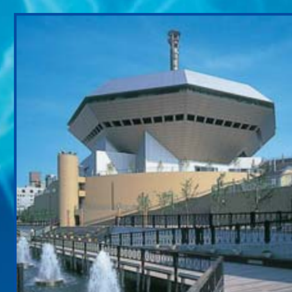
FUJITEC

Annual Report 2002

Year ended March 31, 2002



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, South Asia, East Asia and 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.

Contents

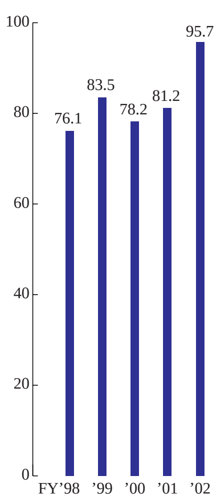
CONSOLIDATED FINANCIAL HIGHLIGHTS

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2002 and 2001

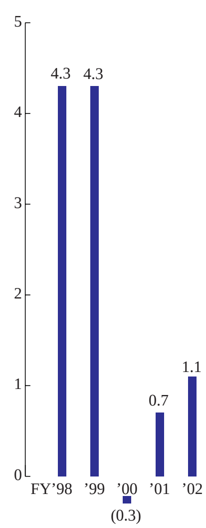
	Millions of Yen		Thousands of U.S. Dollars	Percent change
	2002	2001	**2002**	2002/2001
For the year				
Net sales	**¥ 95,657**	¥ 81,173	**$ 719,226**	+17.8%
Operating income	**4,255**	1,324	**31,993**	+221.4%
Net income	**1,059**	718	**7,962**	+47.5%
At year-end				
Total assets	**¥133,227**	¥121,317	**$ 1,001,707**	+9.8%
Shareholders' equity	**56,884**	53,730	**427,699**	+5.9%
	Yen		U.S. Dollars	
Per share of common stock				
Net income	**¥ 11.30**	¥ 7.66	**$ 0.08**	+47.5%
Cash dividends	**8.00**	10.50	**0.06**	-23.8%

Notes: 1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥133 to U.S.$ 1.
2. Net income per share amounts are computed based on the weighted average number of shares outstanding during each year.

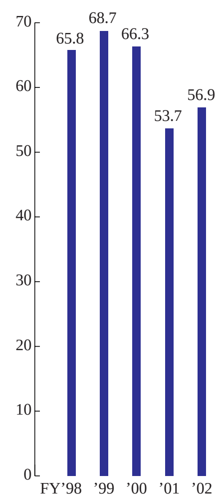
Net sales
(Billion ¥)



Net income (loss)
(Billion ¥)



Shareholders' equity
(Billion ¥)



Amid a challenging business environment, Fujitec has attained increases in both sales and profits in fiscal 2002, bolstered by the steady backlog worldwide. Much of this success was attributable to the aggressive pursuit of our* Go for the Gold *three-year strategic plan, which was launched in fiscal 2002, in order to build an even stronger business foundation in the 21st century.

Performance

During the fiscal year ended March 31, 2002, Fujitec Group was faced with difficult market conditions. With the exception of China, which has been experiencing continuing rapid growth, total demand turned downward, in line with the slowdown in the world economy. This, coupled with the sluggish demand in Japan, further intensified price competition, especially in the domestic market.

To address these challenges, the Company tailored its business operations to the specific requirements of each region, based on the “World Five-Pole Management Structure.” As a result, consolidated net sales for the fiscal year rose 17.8 percent from the previous year, reaching a record high ¥95,657 million (U.S.$719 million). In terms of profit, amid an accelerating downward price trend, we have focused on improving profitability through selective receipt of orders and cost reduction efforts. Consequently, operating income for the year soared 221.4 percent, to ¥4,255 million (U.S.$32 million), and net income also climbed, by 47.5 percent, to ¥1,059 million (U.S.$8 million).

Honing Our Competitive Edge

During the fiscal year, the Company boosted its competitiveness in two fields in the global market: production, and research and development.

In order to further expand our production capabilities in China, we constructed two additional plants. The first was erected at Huasheng Fujitec Elevator Co., Ltd., a joint venture company located in Langfang City, Hebei Province, near Beijing. The second was built at Shanghai Huasheng Fujitec Escalator Co., Ltd., a newly established joint venture company in Shanghai. Both plants have been operational since March 2002. This expansion is a response to brisk market demand in China's steadily growing economy, and is designed to develop and enhance the production of global-standard products that can emerge victorious in the ever more price-competitive international market.

In the field of research and development, we are very proud of the number of accomplishments we made during the period. For example, we have been working aggressively to develop universal platform technology. Also worth noting are the efforts of Fujitec America, Fujitec Singapore, Fujitec Japan and the Research and Development Division of Fujitec World Headquarters in their joint development of an innovative elevator drive system named TALON™, the first of its kind in the world. We plan to incorporate this exciting next-generation drive system into elevators we launch into the world market in and after 2003.

Go for the Gold

With its *Go for the Gold* three-year strategic plan starting in fiscal 2002, Fujitec is taking on many challenges. In meeting these challenges, the Company is expected to make significant strides towards ushering in a wave of innovation and growth for the 21st century. In conjunction with the plan, the Company is addressing four management issues:

- *Prioritizing consolidated profits and cash flows*
- *Expanding market share and securing appropriate profits*
- *Promoting environmentally friendly product development*
- *Achieving unrivaled competitiveness in the areas of cost and lead-time, through supply-chain management*

By steadily implementing the *Go for the Gold* strategic plan, we aim to achieve our long-term business target of 10 percent ROE.

Committed to Excellence in Management

In the present harsh business environment, we at Fujitec are steadily pursuing the goals spelled out in the *Go for the Gold* strategic plan, and striving to achieve excellence in management that meets the expectations of our stakeholders.

We intend to differentiate ourselves from our competitors, thereby enhancing the presence of the Fujitec brand. We intend to do this by: developing original products tailored to specifically meet the requirements of each region; improving cost competitiveness by optimizing procurement and production locations within the Global Fujitec Network; and building an unrivaled and constantly improving organization to address customer needs and services.

In manufacturing, the Shiga plant, which began operations in April 2000, is successfully producing cost-competitive, strategic models. In addition, the new plants in China are expected to enhance Fujitec's production capabilities and support operations in the region, as well as in the global market. Furthermore, we aim to optimize production structure on a global scale, in order to maximize the production capabilities of each plant.

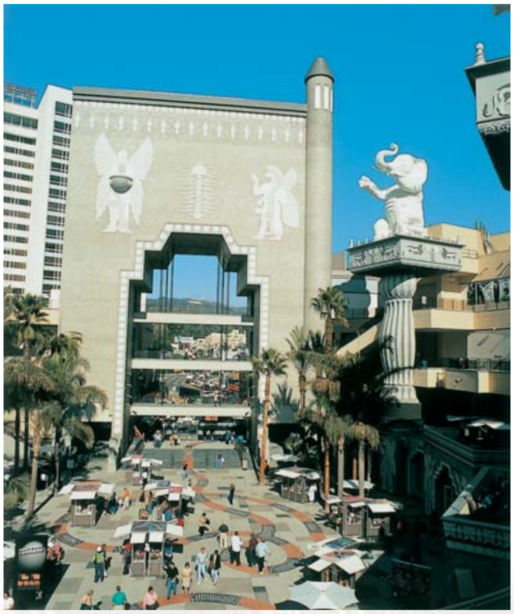
I would like to take this opportunity to express my appreciation to all our stakeholders for your continued support and understanding.

