

Annual Report

For the year ended March 31, 2014

 FUJITSU TEN

FUJITSU TEN LIMITED

- “VISION 2022” - FUJITSU TEN 10 -year vision
Building relationships with customers and society while treasuring
“MAKOTO (sincerity)”



CONTENTS

●MESSAGE FROM THE PRESIDENT	1	●COMPANY OUTLINE	15
●BUSINESS OVERVIEW	2	(1) Profile	15
1 Transition of Business, and Its Results and Problems	2	(2) Capital Situation	16
(1)Business Environment	2	(3) Business Components	17
(2)Approach for the current term	2	(4) Main Business Locations	18
(3)Results for the current term	3	●Management	19
(4)Status of capital investment	4	●BRIEF DESCRIPTION OF OPERATIONS DURING THE FISCAL YEAR OF 2013	20
(5)Problems that must be addressed	4	●FINANCIAL STATEMENTS	22
2 Outlook for Business	7		
(1)Summary of Segments	7		
(2)Other Topics	12		

MESSAGE FROM THE PRESIDENT

Please accept our gratitude for your continued special support.

Before showing the report for FUJITSU TEN's 44th term, I would like to present my views briefly.

FUJITSU TEN Group has faced the crises of large sales drops caused by the Lehman shock, the Great East Japan Earthquake and Thai floods, and also the crisis of price drop due to intensified competition and commoditization of products. Against the backdrop of the environment requiring reform of our business basis due to these crises, we have pushed forward three-year structural reform since the second half of FY2011.

As a result, we recovered from several-year sales reduction in this term, and our sales reached 300 billion yen. In spite of the increase of sales, we could not make reasonable profit. This deterioration of our profit and loss structure is our new problem to be solved. Against the backdrop of the business environment where investment in product development and new business area is increasing, this term we recognized the necessity of reforming our profit and loss structure for payback and reduction of investment.

As for the results for the current term, consolidated sales were 303.3 billion yen, which was 23.1 % (56.9 billion yen) increase from the previous term, and consolidated operating income was 3.78 billion yen (49.1 %, 1.25 billion yen increase from the previous term), which was not reasonable to the increase of the sales.

Due to these results, we regret to inform our shareholders that we have set the year-end dividend at 10 yen per share.

In FY2014, we will promptly and specifically promote creation of system products and software/service business for advanced safety systems and automotive information systems that are in growing fields, and at the same time, reform our profit and loss structure through reducing software development costs by use of shared platforms or other measures.

FUJITSU TEN Group philosophy is to contribute to customers and society with "MAKOTO (sincerity)" in the center, which has been treasured since its founding. Based on this philosophy, through making efforts in the three areas of "comfort & convenience (CI)," "safety & security (AS)" and "environment (AE)," centering on Vehicle-ICT that raises the added value of automobiles, the group links people and automobiles, and society and automobiles, and thereby contributes to the realization of a free and comfortable mobility society.

We would appreciate it if you could continue to support and cooperate with us.



June 2014

Takashi Shigematsu, President

BUSINESS OVERVIEW

I .Transition of Business, and Its Results and Problems

(1) Business Environment

Looking at the global economy this term, in the United States, economic recovery continued specifically in personal consumption; in ASEAN, Indonesian economy has been growing stably, while Thai economic recovery slowed down due to longer unstable political situation or other reason; in China, growing tempo of the economy was moderated due to slowdown in the growth rate of domestic demand. In Japan, economic recovery continued steadily due to the effects by political measures and domestic rush demand ahead of the consumption tax hike.

Looking at the automobile industry, in North America, vehicle sales remained solid; in ASEAN, sales in Indonesia and the Philippines were on expanding trend; in Thailand, vehicle sales decreased due to the end of support measures to help the purchase of vehicles and the effects by unstable political situation; in China, as the demand for vehicles expanded, sales by Japanese auto makers got back on track to recovery in the second half. In Japan, sales increased in the second half due to the domestic rush demand ahead of the consumption tax hike.

In our business area, as auto makers strengthened the development of new technologies, for example, driving support system, to realize next-generation vehicles, automotive electronic device makers further made efforts in a telematics field and strove to realize the services of the advanced driving support system, and thereby competition with competitors has intensified.

(2) Approach for the current term

FUJITSU TEN Group is making efforts in the three areas of “comfort & convenience (CI),” “safety & security (AS)” and “environment (AE)”, centering on “Vehicle-ICT” that raises the added values of automobiles based on information and communication technologies, so that the group links people and automobiles, and society and automobiles, and thereby contributes to the realization of a free and comfortable mobility society.

This term we promoted, as our core business, the development of important products for major customers, for example, 2013 model for TOYOTA Motor Corporation and the activities to secure their delivery, and the development of a next-generation automotive multimedia terminal having higher affinity for smartphones through adopting Android™. Further, we strove to ensure quality and eradicate problems in an early stage under the initiative taken by our top management, so as to be able to supply our new products for various vehicle models of auto makers to various regions concurrently.

In TNGA (TOYOTA New Global Architecture) activities which are conducted for “always better cars” by TOYOTA Motor, we also promoted positive activities in various steps from “designing and developing” to “Monozukuri (production).”

Further, we strengthened order-taking strategy through cooperation between sales departments and technical departments, which brought us many large-scale global orders including new customer business (approx. 50% increase compared to an initial plan).

Concerning the growing business areas, we strove to expand our business including alliance in a periphery monitoring field, and concurrently accelerated the commercialization of the telematics field. Especially in the telematics field, we strengthened our structure to develop the business for commercial vehicles and light vehicles, and to develop a “tsunagaru (linking)” service. This term, we built a new business model where we sell wireless IP devices to a taxi company, and thereby provide charging business and maintaining service business. In addition, as a center service, we developed a voice interactive agent application, “CarafL: Car-centric life Assistive Friend Link.”

In order to further strengthen cooperation with FUJITSU Group companies and accelerate advanced development, we opened Tokyo office on April 1, 2014.

As for the expansion of regions and customers, we are planning to start to supply products to local auto makers in India, and also start manufacturing from May 2014 in Indonesia.

