FUJITEC

Annual Report 2010

Year ended March 31, 2010

Profile

Fujitec Co., Ltd. was established in 1948 as a specialized elevator manufacturer. Today, Fujitec builds upon its year of expertise and experience as an integrated manufacturer of a wide variety of people-moving systems including elevators, escalators and autowalks (moving walkways). These state-of-the-art products represent Fujitec's integrated operations covering every phase of the product's lifecycle from development to sales and installation to maintenance.

With the establishment of a base in Hong Kong in 1964, Fujitec became one of the first in the industry to expand overseas. With additional operations established in Singapore, Venezuela, the United States, Argentina and elsewhere, we now have bases in 20 countries and regions, including 10 manufacturing plants in seven different nations. Our global network enables us to supply the world with safe, reliable and comfortable people-moving systems that have set the industry standard.

To effectively cope with an ever-changing global marketplace and economy, Fujitec is divided into six economic blocks: the Americas, Japan, Europe, South Asia, East Asia and China. The management of these blocks is consolidated under the leadership of Big Wing (the headquarters in Japan). This structure allows Fujitec to respond quickly to market needs and engage in finely-tuned business activities dedicated to each region.

Fujitec understands the value of both people and technology and remains committed to contributing to the development of advanced cities worldwide.

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Forward-looking Statements

This annual report contains forecasts and projections concerning the plans, strategies and performance of Fujitec Co., Ltd. and its consolidated subsidiaries. These forecasts and projections constitute forward-looking statements that are not historical facts, but are based on assumptions and beliefs in accordance with data currently available to management.
These forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the "forward-looking statements" and include, but are not limited to, factors, fluctuation, uncertainty of economic conditions, competition in the construction industry, demand, foreign exchange rates, tax systems, laws and regulations. In conclusion, Fujitec wants to caution readers that actual results may differ materially from those projected.

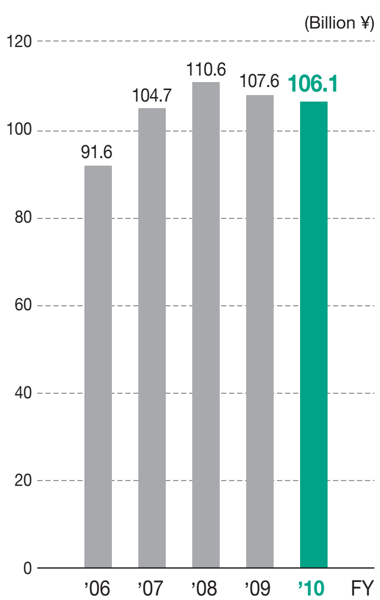
Consolidated Financial Highlights

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31,2010 and 2009

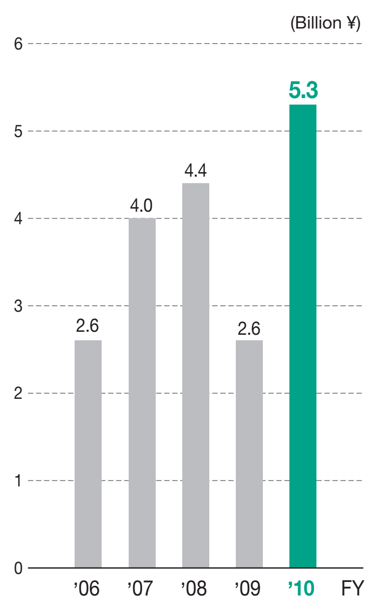
	Millions of yen		Thousands of U.S. dollars	Percent change
	2010	2009	**2010**	2010/2009
For the year :				
Net sales	**¥ 106,137**	¥ 107,609	**$ 1,141,258**	-1.4%
Operating income	**5,288**	2,569	**56,860**	+105.9%
Net income (loss)	**4,061**	(649)	**43,667**	–
At year-end :				
Total assets	**¥ 111,099**	¥ 100,823	**$ 1,194,613**	+10.2%
Net assets	**64,056**	59,810	**688,774**	+7.1%
	Yen		U.S. dollars	
Per share of common stock :				
Net income (loss)	**¥ 43.40**	¥ (6.94)	**$ 0.47**	–
Net assets	**636.25**	591.87	**6.84**	7.5%
Cash dividends	**10.00**	10.00	**0.11**	0.0%

Notes: 1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥93 to U.S.$1.
2. Net income (loss) per share amounts are computed based on the weighted average number of shares outstanding during each year. Net assets per share amounts are computed based on the number of shares outstanding at each year-end.

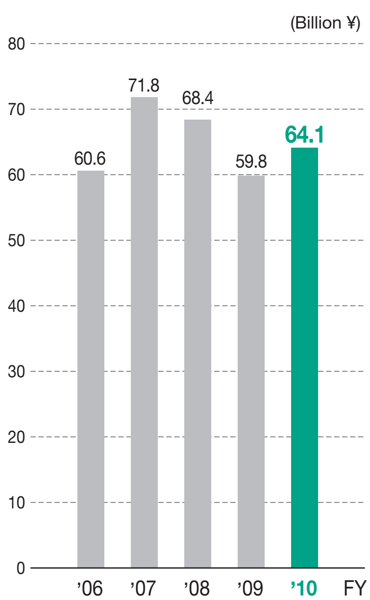
Net sales



Operating income



Net assets



To Our Shareholders

Summary

Report on the final year of the Medium-Term Management Plan, “Regeneration for Quality,” and performance targets of the new Medium-Term Management Plan, “One Goal, One Fujitec.”

We will expand our presence in global markets and respond to the expectations and trust of our customers all over the world.

Takakazu Uchiyama President and Chief Executive Officer

Management policies and issues

Fujitec was founded in 1948. Since its foundation, the Company has been a manufacturer dedicated to elevator and escalator systems, and has been expanding its market not only in Japan but also in East Asia, South Asia, North America, South America, Europe and the Middle East. Currently, the Company maintains business and production bases in 20 countries and regions around the world.

The global mission of Fujitec is to collaborate with people in nations around the world to develop beautiful and functional cities that meet the needs of a new age. Based on this creed, the Company has been conducting its corporate activities deeply rooted in the local communities of its host countries. With the continuing drive to promote "coexistence and co-prosperity" and the ability to constantly accommodate changes in society, the Company will focus all its resources on business development with the local society.

Although the surrounding business environment remains extremely challenging, the Group will make concerted efforts and take aggressive steps toward the next stage.

“Big Step” and “Big Fit,” infrastructure rebuilding operations have just been completed.