June 26, 2002

Takakazu Uchiyama
President and Chief Executive Officer

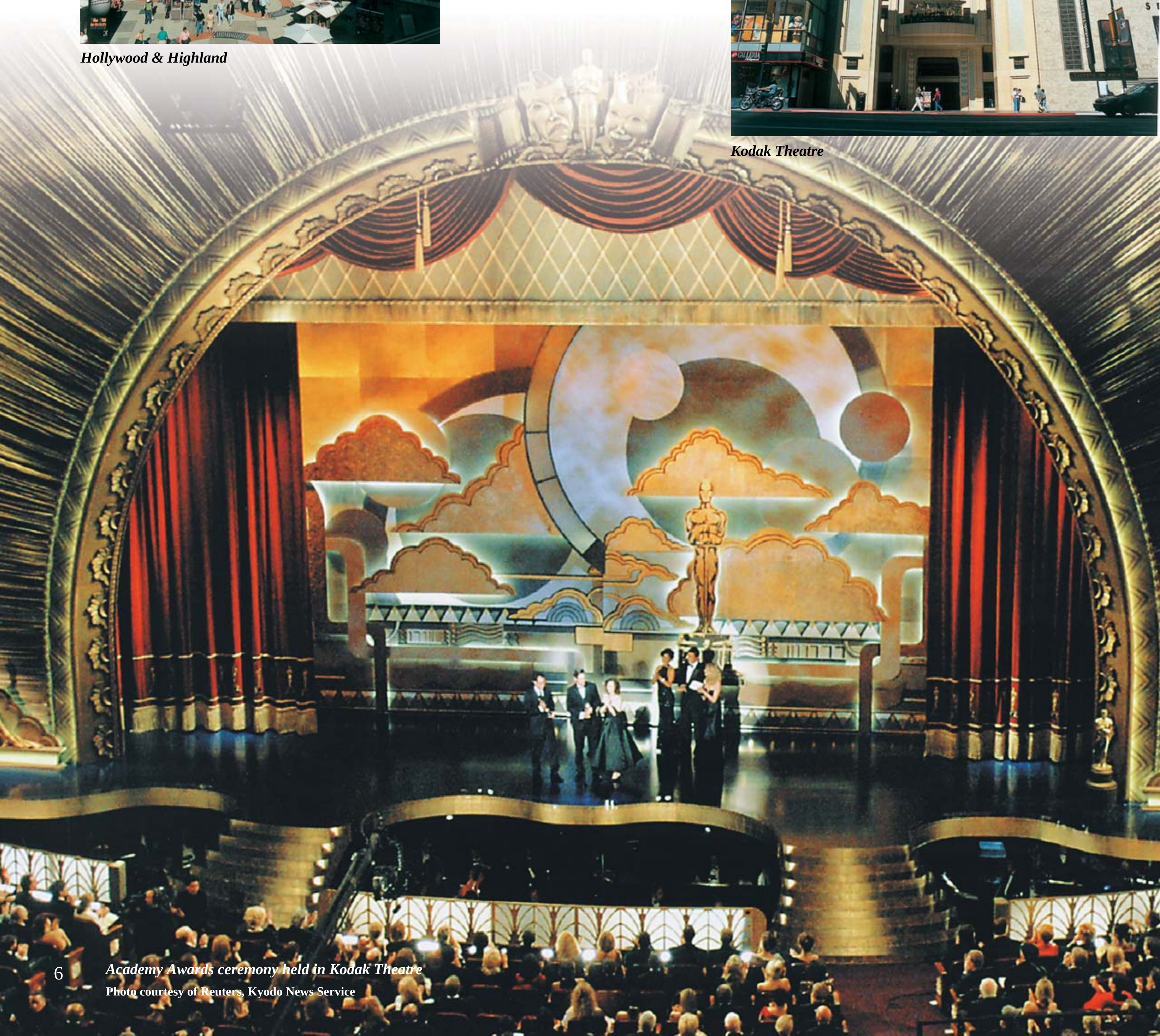
Review of Operations

Amid a challenging business environment, we at Fujitec Group focused on profitability improvements worldwide. We also made a significant progress both in enhancing the global production capabilities and in achieving technological breakthroughs.



Hollywood & Highland

Kodak Theatre



Academy Awards ceremony held in Kodak Theatre
Photo courtesy of Reuters, Kyodo News Service

The Americas

Total demand in North America, which had been favorable for some time, began trending downward in the middle of the fiscal year under review and remained slow through the end of the year. In South America, demand was sluggish as a whole. Despite such challenging conditions, sales in the Americas increased substantially — 57.4 percent from the previous year — to ¥22,569 million (U.S.$170 million). This growth was due to strong backlog orders in the United States, as well as to the effect of acquiring Serge Elevator Company of New York. Sales in the Americas accounted for 23.6 percent of net sales.

Profitability in the Americas substantially improved, reflecting steady operating income growth in the United States — a major market in the region.

As we face a decline in construction demand in North America, business conditions are expected to be more challenging for fiscal 2003. In response to this situation, we are striving to establish a foundation capable of withstanding business fluctuations. We will achieve this by increasing orders a varied product mix. To enhance our profitability, we will take full advantage of Serge Elevator Company's competitive edge. We are confident that this resource will strengthen all our operations in the high-rise apartment building market, public works projects and the modernization/product enhancement businesses.

Major projects in this region during fiscal 2002 are as follows.

In March, 2002, we delivered a total of 51 elevators and escalators to Hollywood & Highland, an entertainment complex in Hollywood, where the Academy Awards were held.

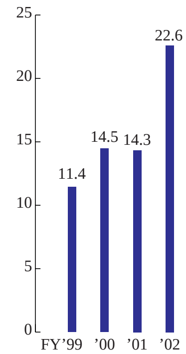
Paul Brown Stadium, the home of the NFL's Cincinnati Bengals

Fujitec elevators and escalators have also been supplied to or are being installed in new football stadiums across the United States. These projects include the homes of the NFL's Cincinnati Bengals, Philadelphia Eagles and Seattle Seahawks.

In Canada, we supplied a total of 23 high-speed elevators and escalators to the 35-story head office building of the major energy company Trans-Canada Pipeline.

A total of 20 Fujitec elevators and escalators will service the 32-story head office building of Bank of Galicia in Buenos Aires, Argentina, and nine elevators and 11 escalators will serve the newly renovated Maiquetia International Airport in Caracas, Venezuela.

Sales in the Americas
(Billion ¥)



Fujitec elevators operating at the head office building of Trans-Canada Pipeline

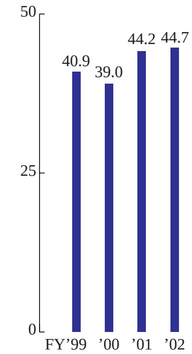
Fujitec elevators are installed at Park Hyatt Mendoza Hotel in Argentina

Due to a prolonged decline in total demand resulting from the economic slowdown, the Company faced challenges, which further intensified price competition.

Sales in Japan rose 1.3 percent from the previous year, to ¥44,744 million (U.S.$336 million), representing 46.8 percent of net sales. Meanwhile, operating income climbed 40.1 percent, to ¥1,059 million (U.S.$8 million). These achievements were attributable to enhanced production efficiency through TPM (Total Production Management), and to reducing fixed costs.

For fiscal 2003, we expect that market competition will further intensify as real estate investment in both the public and private sectors will remain stagnant. In spite of this severe environment, we will strive to improve earnings by furthering our cost-cutting efforts. Likewise, we will also carefully focus on profitability in receiving new orders.

Sales in Japan
(Billion ¥)




Hotel Nikko Bayside Osaka

During fiscal 2002, in Osaka, we delivered elevators to the Hotel Nikko Bayside Osaka, adjacent to the Universal Studios Japan, and 19 elevators and escalators to the major cultural facility Minatomachi River Place. In Kobe, 12 of our elevators are in service at the Hyogo Prefectural Museum of Art, the largest facility of its kind in western Japan. In the Tokyo Metropolitan area, we supplied 20 elevators and escalators to Tokyo Rinkai Hospital in Edogawa-ku, a general hospital that provides state-of-the-art medical services; 21 elevators and escalators to the Celestine Shiba Mitsui Building; and 43 elevators and escalators to the Ito-Yokado Yamato Tsuruma Store, one of the largest shopping malls in Kanagawa.


Fujitec elevators working at Roppongi Hills Gate Tower in Tokyo

Notable new orders we received during the fiscal year include 17 elevators and escalators to be installed at Shinagawa Seaside Forest, a redevelopment project underway in the East Shinagawa area, and nine elevators for the Hama Rikyu Kashima Building in Minato-ku, Tokyo; 23 elevators and escalators for Olympic Niza Store, a major commercial facility in Saitama; eight elevators for the new building at Kanazawa Medical University Hospital in Ishikawa; and 15 elevators and escalators for HERBIS II, a large redevelopment project located west of Osaka Station.

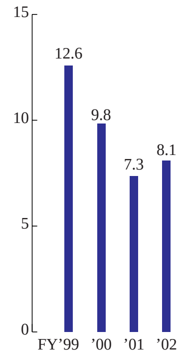

Hyogo Prefectural Museum of Art

Despite a market slump in the region, South Asia also attained an increase in sales, a notable 10.0 percent gain from the previous year, to ¥8,087 million (U.S.$61 million). This figure accounted for 8.5 percent of net sales. Operating income declined 12.7 percent, to ¥1,224 million (U.S.$9 million), due to intensified price competition.

In Singapore, construction demand showed a sharp decline, especially in the private sector, as the country slid into a severe recession. Fortunately, an increasing number of government-led public construction projects are underway in order to stimulate economic growth. Accordingly, we are focusing on winning orders on public sector projects such as HDB (Housing and Development Board) renovation, and are maintaining our selective stance on private sector projects.

Fujitec escalators working at the First World Hotel in Malaysia

Sales in South Asia
(Billion ¥)



Noteworthy projects completed during fiscal 2002 include the delivery of 64 elevators and escalators, featuring the top-of-the line neural network computer-assisted group supervisory control system, to the HDB HUB building and commercial complex, and 26 elevators to the Great Eastern Life Center, both in Singapore.