On January 1, 2014, FUJITSU TEN Nakatsugawa plant and TOCHIGI FUJITSU TEN LIMITED, a subsidiary for manufacturing, integrated their operations for strengthening of functions, and thereby established FUJITSU TEN MANUFACTURING LIMITED. Regarding this new company as FUJITSU TEN Group’s mother plant, we will accelerate the development of world’s leading manufacturing technologies, while contributing to the development of cutting-edge products linking with designing.

In the middle of August 2013, our suppliers were damaged by the flood caused in the metropolitan area of the Philippines. However, utilizing our experience with the Great East Japan Earthquake and the Thai floods and conducting various measures for continuous production, we were able to avoid the situation of delivery stop of our products to customers.

(3) Results for the current term

As a result, looking at the results for this term, consolidated sales were 303.3 billion yen, which was 23.1% (56.9 billion yen increase) increase from the previous term, due to various factors such as sales increase in the area centering on North America, exchange rate, and Japanese domestic rush demand ahead of the consumption tax hike. Regarding profit and loss, operating income was 3.78 billion yen (1.25 billion yen increase, 49.1% increase from the previous term), which was not reasonable increase compared to the increase of sales, and consolidated net income was 580 million yen. Major factors of the results were increased investment in product development and advanced technology development.

	Consolidated	Non-consolidated
Sales	¥303.3 billion * 23.1% up from the previous term	¥213.5 billion * 9.6% up from the previous term
Operating income (loss)	¥3.78 billion * the previous term: ¥2.53 billion	(¥7.0 billion) * the previous term: (¥734 million)
Operating profit ratio	1.2% * the previous term: 1.0%	(3.3%) * the previous term: (0.4%)
Ordinary income (loss)	¥3.79 billion * the previous term: ¥2.43 billion	(¥1.74 billion) * the previous term: ¥3.0 billion
Net income (loss)	¥583 million * the previous term: ¥799 million	(¥2.31 billion) * the previous term: ¥2.32 billion

(4) Status of capital investment

As a result of investment of our capital mainly in production base construction in emerging countries, this term consolidated capital investment was 8.2 billion yen (60.2% increase from the previous term), and non-consolidated capital investment was 1.6 billion yen (80.0% increase from the previous term).

(5) Problems that must be addressed

As for future business environment, it is expected that global economic recovery will continue to advance generally and moderately, while there are some concerns about the influences caused by downsizing of American monetary relaxation and deceleration of growth in China and ASEAN countries. In Japan, it is anticipated that the economy after consumption tax hike will remain at a standstill. In automobile industry, it is expected that the global market will expand centering on North America and emerging countries. On the other hand in Japan, it is anticipated that the market will decrease after Japanese consumption tax hike, and accordingly the timing of its recovery is unclear. As for FUJITSU TEN business area, while the growth of Japanese market cannot be expected, the competition in emerging country markets, which are growing, heats up now. In addition, a world-leading IT maker entered our automotive device business on a full scale, and various companies accelerated commercialization in the telematics field. Due to these factors, even in the area that we set as a growing business area, further severer competition is expected.

In FUJITSU TEN Group, the activities for structural reform stopped the trend of shrinking sales which had continued for several years, and brought us the increase in sales this term. In addition, the group produced certain results in challenging business areas such as telematics field.

However, we were not able to achieve our target profit ratio because the increase in sales did not directly lead to the expansion of profit this term due to largely increased investment in

technical development. We are in the middle of making efforts for commercialization of new business areas, which will become new sources of profit for FUJITSU TEN. Further, we have to take measures against the increase in inventory assets as our production bases are increasing globally. There are other problems in quality to be addressed. The number of developed models increased due to the expansion of regions and customers, and software development now carries greater weight in product development. Accordingly, the system to ensure quality, especially software quality, is required to be strengthened.

To address the problems, regarding the reform of business structure in the CI field so as to ensure profit even under a situation where product unit prices continue to drop, we aim to increase the sales in growing markets including ASEAN region, enhance the development of products having higher added value, and expand sales regions and customers. In the AE field, we aim to steadily conduct development and ensure quality through enhancing cooperation with auto makers. In the AS and ITS fields, we aim to acquire new sources of profit through keeping investment in developing fields and promptly concretizing software/service business and system products such as an advanced safety system and an automotive information system.

We will strongly promote the reform of business structure through utilizing strategic alliance including cooperation with FUJITSU.

As the reform of our profit and loss structure, first we will strive to cut technology development costs that have been increasing. We intend to reduce the development costs, concretely through advancing the common utilization of hardware/software platforms which will be available for a long time in several years, advancing designing and development in local areas, utilizing alliance, and other measures. We also intend to further strengthen our profit and loss structure through promoting cost management for each project after reception of orders.

In addition, we will take measures for optimum global production and distribution so as to address the problem of deterioration of asset balance caused by the increase in inventory assets, through reconstructing production layout and enhancing the ratio of locally procured parts, while determining the trends of global production by auto makers.

We will continue to solidify our company foundations. As for the measures to ensure thorough compliance, aiming to fulfill our social responsibility, we will continuously review our compliance system covering the entire group so as to maintain its effectiveness, in line with the expansion of our business regions and customers. We will further ensure thorough compliance through starting on a full scale the operation of the global compliance system established in 2013, which includes compliance officers in individual group companies. As for the measures to enhance quality, in order to supply top quality products to customers, we will take measures to improve quality once again in line with our cooperate philosophy of

“Customer Focus & Highest Possible Quality” based on the recognition that quality assurance is the top priority. Especially for ensuring software quality which is an important issue, we will strongly promote various measures including the construction of a system determining software quality.

FUJITSU TEN Group philosophy is to contribute to customers and society with “MAKOTO (sincerity)” in the center, which has been treasured since its founding. Based on this philosophy, through making efforts in the three areas of “comfort & convenience,” “safety & security” and “environment,” centering on Vehicle-ICT that raises the added value of automobiles based on information and communication technology, the group links people and automobiles, and society and automobiles, and thereby contributes to the realization of a free and comfortable mobility society.

As well as aiming to complete the activities for the structural reform having been conducted since FY2011, we will devote ourselves to the activities for our further development in FY2014.

