufacturing and retailing.

### **■ Environmental initiatives**

#### **-Acquisition of global combined certification for environment, health and safety/Compilation of a medium- and long-term vision for the environment-**

Last August, we acquired the global combined certification<sup>(\*5)</sup> of ISO14001 for environmental management system and OHSAS18001<sup>(\*4)</sup> for Occupational health and safety management system. Moreover, we compiled a medium- and long-term vision for the environment in order to clarify the roles and goals of FUJITSU TEN Group in the medium and long terms geared to realizing a sustainable society. This vision is founded on Green Policy 2020, which is the environmental vision for FUJITSU Group, and it prescribes three goals, i.e. “Contribution to customers and society,” “Autonomous reform” and “Commitment to biodiversity.” In terms of environmental load reduction for itself, FUJITSU aims to realize CO2 peak-out by 2020 and 50% reduction by 2050, and as a corporation involved with cars, it establishes “building better relations between people, cars and environment” as its mission and promotes contribution to green mobility through the development of eco-friendly products such as HV, EV control and ECO, etc.

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- \*1: This system aims to improve the lifesaving rate in traffic accidents by manually or automatically issuing an emergency call “112E” via the IVS (in-vehicle system), causing an audio message and MSD (Minimum Set of Date) to be connected via the GSM network to the emergency response center that is closest to the accident scene.
- \*2: “RES+” is the registered trademark of Toyota Motor Sales U.S.A., Inc.
- \*3: This is the Russian version of the eCall emergency call service that utilizes Russian satellite positioning systems.
- \*4: OHSAS18001: This management system standard concerning occupational health and safety was compiled by the Occupational Health and Safety Assessment Series International Consortium. As is also the case with ISO14001, a review registration system is applied.
- \*5: This is a form of certification for multiple differing management systems. It entails sharing existing management systems without having to construct systems individually. It is often referred to as integrated certification, but FUJITSU TEN calls it combined certification in order to differentiate it from Group integrated certification, which we use to certify each facility en masse.

## BRIEF DESCRIPTION OF OPERATIONS DURING THE FISCAL YEAR OF 2012

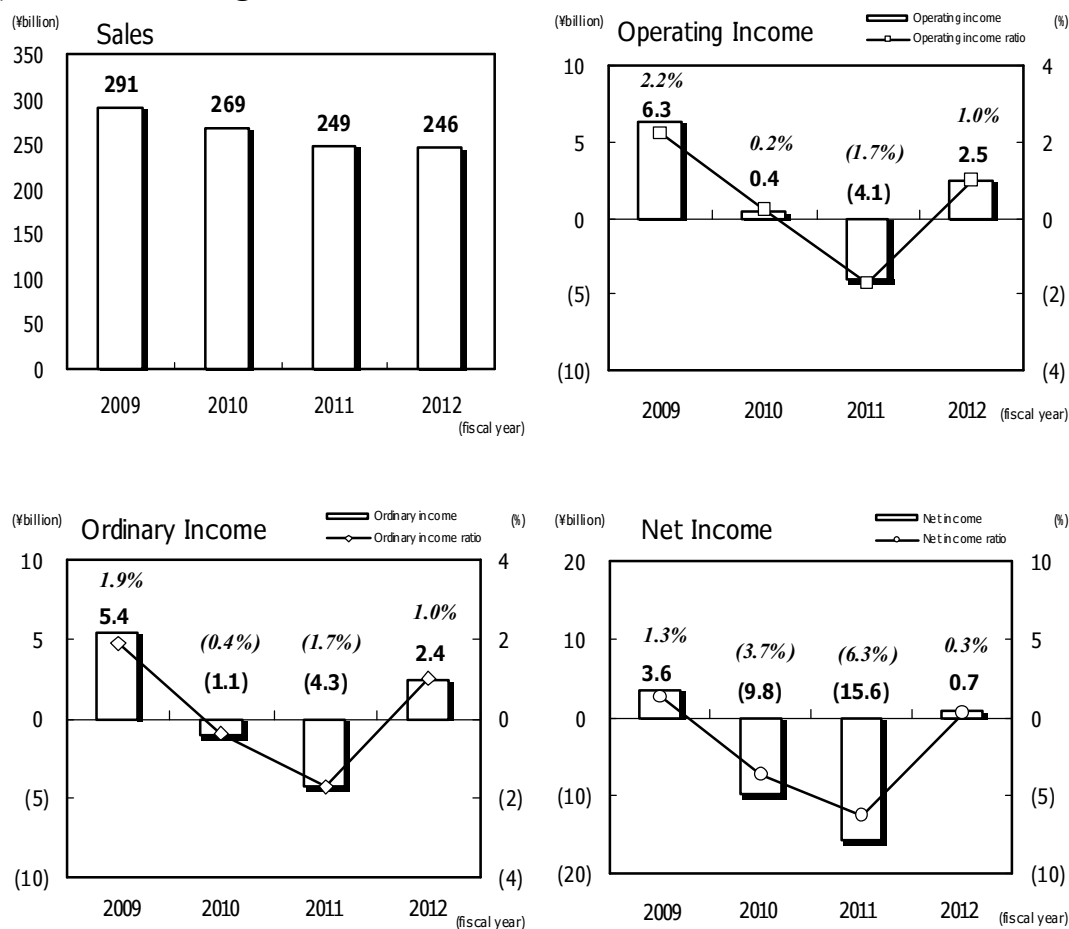
### (1) Consolidated Business Results of the Past 4 Fiscal Years