The rebuilding of our “escalator base and aftermarket base,” the most significant business segment of the Medium-Term Management Plan, “Regeneration for Quality,” was completed sequentially in April 2010.

“Big Step,” the escalator development and production base, is located in Toyooka City, Hyogo Prefecture, where an office building and plant were newly built in order to further enhance production systems and further strengthen research and development systems. As a result, speedy and integrated systems from development to production of escalators have been built and we will aim at further expansion of this business.

"Big Fit," the aftermarket base, is located in our former head office in Ibaraki City, Osaka Prefecture, where the Field Engineering Research Institute, Human Resources Development Center, Safenet Center and Parts Center are concentrated, through which we will further improve the "safety and security" of users and it will serve as a core base to solidify customer trust.

Global overview and management environment in fiscal year ended March 31, 2010

The global economy in 2009 showed signs of gradual recovery in the second half rebounding from the financial market turmoil and the sharp drop in the real economy in 2008 due to the effects of economic policies in Japan, Europe and the United States. In the Asia region, for example in China, the economy rapidly followed a recovery path mainly in domestic demand due to economic stimulus measures. In other Asia areas, the respective economics have generally progressed on a recovery trend against the backdrop of economic measures taken by each country and an increase in exports.

Under such circumstances, in the elevating equipment industry to which the Company belongs, demand has progressed relatively steadily in the China market due to the recovery in real estate investment activities. In other markets, including Japan and North America, however, demand has remained sluggish both for condominiums and commercial facilities due to the cooling of the respective markets and a severe business climate has persisted.

Business performance in fiscal year 2010

For consolidated net sales, domestic net sales were ¥48,067 million, an increase of 5.0% from the previous period, but overseas net sales dropped to ¥58,070 million, a decrease of 6.1% from the previous period and total net sales were ¥106,137 million, a decrease of 1.4% from the previous period. However, if the impact of exchange rate fluctuations is excluded, overseas net sales, actually increased by 7.1%, due to a significant increase of sales in China.

For profit and loss, operating income was ¥5,288 million, an increase of 105.9% from the previous period, as the result of a return to profitability in Japan and a significant increase in profits in East Asia. Other recorded income of ¥766 million mainly due to a decrease in exchange losses. In addition, special items improved by ¥1,390 million from the previous period, due to a decrease in loss from revaluation of inventories, etc., and net income before income taxes and minority interests was ¥6,164 million, an increase of ¥4,900 million from the previous period.

While tax expenses decreased, minority interests increased from the previous period, and net profit and loss recorded a net income of ¥4,061 million compared to a net loss of ¥649 million in the previous period.

New Medium-Term Management Plan

Fujitec started a new three-year Medium-Term Management Plan, "One Goal, One Fujitec," in FY2010. The Companies are focused being a corporation that is highly valued and trusted by its global stakeholders, with the Fujitec Group serving important roles throughout the world, by expanding its presence in global markets and making efforts to increase corporate value, working toward one goal with a single mind.

For specific visions in line with the above management policy, the Fujitec Group has set out the following three key goals as its most important tasks.

- Enhance our position in the global market, especially in the fastest growing Asian market.
- Increase profit on new installations and take the lead in the after-sales market.
- Develop human resources to exceed customer's confidence and expectations through the utmost priority on safety and quality.

In the fiscal year ending March 31, 2013, the final year of the One Goal, One Fujitec management plan, the Fujitec Group's goal is to achieve consolidated net sales of ¥120 billion, consolidated operating income of ¥8 billion and a consolidated operating margin of 6.7%.

Global strategies for global markets

As demand remains robust in China, the world largest elevating equipment market, we will further strengthen our production and sales expansion systems to increase our market share. In addition to "Huasheng Fujitec," an elevator production base near Beijing and "Shanghai Huasheng Fujitec," a Shanghai escalator production base, our new "Fujitec Shanghai Sourcing Center" plant, an equipment supply base, was completed last year and has started full-scale operations. By supplying devices that improve quality and provide cost advantages quickly and stably to the world, this will provide a means to furthering improvements in profit.

In addition, in such mature markets as North America, Hong Kong and Singapore, we will make our best efforts to capture demand for modernization and to generate more profits.

Strategies for the domestic market

With the completions of the elevator base, "Big Wing," the escalator base, "Big Step," and the aftermarket base, "Big Fit," these three bases will cooperate and coordinate activities in an organic manner and engage in an "offense-style management" based on a more solid corporate foundation.

In April 2010, we transferred to a new organization system, which is mainly composed of management by geographical area, and we will make efforts toward sales expansion of the latest elevator model "XIOR" and the escalator "GS-NX" series.

In the aftermarket business, as demands for maintenance and modernization are steady, we will continue to make efforts to build more demand in order to generate more profits.

In the new organization system, since it is “personnel” who support manufacturing and services, we will focus on reinforcement of the company-wide human resources development.

Outlook

Fiscal Year 2011 is the first year of the new One Goal, One Fujitec management plan and we are responding to the expectations and trust of our customers, putting top priority on “safety and quality” based on the united effort of all departments throughout the entire company, in line with the management policy, management targets and the three corporate visions.

This year has seen the launch of “Big Step,” “Big Fit” and “Fujitec Shanghai Sourcing Center” and we aim at great advancements in market share expansion and improvements in profits, with the Fujitec Group united as one.

Through our global corporate activities, we will continue to provide the best products and services that satisfy our customers and continue to make efforts to improve corporate value. I would like to ask our shareholders for their continued support.

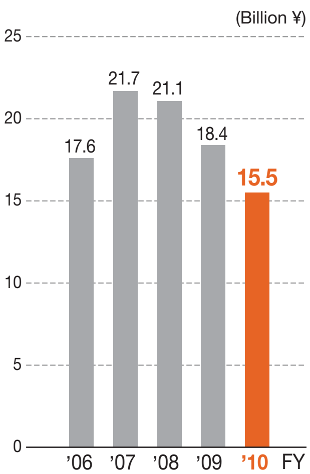
June 28, 2010

Takakazu Uchiyama

President and Chief Executive Officer

Outline of Major Activities

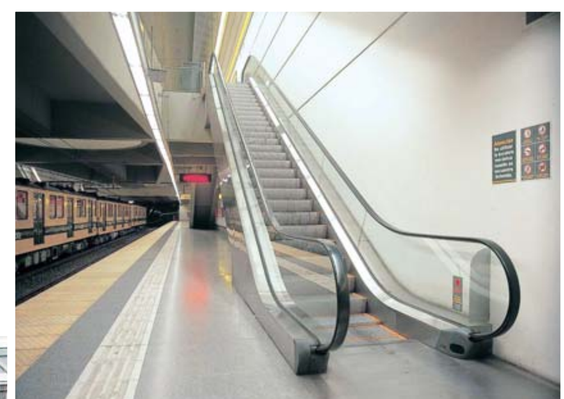
North & South Americas



In the United States, nine units of elevators, including a high speed model at 300m/min. will be delivered to the Four Seasons Private Residence Denver, a hotel and luxurious housing complex in Denver, Colorado. Also in the United States, we received an order for a total of 17 elevators and escalators for Canarsie Plaza, commercial facilities being constructed in New York City. In Canada, Shangri-La Hotel Vancouver, a world-class hotel and luxurious condominium complex, was completed. In this hotel, 13 elevators, including ultra-high speed models, are in operation. We received an order for a total of 25 elevators and escalators for the terminal of West LRT, a new transport system to be constructed in Calgary, Canada.

