

» Financial Section

Consolidated Financial Review

Operating Results

During the six-month period ended September 30, 2008, consolidated orders received rose 12.9% year-on-year to ¥62,366 million (US\$600 million). This was due to a 7.0% increase in domestic orders, resulting from increased sales of the new model of the standard elevator XIOR, and a rise in modernization work, and a 17.7% increase in overseas orders, reflecting an increase in condominiums in China and the acquisition of orders for large projects in South Asia and the Middle East. Consolidated net sales increased 1.2% year-on-year to ¥49,659 million (US\$477 million). Although domestic sales were down 1.5% at ¥20,043 million (US\$193 million), overseas sales rose 3.1% to ¥29,616 million (US\$285 million). Orders in hand at September 30, 2008 were ¥112,355 million (US\$1,080 million), increasing 7.9% from March 31, 2008. Operating income decreased 12.4% year-on-year to ¥1,534 million (US\$15 million), due to a drop in earnings in Japan. Income before income taxes and minority interests declined 44.1% year-on-year to ¥1,020 million (US\$10 million), mainly as a result of special losses due to loss from revaluation of inventories. Income taxes declined ¥249 million year-on-year, and net income decreased 57.4% year-on-year to ¥493 million (US\$5 million).

The operating results by geographical segment are as follows:

Japan

Net sales were ¥22,805 million (US\$219 million), up 2.8% year-on-year. Regarding profit and loss, we tried to increase orders of "XIOR", a new standard-type elevator designed for the domestic market, but due to stagnation in the real estate market, we fell short of the original targets, and capacity variance loss was incurred. We recorded a loss of ¥415 million (US\$4 million) from revaluation of inventories as cost of sales. As a result, operating results dropped ¥913 million year-on-year, giving an operating loss of ¥268 million (US\$3 million).

North America

Due to the influence of a revision made to construction safety standards for high-rise buildings in New York City, delays in building construction all over the city brought about delays in the construction of new elevators, and net sales were ¥9,171 million (US\$88 million), down 17.8% year-on-year. Due to an increase in maintenance-related profit, operating loss reduced by ¥27 million year-on-year to ¥57 million (US\$0.5 million).

Europe

We continued our policy of emphasizing profitability in new construction projects and maintenance. Net sales were ¥510 million (US\$5 million), down ¥162 million year-on-year. Due to a decrease in new contract sales, operating results went from the previous fiscal year's profit of ¥2 million to a loss of ¥16 million (US\$0.2 million).

South Asia

There was a healthy level of construction investment in housing and commercial facilities, and net sales related to both new construction and maintenance increased due to income from public housing and modernization work, reaching a figure of ¥6,106 million (US\$59 million), up 15.9% year-on-year. The profitability of new construction improved, and operating profit was ¥747 million (US\$7 million), up 52.2% year-on-year.

East Asia

Mainly in China, with its healthy demand for housing development, net sales increased and, due to increased sales of the "Excel GLVF-II" and exports of the "GS Type" escalators, reached a figure of ¥14,252 million (US\$137 million), up 16.1% year-on-year. This increase in net sales was accompanied by an operating profit of ¥1,125 million (US\$11 million), up 58.1% year-on-year.

Financial Position

Total assets as of September 30, 2008 were ¥110,718 million (US\$1,065 million), a decrease of ¥1,325 million from March 31, 2008.

Current assets increased ¥829 million from the previous fiscal year-end. This was due to increases in inventories and other current assets that outweighed a decrease in trade notes and accounts receivable.

Property, plant and equipment declined ¥1,448 million year-on-year mainly due to the sale of property, plant and equipment accompanying the relocation of the offices and plant of a U.S. subsidiary.

Total liabilities as of September 30, 2008 were ¥42,823 million (US\$412 million), a decrease of ¥864 million from March 31, 2008. This was mainly because current liabilities were down ¥889 million from the previous fiscal year-end due to the repayment of short-term debt and a decrease in the accrued bonuses, which offset an increase in advances from customers.

Net assets were ¥67,895 million (US\$653 million), a decrease of ¥461 million from March 31, 2008. This reflected a drop in retained earnings due to a change in the accounting method of overseas consolidated subsidiaries.

