

» Financial Section

Consolidated Financial Review

(Amounts in Japanese yen have been translated into U.S. dollars at the rate of ¥90 / U.S.\$1.00.)

Operating Results

During the six-month period ended September 30, 2009, consolidated net sales decreased 1.2% compared with the year-earlier period to ¥49,068 million (U.S.\$545 million). This result reflects an 8.0% increase in domestic sales, a 7.4% decline in overseas sales, due to effects from the appreciation of the Japanese yen.

New orders received during the period under review declined 22.5% compared to the previous year to ¥48,326 million (U.S.\$537 million). This was due to a 13.6% drop in domestic orders to ¥22,853 million caused by plunging new construction starts for condominiums combined with a downturn in the real estate market, while overseas orders declined 29.1% to ¥25,473 million amid a fall in global demand and the impact of yen appreciation. Notably, overseas orders at the same exchange rates as the previous year decreased 18.2%.

By geographical segment, net sales in Japan increased 1.9% to ¥23,233 million (U.S.\$258 million), reflecting lower exports but higher revenue from modernization work. In North America, the appreciation of the Japanese yen lowered net sales 12.0% to ¥8,068 million (U.S.\$90 million). Net sales in Europe increased ¥46 million, centered on maintenance work and sales of escalators, to ¥556 million (U.S.\$6 million). In South Asia, net sales fell 19.8% to ¥4,897 million (U.S.\$54 million) under the impact of yen appreciation. Meanwhile, East Asia saw net sales climb 7.9% to ¥15,371 million (U.S.\$171 million). This was attributable to higher sales of GLVF-II standard model elevators and high-speed model elevators in China. At the same time, domestic and foreign sales of GS-NX series escalators were firm. Notably, sales at the same exchange rates as the previous year gained 21.6% year on year. The ratio of overseas sales to consolidated net sales fell 3.7% to 55.9% from 59.6%.

As to earnings, operating income declined 58.7% year on year to ¥634 million (U.S.\$7 million). Viewed by region, in Japan the Company posted an operating loss of ¥1,573 million (U.S.\$17 million), widened from an operating loss of ¥268 million in the year-earlier period. This was mostly due to provisioning for losses from construction contracts, overriding positive effects from reduced cost of sales for XIOR standard model elevators and fixed-cost reductions. In North America, operating income rebounded to ¥117 million (U.S.\$1 million) from an operating loss of ¥57 million in the previous year, partly due to enhanced profitability of new construction contracts and fixed-cost reductions. In Europe, despite higher income from maintenance work, an operating loss of ¥2 million resulted, albeit narrowed from a ¥15 million operating loss in the previous year. In South Asia, operating income decreased 6.7% to ¥697 million (U.S.\$8 million) under the impact of 15.9% yen appreciation compared to the previous year. In East Asia, increased sales and cost reductions lifted operating income 25.5% to ¥1,411 million (U.S.\$16 million). Notably, operating income excluding foreign exchange effects gained 42.3% from the year before.

Non-operating income (net) increased ¥179 million on the year to ¥376 million (U.S.\$4 million). Major components were interest and dividend income, which declined ¥50 million to ¥430 million (U.S.\$5 million), interest expenses, which contracted ¥92 million to ¥166 million (U.S.\$2 million) and foreign currency exchange losses, which widened ¥66 million to ¥108 million (U.S.\$1 million), marking the continuing appreciation in the value of the Japanese yen.

Special items (net) improved ¥668 million to ¥43 million (net) (U.S.\$0.5 million), compared with ¥711 million the year before, due to reduced inventory valuation losses.

As a result of the foregoing, income before income taxes and minority interests decreased ¥53 million compared to the previous year to ¥967 million (U.S.\$11 million).

In the six-month period under review, income tax expenses increased ¥198 million to ¥433 million (U.S.\$5 million) while minority interests in net income of consolidated subsidiaries climbed ¥166 million to ¥458 million (U.S.\$5 million).

Net income for the period totaled ¥76 million (U.S.\$0.8 million), marking a decline of 84.4% compared to the previous year.

Financial Position

Total assets as of September 30, 2009, stood at ¥105,085 million (U.S.\$1,168 million), an increase of ¥4,262 million compared with the previous fiscal year-end. This was mainly due to ¥2,729 million higher trade notes and accounts receivable and a ¥2,728 million increase in construction in progress, while investments declined ¥1,389 million.