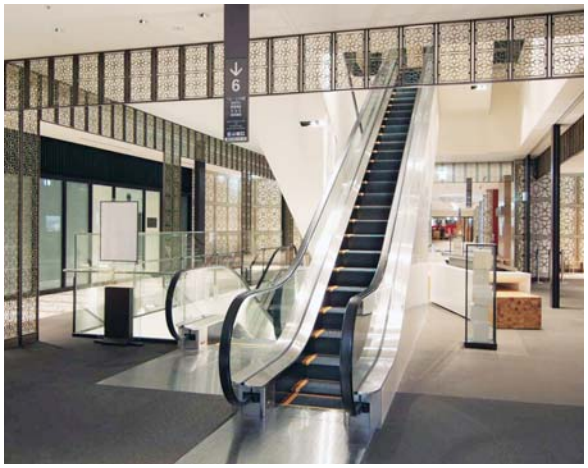
In Buenos Aires, Argentina, 20 elevators are being delivered to the Madero Office, being built in the Puerto Madero area and we also delivered a total of 75 escalators and autowalks (moving pedestrian paths) for Municipal Metro Lines H, A and B.

Municipal Metro Lines H, A and B (Buenos Aires, Argentina)



Shangri-La Hotel Vancouver (Vancouver, Canada)

Japan



Takashimaya Department Osaka Store (Osaka, Japan)

Tokyu Harvest Club Arima Rokusai (Hyogo, Japan)

In Osaka, at the Takashimaya Department Osaka Store which was remodeled and expanded in March 2010, 14 elevators, including those for the observation model, and 24 escalators are in operation. In Yamatokoriyama City, Nara Prefecture, at the AEON MALL Yamatokoriyama a commercial complex which also opened in March 2010, 26 escalators are in operation. To LaLaport Iwata, a large commercial facility in Iwata City, Shizuoka Prefecture, we delivered a total of 36 elevators and escalators.

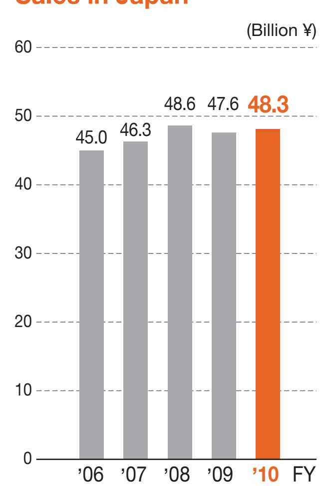
We also delivered products to several membership resort hotels. In Hyogo Prefecture, we delivered many elevators to the Tokyu Harvest Club Arima Rokusai at the Arima Hot Spring, the oldest hot spring resort in Japan, and to XIV Hakone Rikyu in Hakone in Kanagawa Prefecture.

In Tokyo, we received an order for a total of 19 elevators and escalators for the Ginza Komatsu Plan, commercial facilities to be constructed in Ginza 6-chome.

In Osaka, for a complex to be built at the east end of Hankyu Umeda Station, we received an order for a total of 29 elevators and escalators.

In addition, demand for modernization of old elevators is strong. We received an order for modernization work of the Central Joint Government Building No. 5 in Tokyo and also modernization work was completed for the Kitamidorigaoka Residential Complex in Toyonaka City, Osaka and for the Tokyo Metropolitan Housing Supply Corporation.

Sales in Japan



East Asia

The Peninsula Shanghai (Shanghai, China)

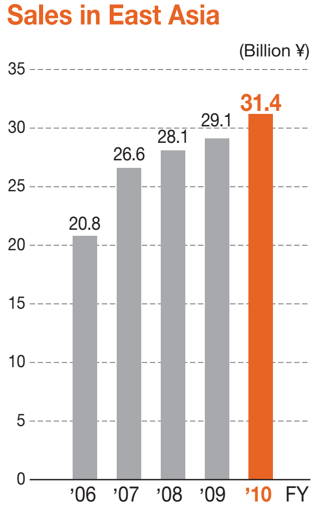
Sheraton Hsinchu Hotel, Taiwan (Hsinchu, Taiwan)

In Shanghai, China, The Peninsula Shanghai, one of the most prestigious five star hotels in the world, opened and 27 our luxurious elevators and escalators are now in operation. Also in China, we received a package order for 248 elevators for a large scale housing development project, now under construction in Anshan City, Liaoning Province, and we also received orders for and delivered a large number of elevators for housing development projects in various areas.

In Hong Kong, we received orders for 53 elevators and escalators for six buildings of high-rise apartments and commercial facilities, adjacent to Tseng Kwan O Station of the Hong Kong Railway and for a total of 41 elevators and escalators for six buildings of super high-rise housing adjacent to Olympic Station.

In Taiwan, a total of 28 magnificent elevators and escalators are in operation at Sheraton Hsinchu Hotel, Taiwan, a five-star hotel in Hsinchu City and Glory Hotel next door. We delivered a total of 59 elevators, escalators and autowalks to Shin Kong Mitsukoshi Department, Zuoying, commercial facilities adjacent to Zuoying Station in Kaohsiung.

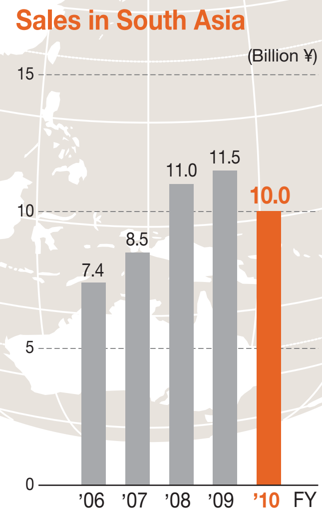
Sales in East Asia



South Asia

In Singapore, a total of 25 elevators and escalators, including ultra-high speed models, were delivered to The Sail, a super high-rise condominium. Also in Singapore, we received an order for a total of 65 elevators, escalators and autowalks for the Civic Cultural Retail Entertainment Center a commercial building featuring a unique appearance, and we received an order for modernization of 311 units of existing elevators in housing of the Housing Development Bureau.