The equity ratio, excluding minority interests, was 56.9%, up 0.5 points from March 31, 2008.

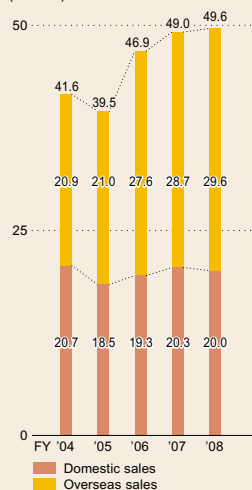
Cash Flows

Net cash provided by operating activities was ¥3,056 million (US\$29 million). This mainly reflected income before income taxes and minority interests of ¥1,020 million (US\$10 million), depreciation and amortization of ¥1,185 million (US\$11 million), a decrease in trade notes and accounts receivable of ¥2,939 million (US\$28 million), an increase in advances from customers accompanying increased sales from the third quarter of ¥2,688 million (US\$26 million), an increase in inventories of ¥3,019 million (US\$29 million) and a decrease in the provision for bonuses.

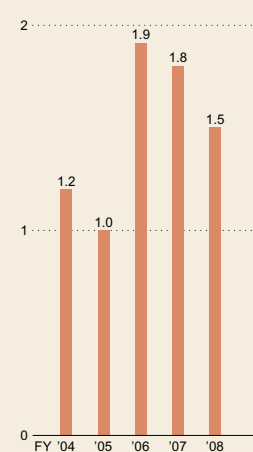
Net cash used in investing activities was ¥9,008 million (US\$87 million). The main uses of cash were ¥9,647 million (US\$93 million) for a net increase in time deposits (with a deposit term of over three months).

Net cash used in financing activities was ¥3,920 million (US\$38 million). Cash was used mainly for a decrease of short-term debt of ¥2,912 million (US\$28 million), and the payment of interest, and cash dividends paid.

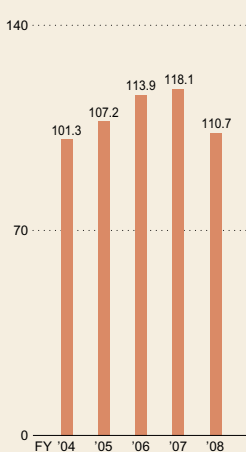
Domestic sales and overseas sales
(Billion ¥)



Operating income
(Billion ¥)



Total assets
(Billion ¥)



Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries
September 30 and March 31, 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	September 30 2008	March 31 2008	September 30 2008
ASSETS			
Current assets:			
Cash and cash equivalents.....	¥ 7,436	¥ 16,866	\$ 71,500
Time deposits.....	10,504	795	101,000
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates.....	317	164	3,048
Other.....	27,111	29,885	260,683
Allowance for doubtful accounts.....	(351)	(377)	(3,375)
	<u>27,077</u>	<u>29,672</u>	<u>260,356</u>
Inventories.....	19,203	17,211	184,644
Deferred income taxes.....	1,304	981	12,538
Other current assets.....	2,287	1,457	21,991
Total current assets.....	<u>67,811</u>	<u>66,982</u>	<u>652,029</u>
Investments and long-term loans:			
Investments in Unconsolidated subsidiaries and affiliates.....	2,648	2,129	25,461
Investment securities.....	5,994	6,074	57,635
Advances.....	1,929	1,928	18,548
	<u>10,571</u>	<u>10,131</u>	<u>101,644</u>
Property, plant and equipment, at cost:			
Buildings.....	20,743	23,292	199,452
Machinery and equipment.....	15,883	16,891	152,721
	<u>36,626</u>	<u>40,183</u>	<u>352,173</u>
Accumulated depreciation.....	(17,256)	(19,107)	(165,923)
	<u>19,370</u>	<u>21,076</u>	<u>186,250</u>
Land.....	6,781	6,914	65,202
Construction in progress.....	805	414	7,740
	<u>26,956</u>	<u>28,404</u>	<u>259,192</u>
Other assets:			
Deferred income taxes.....	61	58	587
Goodwill.....	1,380	1,944	13,269
Intangible assets.....	1,869	1,872	17,971
Other.....	2,070	2,652	19,904
	<u>¥110,718</u>	<u>¥112,043</u>	<u>\$ 1,064,596</u>