	Yen (millions)[except per share data]				U.S.dollars (thousand) [except per share data]
	2009	2010	2011	2012	2012
Sales	<Breakdown %>				
Infotainment Equipment	236,864	218,365	188,578	183,986	<74.7> 1,956,262
Car Electronic Devices	54,762	50,647	60,612	62,425	<25.3> 663,742
Total	291,626	269,012	249,190	246,411	<100> 2,620,005
<Overseas sales>	<91,129>	<89,400>	<82,961>	<90,687>	<36.8> <964,246>
Operating income	6,375	482	(4,139)	2,534	26,950
Ordinary income(loss)	5,416	(1,168)	(4,339)	2,432	25,859
Net income(loss)	3,689	(9,830)	(15,637)	799	8,504
Net income per share(loss)	¥ 802	¥ (2,137)	¥ (3,399)	¥ 173	US\$ 1.8
Total assets	155,482	123,914	128,182	129,275	1,374,538
Net assets	66,833	53,283	37,126	41,562	441,914

Note : ①Net assets include shares held by minority shareholders.

②Regarding the 42<sup>nd</sup> term, ¥9,935 million has been earmarked as "extraordinary loss" due to disaster (Great East Japan Earthquake) and to cover restructuring expenses (Headcount reduction), etc.

### (2) Consolidated Figures

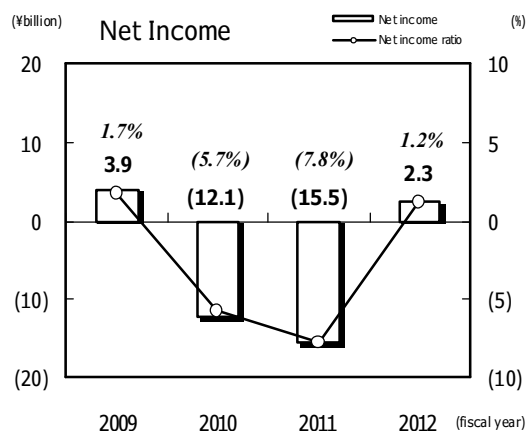
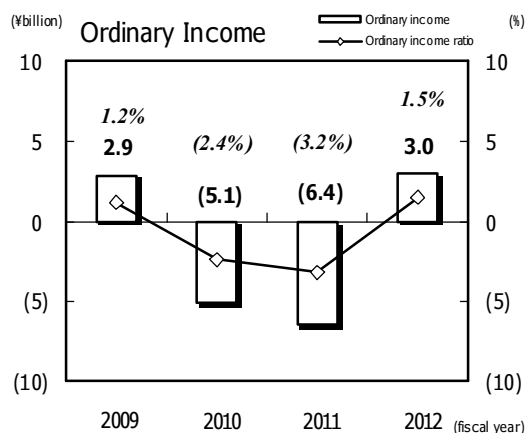
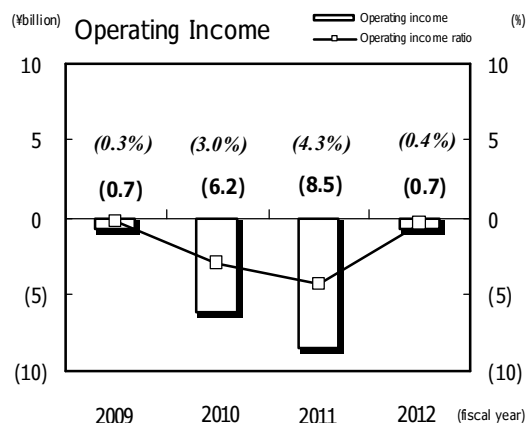
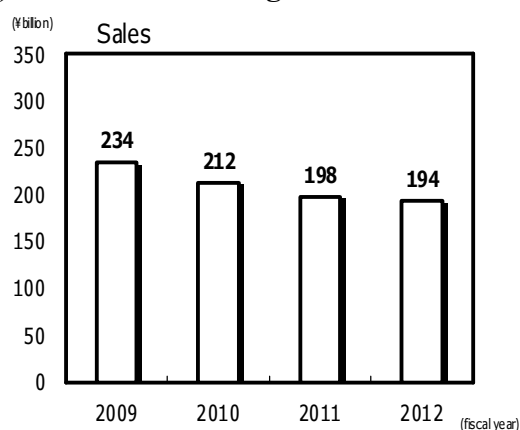


### (3) Unconsolidated Business Results of the Past 4 Fiscal Years

	Yen (millions)[except per share data]				U.S.dollars (thousand) [except per share data]
	2009	2010	2011	2012	2012
Sales				<Breakdown %>	