II OUTLOOK FOR BUSINESS

(1) Summary of Segments

■ Car Infotainment (CI)

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

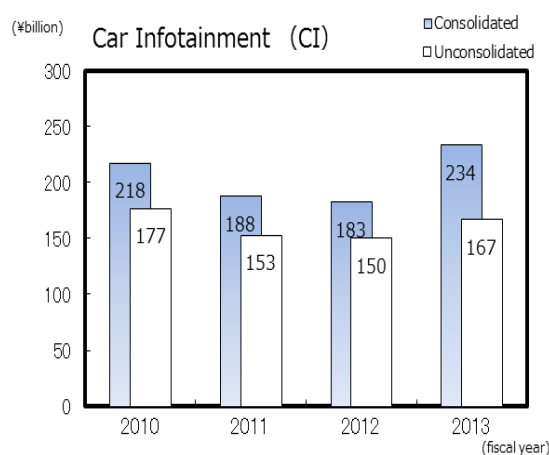
Consolidated sales for this term amounted to 234.3 billion yen (27.3% increase from the previous term); while the non-consolidated figure was 167.1 billion yen (10.7% increase from the previous term), owing to various factors such as sales increase in the area centering on North America, and exchange rate.

This term we promoted the development of important products for major customers, such as display audio product for TOYOTA’s new model. In this development, we constructed software platforms to be shared with other models in the future.

In India, which is one of the most important markets, in October 2013, we started to supply three types of dealer option audio models for Maruti Suzuki India Limited, which is the largest auto maker in India. These models are our first production in India.

As new products of “ECLIPSE home audio system,” a wireless speaker system “TD-M1” that is capable of AirPlay-ready wireless reproduction and other products were released sequentially from February 2014. The new system “TD-M1” was developed based on the combination of the latest sound technology and our technologies accumulated in speaker and amplifier development thoroughly pursuing “reproduction of accurate sound” since our business start in 2001. Thereby, the system achieves both the reproduction of world-class “accurate sound” and user-friendly performance enabling everyone to enjoy without the need for an in-depth knowledge of the technology. TD-M1 receives high evaluations via mass media, for example, being introduced on the website of American business magazine “Forbes.”

In the CI field, we intend to continuously supply attractive products having superior cost competitiveness to increase our sales quantity, maximizing the utilization of our accumulated technologies. Besides, we will systemize automotive devices and provide “tsunagaru” services, for example, provision of a system enabling user-friendly operation and flexible linkage between in-vehicle devices and center service, so as to supply new products and services having higher competitiveness and upgraded added values.



□ Release of 2013 autumn models of ECLIPSE car navigation system capable of searching for destination through natural conversation

In November 2013, three models of “Z series” and three models of “AVN Lite series” were released as new products of ECLIPSE “AVN.”

The models of “Z series” are capable of searching for target facility through natural conversation with agent, connecting its car navigation system and a center server through a smartphone in which new application “CarafL (voice interactive agent)” is installed, so as to set the searched facility as destination. This voice interactive system reduces the sight line shift normally required for checking a display screen, which facilitates safety driving.



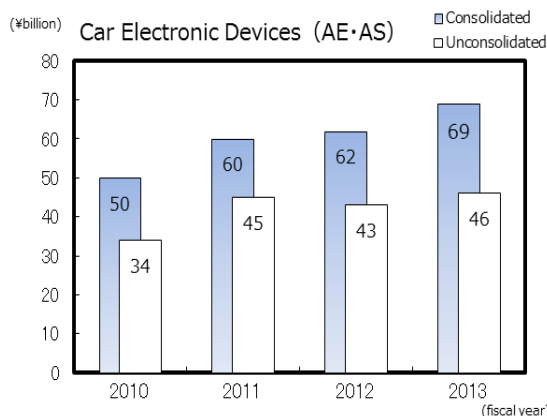
AVN-ZX03i & CarafL

ECLIPSE, “connecting with a center” and “connecting with a smartphone,” will supply “easy-to-use” and “safe” products to every user who uses a car navigation system, and continue to “make driving more enjoyable and active,” through supplying various “tsunagaru functions” based on ICT assets of FUJITSU Group.

■ Automotive electronic devices (AE-AS)

Automotive electronic devices are in 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 69.0 billion yen (10.6% increase from the previous term); while the non-consolidated sales figure was 46.3 billion yen (5.9% increase from the previous term).



AE (Automotive Electronics)

The AE field, which entails development of automotive electronic devices utilizing powertrain control technology, contributes to the “building of eco-friendly automobiles.” 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 vehicles such as hybrid vehicles and electric vehicles, etc.

This term we made efforts to commercialize a global standard system that can be cost competitive in the ASEAN and Chinese markets, and to secure larger orders of subcontracted development from auto makers. In addition, we made a development proposal of an engine ECU to improve commercial value of an engine control system and to reduce its costs, in the TNGA activities that TOYOTA Motor is promoting.

Meanwhile, in addition to building unique high-quality design processes corresponding to global standards such as AUTOSAR, we were committed to strengthening commercial value and cost competitiveness of products including alliance.

In the trend toward environmental protection and energy saving, moves to develop and diffuse eco-friendly vehicles 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 automobiles, we are promoting development of an ECU for direct injection engine with supercharger/lean burn engine with supercharger, a battery management ECU for electric vehicle, a power control unit, etc.

AS (Advanced Safety)

In the AS field, we aim to supply cutting-edge advanced safety technologies that will make a contribution to the “building of safe and secure automobiles.” 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 started to deliver a panoramic view monitor (with a function for right and left check support) equipped with an approaching object detection function, which is Toyota-first function, for TOYOTA new Harrier released in December 2013.

We also strove to promote our business of airbags and millimeter-wave radars globally. Especially, we strongly promoted development for mass production of millimeter-wave radars for new European customers. In the periphery monitoring field as a new business area, we were committed to expanding our business including alliance.

In the 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 automobiles.”