Major orders we received during the fiscal year include 48 elevators and escalators to be installed at government facilities in Putrajaya, Malaysia.

The HDB HUB building in Singapore

The Great Eastern Life Center in Singapore

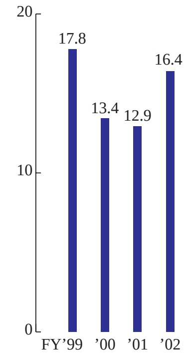
Supported by steady sales growth in mainland China and Hong Kong, sales in East Asia climbed 27.2 percent, to ¥16,436 million (U.S.$124 million), comprising 17.2 percent of net sales. Operating income significantly increased, by 133.1 percent, to ¥3,007 million (U.S.$23 million). This notable increase was attributable to our cost-cutting efforts, made by optimizing Fujitec's procurement and production network, and by maximizing sales on profitable models.

Shin Kong Mitsukoshi Department Store Taipei Hsin Yi Annex

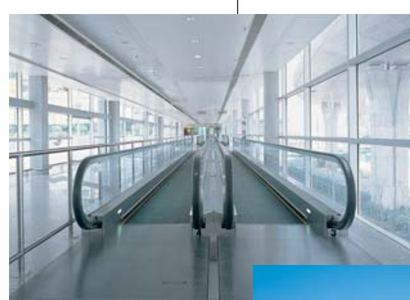
In Hong Kong, a plunge in the demand for office buildings resulted in severe price competition, which led to a low order volume. By contrast, the number of orders increased steadily in Taiwan, led by our success in expanding major customer accounts.

In China, housing construction is robust, reflecting the country's brisk economy. However, amid severe price competition in the market, we are focusing our sales promotion on profitable standard products.

Sales in East Asia
(Billion ¥)



During the fiscal year under review, we delivered 31 elevators to Leighton Hill, an eight-tower luxury housing complex in Hong Kong; 13 elevators and escalators, including panoramic models, to the Korea Design Center in Sungnam, South Korea; 41 elevators and escalators to the Shin Kong Mitsukoshi Department Store Taipei Hsin Yi Annex; 34 elevators and escalators to Breeze Center, a large shopping mall, in Taipei, Taiwan; and a large number of elevators to residential buildings and other sites throughout China.



Fujitec moving walkways operating at Regal Airport Hotel in Hong Kong

Notable new orders received in China include 61 elevators for Bo Lin Ai Yue, a high-rise apartment complex in Beijing; 58 elevators and escalators for Sunny Region, a large-scale luxury building complex, 27 elevators for Tian Yi Square, a prominent commercial establishment in Ningbo, Zhejiang; and a substantial number of elevators for large apartment buildings in Tianjin and Shanghai. In South Korea, we have received orders for 25 escalators for Seoul Subway Line 5.

Fujitec escalators in service at the Korea Design Center in South Korea

Performance in Europe during the year substantially improved from the previous year. Sales in Europe continued to increase significantly, by 58.6 percent, to ¥3,821 million (U.S.$29 million), due mainly to new installation business growth. In particular, sales for our space-saving machine room-less elevator FUSIONDRIVE™ contributed to this sizeable sales rise. To further improve profitability in the region, we are contiously making efforts to streamline our operations in Germany and the United Kingdom. Sales in Europe accounted for 4.0 percent of net sales.

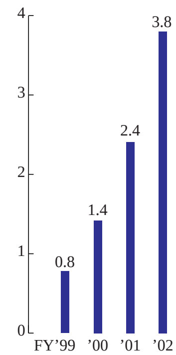
The headquarters building of HSBC in the United Kingdom

Notable projects completed during fiscal 2002 include: the delivery of 34 elevators and moving walkways to nine office buildings of the Bundestag (Federal goverment) in Germany, which are connected to the Reichstag (Parliament Building) by our moving walkways on the basement floor; and 46 elevators and escalators to the headquarters building of HSBC (Hong Kong Shanghai Bank Group) in Canary Wharf, the United Kingdom.

New orders received during the fiscal year include 30 elevators to be installed at three stations on the new line extending from London to the Channel Tunnel.

Fujitec panoramic elevators installed at the office building of the Bundestag (right) in Germany

Sales in Europe
(Billion ¥)



Research and development costs for fiscal 2002 decreased 2.4 percent from the previous year, to ¥2,100 million (U.S.$16 million), accounting for 2.2 percent of net sales.

In order to develop original, world-leading products and to respond promptly to the needs of the global market, we proceeded with a review of our research and development organization. The resulting plan included the expansion of the development and research divisions, and their integration into our World Headquarters.

During fiscal 2002, in our drive to expedite the development of global platform technology, we developed TALON™, an innovative elevator drive system. This was accomplished through the combined efforts of Fujitec America, Fujitec Singapore, Fujitec Japan and the Research and Development Division of Fujitec World Headquarters. With this system, the first of its kind in the world, an elevator cab can be moved by pressing the technologically advanced belt against the rope surface. The ropes themselves pass over a non-traction sheave. This innovative technology enables substantial reduction in the elevator's weight, which would be difficult to achieve using the conventional system that relies on frictional force generated by elevator ropes contacting the drive sheave grooves. TALON™ represents the advent of the energy-, space- and resource-saving, environmentally friendly elevator. We plan to incorporate this new-generation drive system into the elevators we launch in the world market.

Development of the TALON™ drive system at Fujitec America

With regard to our popular machine-room-less elevator series, we renewed the mechanism, design and functions of the conventional models, and launched the ECEED™-e² in Japan, ECEEDii™ in South Asia and FUSIONDRIVE™ in other regions.

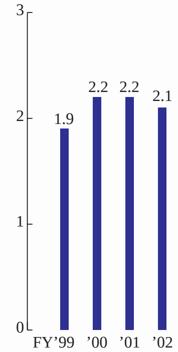
Equipped with an ultra-thin, gearless hoist machine — its thickness is less than one fifth that of its predecessor — the ECEED™-e² not only achieves space saving and weight reduction but also reduces installation cost. Furthermore, it adopts a universal design to improve operability for the visually impaired, and can be equipped with a device that reduces power consumption. Thus, it is an elevator friendly both to people and the environment.

For the North American market, we launched an elevator incorporating a space-saving machine room.

In terms of escalators, while cost reduction remained our top priority, we also marketed a high quality, global standard escalator with a renewed design and mechanism, as well as a space-saving model that can be installed in existing railway station buildings and platforms where space is limited.

In the field of mechanized parking systems for automobiles, we developed GEOTECHNOS PARK™-S, which can accommodate 20 to 40 automobiles through effective use of underground space, while requiring only one-third the installed capacity of a conventional type car park. The product is expected to find increasing demand in the market.

R&D costs
(Billion ¥)