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries
September 30 and March 31, 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	September 30 2008	March 31 2008	September 30 2008
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt	¥ 5,458	¥ 8,273	\$ 52,481
Current portion of long-term debt	933	800	8,971
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	11	30	106
Other	11,249	11,657	108,164
Advances from customers	9,050	6,394	87,019
Accrued income taxes	803	486	7,721
Accrued bonuses	636	1,355	6,115
Provision for losses on contracts	1,184	909	11,385
Other current liabilities	5,805	6,114	55,817
Total current liabilities	35,129	36,018	337,779
Long-term debt	1,135	1,003	10,913
Deferred income taxes	1,362	1,781	13,096
Accrued pension and severance payments	4,791	4,450	46,067
Retirement benefits for directors and corporate auditors	406	406	3,904
Other long-term liability	—	29	—
Total liabilities	42,823	43,687	411,759
Contingent liabilities (Note 3)			
Net assets:			
Shareholders' equity			
Common stock, no par value;			
Authorized: 300,000,000 shares			
Issued and outstanding:			
93,767,317 shares	12,534	12,534	120,519
Additional paid-in capital	14,566	14,566	140,057
Retained earnings	47,773	48,710	459,356
Treasury stock at cost: 174,619 shares at September 30, 2008 and 166,824 shares at March 31, 2008	(121)	(116)	(1,163)
Total shareholders' equity	74,752	75,694	718,769
Valuation and translation adjustments			
Net unrealized gains on securities	1,127	1,404	10,836
Deferred gain on hedge transactions	1	1	10
Foreign currency translation adjustments	(12,882)	(13,882)	(123,865)
Total valuation and translation adjustments	(11,754)	(12,477)	(113,019)
Minority interests	4,897	5,139	47,087
Total net assets	67,895	68,356	652,837
	¥110,718	¥112,043	\$1,064,596

Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries
Six-month periods ended September 30, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Net sales	¥ 49,659	¥ 49,065	\$ 477,490
Cost and expenses:			
Cost of sales	40,019	39,591	384,798
Selling, general and administrative.....	8,106	7,723	77,942
	48,125	47,314	462,740
Operating income	1,534	1,751	14,750
Other income (expenses):			
Interest and dividend income.....	480	624	4,615
Interest expense.....	(258)	(256)	(2,481)
Foreign currency exchange (loss) gain.....	(42)	43	(404)
Other, net.....	17	55	164
	197	466	1,894
Special items:			
Gain on sales of property, plant and equipment	720	1	6,923
Loss on disposal and sales of property, plant and equipment.....	(487)	(6)	(4,683)
Loss from reinforcement work for products.....	—	(397)	—
Loss from revaluation of inventories	(915)	—	(8,798)
Other, net.....	(29)	8	(278)
	(711)	(394)	(6,836)
Income before income taxes and minority interests.....	1,020	1,823	9,808
Income taxes:			
Current	612	666	5,885
Deferred	(377)	(182)	(3,625)
	235	484	2,260
Income before minority interests.....	785	1,339	7,548
Minority interests in net income of consolidated subsidiaries	292	182	2,808
Net income.....	¥ 493	¥ 1,157	\$ 4,740
Per share:		Yen	U.S. Dollars (Note 1)
Net income, based on the weighted average number of shares outstanding	¥ 5.27	¥ 12.36	\$ 0.05
Interim cash dividends.....	5.00	5.00	0.05