■ **Others**

Efforts for ITS (In vehicle Telematics Service)

Against a backdrop of increasing needs for high-tech and advanced safe and secure systems, and further pervasion of IT technologies into in-vehicle devices, we set ITS Business department on April 1, 2013, for expansion of “telematics” business, and further upgraded it to ITS Engineering Group on April 1, 2014, so as to strengthen our organization. In the ITS business area, in addition to existing business areas of body, communication module and operation system, we aim to provide various services with new added values such as recognition of real-time operation status and provision of effective operation route, through utilizing location information by use of GPS, and various dynamic data acquired by vehicle sensors and cameras. Especially in business for commercial vehicles, we intend to expand our business by systemizing the combination of a drive recorder and service relevant to vehicle moving management, in addition to a radio taxi dispatch system.

This term, we newly built a business model where we sell wireless IP devices to a taxi company, and thereby provide charging business and maintaining service business. In addition, we developed “DOCOMO Business Transceiver” for NTT DOCOMO, and started to deliver it in October 2013.

In September 2013, we delivered an in-vehicle device to TOYOTA Motor, which was adopted as the device for a car sharing vehicle which is a small electric vehicle for demonstration conducted by TOYOTA Motor in Toyota City, Aichi Prefecture, started from October 2013. The product that is composed of an ECU with a mobile communication function, a mobile communication antenna, a GPS antenna and a speaker-integrated IC card reader, is capable of automatic management of vehicle lending/returning or other function through connecting with a management center via a mobile communication network.

Utilizing ICT assets of FUJITSU Group for realizing “Vehicle-ICT,” we aim to expand our business globally by creating a new product system and a business model relevant to “tsunagaru service” which is vertically integrated from an in-vehicle terminal to a cloud system.

□ Development of “DOCOMO Business Transceiver” for NTT DOCOMO

We developed “DOCOMO Business Transceiver” for NTT DOCOMO, and started to supply it in October 2013. NTT DOCOMO offers for sale the transceiver as a device corresponding to “automotive packet adaptive transceiver service available in FOMA® area” which is the new service started by NTT DOCOMO for corporate customers throughout Japan.



DOCOMO Business Transceiver

This service uses mobile phone FOMA® area for radio communication, offering wider service area compared to business-use radio communication. The advantage of this service is that its introduction is easily achieved at low costs because it requires neither base station nor radio license for introduction. FUJITSU TEN has long experience over fifty years of developing radio devices for vehicle including taxi. The “automotive packet adaptive transceiver” was developed based on full of our know-hows accumulated in development of automotive radio devices, through multiple tests under assumed severe use conditions concerning vibration, heat, dust, etc. Accordingly, the transceiver acquires high reliability. In addition, the transceiver was designed for use in a vehicle where space for installation is limited by use of an embedded M2M (Machine to Machine) module in the body of the transceiver, and a chip UIM (User Identity Module) having excellent heat resistance. From these reasons, we think that NTT DOCOMO selected this transceiver.

*Android is a trademark or a registered trademark of Google Inc.

*AirPlay is a trademark or a registered trademark of Apple Inc. in the United States and other countries.

(2) Other Topics

■ Awards

□ Reception of two “Project Awards (technology sector)” from TOYOTA Motor Corporation

In December 2013, our product “Panoramic view monitor (with a function for right and left check support)” mounted on TOYOTA Harrier received “Project Award (technology sector).” As for this product, the “function for right and left check support (approaching object detection)” was newly developed in a short term based on an existing system effectively by use of a memory saving technology. We realized the functions desired by TOYOTA in the pursuit of our development as a supplier, which, we believe, brought us this award.

In January 2014, our product “ultralight speaker” mounted on new “Noah/Noah HV” and “Voxy/Voxy HV” received “Project Award (technology sector).” This product is the lightest in the world (checked by FUJITSU TEN) among the 16 cm automotive speakers, which is lighter by 29% than our conventional product (190 gram to 135 gram in weight) while keeping sound quality performance. Utilizing the technology for reducing weight, in the future we intend to expand our business through making proposals to auto makers.

□ Reception of “Superior Award for TNGA Promotion” and “Superior Award for Cost Improvement” from TOYOTA Motor Corporation

At 2014 TOYOTA Motor global supplier general meeting held in February 2014, we received two awards above. As for “Superior Award for TNGA Promotion,” TOYOTA Motor highly evaluated our TNGA activities of engine ECU, in which we made a general-purpose platform that realizes small and light Monozukuri (production) and made proposals of a system by use of FUJITSU TEN standard ECU equipped with a general-purpose circuit and general-purpose software. As for “Superior Award for Cost Improvement,” TOYOTA Motor highly evaluated our activities and cooperation in yearly cost reduction activities to TOYOTA Motor this term.

□ Reception of “Supplier of the Year for 2013” from GM (5th year running)

In March 2014, FUJITSU TEN was recognized as one of 68 best global automotive suppliers by General Motors (GM). Suppliers less than just 1% out of approx. 20 thousand GM suppliers in the world can receive this award in recognition of innovative technology, superior quality, timely crisis management, competitive and optimum cost solution in every company, etc.

□First time reception of “Gratitude for Superiority (in cost)” from Honda Motor Co.,Ltd.

In January 2014, we received “Gratitude for Superiority (in cost)” from Honda Motor Co., Ltd. This award is given to suppliers by Honda Motor Co., in recognition of cost reduction activities. We received this award as a result of highly evaluation in our efforts for display audio systems and millimeter-wave radars. It is the first time for us to receive this award. Honda Motor Co., Ltd.

□First time reception by FUJITSU TEN THAILAND, of “The Best in QCD Award” from ISUZU Thailand

FUJITSU TEN THAILAND (FTTL) received “The Best in QCD Award” which is given to one company (among 176 companies) that acquired the highest evaluation comprehensively in Q (Quality) / C (Cost) / D (Delivery) at the yearly supplier general meeting of Isuzu Motors Co., (Thailand) Ltd. It is the first time for FTTL to receive this award.

□Reception by FUJITSU TEN Corp. of America, of “Bronze Award” from Subaru of America, Inc.

FUJITSU TEN Corp. of America (FTCA) received “Bronze Award” from Subaru of America. This award is based on the evaluation of project management, new product proposal, quality assurance, distribution, etc. FTCA received this award especially in recognition of “project management.”