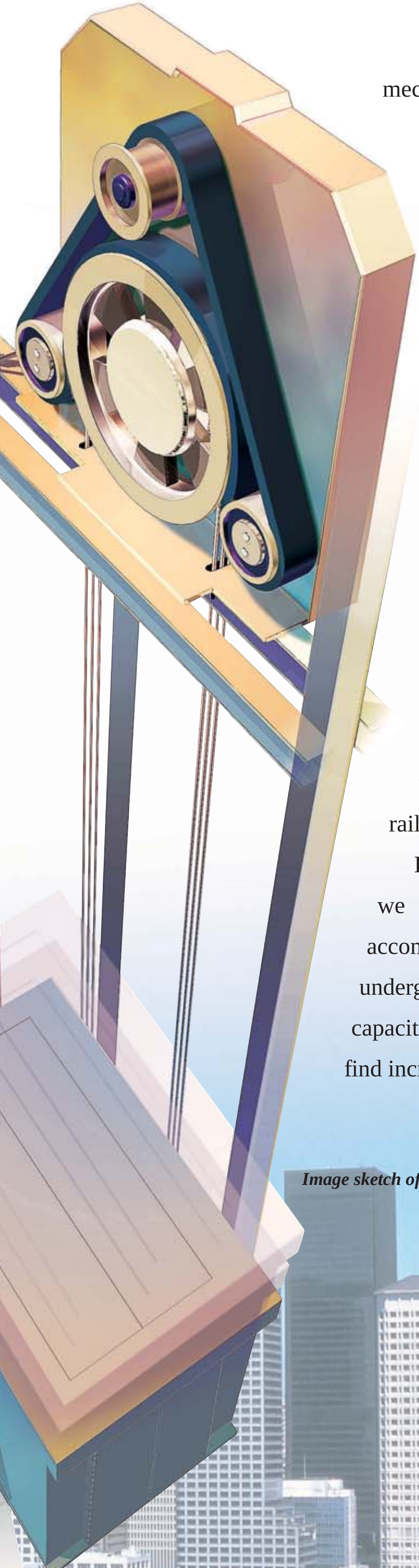
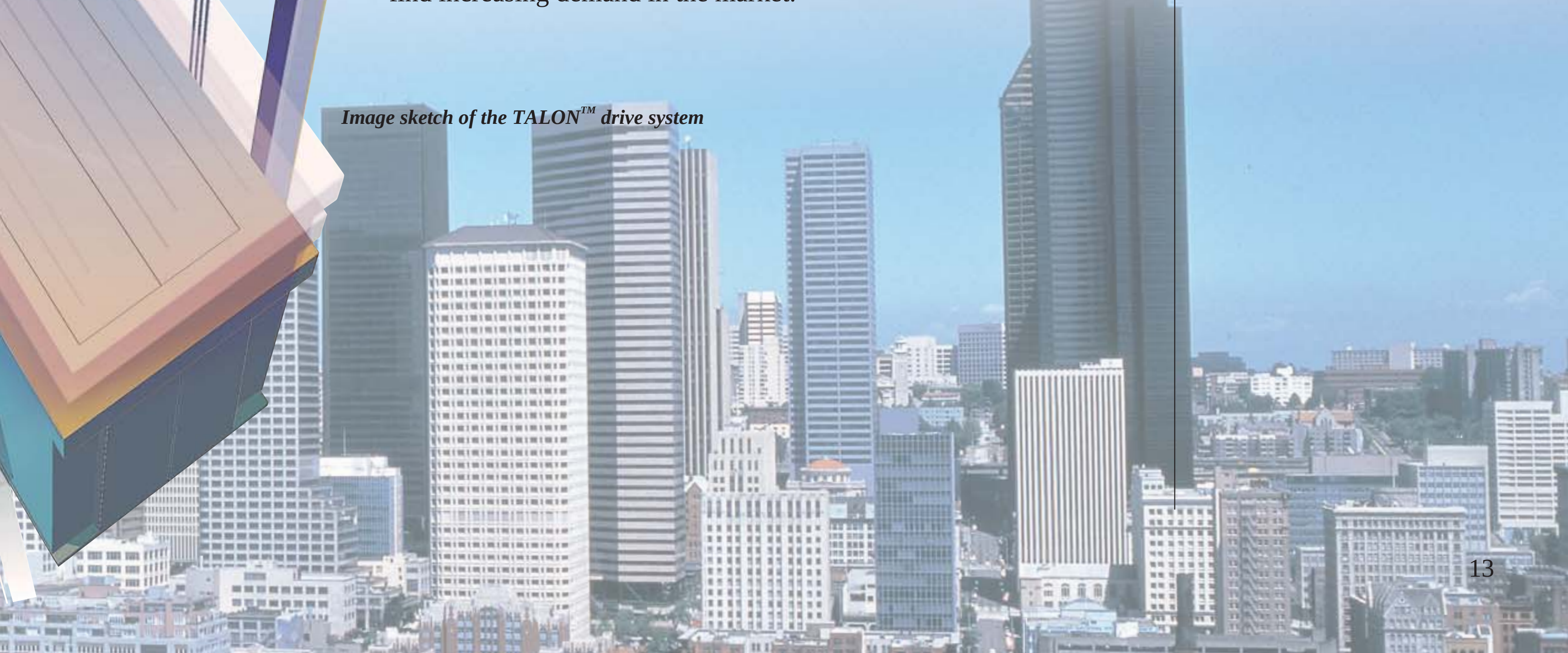


Image sketch of the TALON™ drive system



Capital investment for fiscal 2002 decreased 11.3 percent from the previous year, to ¥2,239 million (U.S.$17 million), representing 2.3 percent of net sales.

The urban infrastructure of China is being dramatically upgraded in conjunction with the country's membership in the WTO, and the Beijing Olympic Games, scheduled for 2008. In light of the anticipated demand increase, we have strengthened our production base in China, in order to expand our market share in the country, while enhancing our capacity to produce and supply price-competitive products to the world market.

Shanghai Huasheng Fujitec Escalator Co., Ltd.

In December 2001, we established Shanghai Huasheng Fujitec Escalator Co., Ltd. in Shanghai. Serving as the Fujitec Group's "escalator plant for the world," the facility has been in full operation since March, 2002.

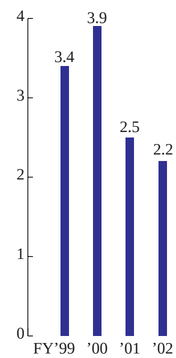
The Shanghai plant — Fujitec's 12th production base — has a site area of about 40,000 square meters and a total floor area of about 25,000 square meters. We set the first-stage annual production target for escalators and moving walkway at this plant at 1,000 units, with plans to double production to 2,000 units in the second stage, beginning in 2005.

At Huasheng Fujitec Elevator Co., Ltd., located in Langfang City, Hebei Province, a second plant was completed, adjacent to the head office plant, and has been in operation since March.

With the completion of this new plant, the total site area has been expanded from 20,000 to 80,000 square meters, and the floor area of the plant building from 10,000 to 35,000 square meters.

Thus, Huasheng Fujitec becomes a leading presence — the most advanced elevator manufacturing company in China — with an annual production capacity of 3,000 units. Together, the second Huasheng Fujitec plant and the new Shanghai Huasheng Fujitec facility are expected to contribute to the expansion of our business in the global market.

Capital investment
(Billion ¥)



An escalator production line at Shanghai Huasheng Fujitec

Huasheng Fujitec Elevator Co., Ltd.

Contents

Financial Section

Consolidated Financial Review

Operating Results

Demand for elevators, escalators and other people-moving systems grew throughout the first half of the fiscal year, but suffered during the second half, ended March 31, 2002. This decrease in demand was due to the accelerated deterioration of the business environment worldwide in the second half of the fiscal year, sparked by the terrorist attacks in the United States. In China, demand remained robust, while demand in the rest of Asia and Europe was slow. In Japan, cutbacks in public investments as well as a decline in private sector capital investments had a chilling effect throughout the construction sector, further intensifying price competition in our industry.

Despite these harsh business conditions, **net sales** for fiscal 2002 rose 17.8 percent, from ¥81,173 million in fiscal 2001, to ¥95,657 million (U.S.$719 million). While sales in Japan increased by only 1.3 percent, sales in the Americas grew 57.4 percent. This increase was led by significant sales growth in North America, arising from a large backlog at the previous year-end, in addition to acquisitions of local companies. In East Asia, sales climbed 27.2 percent, reflecting sales expansion in China. Sales in South Asia and Europe also rose. As a result, the percentage of overseas sales to net sales increased from 47.0 to 54.7 percent.

Operating income soared 221.4 percent from the previous year, to ¥4,255 million (U.S.$32 million), due mainly to profitability improvements in various regions, including a cost cut in Japan, a significant reduction of operating losses in the Americas, increased sales in China, greater selectivity in accepting orders in Hong Kong, and reduced deficits in Europe. **The ratio of operating income to net sales** improved from 1.6 percent in the previous year to 4.4 percent in fiscal 2002.

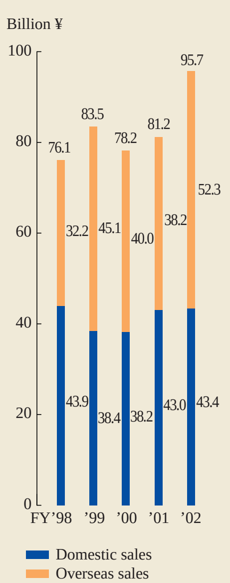
Net income for fiscal 2002 increased 47.5 percent, to ¥1,059 million (U.S.$8 million). This came about in spite of a write-down of investment securities amounting to ¥2,320 million (U.S.$17 million) held by Fujitec Co., Ltd., resulting from the stock price plunge in Japan. **Net income per share of common stock** stood at ¥11.30 (U.S.$0.08).

Financial Position

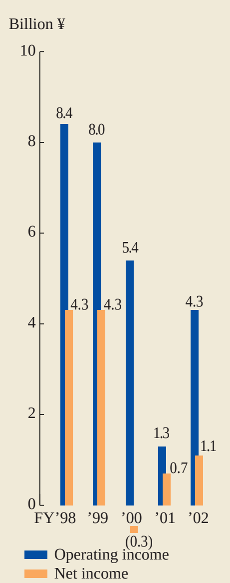
Total assets at the end of fiscal 2002 increased by ¥11,910 million (U.S.$90 million) from the previous year, to ¥133,227 million (U.S.$1,002 million). This was mainly attributable to increases in time deposits, trade notes and accounts receivable resulting from sales growth, and acquisitions of businesses, coupled with the depreciation of the yen against major foreign currencies during the period.