In Malaysia, we delivered a total of 37 elevators and escalators for AEON Bandaraya Malacca Shopping Center, a large commercial facility in Malacca Province.

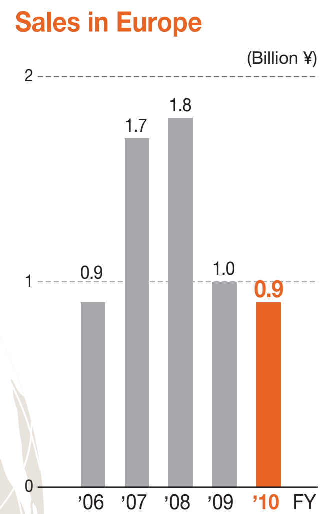


The Sail (Singapore)

Rendering of Civic Cultural Retail Entertainment Center (Singapore)

Europe & The Middle East

In the United Arab Emirates, Dubai Metro, an urban railroad project, opened and 92 autowalks are installed on the pedestrian bridge over the main road from the Station buildings. We recently received an order for a total of 33 elevators, escalators and autowalks for facilities adjacent to the Al Qusais Station of the same railroad.



Dubai Metro (Dubai, U.A.E.)

Topics

"Big Step" and "Big Fit" completed one after another! We aim for great advancement by rebuilding infrastructure.

"Big Step" – the escalator development and production base with state-of-the-art facilities

The original escalator base of Fujitec is located in Toyooka City, Hyogo Prefecture and has been in operation since February 1989. For further enhancement of production systems and the reinforcement of research and development systems, we built a new office building and plant there.

On April 6, 2010, the new buildings and the renewal of our existing plant were completed and the premises were redefined as the new escalator development and production base, "Big Step."

For research and development, our "Laboratory" which tests performance, safety and durability of escalators and trestles for high-rise models is fully installed at the plant. Completed product performance tests are conducted as part of the quality management system.

On production lines, we pursue maximum production efficiency through the reorganization of layouts and are able to halve the number of days required for assembly-to-shipment of escalators.

In addition, we have introduced a large number of production equipment units controlled by computers and have also made efforts for manufacturing of high precision and high quality products by conducting strict in-process inspections and final inspections.

In fully utilizing this state-of-the-art research and development facility and production equipment, we will develop new products ahead of our competitors and expand our market share by establishing a speedy and smoothly integrated system from development to production.

Appearance of "Big Step"

“Big Fit” – the aftermarket base improving “safety and security”

The site of the former head office in Ibaraki City, Osaka has enabled expansion of the facilities for the aftermarket base and on April 28, 2010, construction of a new building and the renewal of existing buildings were completed and rededicated as “Big Fit.”

Appearance of “Big Fit”

Here, clustered together are the Field Engineering Research Institute which pursues improvement and the innovation of field technologies centering on installation and maintenance, and also the Human Resources Development Center, which works on the further strengthening of human resources development by providing personnel both basic and advanced technology knowledge and skills, and the Parts Center, the base for storage and the supply of parts to global markets.

In addition, Safenet Center, which conducts remote monitoring 24 hours a day, is operated and serves an important function as a stand by headquarters facility in case of large area disasters.

Through establishment of the close cooperation system between these field-related facilities, we will further improve the “safety and security” of users and build a solid level of trust.

Fujitec will make strenuous efforts for great advancements with the more solid corporate foundation as its three domestic bases evolve and improve.

Safenet Center

World Elevator & Escalator Expo (WEEE) 2010 makes a big splash in China

Fujitec Booth

The World Elevator & Escalator Expo (WEEE) 2010, where elevating equipment manufacturers from all over the world gathered and exhibited the latest technologies and products, made a big splash at the International Exhibition Center, located in Langfang City, Hebei Province near Beijing for four days from April 21, 2010.

WEEE 2010 covered 50,000m^2, and with six exhibition sites, about 600 manufacturers of elevators, escalators and parts from China and abroad participated. During the Expo period, visitors totaled 45,000, which was the largest attendance for an exhibition of elevators in the world to date.

Huasheng Fujitec and Shanghai Huasheng Fujitec, the global corporations in China, jointly participated. Fujitec's booth, "Experience Hall," had the theme "pursuit of elevators friendly to people and the environment with safety."

As the major part of our exhibit, we showed our machines and door operators with a permanent magnet motor, the movement of which could be seen, and the multi-protection door safety system sensors, reinforcing the safety of passengers, the destination reservation guidance system, and actual escalators and the latest devices. Visitors were actually able to experience the comfortable ride and safety of our escalators.

During the Expo, dealers of elevators and escalators from every part of the world showed great interest in the advanced technologies of Fujitec, which drew high praise.

Also located in Langfang City where the Expo was held, is the head office and plant of "Huasheng Fujitec." We invited guests from all over the world to tour the plant and renovated showroom and strongly promoted our product lineup and quality management system.

New Showroom of "Huasheng Fujitec"

Environmental Activities

We are promoting energy savings and resource savings in our products and corporate activities.

Fujitec is actively planning and promoting various activities in response to global environmental problems, including global warming to reduce hazardous materials.

For elevator and escalator products, we adopted LED's for lighting and have also pursued reductions in electricity consumption by introducing high efficiency motors.

To reduce use of hazardous substances such as lead and chrome, we are manufacturing products friendly to the environment and have reduced hazardous substances for electronic equipment substrates, decorative steel sheets and coating processes, etc.

In response to the Japan "Law for More Efficient Use of Energy" (Revised Energy Saving Law) which was amended and implemented in April 2010, we are making strenuous efforts at company-wide energy controls.

The latest elevator (XIOR) entirely adopted LED lighting

At "Big Step" and "Big Fit," which were completed recently, we have further strengthened efforts at reducing energy consumption through the greening of rooftops and air conditioning by ice thermal storage and also by adopting windows for natural lighting and heat reflection glass in the plant ceiling.

At existing plants and offices, we are planning and promoting temperature controls, more energy saving lighting equipment and reviews of plant equipment to lower energy consumption.