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Fujitec Co., Ltd. and Consolidated Subsidiaries
Six-month periods ended September 30, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests.....	¥ 1,020	¥ 1,823	\$ 9,808
Depreciation and amortization.....	1,185	1,135	11,394
Decrease of accrued bonuses to employees.....	(750)	(904)	(7,212)
Increase of accrued pension and severance payments.....	415	318	3,990
Loss from revaluation of inventories.....	915	—	8,798
Gain on sales of property, plant and equipment.....	(720)	(1)	(6,923)
Loss on disposal and sales of property, plant and equipment.....	487	6	4,683
Interest and dividend income.....	(480)	(624)	(4,615)
Interest expense.....	258	256	2,481
Decrease in trade notes and accounts receivable.....	2,939	2,642	28,260
Increase in inventories.....	(3,019)	(4,038)	(29,029)
Decrease in trade notes and accounts payable.....	(399)	(420)	(3,837)
Increase in advances from customers.....	2,688	1,539	25,846
Other, net.....	(1,219)	(280)	(11,721)
Sub-total.....	3,320	1,452	31,923
Payment of income taxes.....	(264)	(575)	(2,538)
Net cash provided by operating activities.....	3,056	877	29,385
Cash flows from investing activities:			
Increase in time deposits, net.....	(9,647)	(2,287)	(92,760)
Acquisitions of property, plant and equipment.....	(1,188)	(1,914)	(11,423)
Proceeds from sale of property, plant and equipment.....	1,737	3,333	16,702
Payment for purchase of investment securities.....	(403)	(1)	(3,875)
Investment in unconsolidated subsidiaries.....	(519)	(248)	(4,990)
Proceeds from interest and dividend income.....	480	627	4,615
Other, net.....	532	(522)	5,115
Net cash used in investing activities.....	(9,008)	(1,012)	(86,616)
Cash flows from financing activities:			
Decrease in short-term debt, net.....	(2,912)	(5,297)	(28,000)
Proceeds from long-term debt.....	257	—	2,471
Payment of interest.....	(283)	(296)	(2,721)
Cash dividends paid.....	(655)	(655)	(6,298)
Cash dividends paid to minority shareholders.....	(322)	(370)	(3,096)
Other, net.....	(5)	(7)	(48)
Net cash used in financing activities.....	(3,920)	(6,625)	(37,692)
Effect of exchange rate changes on cash and cash equivalents.....	442	409	4,250
Net decrease in cash and cash equivalents.....	(9,430)	(6,351)	(90,673)
Cash and cash equivalents at beginning of period.....	16,866	18,836	162,173
Cash and cash equivalents increased by a newly consolidated subsidiary....	—	17	—
Cash and cash equivalents at end of period.....	¥ 7,436	¥ 12,502	\$ 71,500

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Fujitec Co., Ltd. and Consolidated Subsidiaries
Six-month periods ended September 30, 2008 and 2007

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 Financial Instruments and Exchange Law of Japan, in conformity with accounting principles and practices generally accepted in Japan.

For the purpose of this Semiannual 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.

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 ¥104=US\$1, the approximate effective rate of exchange at September 30, 2008. 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 ¥104=US\$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 seventeen significant subsidiaries (together the "Companies").

Fujitec America, Inc. (U.S.A.)
Fujitec Canada, Inc. (Canada)
Fujitec UK Ltd. (United Kingdom)
Fujitec Deutschland GmbH (Germany)
Fujitec Singapore Corpn. Ltd. (Singapore)
FSP Pte. Ltd. (Singapore)
P.T. Fujitec Indonesia (Indonesia)
Fujitec (Malaysia) Sdn. Bhd. (Malaysia)
Fujitec India Private Ltd. (India)
Fujitec Vietnam Co., Ltd. (Vietnam)
Fujitec, Inc. (Philippines)
Huasheng Fujitec Elevator Co., Ltd. (China)
Shanghai Huasheng Fujitec Escalator Co., Ltd. (China)
Fujitec (HK) Co., Ltd. (Hong Kong)
Rich Mark Engineering Limited (Hong Kong)
Fujitec Taiwan Co., Ltd. (Taiwan)
Fujitec Korea Co., Ltd. (Korea)

The interim closing date of the above consolidated subsidiaries is June 30.

In preparing the consolidated financial statements, using consolidated subsidiaries' accounts, based on their own interim closing dates, the necessary adjustments were made for the significant intercompany transactions incurred from the consolidated subsidiaries' interim 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) Accounting principles

The semiannual consolidated financial statements are prepared in accordance with the same accounting principles as those listed in the Notes to Consolidated Financial Statements for the fiscal year ended March 31, 2008, except for the followings:

(1) Change in accounting policies**(a) Adoption of "Accounting Standard for Measurement of Inventories"**

Previously 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. Effective from the first quarter, however, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). Accordingly, inventories are stated at cost determined primarily by the specific identification method or the average method, which writes off the book value of balance sheet amounts based on decreases in profitability. As a result of this adoption, compared with the previous method, operating income decreased by ¥415 million (US\$3,990 thousand) and income before income taxes and minority interests decreased by ¥1,330 million (US\$12,788 thousand), respectively.