Cash and cash equivalents decreased by ¥3,056 million (U.S.$23 million), to ¥19,366 million (U.S.$146 million), as some were shifted to time deposits held more than three months. Due to this shift, time deposits rose by ¥5,883 million (U.S.$44 million), to ¥9,596 million (U.S.$72 million). Trade notes and accounts receivable climbed by ¥5,136 million (U.S.$39 million), to ¥27,413 million (U.S.$206 million), due to expanded sales. **Total current**

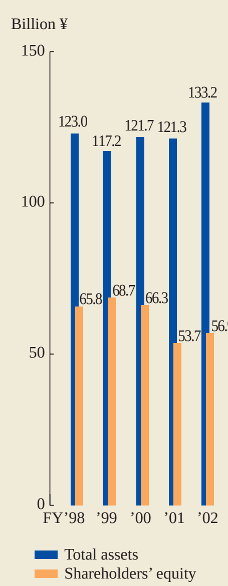
Domestic sales and overseas sales



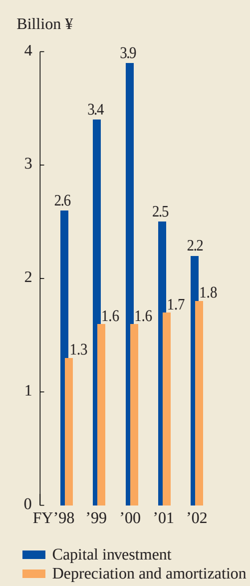
Operating income and net income (loss)



Total assets and shareholders' equity



Capital investment, and depreciation and amortization



assets increased by ¥9,319 million (U.S.$70 million) from the previous year, to ¥97,697 million (U.S.$735 million). **Investment and advances** fell by ¥1,444 million (U.S.$11 million), primarily due to the write-down of investment securities. Among **other assets**, intangible assets rose by ¥3,098 million (U.S.$23 million), a gain principally attributable to acquisitions of businesses.

On the liabilities side, **total liabilities** climbed by ¥4,684 million (U.S.$35 million) from the previous year, to ¥49,988 million (U.S.$376 million). **Total current liabilities** increased by ¥4,813 million (U.S.$36 million). This rise was brought about by ¥3,650 million (U.S.$27 million) in increases of mainly short-term debt held by Fujitec Co., Ltd. and its subsidiary in the United States, and a gain of ¥1,161 million (U.S.$9 million) in trade notes and accounts payable. **Total fixed liabilities** dropped by ¥129 million (U.S.$1 million) from the previous year.

Shareholders' equity grew from the previous year by ¥3,154 million (U.S.$24 million), to ¥56,884 million (U.S.$428 million), resulting mainly from an increase in net income, combined with a reduction of ¥2,713 million (U.S.$20 million) for adjustment arising from translation of foreign subsidiaries' accounts, due to the depreciation of the yen. **The equity ratio** declined by 1.6 percentage points from the previous year, to 42.7 percent, reflecting increased liabilities and minority interest. Based on the number of shares outstanding, **shareholders' equity per share of common stock** climbed by ¥33.74 (U.S.$0.25), to ¥606.95 (U.S.$4.56).

Cash Flows

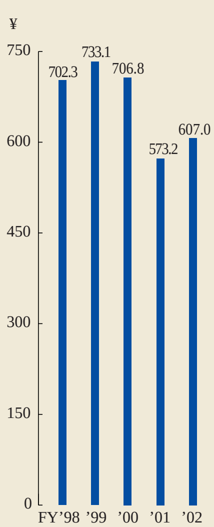
Cash and cash equivalents at end of year fell by ¥3,056 million (U.S.$23 million), to ¥19,366 million (U.S.$146 million), despite the ¥1,314 million (U.S.$10 million) generated by the positive effect of exchange rate changes on cash and cash equivalents.

Net cash provided by operating activities increased by ¥9,198 million (U.S.$69 million), to ¥3,605 million (U.S.$27 million), mainly due to a decrease in inventories resulting from sales growth, and the write-down of investment securities due to the stock price plunge in Japan.

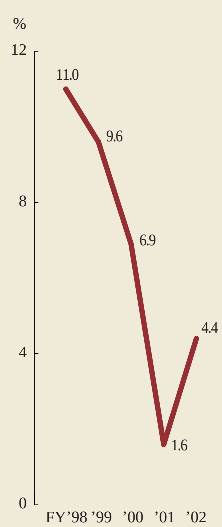
Net cash used in investing activities amounted to ¥9,077 million (U.S.$68 million) in fiscal 2002, up from ¥1,253 million in fiscal 2001. This was primarily attributable to a net increase of ¥5,348 million (U.S.$40 million) in time deposits held more than three months, and expenditures of ¥2,725 million (U.S.$20 million) for acquisitions of businesses in North America. Acquisitions of property, plants and equipment, including the cost for the expansion of the elevator plant in China, totaled ¥2,239 million (U.S.$17 million).

Net cash provided by financing activities decreased from ¥6,919 million in fiscal 2001, to ¥1,102 million (U.S.$8 million) in fiscal 2002. The major reason for this decrease was a decline of ¥5,102 million (U.S.$38 million) in proceeds from long-term debt.

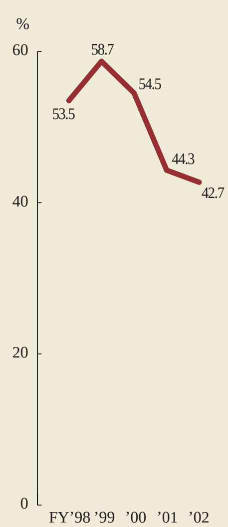
Shareholders' equity per share



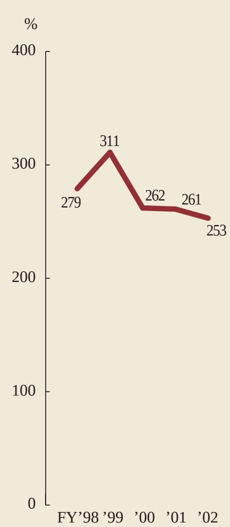
Operating income to net sales



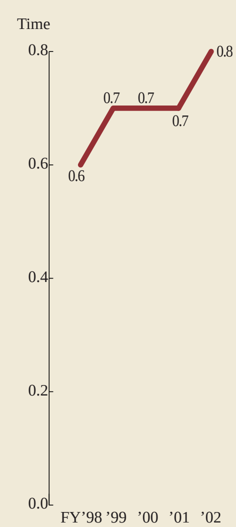
Shareholders' equity to total assets



Current ratio



Net sales to total assets



CONSOLIDATED BALANCE SHEETS

Fujitec Co., Ltd. and Consolidated Subsidiaries
March 31, 2002 and 2001

ASSETS	Millions of Yen 2002	Millions of Yen 2001	Thousands of U.S. Dollars (Note 1) 2002
Current assets:			
Cash and cash equivalents	¥ 19,366	¥ 22,422	$ 145,609
Time deposits	9,596	3,713	72,150
Marketable securities (Note 4)	21,865	19,230	164,398
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	123	201	925
Other	27,556	22,223	207,188
Allowance for doubtful accounts	(266)	(147)	(2,000)
	27,413	22,277	206,113
Inventories (Note 5)	17,813	18,827	133,932
Deferred income taxes (Note 6)	888	689	6,677
Other current assets	756	1,220	5,685
Total current assets	97,697	88,378	734,564
Investments and advances:			
Unconsolidated subsidiaries and affiliates	1,706	1,321	12,827
Investment securities (Note 4)	4,354	6,189	32,737
Advances	56	50	421
	6,116	7,560	45,985
Property, plant and equipment, at cost (Note 7)**:**			
Buildings	14,670	13,990	110,301
Machinery and equipment	17,240	16,191	129,624
	31,910	30,181	239,925
Accumulated depreciation	(18,644)	(17,317)	(140,181)
	13,266	12,864	99,744
Land	5,773	5,735	43,406
Construction in progress	879	60	6,609
	19,918	18,659	149,759
Other assets:			
Deferred income taxes (Note 6)	2,350	2,507	17,669
Intangible assets	4,688	1,590	35,248
Other	2,458	2,623	18,482
	¥133,227	¥121,317	$1,001,707

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2002	Millions of Yen 2001	Thousands of U.S. Dollars (Note 1) 2002
Current liabilities:			
Short-term debt (Note 7)	¥ 11,201	¥ 7,551	$ 84,218
Current portion of long-term debt (Note 7)	67	70	504
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	22	49	166
Other	10,735	9,547	80,714
Advances from customers	7,286	6,931	54,782
Accrued income taxes (Note 6)	263	483	1,977
Accrued bonuses	1,745	1,850	13,120
Provision for losses on contracts	2,377	2,629	17,872
Other current liabilities	4,974	4,747	37,399
Total current liabilities	38,670	33,857	290,752
Long-term debt (Note 7)	5,165	5,228	38,835
Deferred income taxes (Note 6)	91	107	684
Accrued pension and severance payments (Note 12)	6,062	6,112	45,579
Total liabilities	49,988	45,304	375,850
Minority interest in consolidated subsidiaries (Note 8)	26,355	22,283	198,158
Contingent liabilities (Note 9)			
Shareholders' equity (Note 11)**:**			
Common stock, no par value;			
Authorized 200,000,000 shares;			
Issued and outstanding:			
93,767,317 shares at March 31, 2002 and 2001	12,534	12,534	94,241
Additional paid-in capital	14,566	14,566	109,519
Retained earnings	38,948	38,792	292,842
Net unrealized losses on securities	(198)	(490)	(1,489)
Adjustment arising from translation of foreign subsidiaries' accounts	(8,926)	(11,639)	(67,113)
	56,924	53,763	428,000
Treasury stock, at cost, 47,024 shares at March 31, 2002 and 31,705 shares at March 31, 2001	(40)	(33)	(301)
Total shareholders' equity	56,884	53,730	427,699
	¥133,227	¥121,317	$1,001,707