Infotainment Equipment	195,683	177,493	153,556	150,986	<77.5> 1,605,380
Car Electronic Devices	39,296	34,856	45,077	43,773	<22.5> 465,426
Total	234,980	212,350	198,634	194,759	<100> 2,070,806
<Export sales>	<40,382>	<39,585>	<38,675>	<43,524>	<22.3> 462,776
Operating income(loss)	(714)	(6,281)	(8,545)	(734)	(7,806)
Ordinary income(loss)	2,935	(5,163)	(6,417)	3,001	31,919
Net income(loss)	3,954	(12,134)	(15,569)	2,321	24,687
Net income per share(loss)	¥ 859	¥ (2,638)	¥ (3,384)	¥ 504	US\$ 5.3
Total assets	123,844	94,628	99,026	99,988	1,063,139
Net assets	48,454	34,721	19,303	21,729	231,039

Note : Regarding the 42<sup>nd</sup> term, ¥8,726 million has been earmarked as "extraordinary loss" due to disaster (Great East Japan Earthquake) and to cover restructuring expenses (Headcount reduction), etc.

### (4) Unconsolidated Figures



## **FINANCIAL STATEMENTS**

The financial statements presented herein have been prepared in conformity with Companies Act of Japan. FUJITSU TEN maintains its accounts in Japanese Yen. Solely for the convenience of the reader, the financial statements have also been expressed in US dollars, by converting all Japanese Yen amounts at the rate of ¥94.05=US\$1, the mid rate of TTS and TTB rates prevailing at March 31, 2013. This, however, should not be construed as a representation that all the amounts could be converted into U.S. dollars.

