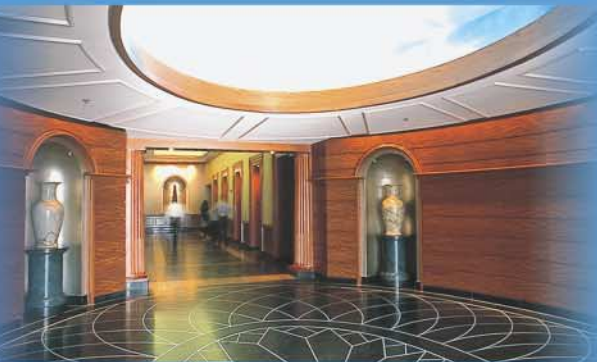




Annual Report 2001

Year ended March 31, 2001



Fujitec Co., Ltd. is a global manufacturer of people-moving systems, including elevators, escalators and moving walkways. We also manufacture various equipment for parking systems. Since its founding in 1948, Fujitec has been contributing to the betterment of urban life by providing high-quality people-moving systems. Fujitec's position as a recognized market leader in today's extensive global market has been achieved through the research and development, marketing, manufacturing, installation, and service maintenance of superior products.

The delivery of the highest quality products and service is assured by the unique five-pole business structure of Fujitec Co., Ltd. Through its operational headquarters located in the Americas, Japan, East Asia, South Asia and the Europe, the Company shares its ideas, technologies and resources with people around the world, contributing to the economic growth of the various countries in which Fujitec conducts business.

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CONSOLIDATED FINANCIAL HIGHLIGHTS

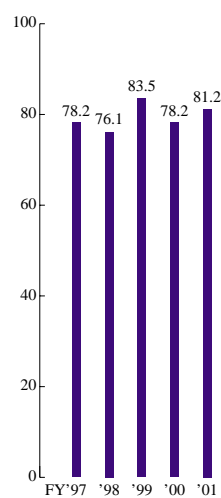
Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars	Percent change
	2001	2000	2001	2001/2000
For the fiscal period				
Net sales	¥ 81,173	¥ 78,169	\$654,621	+3.8%
Operating income.....	1,324	5,362	10,677	-75.3%
Net income (loss)	718	(343)	5,790	+309.3%
At the fiscal year-end				
Total assets	¥121,317	¥121,693	\$978,363	-0.3%
Shareholders' equity	53,730	66,265	433,306	-18.9%
	Yen		U.S. Dollars	
Per share of common stock				
Net income (loss)	¥ 7.66	¥ (3.66)	\$ 0.06	+309.3%
Cash dividends	10.50	11.00	0.08	-4.5%

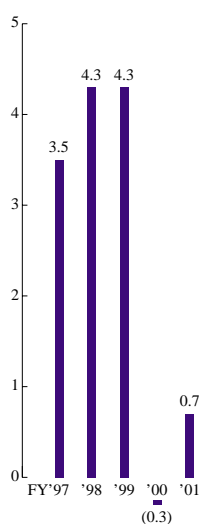
Notes: 1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥124 to U.S.\$ 1.

2. Net income (loss) per share amounts are computed based on the weighted average number of shares outstanding during each year.

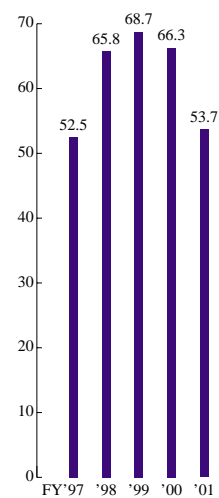
Net sales
(Billion ¥)



Net income (loss)
(Billion ¥)



Shareholders' equity
(Billion ¥)



TO OUR SHAREHOLDERS

During the fiscal year ended March 31, 2001, our industry experienced rapid change, with an unprecedented level of competition. These changes, combined with concerns over a possible worldwide economic recession, prompted us to accelerate the establishment of a more compact and coherent organization that can quickly and effectively respond to changing business conditions. During the year under review, we also established the Go for the Gold three-year strategic plan, our blueprint for the immediate future. Our top priority has been and remains providing a steady return to our shareholders, while continually growing the Company through strategic investments.

Performance

Consolidated net sales rose 3.8 percent in fiscal 2001, from ¥78,169 million in fiscal 2000 to ¥81,173 million (U.S.\$655 million). However, operating income decreased 75.3 percent, to ¥1,324 million (U.S.\$11 million), due to market price declines resulting from intensified competition. Net income improved from a net loss of ¥343 million in fiscal 2000 to a gain of ¥718 million (U.S.\$6 million) in fiscal 2001.

In this challenging economic environment, the Company made efforts to improve the cost structure and raise productivity. However, these fell short as profitability dropped, despite increased sales. The management team has taken action to address the changing business environment, and the new Shiga Plant in Japan, which began full-scale operation in April 2000, holds great potential for the future of our business. At the Shiga Plant, we implemented the FREC21 computerized manufacturing system and have launched production of our new strategic machine room-less elevator model, ECEED™. The Shiga Plant is digitally connected to the Osaka Plant, and further efficiency improvements are expected over the years to come.

The disappointing financial performances of the Americas and European operations were mainly due to field cost overruns in some projects. The growth of operations in certain metropolitan areas is strategically important to attaining the Company's long-term goals. To this end, the management team made the decision to acquire Serge Elevator Company, which had a 50-year track record of business success in New York City. The acquired firm is being integrated into Fujitec America, Inc. as a new division, named Fujitec Serge of New York. The process is well underway, and we expect the Division to make a positive contribution in fiscal 2002.

Operational Review

Sales in Japan for fiscal 2001 increased from the previous year. The Company enjoyed continued steady demand in North America and Europe. Demand in China also remained favorable. However, demand declined in other Asian nations, where the economies did not attain a full-scale recovery. In spite of the challenge this presented to new equipment sales, Fujitec was able to capitalize on the demand for major modernization and upgrades of older equipment in these markets. Demand is also increasing for barrier-free elevators that provide accessibility to physically challenged users. This demand has contributed to the continuing growth of the elevator and escalator markets in spite of a negative global economy. Our backlog in fiscal 2001 increased by

3.8 percent, from ¥79,249 million in fiscal 2000 to ¥82,257 million (U.S.\$663 million), and we are striving to further increase our market share.

Although the market outlook is positive, the Company will continue to recognize and address opportunities to improve our products and services, responding to the growing needs of our customers. Fujitec has been very fortunate to be recognized as one of the most reputable quality providers of elevator and escalator equipment, and superior maintenance service. The solution to achieving a greater market share in a time of limited growth is the timely introduction of safe, dependable and affordable product models that



address rapidly changing market needs. In fiscal 2001, Fujitec was very proud to introduce several such new products:

FLEX-DD™ — a new elevator system that enables the implementation of double-deck elevators without prior restriction on building design

SPEEDMOVE™ — a super-high speed autowalk with unique variable speed control mechanisms at the takeoff and landing zones, enabling rapid and safe movement of more people than conventional autowalk models

FUSIONDRIVE™ — a new machine room-less elevator model for application in global markets

RAKUL™ — an integrated system allowing the installation of barrier-free elevators in existing Japanese train stations, in a remarkably short installation time of ten days

The opening of markets in China has presented tremendous opportunities for Fujitec, both in terms of new sales and developing more efficient manufacturing capabilities. As an established presence within the Asian market, Fujitec has already made significant progress by establishing our manufacturing facility in China.

Demand for both elevators and escalators within China has now increased to a point where Fujitec recently committed to establishing another manufacturing plant in China. Fujitec will continue to rapidly expand sales and manufacturing capabilities in China, both to keep pace with the explosion of opportunities available in this huge market, and to improve manufacturing efficiency for all Fujitec locations, worldwide.

Looking Ahead

Fujitec remains cautiously optimistic that overall market demand will offer increased opportunities in fiscal 2002. However, it is still critical that we continue to improve our productivity and produce cost-competitive models to respond to intensified competition. The various management actions that we have already taken will be expanded to improve our cost structure and productivity. Management is also committed to maintaining Fujitec's market leadership through new product development that will expand our customer base, resulting in better financial performance and improvement of shareholder value. The *Go for the Gold* three-year strategic plan, which started in 2001, focuses on structural reforms, such as honing our competitive edge and enhancing our brand equity to foster greater loyalty to the Fujitec brand in the global market. Thus, the plan will help move us toward our long-term target of 10 percent ROE. The management team understands that a balance must be achieved between providing a steady return to our shareholders and continuing to make strategic investments in our business, developing new products and improving the Company brand name. The promotion of e-business through a global intranet network, among our five management poles — the Americas, Japan, East Asia, South Asia and Europe — is well underway, and we will continue to make investments to promote reform and establish stronger business processes. In 2000, Fujitec established World Headquarters units in the U.S.A., Japan, and Singapore. These operations enable us to enhance communications with our subsidiaries and maximize our global abilities. There have been initial startup costs and other investments in establishing this new organization, but they will help us to achieve the goals of the *Go for the Gold* strategic plan, which is a prime commitment of our management team.

I would like to take this opportunity to thank all shareholders for your continuing support of our efforts, and to assure you that we will do our best to meet and exceed your expectations.

June 27, 2001



Takakazu Uchiyama
*Chairman of the Board and
Chief Executive Officer*



Review of Operations

During the fiscal year under review, Fujitec faced challenges, including intensified price competition worldwide, and slow demand, mainly in Asia.