Total liabilities increased ¥3,295 million compared with the previous fiscal year-end to ¥44,308 million (U.S.\$492 million). This was mainly due to higher provision for losses on contracts and higher advances from customers, combined with reduced short-term debt.

Net assets including minority interests increased ¥967 million compared with the previous fiscal year-end to ¥60,777 million (U.S.\$675 million). Main factors were a ¥544 million decline in retained earnings due to payment of the fiscal year-end dividends and a ¥1,421 million improvement in foreign currency translation adjustments.

The consolidated equity ratio contracted 0.9% compared with the previous fiscal year-end to 54.0%. Net assets per share at September 30, 2009, was ¥606.00, an increase of ¥14.3 from the previous fiscal year-end.

Analysis of Capital Sources and Liquidity

The Fujitec Group's operating and capital investment needs are generally met through internal or debt financing. Debt finance for the Group's operating funds is limited to short-term debt due within one year. In principal, consolidated subsidiaries will finance operating funds in their respective local currencies. As of September 30, 2009, the balance of outstanding short-term debt stood at ¥3,971 million (U.S.\$44 million). The Group's long-term funding requirements encompassing such expenditure items as property, plant and equipment are met through the finance of long-term debt. The outstanding balance of long-term debt including the current portion as of the end of the period under review was ¥4,758 million (U.S.\$53 million).

The Fujitec Group is confident that cash flows from operating activities, debt and, where necessary, the funding from capital market, will be adequate to provide the operating funds required to maintain sustainable growth as well as the long-term finance essential for such capital investment as property, plant and equipment.

The Company maintains a Japanese shelf registration for the offering of straight bonds to a maximum limit of ¥10 billion.

Cash Flows

Net cash provided by operating activities was ¥2,809 million (U.S.\$31 million), compared with ¥3,056 million in the previous year.

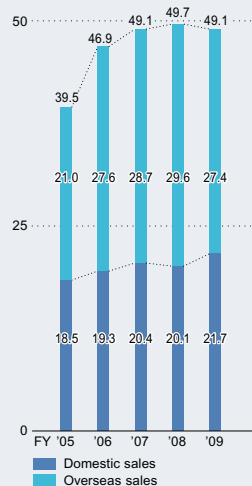
Main factors were ¥967 million (U.S.\$11 million) in income before income taxes and minority interests, ¥1,083 million (U.S.\$12 million) in depreciation and amortization and an additional ¥1,745 million (U.S.\$19 million) in provisions for losses from construction contracts.

Net cash used in investing activities was ¥415 million (U.S.\$5 million) compared with ¥9,008 million in the previous year. Main factors were ¥919 (U.S.\$10 million) from the net decrease in time deposits and ¥1,758 million (U.S.\$20 million) in expenditures for acquisition of property, plant and equipment.

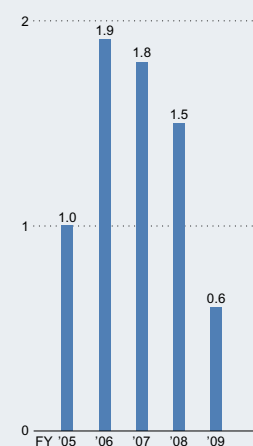
Net cash used in financing activities was ¥4,108 million (U.S.\$46 million), compared with ¥3,920 million in the previous year. Main factors were ¥2,424 million (U.S.\$27 million) for the net decrease in short-term debt, ¥811 million (U.S.\$9 million) for the repayment to a minority shareholder in a consolidated subsidiary, as well as interest and dividend payments.

Cash and cash equivalents at September 30, 2009, totaled ¥9,118 million (U.S.\$101 million), ¥271 million less than at the previous fiscal year-end.