### **(1) Consolidated Balance Sheet (As of March 31, 2013)**

Item	Yen (Million)	US\$ (Thousand)	Item	Yen (Million)	US\$ (Thousand)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<u>Current Assets</u>	<b>84,739</b>	<b>901,003</b>	<u>Current Liabilities</u>	<b>78,690</b>	<b>836,683</b>
Cash and Cash equivalents	12,099	128,653	Accounts payable	35,314	375,485
Accounts receivable	38,627	410,709	Short-term loans	22,355	237,698
Inventories	28,618	304,286	Other current liabilities	21,020	223,499
Deferred tax assets	366	3,894	<u>Fixed Liabilities</u>	<b>9,023</b>	<b>95,939</b>
Other current assets	5,027	53,459	Reserve for employee's retirement allowance	5,388	57,291
<u>Fixed Assets</u>	<b>44,535</b>	<b>473,534</b>	Long-term borrowing	517	5,503
<u>Tangible Assets</u>	<b>32,225</b>	<b>342,643</b>	Other fixed liabilities	3,117	33,145
<u>Intangible Assets</u>	<b>7,712</b>	<b>82,002</b>	<b>TOTAL LIABILITIES</b>	<b>87,713</b>	<b>932,623</b>
<u>Investment</u>	<b>4,597</b>	<b>48,887</b>	<u>NET ASSETS</u>		
Deferred tax asset	308	3,275	<u>Stockholder's Equity</u>	<b>36,779</b>	<b>391,059</b>
Others	4,289	45,612	Capital Stock	5,300	56,353
			Other Equity	31,479	334,706
			<u>Valuation and Translation     Adjustments</u>	<b>131</b>	<b>1,394</b>
			<u>Minority Interests</u>	<b>4,651</b>	<b>49,460</b>
			<b>TOTAL NET ASSETS</b>	<b>41,562</b>	<b>441,914</b>
<b>TOTAL ASSETS</b>	<b>129,275</b>	<b>1,374,538</b>	<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>129,275</b>	<b>1,374,538</b>

### **(2) Consolidated Income Statement (April 1, 2012 through March 31, 2013)**

Item	Yen (Million)	US\$ (Thousand)
<u>Sales</u>	<b>246,411</b>	<b>2,620,005</b>
Operating Costs and Expenses		
Cost of goods sold	213,118	2,266,009
Selling, general and administrative expenses	30,758	327,045
<u>Operating Income(loss)</u>	<b>2,534</b>	<b>26,950</b>
Non-operating revenue	601	6,399
Non-operating expense	704	7,490
<u>Ordinary Income(loss)</u>	<b>2,432</b>	<b>25,859</b>
Extraordinary income	—	—
Extraordinary expense	<b>0</b>	<b>0</b>
<u>Income(loss) before Income Taxes</u>	<b>2,432</b>	<b>25,859</b>
Corporation Tax, Inhabitant Tax and Business Tax	1,632	17,355
<u>Net Income(loss)</u>	<b>799</b>	<b>8,504</b>