In addition, for installation and maintenance, we promote reductions in CO_2 through the use of more simplified packaging materials for parts and devices and their possible reuse and modal shifts in distribution (transferring part of former truck transportation to railroads) and we continue to carry out additional environmental preservation activities.

Open Terraces on the 3rd Floor of "Big Step"

Greening of the rooftop of "Big Step"

Financial Section

Consolidated Financial Review

(Japanese yen amounts have been translated into U.S. dollars using the exchange rate of ¥93 to U.S.$1.)

Summary of Business Performance for the Fiscal Year ended March 31, 2010

In 2009, the global economy rid itself of the turmoil in the financial markets and the sharp deceleration of the real economy since autumn of 2008 and has progressed on a general recovery trend. As concerns the business results of the Fujitec Group, in addition to operations returning to profitability in Japan, East Asia, including China drove business performance, Fujitec could achieve a V-shaped recovery.

◆In domestic markets, although the real estate market has not recovered due to the sluggish economy and business conditions continue to be very severe with an escalation in competition, sales for modernization steadily increased and the Company managed to generate profits through cost reductions and squeezing of fixed costs.

◆In overseas markets, the results turned profitable through reductions in fixed costs in North America and Europe, although these were affected by an appreciating yen. In the Asian region, particularly in China, we recorded a large increase in revenues and profits due to a decrease in raw material prices and cost reductions. As a result, for the closing of accounts for the fiscal year ended March 31, 2010, consolidated operating income reached its highest level over the past ten (10) years.

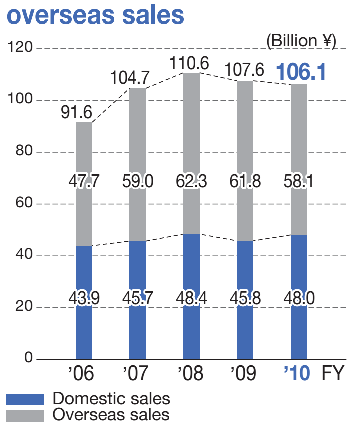
◆Operating earning ratio of 8%, the management goal of the 3-Year Mid-Term Management Plan, “Regeneration for Quality” was not attained, because of the domestic results not achieving their targets, although overseas consolidated subsidiaries achieved their stated targets.

Net Sales and Income

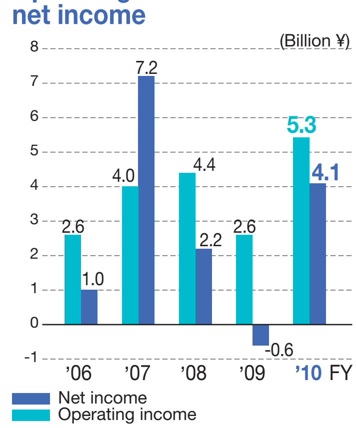
• Status of Sales

Consolidated net sales for the fiscal year ended March 31, 2010 were ¥106,137 million, a decrease of ¥1,472 million.

Domestic sales and overseas sales



Operating income and net income



This was due to a decrease in overseas net sales of 6.1% from the effects of an appreciating yen, while domestic net sales increased by 5.0%. As a result, the overseas net sales ratio to consolidated net sales accounted for 54.7%, a decrease of 2.8 points from 57.5% in the previous year.

Net Sales by Region

While sales from exports decreased as compared to the previous year in Japan, net sales were ¥51,283 million, an increase of 0.5% as compared to the previous year due to an increase in modernization works and application of the percentage-of-completion method for construction contracts.

In North America, net sales were ¥15,562 million, a decrease of 15.6% as compared to the previous year mainly due to the rising yen.

In Europe, while both sales of escalators and maintenance services increased, due to the impact of exchange rate fluctuations, net sales were ¥931 million, a decrease of 10.7% as compared to the previous year.

In South Asia, net sales were ¥10,187 million, a decrease of 13.5% as compared to the previous year due to appreciation of the yen by 13.5% as compared to the previous year.

On the other hand in East Asia, mainly in China, sales of the escalator "GS-NX" Series have progressed favorably along with the "GLVF-II" elevator for condominiums and net sales were ¥33,836 million, an increase of 5.8% as compared to the previous fiscal year.

• Status of Cost of Sales, Selling, General and Administrative Expenses

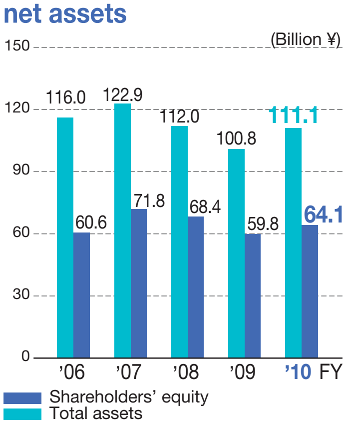
Cost of Sales for the current year were ¥85,858 million, a decrease of ¥2,728 million as compared to the previous year. The Cost of Sales ratio was 80.9%, a decrease of 1.4 points. This was mainly due to a decrease in raw materials costs and the squeezing of fixed costs.

Selling, general and administrative expenses were ¥14,991 million, a decrease of ¥1,463 million as compared to the previous fiscal year and the ratio of Selling, general and administrative expenses to net sales was 14.1%, a decrease of 1.2 points.

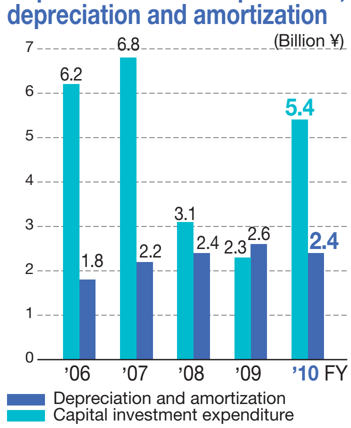
• Status of Income

Operating income for the current year was ¥5,288 million, an increase of 105.9% as compared to the previous fiscal year due to improvements in gross sales profit through a decrease in raw material prices in addition to the effects

Total assets and net assets



Capital investment expenditure, depreciation and amortization



from cost reductions and constraints placed on fixed costs both in Japan and overseas and a decrease in the ratio of Selling, general and administrative expenses. Other income and expenses recorded income of ¥766 million (net) due to a decrease in exchange losses as compared to a loss of ¥25 million (net) in the previous fiscal year. Special items recorded income of ¥110 million (net) due to a decrease in loss from revaluation of inventories as compared to a loss of ¥1,280 million (net) in the previous fiscal year, which was an improvement of ¥1,390 million from the previous fiscal year. Reflecting the above factors, Income before income taxes and minority interests was ¥6,164 million, an increase of ¥4,900 million from the previous fiscal year. While income taxes decreased from the previous fiscal year, minority interests increased.