□Reception of “Contribution Prize” of “46th (FY2013) Ichimura Prizes in Industry”

We were awarded the “Contribution Prize” for “Application of Wraparound-view 3D Monitor Technology for Driver Safety and Peace of Mind” at “the 46th (FY2013) Ichimura Prizes in Industry” held by the non-profit incorporated foundation, New Technology Development Foundation. FUJITSU TEN shared this award with FUJITSU LABORATORIES. The award-winning technology is delivered in the form of a peripheral monitoring system, “Multi-Angle Vision™,” used to aid driver’s field of vision, and this system is adopted, for example, in “Panoramic view monitor,” whose delivery to TOYOTA Motor was started. The New Technology Development Foundation oversees the Ichimura Prizes in Industry, commending individuals and groups who have been prominent in advancing science and technology in Japan and developing industry, and those who have contributed greatly to the industry area.

■ Exhibition

□ Exhibition at “the 43th Tokyo Motor Show 2013”

We participated in “the 43th Tokyo Motor Show 2013” held at Tokyo Big Sight in late November to December 1, 2013. In line with our strategy to promote Vehicle-ICT business based on “Vision2022” established in October 2012, we decided the participation for the first time in six years so as to make an appeal about changing FUJITSU TEN to the outside. Holding up a concept of “Link to Happiness” at our booth, we made proposals of new possibility and excitement in conformity with individual lifestyles with automobiles through connecting among people, automobiles and society. Various contents were exhibited, for example, demonstration of remote wraparound-view monitoring, and display of an actual ECU and an actual millimeter-wave radar, as well as “new future driver support concept” which is a future image depicted based on the technology for safe and comfortable driving by use of ICT, and “navigation system for searching through conversation” which is our newly commercialized product.

■ Environmental initiatives

□ The 7th environmental initiative (2013 to 2015)

In April 2013, we compiled the 7th environmental initiative for FUJITSU TEN Group. In the 6th term (2010 to 2012), we have promoted activities throughout the group through acquiring global combined certification of ISO14001 and OHSAS18001, which is in the world-first level, and newly achieving zero emission at four production sites outside Japan in addition to the achievement at production sites in Japan. Effects have been seen gradually in global environmental performance, for example, 25.4% reduction of CO2 emission (production unit) outside Japan, and 38.1% reduction of chemical substances (PRTR) emission (production unit). In the 7th term, we are striving to fulfill our social responsibility globally in line with our advanced environmental initiative through setting the target number of proposals to customers in terms of environmental contribution technologies for reduction in environmental load through our products and business activities, responding to Scope3 which is a comprehensive framework for global warming countermeasures, incorporating the elements of ISO50001, as well as our conventional activities.

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:** 2,891 (As of March 31, 2014)
- 5. Business description**

FUJITSU TEN manufactures and sells mainly automobile-related equipments.

The principal products are described below.

Product Line		Description	
Infotainment Equipment (CI)	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
		For home use	Deck Mechanism DVD/CD deck mechanism Speaker/Antenna
	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

Product Line	Description
Car Electronic Devices (AE/AS)	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”) Drive recorder equipment Back guide monitor Back eye camera Front eye camera (Blind corner monitor) Multi-Angle Vision TM

(2) Capital Situation (As of March 31, 2014)

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, 2014)

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

Note: (1) FUJITSU TEN TECHNOSEPTA LIMITED., TEN TECHNOSEPTA USA, INC., TIANJIN RIJI PRECISION ELECTRONIC CO., LTD., FUJITSU TEN (TIANJIN) PRECISION ELECTRONICS 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, 2013, ECLIPSE TD (UK) LIMITED transferred all its business to FUJITSU TEN (EUROPE) GmbH. On March 18, 2014, ECLIPSE TD (UK) LIMITED was dissolved.

(4) On December 5, 2013, FUJITSU TEN (CHINA) LTD. made MURAMOTO (TIANJIN) ELECTRONICS CO., LTD to be its subsidiary company by obtaining 50% of the investment contribution, and renamed the company name as FUJITSU TEN (TIANJIN) PRECISION ELECTRONICS CO.,LTD.”

(5) On January 1, 2014, after splitting of manufacturing-relevant business and a part of quality-relevant business at FUJITSU TEN Nakatsugawa plant, TOCHIGI FUJITSU TEN LIMITED incorporated the split business into own business, and renamed itself as “FUJITSU TEN MANUFACTURING LIMITED.”

[Situation after the term end]

(1) On April 3, 2014, 5% of outstanding shares of PT. FUJITSU TEN MANUFACTURING INDONESIA were transferred to Toyota Tsusho Corporation.

(4) Main Business Locations (As of March 31, 2014)

Head Office	2-28, Gosho-dori 1-chome, Hyogo-ku, Kobe, Hyogo, Japan 652-8510 Phone +81-78-671-5081 Fax +81-78-671-5325
Nakatsugawa Technical Center:	1683-1963, Nasubigawa, Nakatsugawa, Gifu, Japan 509-9132 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, Japan 140-0013 Phone +81-3-5764-2288 Fax +81-3-5764-2289
Kawasaki Sensor Development Center:	Oki Densen Honsha Bldg 5F, 2-12-8 Shimokodanaka, Nakahara-ku, Kawasaki, Japan 211-0041 Phone +81-44-874-3555 Fax +81-44-799-5144
Toyota Branch Office:	FUJITSU TEN Toyota Bldg., 1-11, Motoshiro-cho, Toyota, Aichi, Japan 471-0024 Phone +81-565-32-2501 Fax +81-565-32-2310
Tokyo Sales Office:	Nishi-Shinjuku KF Bldg., 14-24, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo, Japan 160-0023 Phone +81-3-5330-6244 Fax +81-3-5330-6245
Utsunomiya Office:	Chuo Utsunomiya Bldg., 3-1-1, Higashi-shukugo, Utsunomiya, Tochigi, Japan 321-0953 Phone +81-28-651-3925 Fax +81-28-651-3926
Beijing Office:	Room 4008B, Chang Fu Gong Office Building, No.26 Jian Guo Men Wai Street, Beijing, CHINA 100022 Phone +86-10-8590-6672 Fax +86-10-8590-6673

Management

(As of March 31, 2014)