**(3) Unconsolidated Balance Sheet (As of March 31, 2013)**

	Yen (Million)	US\$ (Thousand)		Yen (Million)	US\$ (Thousand)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<u>Current Assets</u>			<u>Current Liabilities</u>		
Cash and Cash equivalents	424	4,511	Accounts payable	36,813	391,420
Notes receivable	257	2,742	Short-term loans	20,679	219,872
Accounts receivable	36,786	391,140	Advance received	19	211
Merchandise and finished goods	4,726	50,253	Provision for product warranties	1,975	21,006
Work in progress	1,613	17,154	Allowance for directors' bonus	60	638
Raw materials and supplies	5,403	57,450	Other accounts payable	11,397	121,181
Short-term loans	509	5,422	Deposits received	259	2,763
Accounts receivable-nontrade	15,274	162,403	Income tax payable	98	1,046
Other current assets	392	4,168	Lease liability	213	2,265
Allowance for doubtful accounts	(1,499)	(15,944)	Other current liabilities	254	2,710
<b>Total Current Assets</b>	<b>63,888</b>	<b>679,302</b>	<b>Total Current Liabilities</b>	<b>71,771</b>	<b>763,118</b>
<u>Fixed Assets</u>			<u>Fixed Liabilities</u>		
<u>Tangible Assets</u>			Lease liability		
Buildings (net)	4,868	51,761		203	2,159
Structures (net)	81	862	Reserve for employee's retirement allowance	4,859	51,665
Machinery and Equipment (net)	929	9,887	Reserve for retirement benefits for directors and corporate auditors	355	3,782
Car and Industrial vehicle (net)	83	891	Deferred tax liability	631	6,710
Tools, furniture and fixtures (net)	2,577	27,409	Asset retirement obligation	53	569
Land	4,073	43,309	Other fixed liabilities	385	4,095
Construction in progress	225	2,395	<b>Total Fixed Liabilities</b>	<b>6,487</b>	<b>68,982</b>
<b>Total Tangible Assets</b>	<b>12,839</b>	<b>136,518</b>	<b>TOTAL LIABILITIES</b>	<b>78,259</b>	<b>832,100</b>
<u>Intangible Assets</u>			<u>NET ASSETS</u>		
Software	3,650	38,809	<u>Stockholder's Equity</u>		
Other intangible assets	1,741	18,512	Capital stock	5,300	56,353
<b>Total Intangible Assets</b>	<b>5,391</b>	<b>57,322</b>	Capital surplus		
<u>Investment and Other assets</u>			Capital reserves	5,653	60,109
Investment in securities	2,256	23,994	Total Capital surplus	<b>5,653</b>	60,109
Investment in affiliates stock	8,639	91,862	Retained earnings		
Investment in affiliates capital	5,333	56,710	Legal earned reserved	1,325	14,088
Long-term loans receivable	1,165	12,390	Other accumulated earnings	8,315	88,412
Other investments	499	5,316	General reserve	5,475	58,213
Allowance for doubtful accounts	(26)	(277)	Unappropriated retained earnings	2,840	30,199
<b>Total Investment and Other assets</b>	<b>17,869</b>	<b>189,995</b>	<b>Total Retained earnings</b>	<b>9,640</b>	<b>102,501</b>
<b>Total Fixed Assets</b>	<b>36,099</b>	<b>383,836</b>	<b>Total Stockholder's Equity</b>	<b>20,593</b>	<b>218,963</b>
			<u>Valuation and Translation Adjustments</u>		
			Net unrealized gains on securities available for sale		
				1,135	12,076
			<b>Total Valuation and Translation Adjustments</b>	<b>1,135</b>	12,076
			<b>TOTAL NET ASSETS</b>	<b>21,729</b>	<b>231,039</b>
<b>TOTAL ASSETS</b>	<b>99,988</b>	<b>1,063,139</b>	<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>99,988</b>	<b>1,063,139</b>



**(4) Unconsolidated Income Statement (April 1, 2012 through March 31, 2013)**

Item	Yen (Million)	US\$ (Thousand)
<u>Sales</u>	<b>194,759</b>	<b>2,070,806</b>
Cost of goods sold	174,858	1,859,210
<u>Gross profit on sales</u>	<b>19,900</b>	<b>211,596</b>
Selling, general and administrative expenses	20,634	219,402
<u>Operating Income(loss)</u>	<b>(734)</b>	<b>(7,806)</b>
Non-operating Income		
Interest and dividends income	4,550	48,379
Miscellaneous income	115	1,233
Total Non-operating Income	<b>4,666</b>	<b>49,612</b>
<u>Non-operating Expenses</u>		
Interest expenses paid	249	2,649
Miscellaneous expenses	680	7,237
Total Non-operating Expenses	<b>929</b>	<b>9,887</b>
<u>Ordinary Income(loss)</u>	<b>3,001</b>	<b>31,919</b>
<u>Extraordinary loss</u>		
Appraised loss for affiliate	240	2,560
Total Extraordinary loss	<b>240</b>	<b>2,560</b>
<u>Income(loss) before Income Taxes</u>	<b>2,761</b>	<b>29,358</b>
Corporation Tax, Inhabitant Tax and Business Tax	440	4,684
Adjustments of income tax and other tax expenses	(1)	(13)
<u>Total income taxes</u>	<b>439</b>	<b>4,671</b>
<u>Net Income(loss)</u>	<b>2,321</b>	<b>24,687</b>