As a result, Net income was significantly improved from Net loss of ¥649 million in the previous fiscal year to ¥4,061 million and Net income per share was ¥43.40, an increase of ¥50.34 as compared to Net loss in the previous fiscal year.

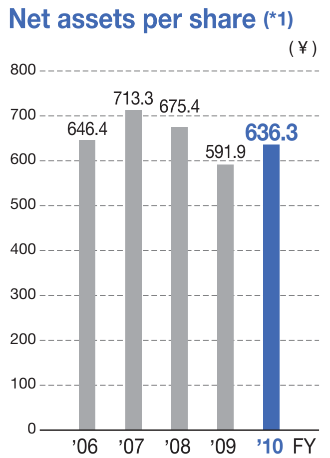
Financial Position

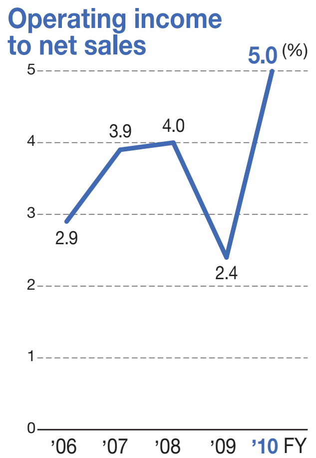
Total assets in the current year were ¥111,099 million, an increase of ¥10,276 million from the end of the previous fiscal year. This was mainly due to an increase of 5,630 million in Trade notes and accounts receivable, ¥1,149 million in deferred tax assets and ¥5,246 million in tangible fixed assets respectively, and a decrease of ¥2,133 million in Investments in unconsolidated subsidiaries and affiliates.

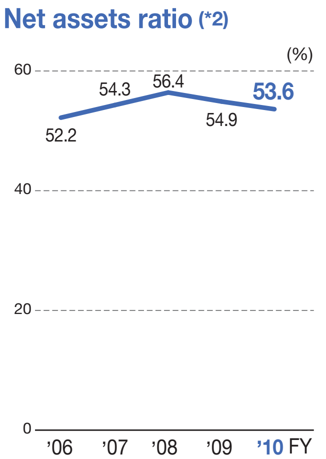
Total liabilities increased by ¥6,030 million from the end of the previous fiscal year to ¥47,043 million. This was mainly due to an increase of ¥1,149 million in Trade notes and accounts payable, ¥1,567 million in Provision for losses on contracts, ¥1,635 million in Advances from customers and ¥1,011 million in non-current Deferred tax liabilities.

Net assets were ¥64,056 million, an increase of ¥4,246 million from the end of the previous fiscal year. This was mainly due to an increase of ¥3,066 million in retained earnings from recording Net income, despite of a decrease by dividends. The capital adequacy ratio as of the end of the current fiscal year was 53.6% (a decrease of 1.3 points from the end of the previous fiscal year).

The Fujitec Group procures operating capital and capital investment funds through internal or debt financing. Currently, Fujitec Group's procurement of operating capital through debt financing is realized in the form of short-term debt due within one year, which is generally raised by the individual consolidated subsidiaries in their respective







*1. Net assets per share is calculated excluding minority interests and appropriation of staff and workers' bonus and welfare fund.

*2. Net assets ratio is calculated excluding minority interests.

local currencies. As of March 31, 2010, the value of outstanding short-term debt was ¥5,472 million. Long-term funding such as for capital investment is procured through long-term debt. The outstanding balance of long-term debt (including the current portion of long-term funding) at the end of the period was ¥4,685 million, of which the majority was financed at fixed interest rates and denominated in yen and US$.

The Company is of the opinion that cash flows from operating activities, debt and, where necessary, the funding from capital market will be adequate to provide the operating capital required in the future to maintain growth and the long-term funding required for capital investment.

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

Cash Flow

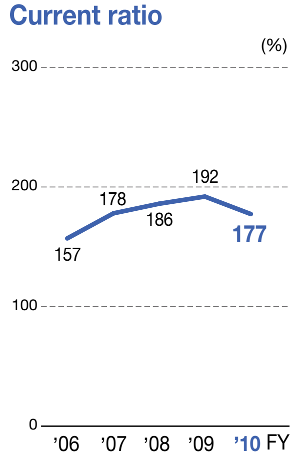
Net cash provided by operating activities decreased by ¥1,730 million from the previous fiscal year to ¥6,701 million, which comprised mainly inflows from Income before income taxes and minority interests of ¥6,164 million, Depreciation and amortization of ¥2,365 million, Provision for losses on contracts and an increase in Advances from customers, despite of an outflow from an increase of ¥5,124 million in Trade notes and accounts receivable. Major causes for the decrease from the previous fiscal year were an increase in Trade notes and accounts receivable, while Income before income taxes and minority interests was increased.

Net cash used in investing activities decreased by ¥7,877 million from the previous fiscal year to ¥6,308 million due to the Net increase in time deposits of ¥1,186 million and Acquisitions of property, plant and equipment of ¥5,425 million. Major causes for the decrease were a decrease of ¥11,946 million in Net increase in time deposits and an increase of ¥3,112 million in Acquisition of property, plant and equipment .

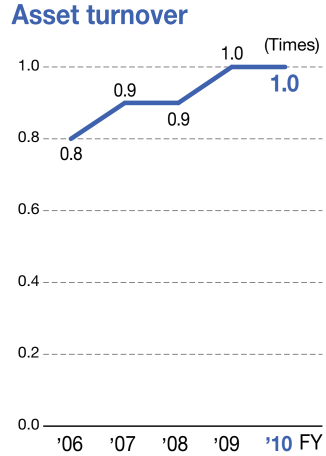
Net cash used in financing activities was ¥3,143 million, a decrease of ¥2,361 million from the previous fiscal year due to a decrease in short-term debt, cash outflow of ¥812 million by acquisition of the minority interests in the consolidated subsidiary and payment of interest and dividend. The major cause for the decrease was a decrease of ¥3,622 million in revenues from long-term debt.

As a result, Cash and cash equivalents as of March 31, 2010 decreased by ¥1,549 million from the end of the previous fiscal year to ¥7,840 million.