Against this backdrop, the Company has been expediting vital structural reforms. By transforming various facets of its operations, the Company can maintain its leading presence and emerge as a winner in the global marketplace of the 21st century.





HYATT

The Hyatt Regency in Calgary

NORTH AND SOUTH AMERICA

Supported by strong economic growth in North America, the Americas operations have maintained their growth trend, and have been a leading contributor to the Company's sales growth. Sales in the Americas for fiscal 2001 dropped slightly from the previous year, by 0.9 percent, to ¥14,339 million (U.S.\$116 million), representing 17.7 percent of net sales. Growth in North America, which had continued until 2001, is expected to be slightly slower in fiscal 2002. However, we have recently received several high-profile orders. Fujitec's Ohio Plant expects to maintain the fiscal 2001 rate of orders in fiscal 2002.

The U.S. production facility, based in Ohio, invested in further development of our controller manufacturing line during fiscal 2001. Fujitec also extended its core product, the Millennium™ elevator, to a high-speed AC Gearless application. The market continues to welcome the quality of our Millennium™ Series elevators, and we expect this product to help continue increasing the sales and profitability of our Americas operations. Notable projects in North America during fiscal 2001 include:

- The Gucci building on 5th Avenue in New York City
- The new terminal for Continental Airlines at the Newark Airport
- Paul Brown Stadium, the new home of the NFL's Cincinnati Bengals
- The 42-story office facility of Enron, located in Houston, Texas
- The Hollywood Highland Theater and Shopping Complex in Los Angeles, California
- The Hyatt Regency in Calgary, Canada

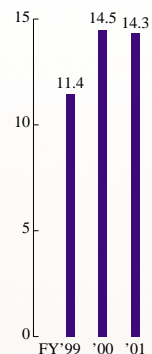


Elevators operating at the Hyatt Regency in Calgary

The economic situation in the South America region was not favorable for our industry during fiscal 2001, although the Company did win several high-profile projects, such as the Bank of Boston Headquarters Building in Buenos Aires, Argentina, and the high-rise office building of Cenu Torre Norte in São Paulo, Brazil. The demand in South America during fiscal 2002 is expected to remain slow. However, we have seen the steady growth of our maintenance and modernization business in South America during fiscal 2001, and we expect growth in this sector to continue in fiscal 2002.

Our success in serving the modernization needs of our customers is evident by looking at two prime examples within North America — the Bloomberg Building at Park Avenue in New York City and the World Trade Center in Baltimore, Maryland. In both of these buildings, our price-competitive Millennium™ controller has upgraded and revitalized the elevator systems.

Sales in the Americas
(Billion ¥)



A Fujitec escalator installed at the Bank of Boston Headquarters Building in Buenos Aires



Elevators operating at the HaLo Building in Chicago

JAPAN

Japan's economy saw an upward trend in the first half of the fiscal year, corresponding to the strong economic growth in the United States. Sales in Japan climbed 13.2 percent from the previous year, to ¥44,154 million (U.S.\$356 million), representing 54.4 percent of net sales. However, we are cautious about the outlook for Japan, in light of the slowdown of the U.S. economy. We have addressed issues related to the downturn, and are positioning our operations to be more price competitive. Fujitec's new manufacturing facility, the Shiga Plant, has started to contribute by delivering a new product, the ECEED™ model elevator. ECEED™ features a modern, space-saving, machine room-less system, which has been well received in the market. The Shiga Plant has also deployed the FREC21 integrated production system, linked to our main Osaka Plant via dedicated LAN/WAN lines. FREC21 will help increase



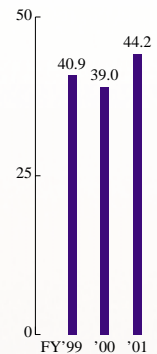
Elevators working at Atago Green Hills — one of Mori Building projects in Tokyo

production speed, while reducing lead time and improving our cost efficiency. Our plan for fiscal 2002 includes the full utilization of the highly efficient, technologically advanced Shiga Plant facility. We will also be launching such attractive products as the RAKUL™ and EDESSE™ models. Thanks to their universal design and user-friendly features, both models address the growing demand for barrier-free accommodation, and meet the needs of the elderly community, where we still expect significant market growth in an otherwise stagnant market.

Notable projects in Japan during fiscal 2001 include NHK's Osaka Broadcasting Station and Osaka Museum of History, the Hyatt Regency Hotel, and the Mori Building projects.

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Sales in Japan
(Billion ¥)



NHK's Osaka Broadcasting Station (right building) and Osaka Museum of History (left building) and Fujitec escalators (above)

EAST ASIA

Despite a relatively stagnant market in this region, East Asia operations maintained almost the same level of orders received in fiscal 2001 as in fiscal 2000. However, sales in this region decreased 3.8 percent, to ¥12,922 million (U.S.\$104 million), comprising 15.9 percent of net sales. Amid intense price pressure and severe



Elevators in service at the Shanghai Marriott Hotel

competition throughout the industry, Fujitec's China operations and manufacturing plant made significant contributions to the region's growth during fiscal 2001. Responding in



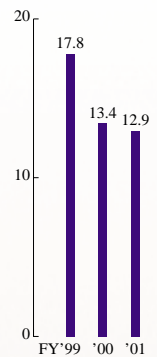
Shin Kong Mitsukoshi Department Store in Taipei

part to the relatively strong growth of China's market, as well as the demand within the regional market, we have begun second phase of expansion at the China plant. This phase is scheduled for completion in the third quarter of fiscal 2002. We expect that with its increased capacity, the Fujitec China Plant will play a bigger role in supporting an improved price structure, by allowing our products to be more competitive. To enhance both China operations and Fujitec's global companies,

we have also established a global procurement center in Shanghai. This center will boost our competitiveness in materials procurement, while ensuring that our products conform to Fujitec's global standard for quality.

Notable orders received in fiscal 2001 include the Shin Kong Mitsukoshi Department Store in Taipei, Taiwan, the Shanghai Marriott Hotel, various subway stations systems in Seoul and Pusan, Korea, and many high-end condominium projects as well as the largest library, the Central Library in Hong Kong.

Sales in East Asia
(Billion ¥)



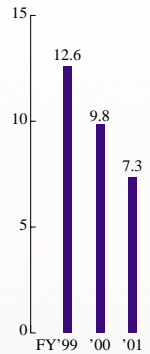
Elevators in operation at the Central Library in Hong Kong

SOUTH ASIA

The market showed modest recovery but overall it remains relatively sluggish. Even with a strong Fujitec presence in Singapore, sales in South Asia declined 25.3 percent, to ¥7,349 million (U.S.\$59 million). Although the ratio of operating income to sales in this region remained strong at 19.1 percent in fiscal 2001, operating income dropped in tandem with the sales decrease. In order to expand the marketplace and meet current market needs, South Asia operations focused on developing a high-speed machine room-less elevator model for the region. The new product is expected to help improve business performance in fiscal 2002. South Asia operations increased efficiency by expanding the Battam Plant in Indonesia, in 2001. Notable projects completed during 2001 include the 33-story HDB Center building, Keppel Bank Headquarters building in Singapore and the Genting Highland Resort Center in Malaysia.

In addition to receiving cumulative orders totaling 15,000 residential elevator units for HDB apartments in Singapore, Fujitec was also involved in the modernization of 500 elevators, upgrading existing systems that are used in older apartment buildings. We expect the modernization business to continue growing in fiscal 2002.

Sales in South Asia
(Billion ¥)



Elevators installed at the Keppel Bank Headquarters building in Singapore



Genting Highland Resort Center in Malaysia (above) and Palm Gardens in Singapore, in which Fujitec elevators are installed



EUROPE

European sales rose significantly — by 69.8 percent — to ¥2,409 million (U.S.\$19 million), due mainly to strong growth in the United Kingdom. Sales in this region accounted for 3.0 percent of net sales. Although EU operations registered an operating loss, profitability increased compared to the previous year. With a solid sales effort, European operations were particularly successful in establishing a clear presence in the United Kingdom. Although we expect slower growth in fiscal 2002, we do anticipate a continued expansion of our market presence, driven by the launch of the FUSIONDRIVE™, a new machine room-less elevator model, into the European market.

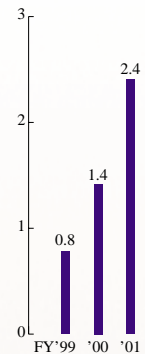
Notable projects in this region include the HSBC Group Headquarters building, under construction at Canary Wharf, the Chancery Court Hotel, and the 50 Finsbury Square



The HSBC Group Headquarters building under construction in the United Kingdom

Development in the United Kingdom, and the Federal House Building in Germany. Our products are also installed at the Four Seasons Hotel in Jordan and the Citibank Building in Bahrain.

Sales in Europe
(Billion ¥)



The Chancery Court Hotel in the United Kingdom and Fujitec elevators



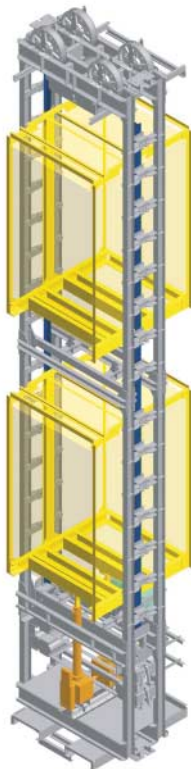
RESEARCH AND DEVELOPMENT

Research and development costs for fiscal 2001 slightly decreased from the previous year, by 0.4 percent, to ¥2,152 million (U.S.\$17 million), accounting for 2.7 percent of net sales.