Consolidated Statements of Income and Retained Earnings

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
Net sales	**¥95,657**	¥81,173	**$719,226**
Cost and expenses:			
Cost of sales	**75,708**	65,213	**569,233**
Selling, general and administrative	**15,694**	14,636	**118,000**
	91,402	79,849	**687,233**
Operating income	**4,255**	1,324	**31,993**
Other income (expenses):			
Interest and dividend income	**1,543**	2,180	**11,601**
Interest expense	**(924)**	(941)	**(6,947)**
Foreign currency exchange gain	**273**	342	**2,053**
Other, net	**(86)**	(145)	**(647)**
	806	1,436	**6,060**
Special items:			
Gains on sales of property, plant and equipment	**30**	1	**226**
Loss on disposal and sales of property, plant and equipment	**(66)**	(45)	**(496)**
Write-down of investment securities	**(2,320)**	(207)	**(17,444)**
Write-down of investment securities in unconsolidated subsidiaries	**(180)**	—	**(1,353)**
Loss on sales of investment securities	**(35)**	—	**(263)**
Other, net	**(17)**	(49)	**(129)**
	(2,588)	(300)	**(19,459)**
Income before income taxes and minority interest	**2,473**	2,460	**18,594**
Income taxes (Note 6)**:**			
Current	**884**	1,330	**6,647**
Deferred	**(237)**	(212)	**(1,782)**
	647	1,118	**4,865**
Income before minority interest	**1,826**	1,342	**13,729**
Minority interest in income of consolidated subsidiaries	**767**	624	**5,767**
Net income	**1,059**	718	**7,962**
Retained earnings:			
Balance at beginning of year	**38,792**	39,185	**291,669**
Cash dividends	**(843)**	(1,031)	**(6,338)**
Bonuses to directors and corporate auditors	**(60)**	(80)	**(451)**
Balance at end of year	**¥38,948**	¥38,792	**$292,842**

Per share:	Yen		U.S. Dollars (Note 1)
Net income, based on the weighted average number of shares outstanding	**¥ 11.30**	¥ 7.66	**$ 0.08**
Cash dividends, applicable to the period	**8.00**	10.50	**0.06**

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, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
Cash flows from operating activities:			
Income before income taxes and minority interest	¥ 2,473	¥ 2,460	$ 18,594
Depreciation and amortization	1,839	1,733	13,827
Provision for allowance for doubtful accounts	323	183	2,429
Provision for bonuses to employees	(132)	(197)	(992)
Provision for losses on contracts	(422)	992	(3,173)
Interest and dividend income	(1,543)	(2,180)	(11,601)
Interest expense	924	941	6,947
Write-down of investment securities	2,320	207	17,444
Write-down of investment in unconsolidated subsidiaries	180	—	1,353
Increase in trade notes and accounts receivable	(3,832)	(4,822)	(28,812)
Decrease (increase) in inventories	1,805	(3,986)	13,571
Increase in trade notes and accounts payable	707	704	5,316
Other, net	105	840	789
Bonuses paid to directors and corporate auditors	(60)	(80)	(452)
Sub-total	4,687	(3,205)	35,240
Payment of income taxes	(1,082)	(2,388)	(8,135)
Net cash provided by (used in) operating activities	3,605	(5,593)	27,105
Cash flows from investing activities:			
Increase in time deposits, net	(5,348)	(472)	(40,210)
Payment for purchase of marketable securities	(100)	(109)	(752)
Proceeds from sales of marketable securities	100	127	752
Acquisitions of property, plant and equipment	(2,239)	(2,525)	(16,834)
Proceeds from sale of property, plant and equipment	89	4	669
Payment for purchase of investment securities	(7)	(218)	(53)
Investment in unconsolidated subsidiary	(759)	—	(5,707)
Acquisitions of businesses, net of cash acquired	(2,725)	—	(20,489)
Payment for long-term advances	(24)	(175)	(180)
Collections on long-term advances	205	—	1,541
Proceeds from interest and dividend income	1,610	2,103	12,105
Other, net	121	12	910
Net cash used in investing activities	(9,077)	(1,253)	(68,248)
Cash flows from financing activities:			
Net proceeds from short-term debt	3,068	4,062	23,068
Proceeds from long-term debt	6	5,108	45
Repayment of long-term debt	(67)	(10)	(504)
Proceeds from minority shareholders' payments	184	—	1,383
Payment of interest	(961)	(949)	(7,226)
Cash dividend paid	(843)	(1,031)	(6,338)
Cash dividend paid to minority shareholders	(263)	(236)	(1,977)
Other, net	(22)	(25)	(165)
Net cash provided by financing activities	1,102	6,919	8,286
Effect of exchange rate changes on cash and cash equivalents	1,314	2,136	9,880
Net (decrease) increase in cash and cash equivalents	(3,056)	2,209	(22,977)
Cash and cash equivalents at beginning of year	22,422	20,213	168,586
Cash and cash equivalents at end of year	¥19,366	¥22,422	$145,609

The accompanying notes are an integral part of these statements.

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.

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 ¥133 = U.S. $1, the approximate effective rate of exchange at March 31, 2002. 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 ¥133 = 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 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 foreign currency financial statements

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.

From 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, the majority 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 total estimated losses on contracts when estimates indicate that a loss will be incurred.

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

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

Goodwill, which represents the excess of purchase price over fair value of net assets acquired, has been amortized on a straight-line basis over periods of between 20 to 40 years.

Amortization of other intangible assets is calculated on the straight-line basis over the estimated useful lives.

The Company reviews the carrying amount of intangible assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

(I) 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.

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 at the balance sheets dates represent 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 on the consolidated financial statements for 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.

(J) 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.

(K) Research and development costs

Research and development costs are charged against income as incurred.

(L) Income taxes

The Company adopts 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 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.

(M) Derivative and hedging activities

The Companies use derivative financial instruments to manage their exposure to foreign exchange and interest rate fluctuations. Foreign exchange forward contracts and interest rate swap contracts are utilized by the Companies to reduce foreign currency exchange risk and interest rate risk. The Companies do not enter into derivatives for trading or speculative purposes.

Effective April 1, 2000, the Companies adopted a new accounting standard for derivative financial instruments and a revised accounting standard for foreign currency transactions. These standards require that: a) all derivatives be recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions be recognized in the income statement and b) if a derivative qualifies for hedge accounting because of a high correlation and effectiveness between the hedging instrument and the hedged item, the gains or losses are deferred until maturity of the hedged transaction.

Time deposits denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contract qualifies for hedge accounting.

Interest rate swaps are utilized to hedge interest rate exposure of long-term debt. The interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income as incurred.

(N) 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.

(O) Cash and cash equivalents

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

(P) Reclassification of accounts

Certain reclassifications have been made to the 2001 financial statements to conform to the presentation for 2002.

3. Supplemental Cash Flow Information

On February 1, 2001, Fujitec Canada, Inc. acquired the operations of Canadian Elevator Ltd. and on April 1, 2001, Fujitec America, Inc. purchased certain operating assets of Serge Elevator Co., Inc. The total fair values of the net assets acquired at the dates of acquisition, and the related acquisition cost were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Current assets	¥ 162	$ 1,218
Property, plant and equipment	61	459
Goodwill	2,556	19,218
Current liabilities	(15)	(113)
Cost of assets acquired	2,764	20,782
Accrued accounts payable	(39)	(293)
Net payment for acquisitions of businesses	¥2,725	$20,489

4. Marketable Securities and Investment Securities

At March 31, 2002 and 2001, held-to-maturity debt securities and other securities were as follows:

Held-to-maturity debt securities:

	Millions of Yen							
	2002				2001			
	Book value (Carrying amount)	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)	Book value (Carrying amount)	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Commercial paper	**¥21,865**	**¥ —**	**¥ —**	**¥21,865**	¥19,220	¥ —	¥ —	¥19,220

	Thousands of U.S. Dollars (Note 1)			
	2002			
	Book value (Carrying amount)	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Commercial paper	**$164,398**	**$ —**	**$ —**	**$164,398**

Other securities:

	Millions of Yen							
	2002				2001			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	**¥4,448**	**¥251**	**¥559**	**¥4,140**	¥6,786	¥656	¥1,470	¥5,972
Bonds and debentures	**10**	**—**	**—**	**10**	10	—	—	10
Other	**113**	**—**	**34**	**79**	123	—	31	92
	¥4,571	**¥251**	**¥593**	**¥4,229**	¥6,919	¥656	¥1,501	¥6,074

	Thousands of U.S. Dollars (Note 1)			
	2002			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	**$33,444**	**$1,887**	**$4,203**	**$31,128**
Bonds and debentures	**75**	**—**	**—**	**75**
Other	**850**	**—**	**256**	**594**
	$34,369	**$1,887**	**$4,459**	**$31,797**

The carrying amounts of equity securities whose fair value is not readily determinable were ¥125 million (U.S.$940 thousand) at March 31, 2002 and 2001.