Current ratio



Asset turnover



Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2010**	2009	**2010**
Current assets:			
Cash and cash equivalents (Note 14)	**¥ 7,840**	¥ 9,389	**$ 84,301**
Time deposits (Note 14)	**13,438**	12,033	**144,495**
Trade notes and accounts receivable (Note 14):			
Unconsolidated subsidiaries and affiliates	**92**	531	**989**
Other	**29,999**	23,930	**322,570**
Allowance for doubtful accounts	**(413)**	(321)	**(4,441)**
	29,678	24,140	**319,118**
Inventories (Note 4)	**12,454**	13,507	**133,914**
Deferred tax assets (Note 6)	**1,300**	151	**13,979**
Other current assets	**1,981**	1,424	**21,301**
Total current assets	**66,691**	60,644	**717,108**
Investments and long-term loans:			
Investments in unconsolidated subsidiaries and affiliates	**1,302**	3,435	**14,000**
Investment securities (Note 3 and 14)	**5,103**	4,322	**54,871**
Long-term loans (Note 14)	**1,924**	1,925	**20,688**
	8,329	9,682	**89,559**
Property, plant and equipment, at cost (Note 7):			
Buildings	**25,323**	19,573	**272,290**
Machinery and equipment	**14,700**	14,551	**158,065**
Leased assets (Note 9)	**67**	211	**720**
	40,090	34,335	**431,075**
Accumulated depreciation	**(16,903)**	(16,311)	**(181,752)**
	23,187	18,024	**249,323**
Land	**6,851**	6,748	**73,666**
Construction in progress	**1,043**	1,063	**11,215**
	31,081	25,835	**334,204**
Other assets:			
Deferred tax assets (Note 6)	**53**	53	**570**
Goodwill	**1,006**	946	**10,817**
Intangible assets	**2,276**	1,668	**24,473**
Other	**1,663**	1,995	**17,882**
Total	**¥ 111,099**	¥ 100,823	**$ 1,194,613**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of Yen 2010	2009	Thousands of U.S. Dollars (Note 1) 2010
Current liabilities:			
Short-term debt (Note 7 and 14)	¥ 5,472	¥ 6,339	$ 58,839
Current portion of long-term debt (Note 7 and 14)	1,072	113	11,527
Lease obligations (Note 9)	11	86	118
Trade notes and accounts payable (Note 14):			
Unconsolidated subsidiaries and affiliates	29	42	312
Other	11,817	10,655	127,065
Advances from customers	7,751	6,116	83,344
Accrued income taxes (Note 6)	1,025	555	11,022
Accrued bonuses to employees	1,305	954	14,032
Provision for losses on contracts	2,792	1,225	30,021
Deferred tax liabilities (Note 6)	–	21	–
Other current liabilities	6,360	5,553	68,387
Total current liabilities	37,634	31,659	404,667
Long-term debt (Note 7 and 14)	3,613	4,558	38,849
Lease obligations (Note 9)	15	26	161
Deferred tax liabilities (Note 6)	1,329	318	14,291
Accrued pension and severance payments (Note11)	4,261	4,246	45,817
Retirement benefits for directors	191	206	2,054
Total liabilities	47,043	41,013	505,839
Contingent liabilities (Note 8)			
Net assets:			
Shareholders' equity (Note 10)			
Common stock, no par value;			
Authorized: 300,000,000 shares			
Issued: 93,767,317 shares at March 31, 2010 and 2009	12,534	12,534	134,774
Additional paid-in capital	14,566	14,566	156,624
Retained earnings	49,228	46,162	529,333
Treasury stock, at cost: 188,458 shares at March 31, 2010 and 179,601 shares at March 31, 2009	(127)	(123)	(1,366)
	76,201	73,139	819,365
Valuation and translation adjustments			
Net unrealized gains on securities	834	215	8,968
Deferred gain on hedge transactions	1	–	11
Foreign currency translation adjustments	(17,496)	(17,963)	(188,129)
	(16,661)	(17,748)	(179,150)
Minority interests	4,516	4,419	48,559
Total net assets	64,056	59,810	688,774
Total	¥ 111,099	¥ 100,823	$ 1,194,613

Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Net sales	¥ 106,137	¥ 107,609	$ 1,141,258
Cost and expenses:			
Cost of sales	85,858	88,586	923,204
Selling, general and administrative expenses	14,991	16,454	161,194
	100,849	105,040	1,084,398
Operating income	5,288	2,569	56,860
Other income (expenses):			
Interest and dividend income	583	767	6,269
Interest expense	(229)	(369)	(2,462)
Subsidy income	241	–	2,591
Foreign exchange loss	(39)	(514)	(419)
Other, net	210	91	2,258
	766	(25)	8,237
Special items:			
Gain on sales of property, plant and equipment	11	682	118
Gain on sales of investment securities, net	152	–	1,634
Loss on sales and disposal of property, plant and equipment	(146)	(694)	(1,569)
Impairment loss on long-lived assets (Note 5)	–	(111)	–
Write-down of investment securities (Note 3)	(7)	(350)	(75)
Loss from revaluation of inventories	–	(915)	–
Other, net	100	108	1,075
	110	(1,280)	1,183
Income before income taxes and minority interests	6,164	1,264	66,280
Income taxes (Note 6):			
Current	1,689	915	18,161
Deferred	(591)	356	(6,354)
	1,098	1,271	11,807
Income (loss) before minority interests	5,066	(7)	54,473
Minority interests in net income of consolidated subsidiaries	1,005	642	10,806
Net income (loss)	¥ 4,061	¥ (649)	$ 43,667

Per share:	Yen		U.S. Dollars (Note 1)
Net income (loss), based on the weighted average number of shares outstanding	¥ 43.40	¥ (6.94)	$ 0.47
Cash dividends applicable to the year	10.00	10.00	0.11

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Thousands	Millions of Yen								
	Number of shares of common stock issued	common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gain on securities	Deferred gain on hedge transactions	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at April 1, 2008	93,767	¥12,534	¥14,566	¥48,710	¥ (116)	¥ 1,404	¥ 1	¥(13,882)	¥ 5,139	¥68,356
Net loss		–	–	(649)	–	–	–	–	–	(649)
Cash dividends		–	–	(1,123)	–	–	–	–	–	(1,123)
Staff and workers' bonus and welfare fund		–	–	(5)	–	–	–	–	–	(5)
Treasury stock acquired, net		–	–	–	(7)		–	–		(7)
Net change in the year		–	–	(771)		(1,189)	(1)	(4,081)	(720)	(6,762)
Balance at March 31, 2009	93,767	12,534	14,566	46,162	(123)	215	-	(17,963)	4,419	59,810
Net income	**–**	**–**	**–**	**4,061**	**–**	**–**	**–**	**–**	**–**	**4,061**
Cash dividends	**–**	**–**	**–**	**(842)**	**–**	**–**	**–**	**–**	**–**	**(842)**
Treasury stock acquired, net	**–**	**–**	**–**	**–**	**(4)**	**–**	**–**	**–**	**–**	**(4)**
Decrease by a newly consolidated subsidiary	**–**	**–**	**–**	**(153)**	**–**	**–**	**–**	**–**	**–**	**(153)**
Net change in the year	**–**	**–**	**–**	**–**	**–**	**619**	**1**	**467**	**97**	**1,184**
Balance at March 31, 2010	**93,767**	**¥12,534**	**¥14,566**	**¥49,228**	**¥ (127)**	**¥ 834**	**¥ 1**	**¥(17,496)**	**¥ 4,516**	**¥64,056**