Our corporate research and development resources represent the essential success factor driving Fujitec's leadership in quality, innovation and technology.

As an integrated manufacturer, we are able to pursue advanced levels of technological development. Our dedication to research and development allows us to hone our edge in product engineering and build our success in the global market.

During fiscal 2001, we announced the following notable innovations and product developments:



Mechanism of the FLEX-DD™

FLEX-DD™ is a new elevator system, which enables the implementation of double-deck elevators without prior restriction on building design. The FLEX-DD™ can automatically adjust the distance between the upper and lower cabs, according to each floor-to-floor distance of a building. Conventional double-deck elevators have a fixed distance between the upper and lower cabs. This makes it necessary to keep floor-to-floor distances equal throughout the building, considerably restricting the adoption of these products. The FLEX-DD™ incorporates the world's first system of its kind, with an inverter-controlled ball screw jack mounted at the bottom of the lower cab, enabling flexible adjustment of the distance between the upper and lower cabs, precisely matching to uneven floor-to-floor distances. The demand for this product in the world market is expected to increase in the future as an optimal transportation means for large-scale high-rise buildings.

SPEEDMOVE™ is a super-high speed autowalk with unique variable speed control mechanisms at the takeoff and landing zones, which enable rapid and safe movement of more people than conventional autowalk models.

The running speed of this product is approximately twice as fast as conventional

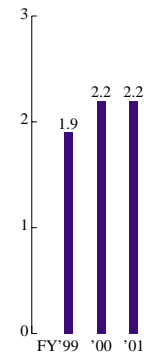


Testing new door operation

models in the middle section; however, it is set at the lower speed of other autowalks at both ends, ensuring the safety of passengers getting on or off the SPEEDMOVE™.

Thanks to its ultra-slim design and simple multiple-belt moving system,

R&D costs
(Billion ¥)



Development of the double-deck elevator

SPEEDMOVE™ offers lower installation cost and higher performance than conventional, fixed-speed models.

FUSIONDRIVE™ is a new machine room-less elevator model for application in global markets. The absence of a machine room not only achieves significant reduction in the space required for elevator installation, but it also increases the effective area of the building in which the elevator is installed. In addition, the space-saving mechanism helps cut the building construction cost, while allowing greater flexibility in the architectural design.

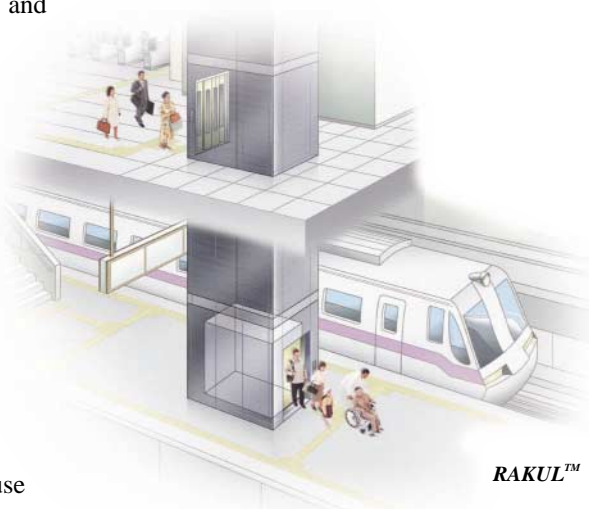
We continue to integrate the research and development resources of our global companies and collaborate with people worldwide to address constantly changing global market needs and deliver the best solutions as quickly as possible.

RAKUL™ is an integrated system, which allows the installation of barrier-free elevators in existing Japanese train stations, in a remarkably short installation time of ten days. The Japanese barrier-free transportation law, which went into effect in November 2000, has promoted the installation of elevators in railway facilities. When installing general-use elevators in existing train stations, there used to be difficulties due to the limited width of station platforms and the problem of long periods of construction and installation work.

Fujitec's train station elevator RAKUL™ eliminates these problems and realizes space-saving design, short installation work time and low costs. The elevator can be installed in an existing train station with the limited platform width as well as in new railway station buildings. The product also adopts Universal Design that enables equally comfortable use by all people.



Elevator controller function check



MANUFACTURING

In an increasingly competitive and demanding market, it is essential to stress global collaboration so that production bases in various countries can share resources and be unified. By making optimum use of all available resources, Fujitec can deliver the most competitive products to the global market and continue to be the leader in quality standards.

Capital investment for fiscal 2001 amounted to ¥2,525 million (U.S.\$20 million), a 34.7 percent drop from fiscal 2000. This decline was mainly attributable to the completion of the Shiga Plant in fiscal 2000.

During fiscal 2001, we made major investments in our global manufacturing facilities.

At the new Shiga Plant, which began full-scale operation in April 2000, we implemented the FREC21 computerized manufacturing system, which is linked via

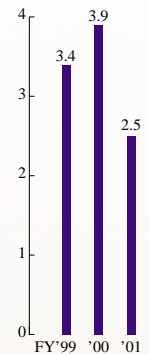
dedicated LAN/WAN lines to the Osaka Plant for better efficiency. The FREC21 computerized manufacturing system will be a powerful tool for maximizing efficiency and quality standards.

Fujitec's China manufacturing facility will play a more important role in supporting our global sales network. Thus, we also started constructing a second manufacturing plant in China to keep pace with the

explosion of opportunities available in this huge market. In addition, we will strive to improve manufacturing efficiency.

Fujitec relies upon the expertise of its people to deliver high-quality products. A strong global network of human resources will broaden our understanding of different countries and their cultures, allowing us to better compete in the global marketplace.

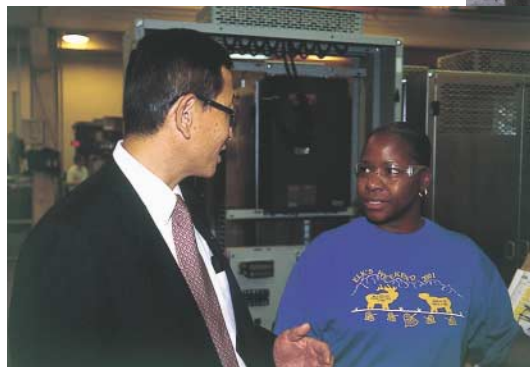
Capital investment
(Billion ¥)



Shiga Plant



Ohio Plant



Financial. Section

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CONSOLIDATED FINANCIAL REVIEW

Operating Results

During the fiscal year ended March 31, 2001, the environment surrounding Japan's construction industry — which has a significant influence on the Company's performance — remained harsh, due to structural issues such as oversupply. However, the Company's domestic sales substantially surpassed the previous year's level, reflecting the increased number of newly complete works.

Overseas, the Company enjoyed continued steady demand in North America and Europe. Demand in China also remained favorable, while in other Asian nations, demand declined, as these economies could not get on track to a full-scale recovery.

Overall, **net sales** for fiscal 2001 rose 3.8 percent, to ¥81,173 million (U.S.\$655 million).

Operating income plunged 75.3 percent, to ¥1,324 million (U.S.\$11 million). This was mainly attributable to a decline in price as depressed demand intensified competition.

Net income for fiscal 2001 went from a net loss of ¥343 million in fiscal 2000 to a gain of ¥718 million (U.S.\$6 million) in fiscal 2001. This was due mainly to the lump-sum write-off of accrued pension and severance payments — for prior years, taken in fiscal 2000.

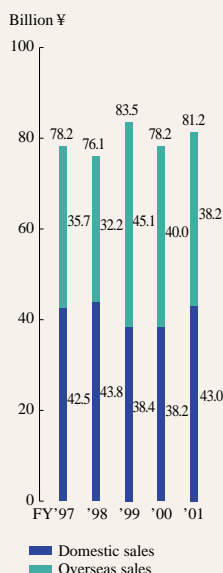
Net income per share of common stock was ¥7.66 (U.S.\$0.06).

Financial Position

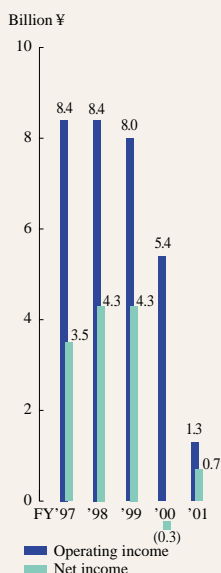
Total assets at the end of fiscal 2001 decreased 0.3 percent from the previous year, to ¥121,317 million (U.S.\$978 million). The decline was due mainly to a change in Japanese accounting standards. For the fiscal year ended March 31, 2001, "Adjustment arising from translation of foreign subsidiaries' accounts," which had previously been classified as an asset in the consolidated balance sheets, has been reclassified to be included within "Shareholders' equity" and reflected in "Minority interest in consolidated subsidiaries" in the consolidated balance sheets.

As a result of an increase in orders, trade notes and accounts receivable increased by ¥5,684 million (U.S.\$46 million), inventories by ¥4,507 million (U.S.\$36 million), and cash and cash equivalents by ¥2,209 million (U.S.\$18 million), respectively, from the previous year.

