

» To Our Shareholders

This report outlines our consolidated operating results for the six-month period ended September 30, 2008 (i.e., cumulative figures for the second quarter of our 62nd fiscal year).

This period saw a worsening of the economic slowdown that has affected developed countries, as economic stagnation continues in the U.S., and there were signs of a deceleration in the economies of the developing countries that had maintained rapid growth until recently. The Japanese economy was also in a difficult period with lackluster demand both internally and externally, and fears of a recession.

In the elevator and escalator industry, demand from the North American market decreased in the areas of apartment buildings, office buildings, and commercial facilities. On the other hand, demand from the Chinese market, centering mainly on apartment buildings, continued to increase, and in South Asia, particularly in Singapore, there was a healthy level of investment in the construction industry. In the Japanese market, the scaling back of public works projects continued, and in the private sector, there was a significant decrease in the provision of condominiums. In terms of profitability, the climate was quite harsh, with a continuation of fierce price competition that reflected the economic slowdown and increases in the prices of raw materials.

In this climate, we made every effort to expand sales of new products, promote modernization projects, and acquire contracts for large-scale properties. As a result, the total value of orders we received during this period was ¥62,366 million, up 12.9% from the same period of the previous year, and net sales were ¥49,659 million, up 1.2% from one year earlier.

In terms of profit for this period, operating income dropped 12.4% to ¥1,534 million, reflecting a drop in profits in the Japanese market. Reflecting a decrease in the net of financial income, foreign currency exchange loss, and loss from revaluation of inventories in special items, net



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income for the period was ¥493 million, representing a drop of 57.4% from one year earlier. The interim cash dividend for the period was the same as that one year earlier at ¥5 per share.

Uncertainty about the future of the global economy is increasing, with predictions that an expansion of the financial crisis that started in the U.S. will have substantial economic effects and that there will be a major economic slowdown centering on developed countries.

Regarding the Japanese economy, it is predicted that internal and external demand will remain stagnant and that, in the construction industry, the condition of the real estate market will worsen, with a major decrease in the construction of apartment buildings. Also in the elevator and escalator market, it is expected that global competition will intensify and that the business environment surrounding our group will continue to be unstable.

This is the second year of our “Regeneration for Quality” mid-term business plan, and we will continue to strive to increase profits by developing sales and business strategies, while utilizing the powerful global network of the Fujitec Group. Furthermore, as a new business project, we are working to expand the scope of our business through the construction of an escalator research and production base called “Big Step” and a field engineering base called “Big Fit.”

We ask you, our shareholders, for your continued support.

November 2008



Takakazu Uchiyama
President and Chief Executive Officer