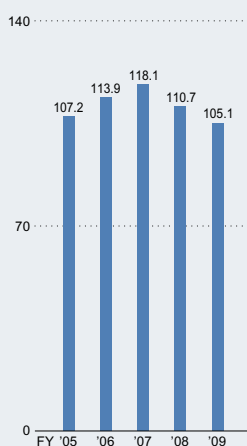
Domestic sales and overseas sales
(Billion ¥)



Operating income
(Billion ¥)



Total assets
(Billion ¥)



Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries
September 30 and March 31, 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	September 30 2009	March 31 2009	September 30 2009
ASSETS			
Current assets:			
Cash and cash equivalents.....	¥ 9,118	¥ 9,389	\$ 101,311
Time deposits.....	11,642	12,033	129,356
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates.....	126	531	1,400
Other.....	27,155	23,930	301,722
Allowance for doubtful accounts.....	(412)	(321)	(4,577)
	<u>26,869</u>	<u>24,140</u>	<u>298,545</u>
Inventories.....	13,934	13,507	154,822
Deferred income taxes.....	208	151	2,311
Other current assets.....	1,659	1,424	18,433
Total current assets.....	<u>63,430</u>	<u>60,644</u>	<u>704,778</u>
Investments and long-term loans:			
Investments in Unconsolidated subsidiaries and affiliates.....	1,302	3,435	14,466
Investment securities.....	5,066	4,322	56,289
Long-term loans.....	1,924	1,925	21,378
	<u>8,292</u>	<u>9,682</u>	<u>92,133</u>
Property, plant and equipment, at cost:			
Buildings.....	19,863	19,573	220,700
Machinery and equipment.....	14,793	14,551	164,366
Leased assets.....	185	211	2,056
	<u>34,841</u>	<u>34,335</u>	<u>387,122</u>
Accumulated depreciation.....	(16,955)	(16,311)	(188,389)
	<u>17,886</u>	<u>18,024</u>	<u>198,733</u>
Land.....	6,841	6,748	76,011
Construction in progress.....	3,791	1,063	42,123
	<u>28,518</u>	<u>25,835</u>	<u>316,867</u>
Other assets:			
Deferred income taxes.....	55	53	611
Goodwill.....	1,071	946	11,900
Intangible assets.....	1,702	1,668	18,911
Other.....	2,017	1,995	22,411
	<u>¥105,085</u>	<u>¥100,823</u>	<u>\$ 1,167,611</u>

The accompanying notes are an integral part of these statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	September 30 2009	March 31 2009	September 30 2009
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt	¥ 3,971	¥ 6,339	\$ 44,122
Current portion of long-term debt	135	113	1,500
Lease obligations.....	49	86	544
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	13	42	144
Other.....	11,295	10,655	125,500
Advances from customers	8,501	6,116	94,456
Accrued income taxes	631	555	7,011
Accrued bonuses	573	954	6,367
Provision for losses on contracts	3,036	1,225	33,733
Deferred income taxes	36	21	400
Other provisions	389	—	4,322
Other current liabilities	5,576	5,553	61,956
Total current liabilities	34,205	31,659	380,055
Long-term debt	4,623	4,558	51,367
Lease obligations	21	26	233
Deferred income taxes	609	318	6,767
Accrued pension and severance payments	4,645	4,246	51,611
Retirement benefits for directors and corporate auditors	205	206	2,278
Total liabilities	44,308	41,013	492,311
Contingent liabilities (Note 3)			
Net assets:			
Shareholders' equity			
Common stock, no par value;			
Authorized: 300,000,000 shares			
Issued: 93,767,317 shares at September 30 and March 31, 2009	12,534	12,534	139,267
Additional paid-in capital	14,566	14,566	161,844
Retained earnings.....	45,618	46,162	506,867
Treasury stock at cost: 184,704 shares at September 30, 2009 and 179,601 shares at March 31, 2009	(125)	(123)	(1,389)
	72,593	73,139	806,589
Valuation and translation adjustments			
Net unrealized gains on securities	660	215	7,333
Foreign currency translation adjustments	(16,542)	(17,963)	(183,800)
	(15,882)	(17,748)	(176,467)
Minority interests	4,066	4,419	45,178
Total net assets	60,777	59,810	675,300
	¥105,085	¥100,823	\$1,167,611

Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries
Six-month periods ended September 30, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Net sales	¥ 49,068	¥ 49,659	\$ 545,200
Cost and expenses:			
Cost of sales	40,973	40,019	455,256
Selling, general and administrative expenses	7,461	8,106	82,900
	48,434	48,125	538,156
Operating income	634	1,534	7,044
Other income (expenses):			
Interest and dividend income	430	480	4,778
Interest expense	(166)	(258)	(1,844)
Foreign currency exchange loss	(108)	(42)	(1,200)
Other, net	220	17	2,444
	376	197	4,178
Special items:			
Gain on sales of property, plant and equipment	4	720	44
Loss on disposal and sales of property, plant and equipment	(47)	(487)	(522)
Loss from revaluation of inventories	—	(915)	—
Other, net	—	(29)	—
	(43)	(711)	(478)
Income before income taxes and minority interests	967	1,020	10,744
Income taxes:			
Current	488	612	5,422
Deferred	(55)	(377)	(611)
	433	235	4,811
Income before minority interests	534	785	5,933
Minority interests in net income of consolidated subsidiaries	458	292	5,089
Net income	¥ 76	¥ 493	\$ 844
Per share:			
	Yen		U.S. Dollars (Note 1)
Net income, based on the weighted average number of shares outstanding	¥ 0.82	¥ 5.27	\$ 0.01
Cash dividends, applicable to the year	4.00	5.00	0.04

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, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
Income before income taxes and minority interests.....	¥ 967	¥ 1,020	\$ 10,744
Depreciation and amortization.....	1,083	1,185	12,033
Benefit for bonuses to employees	(405)	(750)	(4,500)
Increase of accrued pension and severance payments.....	388	415	4,311
Provision for losses on contracts	1,745	10	19,389
Loss from revaluation of inventories at the beginning of period.....	—	915	—
Interest and dividend income.....	(430)	(480)	(4,778)
Interest expense.....	166	258	1,844
Gain on sales of property, plant and equipment	(4)	(720)	(44)
Loss on disposal and sales of property, plant and equipment.....	47	487	522
(Increase) decrease in trade notes and accounts receivable	(1,806)	2,939	(20,067)
Decrease (increase) in inventories	4	(3,019)	44
Increase (decrease) in trade notes and accounts payable	206	(399)	2,289
Increase in advances from customers.....	2,120	2,688	23,556
Other, net.....	(847)	(1,229)	(9,410)
Sub-total.....	3,234	3,320	35,933
Payment of income taxes	(425)	(264)	(4,722)
Net cash provided by operating activities.....	2,809	3,056	31,211
Cash flows from investing activities:			
Decrease (increase) in time deposits, net	919	(9,647)	10,211
Acquisitions of property, plant and equipment	(1,758)	(1,188)	(19,533)
Proceeds from sale of property, plant and equipment	22	1,737	244
Payment for purchase of investment securities.....	—	(403)	—
Investments in unconsolidated subsidiaries	—	(519)	—
Proceeds from interest and dividend income	448	480	4,978
Other, net	(46)	532	(511)
Net cash used in investing activities	(415)	(9,008)	(4,611)
Cash flows from financing activities:			
Decrease in short-term debt, net	(2,424)	(2,912)	(26,933)
Proceeds from long-term debt	140	257	1,555
Payment of interest	(174)	(283)	(1,933)
Cash dividends paid.....	(469)	(655)	(5,211)
Cash dividends paid to minority shareholders	(281)	(322)	(3,122)
Repayment to a minority shareholder	(811)	—	(9,011)
Other, net.....	(89)	(5)	(989)
Net cash used in financing activities	(4,108)	(3,920)	(45,644)
Effect of exchange rate changes on cash and cash equivalents	587	442	6,522
Net decrease in cash and cash equivalents	(1,127)	(9,430)	(12,522)
Cash and cash equivalents at beginning of period	9,389	16,866	104,322
Cash and cash equivalents increased by a newly consolidated subsidiary....	856	—	9,511
Cash and cash equivalents at end of period	¥ 9,118	¥ 7,436	\$ 101,311

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, 2009 and 2008

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 quarterly consolidated financial statements filed with the Director of the Kanto Local Finance Bureau, as required by the Financial Instrument 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 ¥90=U.S.\$1, the approximate effective rate of exchange at September 30, 2009. 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 ¥90=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 18 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)
PT. 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 Shanghai Sourcing Center 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)

During the six-month period ended September 30, 2009, the accounts of Fujitec Shanghai Sourcing Center Co., Ltd. (China) were newly included in consolidation due to an increase of its materiality.