BOARD OF DIRECTORS

President and Representative Director	Takashi Shigematsu
Executive Vice President and Representative Director	Akira Yamanaka
Executive Vice President and Director	Michitaka Ogura
Executive Directors	Koichi Ueda
	Takashi Kondo
	Shoji Kawamura
Director	Hideyuki Sasou
	Tokuhisa Nomura
	Takao Tomimori

CORPORATE EXECUTIVE OFFICERS

Senior Managing Officers	Yasuyuki Kawanishi
Managing Officers	Hiroshi Ogawa
	Kiyoshi Yagi
	Satoshi Matsui
	Takao Yamaguchi
	Masahiro Hata
	Kazuki Komukaemori
	Hiroyuki Asada
	Takashi Ogawa
	Kazuo Sugata
	Takehiko Doi

AUDITORS

Standing Auditor	Yutaka Masuda
Auditors	Masamichi Ogura
	Keiji Masui

Yoriyasu Fukatsu
Hiraki Morishita

BRIEF DESCRIPTION OF OPERATIONS DURING THE FISCAL YEAR OF 2013

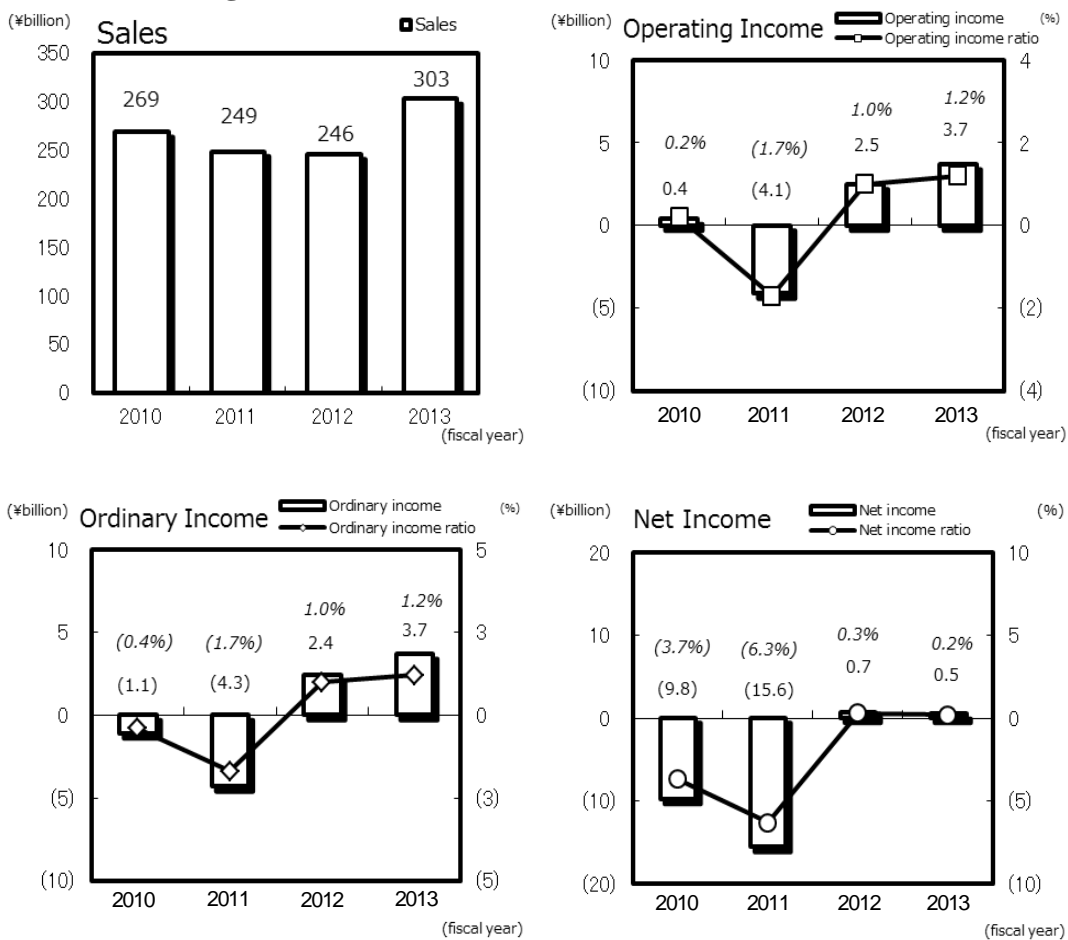
(1) Consolidated Business Results of the Past 4 Fiscal Years

	Yen (millions)[except per share data]				U.S.dollars (thousand) [except per share data]
	2010	2011	2012	2013	2013
Sales	<Breakdown %>				
Infotainment Equipment	218,365	188,578	183,986	234,327	<77.2>
Car Electronic Devices	50,647	60,612	62,425	69,049	<22.8>
Total	269,012	249,190	246,411	303,376	<100>
<Overseas sales>	<89,400>	<82,961>	<90,687>	<135,438>	<44.6>
Operating income	482	(4,139)	2,534	3,780	
Ordinary income(loss)	(1,168)	(4,339)	2,432	3,791	
Net income(loss)	(9,830)	(15,637)	799	583	
Net income per share(loss)	¥ (2,137)	¥ (3,399)	¥ 173	¥ 126	US\$ 1.2
Total assets	123,914	128,182	129,275	155,172	
Net assets	53,283	37,126	41,562	40,413	