(5) Unconsolidated Statements of Changes in Stockholders' Equity  
(April 1, 2012 through March 31, 2013)

	Stockholders' Equity								Valuation and translation Adjustments	Total net assets
	Capital stock	Capital surplus		Legal earned reserve	Other retained earnings		Total retained earnings	Total stockholders' equity		
		Capital reserve	Total capital surplus		General reserve	Unappropriated retained earnings				
									Net unrealized gains on securities available for sale	
Balance at the start of the term	5,300	5,653	5,653	1,325	21,475	(15,251)	7,548	18,501	802	19,303
	56,353	60,109	60,109	14,088	228,335	(162,165)	80,259	196,721	8,530	205,252
Changes during the current period										
Payment of dividends	—	—	—	—	—	(230)	(230)	(230)	—	(230)
						(2,445)	(2,445)	(2,445)		(2,445)
Reversal of general reserve	—	—	—	—	(16,000)	16,000	—	—	—	—
					(170,122)	170,122				
<u>Net Income(loss)</u>	—	—	—	—	—	2,321	2,321	2,321	—	2,321
						24,687	24,687	24,687		24,687
Changes(net amount) of items other than stockholders' equity during the current period	—	—	—	—	—	—	—	—	333	333
									3,545	3,545
Total changes during the current period	—	—	—	—	(16,000)	18,091	2,091	2,091	333	2,425
					(170,122)	192,364	22,241	22,241	3,545	25,787
Balance at end of current period	5,300	5,653	5,653	1,325	5,475	2,840	9,640	20,593	1,135	21,729
	56,353	60,109	60,109	14,088	58,213	30,199	102,501	218,963	12,076	231,039

Upper column : Yen (Million) / Lower column : U.S. Dollars (Thousand)

## **COMPANY OUTLINE**

### **(1) Profile**

- 1. Company name:** FUJITSU TEN LIMITED
- 2. Head office address:** 2-28, Goshō-dori 1-chome, Hyogo-ku, Kobe 652-8510, Japan
- Phone:** +81-78-671-5081
- Facsimile:** +81-78-671-5325
- 3. Established:** October 25, 1972
- 4. Number of employee:** 3,386 (As of March 31, 2013)
- 5. Business description**

FUJITSU TEN manufactures and sells mainly automobile-related equipments.  
The principal products are described below.

Product Line		Description	
Infotainment Equipment	Audio and Car Navigation Equipment	For automobiles	Individual units and combined products (integrated units) of: Audio products Radio Digital radio CD player Power amp Audio-visual products Display product DVD player Terrestrial digital TV tuner Navigation systems* HDD navigation system Flash-memory navigation system Portable navigation system in dashboard Back guide monitor Back eye camera Front eye camera (Blind corner monitor) Multi-Angle Vision <sup>TM*</sup>  Deck Mechanism DVD/CD deck mechanism  Speaker/Antenna
		For home use	Time Domain audio system Speaker Power amp

Product Line		Description
Infotainment Equipment	Mobile Communications Radios	Information-communication-applied systems* Taxi radio dispatch control system  Information-communication-applied equipment* Car-mounted unit for vehicle operation management system Business-use navigation equipment Business-use radio communication equipment Drive recorder equipment
	Car Electronic Devices	Electronic Control Units (ECU) and sensors used for; Engine control Hybrid system control Gear control Vehicle Security System (VSS) Air Bag Multiplexing body control Relay integration Electric Power Steering (EPS) Remote Engine Starters  Intrusion Sensors (24GHz band)  Millimeter-wave radar units*(76GHz band)  Computer Aided Multi-Analysis System (“CRAMAS”)

Note : Products indicated with an asterisk(\*) are ITS-related products.