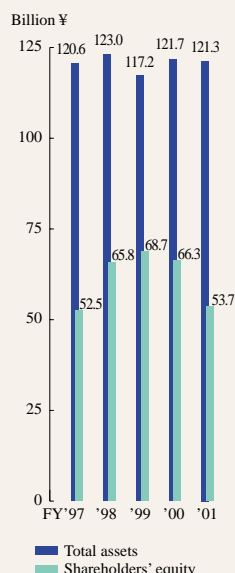
Domestic sales and overseas sales



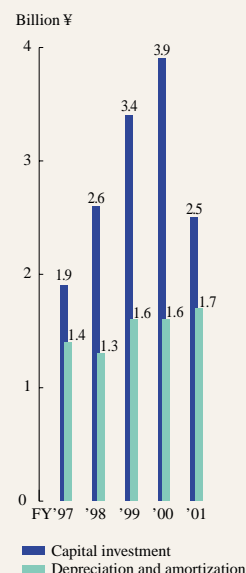
Operating income and net income (loss)



Total assets and shareholders' equity



Capital investment, and depreciation and amortization



Total current assets rose 18.4 percent, to ¥88,378 million (U.S.\$713 million), due to the same factors mentioned above.

Total current liabilities increased 18.8 percent, to ¥33,857 million (U.S.\$273 million), principally reflecting an increase of short term debt within Fujitec Co., Ltd.

Total fixed liabilities increased by ¥5,219 million (U.S.\$42 million), to ¥11,447 million (U.S.\$92 million), including long-term debt of ¥5,100 million (U.S.\$41 million) within Fujitec Co., Ltd.

Shareholders' equity dropped 18.9 percent, to ¥53,730 million (U.S.\$433 million), resulting mainly from a deduction of ¥11,639 million (U.S.\$94 million) for adjustment arising from translation of foreign subsidiaries' accounts, combined with ¥490 million (U.S.\$4 million) registered as net unrealized losses on securities. As a result, **the equity ratio** fell from 54.5 percent in fiscal 2000 to 44.3 percent in fiscal 2001. **Shareholders' equity per share of common stock** stood at ¥573.21 (U.S.\$4.62).

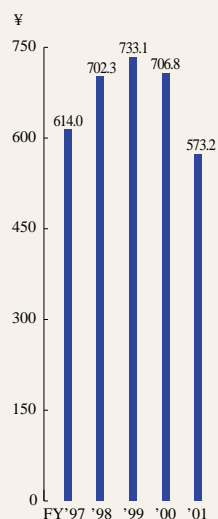
Net cash used in operating activities reached ¥5,593 million (U.S.\$45 million), from ¥6,315 million of net cash provided by operating activities in fiscal 2000. This was mainly attributable to increased orders, a rise in inventories resulting from commencement of full-scale operations at the Shiga Plant, and an increase in trade notes and accounts payable within Fujitec Co., Ltd.

Net cash used in investing activities amounted to ¥1,253 million (U.S.\$10 million), due principally to acquisitions of property, plant and equipment, and was offset by ¥2,103 million (U.S.\$17 million) in proceeds from interest and dividend income.

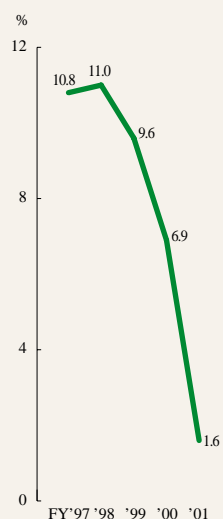
Net cash provided by financing activities reached ¥6,919 million (U.S.\$56 million), due mainly to a ¥4,062 million (U.S.\$33 million) increase in short-term debt to meet the demand for operating funds, along with ¥5,108 million (U.S.\$41 million) of proceeds from long-term debt, and cash payments for dividends and interest.

As a result of these cash flow activities, combined with a ¥2,136 million (U.S.\$17 million) gain from the effect of exchange rate changes on cash and cash equivalents, **cash and cash equivalents at end of year** rose by ¥2,209 million (U.S.\$18 million) from the previous year-end, to ¥22,422 million (U.S.\$181 million).

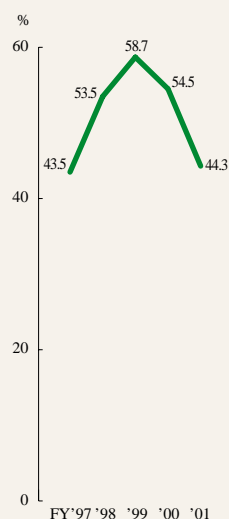
Shareholders' equity per share



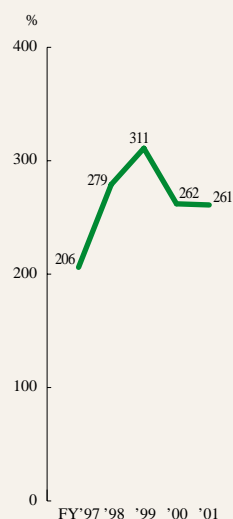
Operating income to net sales



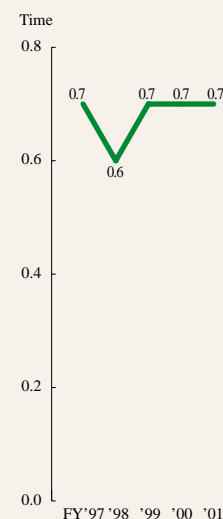
Shareholders' equity to total assets



Current ratio



Net sales to total assets



CONSOLIDATED BALANCE SHEETS

Fujitec Co., Ltd. and Consolidated Subsidiaries
March 31, 2001 and 2000

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Current assets:			
Cash and cash equivalents	¥ 22,422	¥ 20,213	\$180,823
Time deposits (Note 6).....	3,713	2,938	29,944
Marketable securities (Note 3).....	19,230	19,023	155,080
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	201	92	1,621
Other	22,223	16,547	179,218
Allowance for doubtful accounts	(147)	(46)	(1,185)
	<u>22,277</u>	<u>16,593</u>	<u>179,654</u>
Inventories (Note 4)	18,827	14,320	151,831
Deferred income taxes (Note 5)	689	524	5,556
Other current assets	1,220	1,035	9,838
Total current assets	<u>88,378</u>	<u>74,646</u>	<u>712,726</u>
Investments and advances:			
Unconsolidated subsidiaries and affiliates	1,321	1,017	10,653
Investment securities (Note 3)	6,189	5,470	49,911
Advances	50	24	403
	<u>7,560</u>	<u>6,511</u>	<u>60,967</u>
Property, plant and equipment, at cost (Note 6):			
Buildings	13,990	12,856	112,823
Machinery and equipment	16,191	15,035	130,573
	<u>30,181</u>	<u>27,891</u>	<u>243,396</u>
Accumulated depreciation	(17,317)	(15,797)	(139,654)
	<u>12,864</u>	<u>12,094</u>	<u>103,742</u>
Land	5,735	5,659	46,250
Construction in progress	60	377	484
	<u>18,659</u>	<u>18,130</u>	<u>150,476</u>
Deferred income taxes (Note 5).....	2,507	2,132	20,218
Other assets	4,213	4,414	33,976
Adjustment arising from translation of foreign subsidiaries' accounts ...	—	15,860	—
	<u>¥121,317</u>	<u>¥121,693</u>	<u>\$978,363</u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Current liabilities:			
Short-term debt (Note 6)	¥ 7,551	¥ 3,298	\$ 60,895
Current portion of long-term debt (Note 6).....	70	104	565
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	49	23	395
Other	9,547	8,682	76,992
Advances from customers	6,931	6,377	55,895
Accrued income taxes (Note 5).....	483	1,482	3,895
Accrued bonuses	1,850	2,014	14,919
Deferred income taxes (Note 5)	—	102	—
Provision for losses on contracts.....	2,629	1,314	21,202
Other current liabilities	4,747	5,098	38,282
Total current liabilities	<u>33,857</u>	28,494	<u>273,040</u>
Long-term debt (Note 6)	5,228	92	42,161
Deferred income taxes (Note 5).....	107	85	863
Accrued pension and severance payments (Note 11)	6,112	6,051	49,291
Total liabilities	<u>45,304</u>	34,722	<u>365,355</u>
Minority interest in consolidated subsidiaries (Note 7).....	22,283	20,706	179,702
Contingent liabilities (Note 8)			
Shareholders' equity (Note 10):			
Common stock, par value ¥50 (U.S. \$0.40) per share;			
Authorized 200,000,000 shares;			
Issued and outstanding:			
93,767,317 shares at March 31, 2001 and 2000.....	12,534	12,534	101,080
Additional paid-in capital	14,566	14,566	117,468
Retained earnings	38,792	39,185	312,839
Net unrealized losses on securities.....	(490)	—	(3,952)
Adjustment arising from translation of foreign subsidiaries' accounts	(11,639)	—	(93,863)
Total shareholders' equity	<u>53,763</u>	66,285	<u>433,572</u>
Treasury stock at cost, 31,705 shares at March 31, 2001 and 16,429 shares at March 31, 2000	(33)	(20)	(266)
Total shareholders' equity	<u>53,730</u>	66,265	<u>433,306</u>
	<u>¥121,317</u>	¥121,693	<u>\$978,363</u>