(b) Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Starting from the first quarter, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied and necessary modifications have been made for consolidation. As a result of this application, compared with the previous method, operating income and income before income taxes and minority interests decreased by ¥49 million (US\$471 thousand).

(2) Simplified accounting procedure - Depreciation of property, plant and equipment

For property, plant and equipment depreciated using the declining balance method, planned depreciation expenses, which are applicable to the fiscal year according to a reasonable budget of property, plant and equipment, are allocated to this period on a pro-rata basis.

(3) Supplemental information - Useful life of machinery

The Company has changed the length of useful life for a portion of machinery in accordance with the revised Corporate Tax Law from the first quarter. As a result of this change, compared with the previous method, operating income and income before income taxes and minority interests decreased by ¥32 million (US\$308 thousand).

3. Contingent Liabilities

At September 30, 2008, contingent liabilities were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Guarantees of bank loans	¥ 15	\$ 144

4. Subsequent Event

On November 5, 2008, the Board of Directors of the Company declared interim cash dividends of ¥468 million (U.S. \$4,500 thousand), or ¥5 (U.S. \$0.05) per share, to be paid on December 1, 2008, to shareholders.

5. Segment Information

Information by geographical area for the six-month periods ended September 30, 2008 and 2007 is summarized as follows:

(A) Geographical segment information

(1) Operating income(loss):

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Japan			
Net sales: Customers	¥ 20,977	¥ 20,412	\$ 201,702
Intersegment	1,828	1,768	17,577
	22,805	22,180	219,279
Operating expenses.....	23,073	21,535	221,856
Operating (loss) income.....	(268)	645	(2,577)
North America			
Net sales: Customers	9,137	11,137	87,855
Intersegment	34	15	327
	9,171	11,152	88,182
Operating expenses.....	9,228	11,236	88,730
Operating loss	(57)	(84)	(548)
Europe			
Net sales: Customers	500	665	4,808
Intersegment	10	7	96
	510	672	4,904
Operating expenses.....	526	670	5,058
Operating (loss) income.....	(16)	2	(154)
South Asia			
Net sales: Customers	5,977	5,140	57,471
Intersegment	129	128	1,241
	6,106	5,268	58,712
Operating expenses.....	5,359	4,777	51,529
Operating income	747	491	7,183
East Asia			
Net sales: Customers	13,068	11,711	125,654
Intersegment	1,184	561	11,384
	14,252	12,272	137,038
Operating expenses.....	13,127	11,561	126,221
Operating income	1,125	711	10,817
Total			
Net sales: Customers	¥ 49,659	¥ 49,065	\$ 477,490
Intersegment	3,185	2,479	30,625
	52,844	51,544	508,115
Elimination	(3,185)	(2,479)	(30,625)
Consolidated net sales.....	49,659	49,065	477,490
Operating expenses.....	51,313	49,779	493,394
Elimination	(3,188)	(2,465)	(30,654)
Consolidated operating expenses.....	48,125	47,314	462,740
Operating income	1,531	1,765	14,721
Elimination	3	(14)	29
Consolidated operating income.....	¥ 1,534	¥ 1,751	\$ 14,750

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

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

(B) Overseas sales

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
The Americas.....	¥ 9,375	¥ 11,388	\$ 90,144
South Asia	5,977	5,140	57,471
East Asia	12,283	10,644	118,106
Other areas	1,981	1,546	19,048
Total	¥ 29,616	¥ 28,718	\$284,769
Percentage of overseas sales to net sales	59.6%	58.5%	

Notes:

- 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.
- Each segment outside Japan represents the following nations and regions:
 - The AmericasU.S.A., Canada, Argentina and Venezuela
 - South Asia Singapore, Philippines and Malaysia
 - East Asia China , Hong Kong, Taiwan and Korea
 - Other areas Europe and Middle East