## (2) Capital Situation (As of March 31, 2013)

**1.Capital stock**                    ¥5,300 Million

### 2.Shares

Number of authorized shares	10,400,000 shares
Number of shares issued	4,600,000 shares
Number of shareholders	3

### 3.Shareholders

FUJITSU LIMITED	2,530,000 shares (55%)
TOYOTA MOTOR CORPORATION	1,610,000 shares (35%)
DENSO CORPORATION	460,000 shares (10%)

### (3) Business Components

#### 1. Relationship to Parent Company

The parent company of FUJITSU TEN is FUJITSU LIMITED that holds 55% of shares issued.

#### 2. Subsidiaries (As of March 31, 2013)

Domestic	Overseas
<p><b>Manufacture</b></p> <ul style="list-style-type: none"> <li>• TOCHIGI FUJITSU TEN LIMITED</li> <li>• FUJITSU TEN TECHNOSEPTA LIMITED(*1)</li> </ul>	<p><b>Americas</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN CORP. OF AMERICA</li> <li>• TEN TECHNOSEPTA USA, INC. (*1)</li> <li>• FUJITSU TEN de MEXICO, S.A. de C.V.</li> <li>• FUJITSU TEN CANADA INC.</li> <li>• FUJITSU TEN DO BRASIL LTDA.</li> </ul>
<p><b>Sales</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN SALES LIMITED</li> </ul>	<p><b>Europe</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN (EUROPE) GmbH</li> <li>• FUJITSU TEN ESPAÑA, S.A.</li> <li>• ECLIPSE TD (UK) LIMITED</li> </ul>
<p><b>Others</b></p> <ul style="list-style-type: none"> <li>•FUJITSU TEN RESEARCH LIMITED</li> <li>•FUJITSU TEN STAFF LIMITED</li> <li>•FUJITSU TEN TECHNOLOGY LIMITED</li> <li>•FUJITSU TEN SERVICE LIMITED</li> </ul>	<p><b>China</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN (CHINA) LTD.</li> <li>• TIANJIN FUJITSU TEN ELECTRONICS CO., LTD.</li> <li>• FUJITSU TEN ELECTRONICS (WUXI) LTD.</li> <li>• TIANJIN RIJI PRECISION ELECTRONIC CO., LTD. (*1)</li> <li>• FUJITSU TEN TRADING (TIANJIN) LTD.</li> <li>• FUJITSU TEN RESEARCH &amp; DEVELOPMENT (TIANJIN) LTD.</li> </ul>
	<p><b>ASEAN/India</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN (THAILAND) COMPANY LIMITED</li> <li>• Fujitsu Ten Minda India Pvt. Ltd.</li> <li>• PT. FUJITSU TEN MANUFACTURING INDONESIA</li> <li>• FUJITSU TEN CORPORATION OF THE PHILIPPINES</li> <li>• Minda F-Ten Pvt. Ltd (*1)</li> <li>• PT. FUJITSU TEN AVE INDONESIA</li> <li>• FUJITSU TEN (SINGAPORE) PTE. LTD.</li> <li>• FUJITSU TEN SOLUTIONS PHILIPPINES, INC.</li> <li>• DIEZ CORPORATION (*2)</li> </ul>
	<p><b>Others</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN (AUSTRALIA) PTY. LTD.</li> <li>• FUJITSU TEN KOREA LIMITED</li> </ul>

Note: (1) FUJITSU TEN Technosepta Co., Ltd., TEN TECHNOSEPTA USA, INC., Tianjin Riji Precision Electronic Co., Ltd., and Minda F - Ten Pvt. Ltd. are nonconsolidated subsidiaries.

(2) The controlling shares for the pay-out base is 92%.