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Net sales	¥81,173	¥78,169	\$654,621
Cost and expenses:			
Cost of sales	65,213	58,346	525,911
Selling, general and administrative	14,636	14,461	118,033
	79,849	72,807	643,944
Operating income	1,324	5,362	10,677
Other income (expenses):			
Interest and dividend income	2,180	1,746	17,581
Gain on disposal of marketable securities	—	151	—
Write-down of marketable securities	—	(10)	—
Interest expense	(941)	(763)	(7,589)
Foreign currency exchange gain (loss)	342	(558)	2,758
Other, net	(145)	207	(1,169)
	1,436	773	11,581
Special items:			
(Loss) gain on disposal of property, plant and equipment	(45)	7	(363)
Write-down of investment securities	(207)	(1)	(1,669)
Prior service pension costs	—	(625)	—
Provision for accrued pension and severance payments – prior years	—	(4,391)	—
Other, net	(48)	(157)	(387)
	(300)	(5,167)	(2,419)
Income before income taxes and minority interest	2,460	968	19,839
Income taxes (Note 5):			
Current	1,330	2,580	10,726
Deferred	(212)	(2,198)	(1,709)
	1,118	382	9,017
Income before minority interest	1,342	586	10,822
Minority interest in income of consolidated subsidiaries	624	929	5,032
Net income (loss)	718	(343)	5,790
Retained earnings:			
Balance at beginning of year	39,185	41,642	316,008
Cumulative effect of change in accounting for deferred income taxes	—	223	—
Cash dividends	(1,031)	(1,031)	(8,314)
Bonuses to directors and corporate auditors	(80)	(112)	(645)
Decrease due to change in consolidation scope	—	(1,194)	—
Balance at end of year	¥38,792	¥39,185	\$312,839
Per share:			
Net income, based on the weighted average number of shares outstanding	¥ 7.66	¥ (3.66)	\$ 0.06
Cash dividends, applicable to the period	10.50	11.00	0.08

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 2,460	¥ 968	\$ 19,839
Depreciation and amortization	1,733	1,639	13,976
Provision for allowance for doubtful accounts	183	8	1,476
Provision for accrued pension and severance payments	60	4,901	484
Provision for bonuses to employees.....	(197)	164	(1,589)
Provision for losses on contracts.....	992	248	8,000
Interest and dividend income	(2,180)	(1,746)	(17,581)
Interest expense	941	763	7,589
Write-down of investment securities	207	1	1,669
(Increase) decrease in trade notes and accounts receivable	(4,822)	159	(38,887)
Increase in inventories.....	(3,986)	(656)	(32,145)
Increase in trade notes and accounts payable.....	704	2,017	5,677
Other, net	780	32	6,290
Bonuses paid to directors and corporate auditors.....	(80)	(116)	(645)
Sub-total	(3,205)	8,382	(25,847)
Payment of income taxes	(2,388)	(2,067)	(19,258)
Net cash (used in) provided by operating activities.....	(5,593)	6,315	(45,105)
Cash flows from investing activities:			
Increase in time deposits	(472)	(619)	(3,806)
Payment for purchase of marketable securities.....	(109)	(310)	(879)
Proceeds from sales of marketable securities	127	916	1,024
Acquisitions of property, plant and equipment	(2,525)	(3,866)	(20,363)
Proceeds from sale of property, plant and equipment	4	121	32
Payment for purchase of investment securities	(218)	(46)	(1,758)
Acquisitions of minority interest in a consolidated subsidiary	—	(739)	—
Acquisitions of unconsolidated subsidiaries and affiliates	—	(26)	—
Payment for long-term advances.....	(175)	—	(1,411)
Proceeds from interest and dividend income	2,103	1,756	16,960
Other, net	12	(207)	97
Net cash used in investing activities	(1,253)	(3,020)	(10,104)
Cash flows from financing activities:			
Net proceeds from short-term debt	4,062	2,668	32,758
Proceeds from long-term debt	5,108	—	41,194
Repayment of long-term debt	(10)	(12)	(81)
Payment of interest	(949)	(711)	(7,653)
Cash dividend paid.....	(1,031)	(1,031)	(8,315)
Cash dividend paid to minority shareholders.....	(236)	(213)	(1,903)
Other, net	(25)	(17)	(202)
Net cash provided by financing activities	6,919	684	55,798
Effect of exchange rate changes on cash and cash equivalents	2,136	(2,160)	17,226
Cash and cash equivalents increased by changing in consolidation scope	—	115	—
Net increase in cash and cash equivalents	2,209	1,934	17,815
Cash and cash equivalents at beginning of year	20,213	18,279	163,008
Cash and cash equivalents at end of year	¥22,422	¥20,213	\$180,823

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2001 and 2000

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Fujitec Co., Ltd. (the “Company”) and its consolidated subsidiaries have been prepared from the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau, as required by the Securities and Exchange Law of Japan, in conformity with accounting principles and practices generally accepted in Japan.

For the purpose of this Annual Report, certain reclassifications have been made to the consolidated financial statements issued domestically, in order to present these statements in a form which is more familiar to readers of these statements outside Japan. However, such reclassifications have no effect on net income or retained earnings.

In 2000, the Company adopted the Accounting Standards for Consolidated Statement of Cash Flows, which was issued by the Business Accounting Deliberation Council.

The United States dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen into United States dollars on a basis of ¥124 = U.S. \$1, the approximate effective rate of exchange at March 31, 2001. The inclusion of such United States dollar amounts is solely for convenience and is not intended to imply that Japanese yen, and assets and liabilities originating in Japanese yen, have been or could be readily converted, realized or settled in United States dollars at ¥124 = U.S. \$1 or at any other rate.

2. Summary of Significant Accounting Policies

(A) Principles of consolidation

The consolidated financial statements include the accounts of the Company and the following thirteen significant subsidiaries (together the “Companies”).

Fujitec America, Inc. (U.S.A.)
Fujitec Capital Corporation (U.S.A.)
Fujitec Canada, Inc. (Canada)
Fujitec Brasil Ltda. (Brazil)
Fujitec (HK) Co., Ltd. (Hong Kong)
Rich Mark Engineering Limited (Hong Kong)
Huasheng Fujitec Elevator Co., Ltd. (China)
Fujitec Singapore Corpn. Ltd. (Singapore)
P.T. Fujitec Indonesia (Indonesia)
Fujitec Taiwan Co., Ltd. (Taiwan)
Fujitec Korea Co., Ltd. (Korea)
Fujitec UK Ltd. (United Kingdom)
Fujitec Deutschland GmbH (Germany)

With respect to the closing dates of the consolidated subsidiaries, the closing date of two foreign subsidiaries, Fujitec (HK) Co., Ltd. and Rich Mark Engineering Limited is the same as the consolidated balance sheet date (March 31), while the closing date of the other eleven foreign subsidiaries is December 31.

In preparing the consolidated financial statements, using consolidated subsidiaries’ accounts, based on their own closing dates, the necessary adjustments were made for the significant intercompany transactions incurred from the consolidated subsidiaries’ closing date to the consolidated balance sheet date.

All significant intercompany transactions and accounts have been eliminated. Investments in unconsolidated

subsidiaries (more than 50% owned) and affiliates (20% to 50% owned) are carried at cost due to their immateriality as a whole. If a decline in value below the cost of an individual security is judged to be material, and other than temporary, the carrying value of the individual security is written down.

(B) Translation of foreign currency transactions

Prior to April 1, 2000, the accounts of the Company denominated in foreign currencies were translated into Japanese yen at historical rates of exchange in effect at the transaction dates.

Effective April 1, 2000, the Company adopted the revised Accounting Standards for Foreign Currency Transactions issued by the Business Accounting Deliberation Council. Under the new method, every monetary asset and liability denominated in foreign currency is translated into yen at the rate of exchange in effect at the balance sheet date.

(C) Translation of consolidated foreign subsidiaries' accounts

The accounts of foreign consolidated subsidiaries are translated into Japanese yen in accordance with the statements issued by the Business Accounting Deliberation Council. As specified by the statements, assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, and the items of shareholders' equity are translated at the historical rates at the dates of acquisition. Profit and loss accounts are translated into Japanese yen at the annual average rates.

Any resulting translation differences are stated as "Adjustment arising from translation of foreign subsidiaries' accounts" in the accompanying consolidated financial statements.

For the fiscal year ended March 31, 2001, "Adjustment arising from translation of foreign subsidiaries' accounts," which had been previously classified as an asset in the consolidated balance sheets has been reclassified to be included within "Shareholders' equity" and reflected in "Minority interest in consolidated subsidiaries" in the consolidated balance sheets, according to the revised Accounting Standards for Foreign Currency Transactions.

(D) Revenue recognition

Generally, most of the contracts are on a short-term basis and the Companies record profits or losses on the completed contract method, except for certain foreign subsidiaries which record income from long-term construction contracts on the percentage-of-completion method. Maintenance services not covered by warranty are provided on a fee basis and revenues from such services are included in net sales.

Certain subsidiaries recognize the total estimated loss currently when estimates indicate that a loss will be incurred on a contract.

(E) Marketable securities, investment securities and investments in unconsolidated subsidiaries and affiliates

Prior to April 1, 2000, marketable securities, except for commercial paper which is stated at amortized cost, investment securities and investments in unconsolidated subsidiaries and affiliates, are valued at cost, as determined by the moving average method. If a decline in value below the cost of an individual security is judged to be material and other than temporary, the carrying value of the individual security is written down.