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, 2009, except for the followings:

(1) Change in accounting policy

Recognition of revenue and cost of construction contracts:

The Company previously applied the completed-contract method for recognizing revenues and costs of construction contracts. From the first quarter ended June 30, 2009, the Company adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18). Under these standards, the Company shall apply the percentage-of-completion method if the outcome of a construction contract can be estimated reliably from the first quarter. Otherwise, the completed-contract method shall be applied. The percentage of construction progress at the end of the first quarter shall be estimated based on the percentage of the cost incurred to the estimated total cost. As a result of this change, compared with the previous method, net sales increased by ¥2,254 million (U.S.\$25,044 thousand), operating income, and income before income taxes and minority interests decreased by ¥580 million (U.S.\$6,444 thousand), respectively, for the six-month period ended September 30, 2009.

(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. Contingent Liabilities

At September 30, 2009, contingent liabilities were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Guarantees of bank loans	¥ 3	\$ 33

4. Subsequent Event

On November 5, 2009, the Board of Directors of the Company declared interim cash dividends of ¥374 million (U.S. \$4,156 thousand), or ¥4 (U.S.\$0.04) per share, to be paid on December 1, 2009, to shareholders.

5. Segment Information

Information by geographical area for the six-month periods ended September 30, 2009 and 2008 is summarized as follows:

(A) Geographical Segment Information

(1) Operating income (loss):

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Japan			
Net sales: Customers	¥ 21,702	¥ 20,977	\$ 241,133
Intersegment	1,531	1,828	17,011
	<u>23,233</u>	<u>22,805</u>	<u>258,144</u>
Operating expenses.....	24,806	23,073	275,622
Operating loss	<u>(1,573)</u>	<u>(268)</u>	<u>(17,478)</u>
North America			
Net sales: Customers	8,056	9,137	89,511
Intersegment	12	34	134
	<u>8,068</u>	<u>9,171</u>	<u>89,645</u>
Operating expenses.....	7,951	9,228	88,345
Operating income (loss)	<u>117</u>	<u>(57)</u>	<u>1,300</u>
Europe			
Net sales: Customers	552	500	6,134
Intersegment	4	10	44
	<u>556</u>	<u>510</u>	<u>6,178</u>
Operating expenses.....	558	526	6,200
Operating loss	<u>(2)</u>	<u>(16)</u>	<u>(22)</u>
South Asia			
Net sales: Customers	4,796	5,977	53,289
Intersegment	101	129	1,122
	<u>4,897</u>	<u>6,106</u>	<u>54,411</u>
Operating expenses.....	4,200	5,359	46,667
Operating income	<u>697</u>	<u>747</u>	<u>7,744</u>
East Asia			
Net sales: Customers	13,962	13,068	155,133
Intersegment	1,409	1,184	15,656
	<u>15,371</u>	<u>14,252</u>	<u>170,789</u>
Operating expenses.....	13,960	13,127	155,111
Operating income	<u>1,411</u>	<u>1,125</u>	<u>15,678</u>
Total			
Net sales: Customers	¥ 49,068	¥ 49,659	\$ 545,200
Intersegment	3,057	3,185	33,967
	<u>52,125</u>	<u>52,844</u>	<u>579,167</u>
Elimination	(3,057)	(3,185)	(33,967)
Consolidated net sales.....	<u>49,068</u>	<u>49,659</u>	<u>545,200</u>
Operating expenses.....	51,475	51,313	571,945
Elimination	(3,041)	(3,188)	(33,789)
Consolidated operating expenses	<u>48,434</u>	<u>48,125</u>	<u>538,156</u>
Operating income	650	1,531	7,222
Elimination	(16)	3	(178)
Consolidated operating income.....	<u>¥ 634</u>	<u>¥ 1,534</u>	<u>\$ 7,044</u>

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 and Indonesia
- (4) East Asia China, Hong Kong, Taiwan and Korea

(B) Overseas Sales

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
The Americas.....	¥ 8,137	¥ 9,375	\$ 90,411
South Asia	4,797	5,977	53,300
East Asia	13,218	12,283	146,867
Other areas	1,272	1,981	14,133
Total	¥ 27,424	¥ 29,616	\$304,711
Percentage of overseas sales to net sales	55.9%	59.6%	

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 AsiaChina , Hong Kong, Taiwan and Korea
 - Other areas Europe and Middle East