5. Inventories

Inventories at March 31, 2002 and 2001 were comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
Finished goods and semi-finished goods	**¥ 3,035**	¥ 4,386	**$ 22,820**
Work in process	**9,891**	9,482	**74,368**
Raw materials and supplies	**4,887**	4,959	**36,744**
	¥17,813	¥18,827	**$133,932**

6. Income Taxes

The Company is subject to corporate income tax, inhabitant tax 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, 2002 and 2001.

Income of the consolidated foreign subsidiaries is taxed at the rate of corporate income taxes, ranging from 16% to 40% for the year ended March 31, 2002.

At March 31, 2002 and 2001, a reconciliation of the Company's statutory tax rate and the effective income tax rate was as follows:

	2002	2001
Statutory tax rate	**42.05%**	42.05%
Non-deductible expenses	**1.39**	2.11
Per capita inhabitant tax	**4.45**	4.06
Effect of foreign tax rate differences	**(23.66)**	(21.92)
Others	**1.92**	19.15
Effective tax rate	**26.15%**	45.45%

The tax effects of temporary differences that gave rise to significant deferred tax assets and liabilities at March 31, 2002 and 2001 are presented below:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
Deferred tax assets:			
Accrued pension and severance payments	**¥2,328**	¥2,360	**$17,504**
Accrued bonuses	**384**	304	**2,887**
Provision for losses on contracts	**360**	397	**2,707**
Unrealized losses on securities	**144**	356	**1,083**
Others	**299**	296	**2,248**
Total deferred tax assets	**3,515**	3,713	**26,429**
Deferred tax liabilities:			
Unrealized losses from inventories	**(33)**	(278)	**(248)**
Depreciation	**(91)**	(107)	**(684)**
Others	**(244)**	(239)	**(1,835)**
Total deferred tax liabilities	**(368)**	(624)	**(2,767)**
Net deferred tax assets	**¥3,147**	¥3,089	**$23,662**

7. Short-Term Debt and Long-Term Debt

Short-term debt represents notes payable to banks with an average interest rate of 1.78% per annum at March 31, 2002.

Long-term debt at March 31, 2002 and 2001 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
With collateral:			
Loans, from O.D.F.C. in the United States, due through 2005 with interest rate at 2.0% per annum	**¥ 48**	¥ 54	**$ 361**
Other	**9**	8	**68**
Without collateral:			
Loans, from Haofeng (H.K.) Co. Ltd. in Hong Kong due through 2002 with interest rate at 5.8% per annum	**53**	92	**399**
Loans, from banks and insurance companies due through 2004 at average interest rate 0.53% per annum	**5,100**	5,100	**38,346**
Other	**22**	44	**165**
	5,232	5,298	**39,339**
Less, portion due within one year	**67**	70	**504**
	¥5,165	¥5,228	**$38,835**

The aggregate annual maturities of long-term debt outstanding as of March 31, 2002 are as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2003	¥ 67	$ 504
2004	5,124	38,526
2005	17	128
2006	7	53
2007	11	83
2008 and thereafter	6	45
	¥5,232	$39,339

At March 31, 2002, 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)	¥2,040	$15,338
Other assets	87	654
	¥2,127	$15,992

In addition, all the assets of the Singapore subsidiary are pledged as collateral for its construction contracts, totaling 9,048 thousand Singapore dollars (U.S.$4,838 thousand) as of December 31, 2001.

8. 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.

9. Contingent Liabilities

At March 31, 2002, contingent liabilities were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Guarantees of bank loans	¥5,648	$42,466
Trade notes receivable discounted	133	1,000
Total	¥5,781	$43,466

10. Leases

The Company and its consolidated subsidiaries lease certain machinery and equipment. Total lease payments under these leases were ¥137 million (U.S.$1,030 thousand) and ¥132 million for the years ended March 31, 2002 and 2001, 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, 2002 and 2001, is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
Machinery and equipment			
Acquisition cost	¥1,159	¥1,156	$8,714
Accumulated depreciation	369	281	2,774
Net leased property	¥ 790	¥ 875	$5,940

Future minimum lease payments under finance leases as of March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
Due within one year	¥ 137	¥132	$1,030
Due after one year	653	743	4,910
Total	¥790	¥875	$5,940

The acquisition cost 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 ¥137 million (U.S.$1,030 thousand) and ¥132 million for the years ended March 31, 2002 and 2001, respectively.

Obligations under non-cancelable operating leases as of March 31, 2002 and 2001 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
Due within one year	¥ 26	¥ 27	$196
Due after one year	81	98	609
Total	¥107	¥125	$805

11. Shareholders' Equity

On October 1, 2001, an amendment (the "Amendment") to the Commercial Code of Japan became effective.

The Amendment eliminates the stated par value of the Company's outstanding shares, which results in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that shares issued after September 30, 2001 will have no par value. Before the Amendment, the Company's shares had a par value of ¥50 per share.

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

The Commercial Code of Japan provides that an amount equal to at least 10% of cash dividends and other distributions from retained earnings paid by the Company be appropriated as a legal reserve until an aggregated amount of additional paid-in capital and the legal reserve equals 25% of stated capital, and this legal reserve and additional paid-in capital exceeding 25% of stated capital may be reduced by resolution of the shareholders.

The Company may transfer portions of additional paid-in capital and the legal reserve to stated capital by resolution of the Board of Directors.

The legal reserves appropriated by the Company were included in retained earnings on the accompanying consolidated balance sheets. The reserves at March 31, 2002 and 2001 were ¥1,337 million (U.S.$10,052 thousand) and ¥1,284 million, respectively.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Commercial Code.

12. 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, 2002 and 2001.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
Projected benefit obligation	**¥9,730**	¥ 9,300	**$ 73,158**
Fair value of plan assets	**(3,741)**	(3,470)	**(28,128)**
Funded status:			
Benefit obligation in excess of plan assets	**5,989**	5,830	**45,030**
Unrecognized actuarial differences	**(471)**	(289)	**(3,541)**
Accrued pension liability recognized in the consolidation balance sheets	**¥5,518**	¥ 5,541	**$41,489**

Severance and pension costs of the Company for the years ended March 31, 2002 and 2001were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
Service cost	**¥551**	¥ 535	**$4,143**
Interest cost	**273**	266	**2,053**
Expected return on plan assets	**(104)**	(103)	**(782)**
Amortization:			
Prior service cost	**—**	8	**—**
Actuarial losses	**29**	—	**218**
Net periodic benefit cost	**¥749**	¥ 706	**$5,632**

Assumption used in the accounting for the defined benefit plans for the years ended March 31, 2002 and 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

Accrued severance payments to directors and corporate auditors of the Company amounting to ¥544 million (U.S.$4,090 thousand) as of March 31, 2002 were included in “Acccrued pension and severance payments” in the accompanying consolidated balance sheets.

13 Research and Development Costs

Research and development costs for the years ended March 31, 2002 and 2001 were ¥2,100 million (U.S.$15,789 thousand) and ¥2,152 million, respectively.