Effective April 1, 2000, the Company adopted the Accounting Standards for Financial Instruments, which was issued by the Business Accounting Deliberation Council. In accordance with the new standards, securities are classified into trading securities, held-to-maturity debt securities, equity investments in subsidiaries and affiliates, and other securities that are not classified in any of the above categories.

Held-to-maturity debt securities are stated at amortized cost adjusted for the amortization of premiums and the accretion of discounts to maturity. Investments in unconsolidated subsidiaries and affiliates are valued at cost, as determined by the moving average method. Marketable equity securities and debt securities not classified as held-to-maturity are classified as other securities. Other securities with a fair market value are carried at fair value with unrealized gains and losses, net of tax, reported as a separate component of

shareholders' equity. The amortized cost of debt securities in this category is adjusted for the amortization of premiums and the accretion of discounts to maturity. Realized gains and losses, and significant declines in value judged to be other than temporary on those securities are charged to income. Securities without a fair market value have been stated at cost as determined by the moving average method.

(F) Inventories

Inventories are stated at cost, which is determined primarily by the specific identification method for finished goods and work in process, and by the average method for all other inventories, except for certain foreign subsidiaries' inventories which are all stated at the lower of cost determined by FIFO method or market.

(G) Property, plant and equipment, and depreciation

Property, plant and equipment, including significant renewals and additions, are carried at cost.

Depreciation is principally computed by the declining-balance method over the estimated useful lives of the assets, except for foreign consolidated subsidiaries which adopt the straight-line method.

Until the year ended March 31, 1998, the depreciation for buildings of the domestic companies was computed by the declining balance method. Buildings which were acquired on or after April 1, 1998 are depreciated by the straight-line method, according to the revision in Japanese corporation income tax law.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(H) Severance payments and pension plan

The Company has two retirement benefit plans, an unfunded lump-sum severance payment and a defined benefit pension plan, which cover substantially all employees of the Company. Upon retirement or termination of employment, employees are generally entitled to a lump-sum payment or annuity, in addition to a certain lump-sum payment, and the amount of the benefit is determined by their current basic rate of pay, length of service and conditions under which the termination occurs.

Prior to April 1, 1999, the liability for the unfunded lump-sum severance payment shown in the balance sheet represented 50% of the amount which would have been required if all employees voluntarily terminated their service at the balance sheet date. Additionally, the contribution to the funded pension plan, which consisted of normal cost and amortization of prior service cost over seven years, had been charged to income when paid.

At March 31, 2000, the Company changed its accounting policy for employees' retirement benefits. Under this policy, the liability for the unfunded lump-sum severance payments was provided on an accrual basis and the defined benefit pension plan was determined based on the amount of projected benefit obligation reduced by pension assets at fair value at the end of the annual period. The effect of this change was to increase "Income before income taxes and minority interest" and "Accrued pension and severance payments" by ¥4,735 million, respectively, compared with the previous accounting policy.

Effective for the year ended March 31, 2001, the Company adopted the new Japanese accounting standard for retirement benefits, which is effective for the periods beginning on or after April 1, 2000. In accordance with the new standard, the accrued pension and severance payments for employees as of March 31, 2001 represents the estimated present value of projected benefit obligation in excess of the fair value of the plan assets. The adoption of the new method had no material impact in the year ended March 31, 2001.

The U.S. subsidiary (Fujitec America, Inc.) has a defined contribution pension plan covering substantially all its employees.

The Korean subsidiary accrues annually the liability for employees' severance benefits at 100% of the amounts that would be required if all its employees were to terminate their employment under voluntary conditions at the balance sheet dates.

The Company accrues the unfunded retirement liability for a lump-sum benefit to directors and corporate auditors of the Company based on the established guidelines. The prior service costs at the adoption of the

method are amortized over five years from the year ended March 31, 1997, and are charged to income as a special loss item in each year. Payment of such benefits is subject to approval at the shareholders' meeting.

(I) Leases

Under accounting principles generally accepted in Japan, finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operating leases.

(J) Research and development costs

Research and development costs are charged against income as incurred.

(K) Income taxes

Effective April 1, 1999, the Company adopted the asset and liability method of tax effect accounting, in accordance with the Financial Accounting Standard on Accounting for Income Taxes, issued by the Business Accounting Deliberation Council.

Under the new standard, the deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect for the year ended March 31, 2000 was to decrease net loss by ¥2,333 million and to increase retained earnings by ¥2,557 million.

(L) Net income and cash dividends per share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year. Cash dividends per share represent actual amounts applicable to the respective years for which the dividends were proposed by the Board of Directors of the Company. Dividends are charged to retained earnings in the year which they are paid.

(M) Cash and cash equivalents

The Companies consider all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(N) Reclassification of accounts

Certain reclassifications have been made in the 2000 financial statement to conform to the presentation for 2001.

3. Marketable Securities and Investment Securities

At March 31, 2001, held-to-maturity debt securities and other securities were as follows:

Held-to-maturity debt securities

	Millions of Yen			Book value (Estimated fair value)
	2001			
	Book value (Carrying amount)	Gross unrealized gains	Gross unrealized losses	
Commercial paper	¥19,220	¥0	¥0	¥19,220

	Thousands of U.S. Dollars (Note 1)			
	2001			
	Book value (Carrying amount)	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Commercial paper	\$155,000	\$0	\$0	\$155,000
Other securities				
	Millions of Yen			
	2001			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	¥6,786	¥656	¥1,470	¥5,972
Bonds and debentures	10	0	0	10
Other	123	0	31	92
	¥6,919	¥656	¥1,501	¥6,074
	Thousands of U.S. Dollars (Note 1)			
	2001			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	\$54,726	\$5,290	\$11,855	\$48,161
Bonds and debentures.....	80	0	0	80
Other	992	0	250	742
	\$55,798	\$5,290	\$12,105	\$48,983

At March 31, 2001, the carrying amount of equity securities whose fair value is not readily determinable was ¥125 million (U.S. \$1,008 thousand).

At March 31, 2000, marketable securities (current assets) and investment securities (non-current assets) consisted of the following:

	Millions of Yen
	2000
Marketable securities:	
Marketable equity securities	¥ 1,843
Marketable bonds and trust funds	57
Commercial paper	17,123
	<u>¥19,023</u>
Investment securities:	
Marketable equity securities	¥ 5,142
Non-marketable equity securities.....	128
Marketable bonds and trust funds	200
	<u>¥ 5,470</u>

The market value of marketable equity securities in the above tables totaling ¥6,985 million at March 31, 2000 was ¥7,707 million.

On the other hand, the aggregate cost of the above portfolios, other than marketable and non-marketable equity securities amounting to ¥17,380 million, approximated the aggregate market value at March 31, 2000.

4. Inventories

Inventories at March 31, 2001 and 2000 are comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Finished goods and semi-finished goods.....	¥ 4,386	¥ 2,175	\$ 35,371
Work in process.....	9,482	9,082	76,468
Raw materials and supplies.....	4,959	3,063	39,992
	<u>¥18,827</u>	<u>¥14,320</u>	<u>\$151,831</u>

5. Income Taxes

The Company is subject to corporate income tax, inhabitants' taxes and enterprise tax, based on income which, in the aggregate, indicates a normal statutory tax rate of approximately 42.05% for the years ended March 31, 2001 and 2000.

Income of the consolidated foreign subsidiaries is taxed at the rate of corporate income taxes, ranging from 16% to 26% for the year ended March 31, 2001.

At March 31, 2001 and 2000, a reconciliation of the Company's statutory tax rate and the effective income tax rate was as follows:

	2001	2000
Statutory tax rate	42.05%	42.05%
Non-deductible expenses	2.11	16.16
Per capita inhabitants' tax	4.06	9.56
Others	(2.77)	(28.24)
Effective tax rate	<u>45.45%</u>	<u>39.53%</u>

The tax effects of temporary differences that give rise to significant deferred tax assets and liabilities at March 31, 2001 and 2000 are presented below:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Deferred tax assets:			
Accrued pension and severance payments.....	¥2,360	¥2,343	\$19,032
Accrued bonuses.....	304	211	2,452
Provision for losses on contracts.....	397	—	3,202
Unrealized losses on securities.....	356	—	2,871
Others.....	296	437	2,387
Total deferred tax assets.....	<u>3,713</u>	<u>2,991</u>	<u>29,944</u>
Deferred tax liabilities:			
Unrealized losses from inventories.....	(278)	(187)	(2,242)
Depreciation.....	(107)	(105)	(863)
Others.....	(239)	(230)	(1,928)
Total deferred tax liabilities.....	<u>(624)</u>	<u>(522)</u>	<u>(5,033)</u>
Net deferred tax assets.....	<u>¥3,089</u>	<u>¥2,469</u>	<u>\$24,911</u>

6. Short-Term Debt and Long-Term Debt

Short-term debt represents notes payable to banks with an average interest rate of 2.71% per annum at March 31, 2001.