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

②Regarding the 42nd 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

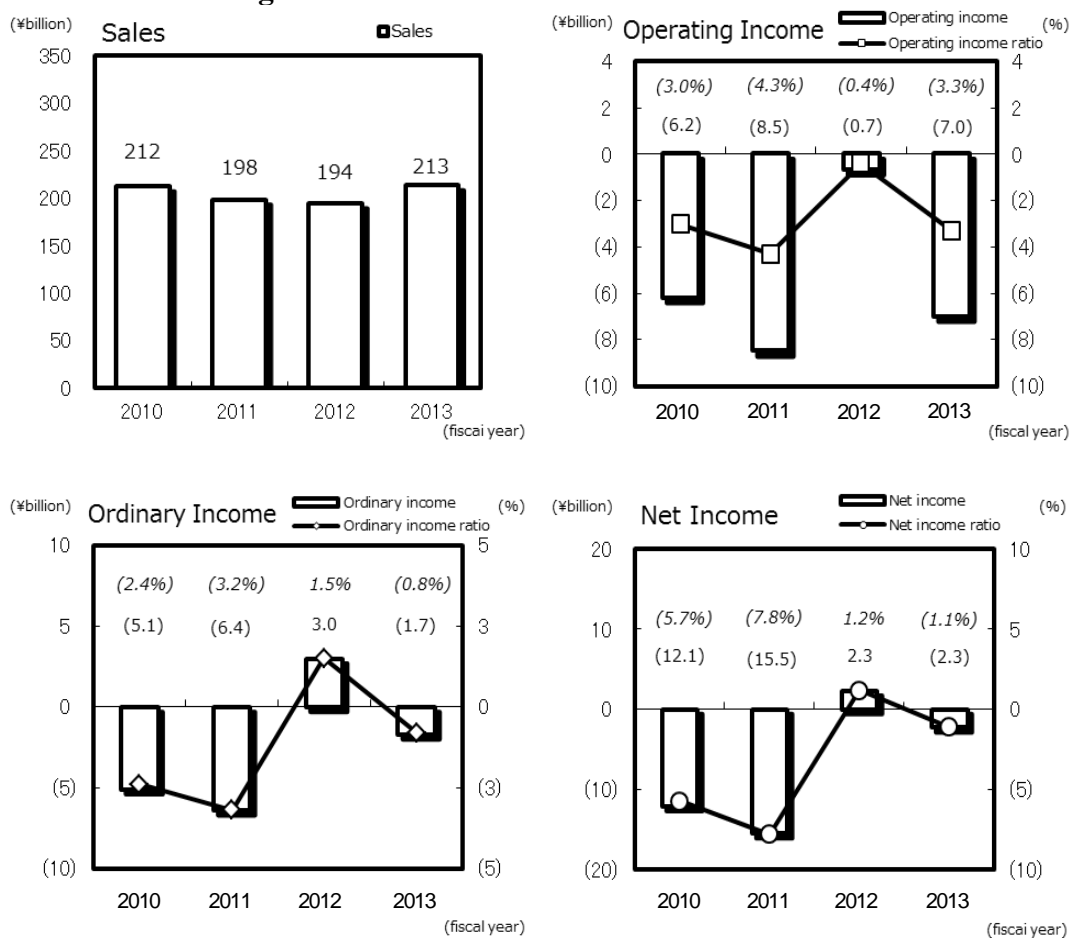


(3) Unconsolidated Business Results of the Past 4 Fiscal Years

	Yen (millions)[except per share data]				U.S.dollars (thousand) [except per share data]
	2010	2011	2012	2013	2013
Sales				<Breakdown %>	
Infotainment Equipment	177,493	153,556	150,986	167,173 <78.3>	1,624,303
Car Electronic Devices	34,856	45,077	43,773	46,363 <21.7>	450,477
Total	212,350	198,634	194,759	213,536 <100>	2,074,781
<Export sales>	<39,585>	<38,675>	<43,524>	<53,140> <24.9>	516,331
Operating income(loss)	(6,281)	(8,545)	(734)	(7,003)	(68,044)
Ordinary income(loss)	(5,163)	(6,417)	3,001	(1,743)	(16,937)
Net income(loss)	(12,134)	(15,569)	2,321	(2,316)	(22,506)
Net income per share(loss)	¥ (2,638)	¥ (3,384)	¥ 504	¥ (503)	US\$ (4.8)
Total assets	94,628	99,026	99,988	109,787	1,066,724
Net assets	34,721	19,303	21,729	19,274	187,276

Note : Regarding the 42nd 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 ¥102.92=US\$1, the mid rate of TTS and TTB rates prevailing at March 31, 2014. 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, 2014)

Item	Yen (Million)	US\$ (Thousand)	Item	Yen (Million)	US\$ (Thousand)
ASSETS			LIABILITIES		
<u>Current Assets</u>	102,910	999,905	<u>Current Liabilities</u>	99,833	970,015
Cash and Cash equivalents	6,422	62,399	Accounts payable	43,148	419,247
Accounts receivable	51,415	499,564	Short-term loans	35,322	343,203
Inventories	36,315	352,855	Other current liabilities	21,362	207,564
Deferred tax assets	984	9,561	<u>Fixed Liabilities</u>	15,194	147,638
Other current assets	7,772	75,524	Debt pertaining to		
<u>Fixed Assets</u>	52,262	507,793	retirement benefit	10,084	97,982
<u>Tangible Assets</u>	35,537	345,293	Long-term borrowing	957	9,307
<u>Intangible Assets</u>	10,368	100,747	Other fixed liabilities	4,152	40,348
<u>Investment</u>	6,355	61,753	TOTAL LIABILITIES	115,028	1,117,653
Deferred tax asset	933	9,067	NET ASSETS		
Others	5,422	52,686	<u>Stockholder's Equity</u>	36,969	359,210
TOTAL ASSETS	155,172	1,507,699	Capital Stock	5,300	51,496
			Other Equity	31,669	307,714
			<u>Valuation and Translation</u>		
			Adjustments	(2,223)	(21,601)
			<u>Minority Interests</u>	5,396	52,436
			TOTAL NET ASSETS	40,143	390,046
			TOTAL LIABILITIES & NET ASSETS	155,172	1,507,699

(2) Consolidated Income Statement (April 1, 2013 through March 31, 2014)

Item	Yen (Million)	US\$ (Thousand)
<u>Sales</u>	303,376	2,947,694
Operating Costs and Expenses		
Cost of goods sold	267,015	2,594,397
Selling, general and administrative expenses	32,581	316,567
<u>Operating Income(loss)</u>	3,780	36,728
Non-operating revenue	702	6,821
Non-operating expense	691	6,715
<u>Ordinary Income(loss)</u>	3,791	36,835
Extraordinary income	—	—
Extraordinary expense	—	—
<u>Income(loss) before Income Taxes</u>	3,791	36,835
Corporation Tax, Inhabitant Tax and Business Tax	3,207	31,164
<u>Net Income(loss)</u>	583	5,671