14. Segment Information

Information by geographic area for the years ended March 31, 2002 and 2001 is summarized as follows:

(A) Geographic segment information

(1) Operating income (loss):

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
Japan			
Net sales: Customers	**¥ 44,744**	¥44,154	**$336,421**
Intersegment	**5,667**	6,326	**42,609**
	50,411	50,480	**379,030**
Operating expenses	**49,352**	49,724	**371,068**
Operating income	**1,059**	756	**7,962**
The Americas			
Net sales: Customers	**22,569**	14,339	**169,692**
Intersegment	**30**	18	**226**
	22,599	14,357	**169,918**
Operating expenses	**22,759**	15,993	**171,120**
Operating loss	**(160)**	(1,636)	**(1,202)**
Europe			
Net sales: Customers	**3,821**	2,409	**28,729**
Intersegment	**7**	58	**53**
	3,828	2,467	**28,782**
Operating expenses	**4,167**	3,098	**31,331**
Operating loss	**(339)**	(631)	**(2,549)**
South Asia			
Net sales: Customers	**8,087**	7,349	**60,805**
Intersegment	**32**	59	**240**
	8,119	7,408	**61,045**
Operating expenses	**6,895**	6,006	**51,842**
Operating income	**1,224**	1,402	**9,203**
East Asia			
Net sales: Customers	**16,436**	12,922	**123,579**
Intersegment	**595**	457	**4,473**
	17,031	13,379	**128,052**
Operating expenses	**14,024**	12,089	**105,443**
Operating income	**3,007**	1,290	**22,609**
Total			
Net sales: Customers	**¥ 95,657**	¥81,173	**$719,226**
Intersegment	**6,331**	6,918	**47,601**
	101,988	88,091	**766,827**
Elimination	**(6,331)**	(6,918)	**(47,601)**
Consolidated net sales	**95,657**	81,173	**719,226**
Operating expenses	**97,197**	86,910	**730,804**
Elimination	**(5,795)**	(7,061)	**(43,571)**
Consolidated operating expenses	**91,402**	79,849	**687,233**
Operating income	**4,791**	1,181	**36,023**
Elimination	**(536)**	143	**(4,030)**
Consolidated operating income	**¥ 4,255**	¥ 1,324	**$ 31,993**

Note: *Each segment outside Japan represents the following nations and regions:*
(1) The Americas ...... U.S.A., Canada and Brazil
(2) Europe .... United Kingdom and Germany
(3) South Asia .... Singapore and Indonesia
(4) East Asia .... Hong Kong, Taiwan, China and Korea

(2) Assets:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
Japan	**¥ 47,636**	¥ 46,989	**$ 358,166**
The Americas	**16,654**	10,704	**125,218**
Europe	**1,824**	2,069	**13,714**
South Asia	**11,976**	11,691	**90,045**
East Asia	**29,871**	24,552	**224,594**
Sub-total	**107,961**	96,005	**811,737**
Net of elimination and common use assets	**25,266**	25,312	**189,970**
Total	**¥133,227**	¥121,317	**$1,001,707**

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 ¥29,864 million (U.S.$224,541 thousand) as of March 31, 2002, and ¥27,574 million as of March 31, 2001.*

(B) Overseas sales

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	**2002**
The Americas	**¥22,815**	¥14,589	**$171,541**
East Asia	**17,000**	13,344	**127,820**
South Asia	**8,351**	7,352	**62,790**
Other areas	**4,139**	2,870	**31,120**
Total	**¥52,305**	¥38,155	**$393,271**
Percentage of overseas sales to net sales	**54.7%**	47.0%	

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

15. Subsequent Event

(1) Repayment of preferred stock

Fujitec Capital Corporation (FCC) is a consolidated subsidiary of the Company residing in the United States of America. FCC had issued preferred stock and holds investments mainly in commercial paper. As of March 2002, due to decreasing interest rates in the United States of America, FCC redeemed its preferred stock and effectively ceased operations.

As FCC's year-end was December 31, 2001, this event did not effect the Company's consolidated financial statements for 2002. During 2003, the Company's consolidated financial statements will include a reduction of marketable securities and total assets of approximately ¥19,000 million (U.S.$150,000 thousand). The impact on income is not material to the financial statements.

(2) The following appropriation of retained earnings at March 31, 2002 was approved at the general meeting of shareholders held on June 26, 2002:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Cash dividends	¥375	$2,820

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, 2002 and 2001, and the related consolidated statements of income 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, 2002 and 2001, 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.

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 26, 2002

Yukoh Audit Corporation

YUKOH AUDIT
CORPORATION
Certified Public Accountants

Consolidated 5-Year Summary

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

	2002	2001	2000	1999	1998	2002
	Millions of Yen					Thousands of U.S. Dollars
For the year						
Net sales	¥ 95,657	¥ 81,173	¥ 78,169	¥ 83,495	¥ 76,094	$ 719,226
Domestic	43,352	43,018	38,139	38,402	43,847	325,955
Overseas	52,305	38,155	40,030	45,093	32,247	393,271
Operating income	4,255	1,324	5,362	8,039	8,383	31,993
Net income (loss)	1,059	718	(343)	4,276	4,264	7,962
Depreciation and amortization	1,839	1,733	1,639	1,588	1,324	13,827
Acquisition of property, plant and equipment	2,239	2,525	3,866	3,388	2,641	16,834
At year-end						
Total assets	¥133,227	¥121,317	¥121,693	¥117,171	¥123,047	$1,001,707
Shareholders' equity	56,884	53,730	66,265	68,741	65,849	427,699
Per share of common stock	Yen					U.S. Dollars
Net income (loss)	¥ 11.30	¥ 7.66	¥ (3.66)	¥ 45.61	¥ 46.65	$ 0.08
Cash dividends	8.00	10.50	11.00	11.00	13.50	0.06
Shareholders' equity	606.95	573.21	706.82	733.11	702.27	4.56

Notes: *1. During fiscal 1998, the accounts of Huasheng Fujitec Elevator Co., Ltd. were newly included in consolidation.*
2. During fiscal 2000, the accounts of Fujitec Brasil Ltda. were newly included in consolidation.
3. Net income(loss) per share amounts are computed based on the weighted average number of shares outstanding during each year.
4. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥133 to U.S.$ 1.

Board of Directors

Honorary Chairman

Shotaro Uchiyama

Chairman

Kenji Otani*

President and Chief Executive Officer

Takakazu Uchiyama*

Executive Vice Presidents

Masamichi Hayashi*

Kazumasu Kazama*

Yasuhiro Kamitakehara*

Haruo Sahara*

**Representative Directors*

Directors

Akira Sumimoto

Masakazu Kawai

Iwataro Sekiguchi

Katsuhiro Harada

Takeo Kato

Corporate Auditors

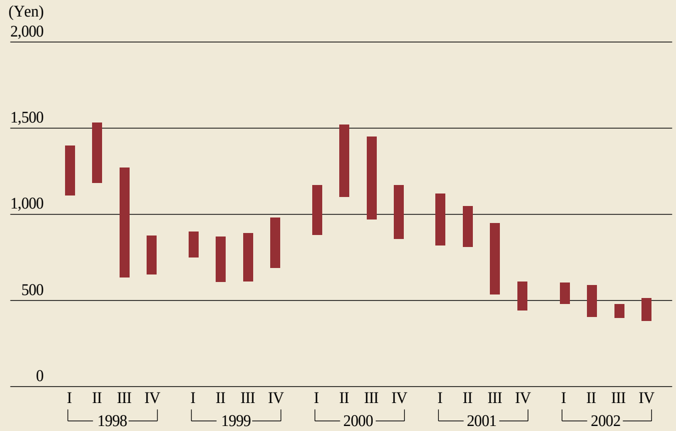
Hidechika Waki

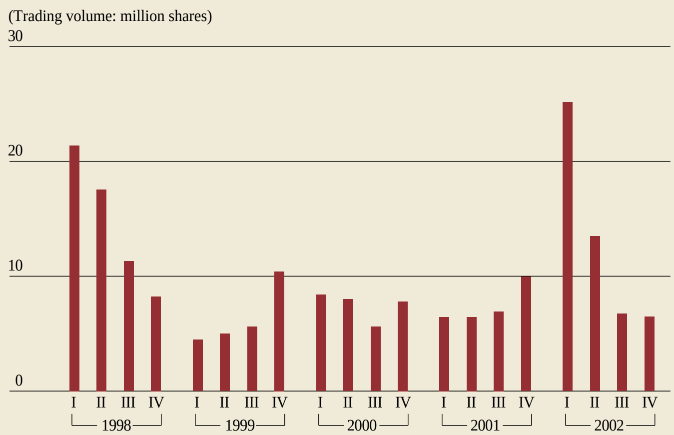
Tomozo Taya

Tomihisa Kuroishi

As of June 26, 2002

Stock Price Range and Trading Volume on the Tokyo Stock Exchange





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

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

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
Manufacturing, installation and maintenance

Malaysia

Fujitec (Malaysia) Sdn. Bhd.
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

Shanghai Huasheng Fujitec Escalator Co., Ltd.
Manufacturing, 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, Dubai, and Montevideo

Shareholders' Information

Fujitec Co., Ltd.

28-10, Shoh 1-chome, Ibaraki,
Osaka 567-8510, Japan
Telephone: 0726-22-8136
Facsimile: 0726-22-4472

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: 6,894

Major Shareholders

	Number of shares held (Thousands)	Percentage of total number of shares in issue (%)
Uchiyama International, Limited	9,056	9.7
Boston Safe Deposit BSDT Treaty Clients Omnibus	6,265	6.7
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 Mitsubishi Trust and Banking Corporation	2,917	3.1
Matsushita Electric Industrial Co., Ltd.	2,867	3.1
The Asahi Bank, Ltd.	2,836	3.0
Asahi Mutual Life Insurance Company	2,484	2.6
Aozora Bank, Ltd	2,388	2.5

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

Auditors

Yukoh Audit Corporation

As of March 31, 2002

FUJITEC CO.,LTD.

http://www.fujitec.com

Printed in Japan on recycled paper