Long-term debt at March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
With collateral:			
Loans, from O.D.F.C. in the United States, due through 2005 with interest rate at 2.0% per annum	¥ 54	¥ 58	\$ 435
Without collateral:			
Loans, from Haofeng (H.K.) Co. Ltd. in China due through 2002 with interest rate at 5.8% per annum	92	—	742
Loans, from banks and insurance companies due through 2004 at average interest rate 0.86% per annum	5,100	—	41,129
Other	52	138	420
	5,298	196	42,726
Less, portion due within one year	70	104	565
	¥5,228	¥ 92	\$42,161

The aggregate annual maturities of long-term debt outstanding as of March 31, 2001 are as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2002	¥ 70	\$ 565
2003	66	532
2004	5,121	41,299
2005	15	121
2006	6	48
2007 and thereafter	20	161
	¥5,298	\$42,726

At March 31, 2001, the following assets are pledged as collateral for loans and construction contracts:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Property, plant and equipment (at net book value)	¥2,278	\$18,371
Other assets	197	1,589
	¥2,475	\$19,960

In addition, all the assets of the Singapore subsidiary are pledged as collateral for its construction contracts, totaling S\$10,701 thousand (U.S. \$5,716 thousand) as of December 31, 2000.

In accordance with customary business practices in Japan, the Company maintains substantial time deposit balances with banks from which the Company has borrowing facilities. Withdrawal of such deposits is not restricted legally or by contract.

7. Minority Interest

The consolidated financial statements include the assets, liabilities and earnings of Fujitec Capital Corporation (FCC), which was incorporated in the United States with the limited purpose of issuing shares of Auction Preferred Stock and acquiring, owning and managing assets, primarily cash and short-term money market instruments (principally, commercial paper). All the common stock of FCC is owned by Fujitec America, Inc. (FAI), a wholly-owned U.S. subsidiary of the Company. FCC has issued Auction Preferred Stock totaling U.S.\$150 million, none of which is owned by FAI: the preferred interest in FCC is reflected as a part of minority interest in the consolidated financial statements.

8. Contingent Liabilities

Commitments outstanding at March 31, 2001 for the purchase of property, plant and equipment were ¥663 million (U.S.\$5,347 thousand).

At March 31, 2001, guarantees of bank loans for Seiwa Kaihatsu Kosan Co., Ltd. were ¥5,961 million (U.S.\$48,073 thousand).

9. Leases

The Company and its consolidated subsidiaries lease certain machinery and equipment. Total lease payments under these leases were ¥132 million (U.S.\$1,065 thousand) and ¥47 million for the years ended March 31, 2001 and 2000, respectively.

Pro forma information relating to acquisition costs, accumulated depreciation and future minimum lease payments for property held under finance leases which do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2001 and 2000, is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Machinery and equipment			
Acquisition costs	¥1,156	¥397	\$9,323
Accumulated depreciation	281	168	2,266
Net leased property	¥ 875	¥229	\$7,057

Future minimum lease payments under finance leases as of March 31, 2001 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Due within one year	¥ 132	¥ 56	\$1,065
Due after one year	743	173	5,992
Total	¥ 875	¥229	\$7,057

The acquisition costs and future minimum lease payments under finance leases include imputed interest expense.

Depreciation expense which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method, would have been ¥132 million (U.S.\$ 1,065 thousand) for the year ended March 31, 2001.

Obligations under non-cancelable operating leases as of March 31, 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001		2001
Due within one year	¥ 27		\$ 218
Due after one year	98		790
Total	¥125		\$1,008

10. Shareholders' Equity

The Commercial Code of Japan requires a domestic company to appropriate, as a legal reserve, an amount equivalent to at least 10% of cash dividends paid to shareholders and bonuses paid to directors and corporate auditors, until the reserve equals 25% of stated capital.

Under the Commercial Code, at least 50% of the newly issued share price with a minimum par value thereof is required to be designated as the stated capital. Accordingly, proceeds in excess of the amount designated as stated capital have been credited to an additional paid-in capital.

11. Severance Payments and Pension Plan

The following tables set forth the changes in benefit obligation, plan assets and funded status of the Company at March 31, 2001.

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Projected benefit obligation.....	¥ 9,300	\$ 75,000
Fair value of plan assets	(3,470)	(27,984)
Funded status:		
Benefit obligation in excess of plan assets.....	5,830	47,016
Unrecognized net transition obligation at date of adoption.....	0	0
Unrecognized prior service cost	0	0
Unrecognized actuarial differences	(289)	(2,331)
Accrued pension liability recognized in the consolidation balance sheets	¥ 5,541	\$ 44,685

Severance and pension costs of the Company for the year ended March 31, 2001 were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Service cost	¥535	\$4,315
Interest cost	266	2,145
Expected return on plan assets	(103)	(831)
Amortization:		
Transition obligation at date of adoption	0	0
Prior service cost	8	65
Actuarial losses	0	0
Net periodic benefit cost	¥706	\$5,694

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2001 is as follows:

Method of attributing benefit to periods of service	straight-line basis
Discount rate	3.0%
Long-term rate of return on plan assets	3.0%
Amortization period for actuarial losses	10 years

The Company recognized all unamortized prior service costs as liabilities, which would be provided for accrued pension and severance payments and charged to income in the year ended March 31, 2000.

Accrued severance payments to directors and corporate auditors of Japan amounting to ¥571 million (U.S.\$4,605 thousand) as of March 31, 2001 were included in "Accrued pension and severance payments" in the accompanying consolidated balance sheets.

12 Research and Development Costs

Research and development costs for the years ended March 31, 2001 and 2000 were ¥2,152 million (U.S.\$17,355 thousand) and ¥2,161 million, respectively.

13 Segment Information

Information by geographic area for the years ended March 31, 2001 and 2000 is summarized as follows:

(A) Geographic segment information

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
1. Operating income (loss):			
Japan			
Net sales: Customers	¥44,154	¥39,015	\$356,081
Intersegment	6,326	4,506	51,016
	50,480	43,521	407,097
Operating expenses	49,724	41,220	401,000
Operating income.....	756	2,301	6,097
East Asia			
Net sales: Customers	12,922	13,428	104,210
Intersegment	457	317	3,685
	13,379	13,745	107,895
Operating expenses	12,089	12,045	97,492
Operating income.....	1,290	1,700	10,403
South Asia			
Net sales: Customers	7,349	9,832	59,266
Intersegment	59	2	476
	7,408	9,834	59,742
Operating expenses	6,006	7,756	48,435
Operating income.....	1,402	2,078	11,307
The Americas			
Net sales: Customers	14,339	14,475	115,637
Intersegment	18	28	145
	14,357	14,503	115,782
Operating expenses	15,993	15,421	128,976
Operating income.....	(1,636)	(918)	(13,194)
Europe			
Net sales: Customers	2,409	1,419	19,427
Intersegment	58	0	468
	2,467	1,419	19,895
Operating expenses	3,098	1,895	24,984
Operating income.....	(631)	(476)	(5,089)
Total			
Net sales: Customers	¥81,173	¥78,169	\$654,621
Intersegment	6,918	4,853	55,790
	88,091	83,022	710,411
Elimination	(6,918)	(4,853)	(55,790)
Consolidated net sales	81,173	78,169	654,621
Operating expenses	86,910	78,337	700,887
Elimination	(7,061)	(5,530)	(56,943)
Consolidated operating expenses	79,849	72,807	643,944
Operating income.....	1,181	4,685	9,524
Elimination	143	677	1,153
Consolidated operating income	¥ 1,324	¥ 5,362	\$ 10,677

Note: Each segment outside Japan represents the following nations and regions:

- (1) East Asia Hong Kong, Taiwan, Korea and China
- (2) South Asia Singapore and Indonesia
- (3) The Americas U.S.A., Canada and Brazil
- (4) Europe United Kingdom and Germany

2. Assets:	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Japan	¥ 46,989	¥ 45,541	\$378,944
East Asia	24,552	19,349	198,000
South Asia	11,691	11,218	94,283
The Americas	10,704	7,891	86,322
Europe	2,069	1,257	16,685
Sub-total	96,005	85,256	774,234
Net of elimination and common use assets	25,312	36,437	204,129
Total	¥121,317	¥121,693	\$978,363

Note : The common use assets included in the item "Net of elimination and common use assets" consist primarily of working assets (cash and marketable securities), and long-term investment (investment in securities and unconsolidated subsidiaries and affiliates) maintained for general corporate purposes, totaling ¥27,574 million (U.S.\$222,371 thousand) at March 31, 2001.

(B) Overseas sales	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
East Asia	¥13,344	¥13,830	\$107,613
South Asia	7,352	9,848	59,291
The Americas	14,589	14,842	117,653
Europe	2,870	1,510	23,145
Outside Japan	¥38,155	¥40,030	\$307,702
Percentage of overseas sales to net sales.....	47.0%	51.2%	

Notes: 1. Overseas sales are the sum of export sales of the Company and net sales of consolidated subsidiaries to each segment after elimination of all intercompany transactions.

2. Each segment outside Japan represents the following nations and regions:

- (1) East Asia Hong Kong, Taiwan, Korea and China
- (2) South Asia Singapore, Indonesia and Malaysia
- (3) The Americas..... U.S.A., Canada, Brazil and Argentina
- (4) Europe..... United Kingdom, Germany and Saudi Arabia

14. Subsequent Event

The following appropriation of retained earnings at March 31, 2001 were approved at the general meeting of shareholders held on June 27, 2001:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Transfer to legal reserve	¥ 53	\$ 427
Cash dividends	469	3,782
Bonuses to directors and corporate auditors	60	484

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Fujitec Co., Ltd.

