

» To Our Shareholders

We are pleased to report the following on the consolidated operating results of the Group for the six-month period from April 1 to September 30, 2009 (cumulative figures for the second quarter of our 63rd year).

The global economy in the term under review has left the worst behind, although business conditions in Europe and the U.S. remained weak. In China, thanks to economic stimulus measures, there has been a recovery centered on domestic demand. Also, elsewhere across Asia, signs of recovery were apparent as governments in the region implemented economic stimulus measures and exports to China rebounded. In the Japanese economy, production started to pick up again supported by public stimulus measures and rising exports to Asia, but conditions remain strained by worsened employment and plunging capital expenditure.

As for the elevator and escalator industry, demand remained firm in the Chinese market thanks to recovering investment in real estate development. However, in other regions including North America, equipment demand for apartment buildings and commercial real estate applications was impacted by weak real estate markets. In Japan, too, demand related to condominium buildings and commercial facilities continued to decline.

In this climate, the Company made efforts to increase sales of core products and to expand income and earnings from modernization operations. However, due to the decline in domestic and global demand as well as foreign currency exchange effects, the total amount of orders received in the period under review fell to ¥48,326 million (-22.5%), while net sales slipped 1.2% to ¥49,068 million.

With earnings in Japan significantly lower, operating income posted ¥634 million, reflecting a 58.7% decline compared to the previous year. While other income/expenses increased ¥179 million to ¥376 million and special items improved by ¥668 million compared to last year due to reduced loss from revaluation of inventories, tax expenses and minority interests increased by ¥198 million and ¥166 million, respectively. As a result, net income for the period was ¥76 million, or 84.4% lower compared to the previous year.

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The Company will pay an interim cash dividend of ¥4.0 per share of common stock, consistent with the financial results for the period under review.

The outlook for the global economy calls for a rapid recovery in China due to that country's economic stimulus measures, but only a gradual recovery supported by the respective governments' economic policies is expected in other regions. Despite prospects for rebounding demand in the elevator and escalator market in China thanks to rising investment in real estate development, overall demand is foreseen to continue at a low level and the management environment of the Fujitec Group is likely to remain stern.

With the current fiscal year marking the end of the Company's mid-term business plan entitled "Regeneration for Quality," the Fujitec Group will take concerted action to increase sales and spare no effort to achieve an early recovery in earnings. Moreover, the Group will work to increase earnings by expanding and enhancing operations, such as through the escalator production and field engineering bases slated for completion in Japan in the coming spring and the start of full-scale operations at the Shanghai Sourcing Center in China.

We sincerely request our shareholders' continued support.

November, 2009



Takakazu Uchiyama
President and Chief Executive Officer