(3) On April 1, 2012, FUJITSU TEN EAST JAPAN SALES LIMITED absorbed FUJITSU TEN CHUBU SALES LIMITED and FUJITSU TEN WEST JAPAN SALES LIMITED and renamed itself as FUJITSU TEN SALES LIMITED.

(4) On April 1, 2012, FUJITSU TEN STAFF LIMITED absorbed FUJITSU TEN ACTY LIMITED.

(5) On April 5, 2012, FUJITSU TEN LIMITED funded the establishment of FUJITSU TEN (CHINA) LTD., and this started operations on June 25.

(6) Through joint funding with N K MINDA Group, Fujitsu Ten Minda India Pvt. Ltd. was established on July 11, 2012, and Minda F-Ten Pvt. Ltd. was established on July 12, 2012.

(7) PT. FUJITSU TEN MANUFACTURING INDONESIA was established on December 27, 2012 based on funding by FUJITSU TEN, and PT. FUJITSU TEN AVE INDONESIA was established on February 27, 2013 based on joint funding with PT. Anugrah Valova Electrindo. (date of registration with the Ministry of Legal Affairs and Human Rights)

[Situation after the term end]

(1) From April 1, 2013, ECLIPSE TD (UK) LIMITED transferred all its business to FUJITSU TEN (EUROPE) GmbH.

#### **(4) Main Business Locations (As of March 31, 2013)**

Head Office	2-28, Goshō-dori 1-chome, Hyogo-ku, Kobe 652-8510, Japan Phone +81-78-671-5081 Fax +81-78-671-5325
Nakatsugawa Plant:	2110, Naegi, Nakatsugawa, Gifu 508-0101, Japan Phone +81-573-66-5121 Fax +81-573-66-5126
Nakatsugawa Technical Center:	1683-1963, Nasubigawa Aza, Nakatsugawa, Gifu 509-9132, Japan Phone +81-573-68-7002 Fax +81-573-68-7003
Tokyo Creative Square:	Omori Bellport D,9F, 26-3, Minami Oi 6-chome, Shinagawa-ku, Tokyo 140-0013, Japan Phone +81-3-5764-2288 Fax +81-3-5764-2289
Tokyo Sales Office:	Nishi-Shinjuku KF Bldg., 14-24, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo 160-0023, Japan Phone +81-3-5330-6244 Fax +81-3-5330-6245
Toyota Branch Office:	Fujitsu Ten Toyota Bldg., 11, Motoshiro-cho 1-chome, Toyota 471-0024, Japan Phone +81-565-32-2501 Fax +81-565-32-2310
Beijing Office:	Room 2710-2711, Building 1, China World Trade Centre, No. 1, Jian Guo Men Wai Avenue, Chao Yang Distric, Beijing, China 100004 Phone +86-10-6505-3535 Fax +86-10-6505-3534

## **Management**

(As of March 31, 2013)

### ***BOARD OF DIRECTORS***

Chairman and Representative Director	Keijiro Katsumaru
President and Representative Director	Takashi Shigematsu
Executive Vice President and Director	Michitaka Ogura
Executive Directors	Takashi Nagamitsu
	Koichi Ueda
	Takashi Kondo
Director	Hideyuki Sasou

### ***CORPORATE EXECUTIVE OFFICERS***

Senior Managing Officers	Yasuyuki Kawanishi
	Shoji Kawamura
Managing Officers	Hiroshi Ogawa
	Kiyoshi Yagi
	Takao Yamaguchi
	Takao Tomimori
	Masahiro Hata
	Kazuki Komukaemori
	Hiroyuki Asada

### ***AUDITORS***

Standing Auditor	Yutaka Masuda	Takashi Ogawa
Auditors	Masamichi Ogura	Kazuo Sugata
	Moritaka Yoshida	

**FUJITSU TEN LIMITED**

2-28,Gosho-dori 1-chome  
Hyogo-ku, Kobe 652-8510, Japan