(3) Unconsolidated Balance Sheet (As of March 31, 2014)

	Yen (Million)	US\$ (Thousand)		Yen (Million)	US\$ (Thousand)
ASSETS			LIABILITIES		
<u>Current Assets</u>			<u>Current Liabilities</u>		
Cash and Cash equivalents	728	7,082	Accounts payable	40,376	392,311
Notes receivable	25	248	Short-term loans	32,331	314,137
Electronically recorded credit	3,592	34,905	Lease liability	162	1,580
Accounts receivable	41,313	401,411	Other accounts payable	10,210	99,209
Merchandise and finished goods	3,681	35,774	Income tax payable	46	453
Work in progress	1,364	13,260	Advance received	14	141
Raw materials and supplies	4,964	48,238	Deposits received	254	2,473
Short-term loans	1,051	10,216	Provision for product warranties	686	6,668
Accounts receivable-nontrade	15,287	148,540	Allowance for directors' bonus	65	640
Other current assets	875	8,504	Asset retirement obligation	4	46
Allowance for doubtful accounts	(490)	(4,768)	Other current liabilities	101	990
Total Current Assets	72,395	703,412	Total Current Liabilities	84,255	818,654
<u>Fixed Assets</u>			<u>Fixed Liabilities</u>		
<u>Tangible Assets</u>			Lease liability	243	2,362
Buildings (net)	3,580	34,788	Reserve for employee's retirement allowance	4,301	41,796
Structures (net)	43	420	Reserve for retirement benefits for directors and corporate auditors	209	2,031
Machinery and Equipment (net)	222	2,161	Deferred tax liability	774	7,525
Car and Industrial vehicle (net)	99	970	Asset retirement obligation	49	480
Tools, furniture and fixtures (net)	2,528	24,567	Other fixed liabilities	678	6,597
Land	3,845	37,362	Total Fixed Liabilities	6,256	60,793
Construction in progress	220	2,137	TOTAL LIABILITIES	90,512	879,447
Total Tangible Assets	10,539	102,407	NET ASSETS		
<u>Intangible Assets</u>			<u>Stockholder's Equity</u>		
Software	5,837	56,720	Capital stock	5,300	51,496
Other intangible assets	1,708	16,600	Capital surplus		
Total Intangible Assets	7,546	73,321	Capital reserves	5,653	54,929
<u>Investment and Other assets</u>			Total Capital surplus	5,653	54,929
Investment in securities	2,547	24,748	Retained earnings		
Investment in affiliates stock	10,587	102,872	Legal earned reserved	1,325	12,874
Investment in affiliates capital	5,449	52,950	Other accumulated earnings	5,607	54,487
Long-term loans receivable	273	2,656	General reserve	5,475	53,196
Other investments	465	4,522	Unappropriated retained earnings	132	1,290
Allowance for doubtful accounts	(17)	(167)	Total Retained earnings	6,932	67,361
Total Investment and Other assets	19,306	187,583	Total Stockholder's Equity	17,886	173,787
Total Fixed Assets	37,392	363,312	<u>Valuation and Translation Adjustments</u>		
			Net unrealized gains on securities available for sale	1,388	13,489
			Total Valuation and Translation Adjustments	1,388	13,489
TOTAL ASSETS	109,787	1,066,724	TOTAL NET ASSETS	19,274	187,276
			TOTAL LIABILITIES & NET ASSETS	109,787	1,066,724

(4) Unconsolidated Income Statement (April 1, 2013 through March 31, 2014)

Item	Yen (Million)	US\$ (Thousand)
<u>Sales</u>	213,536	2,074,781
Cost of goods sold	202,776	1,970,232
<u>Gross profit on sales</u>	10,760	104,548
Selling, general and administrative expenses	17,763	172,593
<u>Operating Income(loss)</u>	(7,003)	(68,044)
Non-operating Income		
Interest and dividends income	5,169	50,230
Miscellaneous income	459	4,467
Total Non-operating Income	5,629	54,697
<u>Non-operating Expenses</u>		
Interest expenses paid	295	2,872
Miscellaneous expenses	73	718
Total Non-operating Expenses	369	3,590
<u>Ordinary Income(loss)</u>	(1,743)	(16,937)
<u>Income(loss) before Income Taxes</u>	(1,743)	(16,937)
Corporation Tax, Inhabitant Tax and Business Tax	574	5,582
Adjustments of income tax and other tax expenses	(1)	(12)
<u>Total income taxes</u>	573	5,569
<u>Net Income(loss)</u>	(2,316)	(22,506)

(5) Unconsolidated Statements of Changes in Stockholders' Equity
(April 1, 2013 through March 31, 2014)

	Stockholders' Equity								Valuation and translation Adjustments	Total net assets
	Capital stock	Capital surplus		Retained earnings			Total stockholders' equity			
		Capital reserve	Total capital surplus	Legal earned reserve	Other retained earnings			Total retained earnings		
					General reserve	Unappropriated retained earnings				
Balance at the start of the term	5,300	5,653	5,653	1,325	5,475	2,840	9,640	20,593	1,135	21,729
	51,496	54,929	54,929	12,874	53,196	27,596	93,667	200,092	11,035	211,128
Changes during the current period										
Payment of dividends	—	—	—	—	—	(391)	(391)	(391)	—	(391)
						(3,799)	(3,799)	(3,799)		(3,799)
<u>Net Income(loss)</u>	—	—	—	—	—	(2,316)	(2,316)	(2,316)	—	(2,316)
						(22,506)	(22,506)	(22,506)		(22,506)
Changes(net amount) of items other than stockholders' equity during the current period	—	—	—	—	—	—	—	—	252	252
									2,454	2,454
Total changes during the current period	—	—	—	—	—	(2,707)	(2,707)	(2,707)	252	(2,454)
						(26,305)	(26,305)	(26,305)	2,454	(23,851)
Balance at end of current period	5,300	5,653	5,653	1,325	5,475	132	6,932	17,886	1,388	19,274
	51,496	54,929	54,929	12,874	53,196	1,290	67,361	173,787	13,489	187,276

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

FUJITSU TEN LIMITED

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