We have audited the consolidated balance sheets of Fujitec Co., Ltd. and consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of operations and retained earnings and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above, expressed in Japanese yen, present fairly the consolidated financial position of Fujitec Co., Ltd. and consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis, except as noted in the following paragraph.

As described in Note 2, during the year ended March 31, 2001, Fujitec Co., Ltd. adopted new Japanese accounting standards for retirement benefits, financial instruments and foreign currency translation. During the year ended March 31, 2000, Fujitec Co., Ltd. adopted new Japanese accounting standards for income taxes as described in Notes 2. Also, effective April 1, 1999, Fujitec Co., Ltd. changed the method of accounting for employees' retirement benefits as described in Note 2, with which we concur.

The amounts stated in U.S. dollars have been translated on the basis set forth in Note 1 to the consolidated financial statements.

Osaka, Japan

June 27, 2001

Yukoh Audit Corpore

YUKOH AUDIT
CORPORATION
Certified Public Accountants

CONSOLIDATED 5-YEAR SUMMARY

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	2001	2000	1999	1998	1997	2001
	Millions of Yen					Thousands of U.S. Dollars
For the fiscal period:						
Net sales	¥ 81,173	¥ 78,169	¥ 83,495	¥ 76,094	¥ 78,208	\$654,621
Domestic	43,018	38,139	38,402	43,847	42,530	346,919
Overseas	38,155	40,030	45,093	32,247	35,678	307,702
Operating income	1,324	5,362	8,039	8,383	8,422	10,677
Net income (loss)	718	(343)	4,276	4,264	3,485	5,790
Depreciation and amortization	1,733	1,639	1,588	1,324	1,416	13,976
Acquisition of property, plant and equipment	2,525	3,866	3,388	2,641	1,865	20,363
At the fiscal year-end:						
Total assets	¥121,317	¥121,693	¥117,171	¥123,047	¥120,560	\$978,363
Shareholders' equity	53,730	66,265	68,741	65,849	52,482	433,306
Per share amount:						
	Yen					U.S. Dollars
Net income (loss)	¥ 7.66	¥ (3.66)	¥ 45.61	¥ 46.65	¥ 40.77	\$ 0.06
Cash dividends	10.50	11.00	11.00	13.50	11.00	0.08
Shareholders' equity	573.21	706.82	733.11	702.27	614.03	4.62

Notes: 1. During fiscal 1997, the accounts of Fujitec UK Ltd. and Fujitec Deutschland GmbH were newly included in consolidation.

2. During fiscal 1998, the accounts of Huasheng Fujitec Elevator Co., Ltd. were newly included in consolidation.

3. During fiscal 2000, the accounts of Fujitec Brasil Ltda. were newly included in consolidation.

4. Net income(loss) per share amounts are computed based on the weighted average number of shares outstanding during each year.

5. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥124 to U.S.\$ 1.

BOARD OF DIRECTORS

STOCK PRICE RANGE AND TRADING VOLUME ON THE TOKYO STOCK EXCHANGE

Honorary Chairman

Shotaro Uchiyama

Chairman of the Board and Chief Executive Officer

Takakazu Uchiyama*

President

Kenji Otani*

Executive Vice Presidents

Masamichi Hayashi*

Kazumasu Kazama*

Yasuhiro Kamitakehara*

Haruo Sahara*

**Representative Directors*

Directors

Akira Sumimoto

Katsuhiko Harada

Masakazu Kawai

Iwataro Sekiguchi

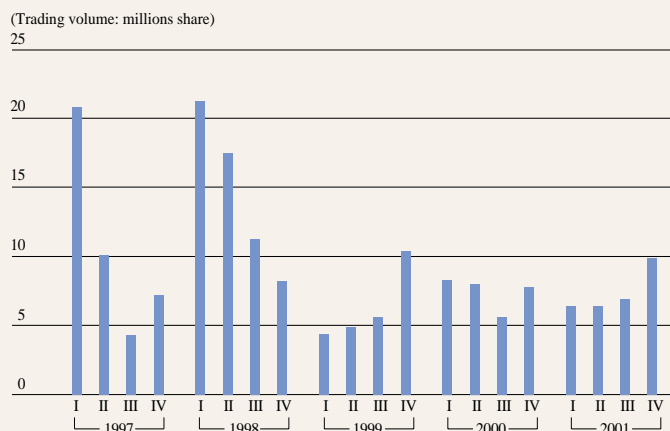
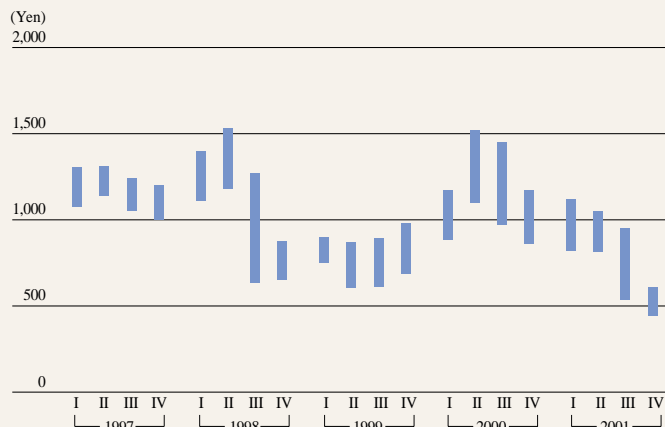
Takeo Kato

Corporate Auditors

Hidechika Waki

Tomozo Taya

Tomihisa Kuroishi



As of June 27, 2001

GLOBAL NETWORK

The Americas

United States

Fujitec America, Inc.
R&D, manufacturing, marketing, installation and maintenance

Canada

Fujitec Canada, Inc.
Marketing, installation and maintenance

Venezuela

Fujitec Venezuela C.A.
Marketing, installation and maintenance

Brazil

Fujitec Brasil Ltda.
Manufacturing, marketing, installation and maintenance

Argentina

Fujitec Argentina S.A.
Marketing, installation and maintenance

Guam

Fujitec Pacific, Inc.
Marketing, installation and maintenance

Japan

Fujitec Co., Ltd.
R&D, manufacturing, marketing, installation and maintenance

East Asia

Hong Kong

Fujitec (HK) Co., Ltd.
Manufacturing, marketing, installation and maintenance

Korea

Fujitec Korea Co., Ltd.
Manufacturing, marketing, installation and maintenance

Taiwan

Fujitec Taiwan Co., Ltd.
Manufacturing, marketing, installation and maintenance

China

Huasheng Fujitec Elevator Co., Ltd.
Manufacturing, marketing, installation and maintenance

South Asia

Singapore

Fujitec Singapore Corpn. Ltd.
R&D, manufacturing, marketing, installation and maintenance

Philippines

Fujitec, Inc.
Marketing, installation and maintenance

Indonesia

P.T. Fujitec Indonesia
Marketing, installation and maintenance

Malaysia

Fujitec (Malaysia) Sdn. Bhd.
Marketing, installation and maintenance

Europe

United Kingdom

Fujitec UK Ltd.
Marketing, installation and maintenance

Germany

Fujitec Deutschland GmbH
Marketing, installation and maintenance

Saudi Arabia

Fujitec Saudi Arabia Co., Ltd.
Marketing, installation and maintenance

Egypt

Fujitec Egypt Co., Ltd.
Marketing, installation and maintenance

Overseas Liaison Offices

*Beijing, Shanghai, Bangkok,
Jakarta, Pune, Cairo, and
Montevideo*

SHAREHOLDERS' INFORMATION

Fujitec Co., Ltd.

28-10, Shoh 1-chome, Ibaraki,
Osaka 567-8510, Japan
Telephone: 0726-22-8151
Facsimile: 0726-22-1654

Date of Establishment

February 9, 1948

Paid-in Capital

¥12,533,933,095

Common Stock

Authorized: 200,000,000 shares
Issued: 93,767,317 shares
Number of shareholders: 5,046

Major Shareholders

	Number of shares hold (Thousand)	Percentage of total number of shares in issue (%)
Uchiyama International, Limited	9,056	9.7
Boston Safe Deposit BSDT		
Treaty Clients Omnibus	5,380	5.7
Fuji Electric Co., Ltd.	5,089	5.4
The Daiwa Bank, Limited	4,273	4.6
The Fuji Bank, Limited	3,327	3.5
The Sanwa Bank, Limited	2,990	3.2
Matsushita Electric Industrial Co., Ltd.	2,867	3.1
The Asahi Bank, Ltd.	2,836	3.0
Mizuho Trust & Banking Co., Ltd.	2,687	2.9
Asahi Mutual Life Insurance Company	2,484	2.6

Annual Meeting of Shareholders

The annual meeting of shareholders of the
Company is normally held in June each
year in Ibaraki, Osaka, Japan.

Stock Exchange Listings

Japan: Tokyo and Osaka stock
exchanges
Overseas: Luxembourg and Singapore
stock exchanges

Transfer Agent

The Chuo Mitsui Trust and Banking
Company, Limited
Stock Transfer Agency Department
33-1, Shiba 3-Chome, Minato-ku, Tokyo
105-8574, Japan
Its business office
The Chuo Mitsui Trust and Banking
Company, Limited
Osaka Branch
Stock Transfer Agency Department
2-21, Kitahama 2-chome, Chuo-ku, Osaka
541-0041, Japan
Telephone: 06-6202-7361

Auditor

Yukoh Audit Corporation

FUJITEC CO.,LTD.

<http://www.fujitec.com>