	Thousands	Thousands of U.S. Dollars (Note 1)								
	Number of shares of common stock issued	common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gain on securities	Deferred gain on hedge transactions	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2009	93,767	$134,774	$156,624	$496,366	$ (1,323)	$2,312	$ –	$(193,151)	$47,516	$643,118
Net income	–	**–**	**–**	**43,667**	**–**	**–**	**–**	**–**	**–**	**43,667**
Cash dividends	–	**–**	**–**	**(9,055)**	**–**	**–**	**–**	**–**	**–**	**(9,055)**
Treasury stock acquired, net	–	**–**	**–**	**–**	**(43)**	**–**	**–**	**–**	**–**	**(43)**
Decrease by a newly consolidated subsidiary	–	**–**	**–**	**(1,645)**	**–**	**–**	**–**	**–**	**–**	**(1,645)**
Net change in the year	–	**–**	**–**	**–**	**–**	**6,656**	**11**	**5,022**	**1,043**	**12,732**
Balance at March 31, 2010	**93,767**	**$134,774**	**$156,624**	**$529,333**	**$ (1,366)**	**$8,968**	**$ 11**	**$(188,129)**	**$48,559**	**$688,774**

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, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 6,164**	¥ 1,264	**$ 66,280**
Depreciation and amortization	**2,365**	2,600	**25,430**
Impairment loss on long-lived assets	**–**	111	**–**
Provision (benefit) for bonuses to employees	**345**	(382)	**3,710**
Provision for losses on contracts	**1,544**	266	**16,602**
Loss from revaluation of inventories at the beginning of period	**–**	915	**–**
Write-down of investment securities	**7**	350	**75**
Interest and dividend income	**(583)**	(767)	**(6,269)**
Interest expense	**229**	369	**2,462**
Gain on sales of property, plant and equipment	**(11)**	(682)	**(118)**
Gain on sales of investment securities, net	**(152)**	–	**(1,634)**
Loss on sales and disposal of property, plant and equipment	**146**	694	**1,569**
(Increase) decrease in trade notes and accounts receivable	**(5,124)**	2,821	**(55,097)**
Decrease in inventories	**1,221**	1,373	**13,129**
Increase in trade notes and accounts payable	**888**	261	**9,549**
Increase in advances from customers	**1,499**	615	**16,118**
Other, net	**(590)**	(682)	**(6,344)**
Sub-total	**7,948**	9,126	**85,462**
Payment of income taxes	**(1,247)**	(695)	**(13,408)**
Net cash provided by operating activities	**6,701**	8,431	**72,054**
Cash flows from investing activities:			
Net increase in time deposits	**(1,186)**	(13,132)	**(12,753)**
Acquisitions of property, plant and equipment	**(5,425)**	(2,313)	**(58,333)**
Purchase of intangible assets	**(757)**	(79)	**(8,140)**
Proceeds from sale of property, plant and equipment	**35**	1,968	**376**
Payment for purchase of investment securities	**(51)**	(605)	**(548)**
Proceeds from sale and redemption of investment securities	**457**	6	**4,914**
Investments in unconsolidated subsidiaries	**–**	(1,306)	**–**
Proceeds from interest and dividend income	**629**	750	**6,763**
Other, net	**(10)**	526	**(107)**
Net cash used in investing activities	**(6,308)**	(14,185)	**(67,828)**
Cash flows from financing activities:			
Net decrease in short-term debt	**(887)**	(1,698)	**(9,538)**
Proceeds from long-term debt	**138**	3,760	**1,484**
Repayment of long-term debt	**(126)**	(864)	**(1,355)**
Repayment of lease obligation	**(86)**	(114)	**(925)**
Payment of interest	**(237)**	(385)	**(2,548)**
Cash dividends paid	**(843)**	(1,123)	**(9,064)**
Cash dividends paid to minority shareholders	**(309)**	(352)	**(3,323)**
Repayment to a minority shareholder	**(812)**	(3)	**(8,731)**
Other, net	**19**	(3)	**204**
Net cash used in financing activities	**(3,143)**	(782)	**(33,796)**
Effect of exchange rate changes on cash and cash equivalents	**344**	(941)	**3,699**
Net decrease in cash and cash equivalents	**(2,406)**	(7,477)	**(25,871)**
Cash and cash equivalents at beginning of year	**9,389**	16,866	**100,957**
Cash and cash equivalents of newly consolidated subsidiary	**857**	–	**9,215**
Cash and cash equivalents at end of year	**¥ 7,840**	¥ 9,389	**$ 84,301**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Fujitec Co., Ltd. (the "Company") and its consolidated subsidiaries have been prepared from the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau, as required by the Financial Instruments and Exchange Act 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 ¥93=US$1, the approximate effective rate of exchange at March 31, 2010. 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 ¥93=US$1 or at any other rate.

2. Summary of Significant Accounting Policies

(A) Principles of consolidation

The consolidated financial statements as of March 31, 2010 include the accounts of the Company and the following 18 (17 as of March 31, 2009) significant subsidiaries (together the "Companies").

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

The accounts of Fujitec Shanghai Sourcing Center Co., Ltd. (China) were newly included in consolidation, effective January 1, 2009 due to an increase of its materiality.

The closing date of the above consolidated 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 significant 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

Every monetary asset and liability denominated in foreign currency is translated into Japanese yen at the rate of exchange in effect at the each balance sheet date, and the resulting exchange gains or losses are recognized in the consolidated statements of income.

(C) Translation of consolidated foreign subsidiaries' accounts

All assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rates in effect at their balance sheet date. When a significant change in exchange rate occurs between the foreign consolidated subsidiaries' balance sheet date and the consolidated balance sheet date, their assets and liabilities are translated into Japanese yen at the exchange rates in effect at the consolidated balance sheet date. The items of shareholders' equity are translated at the historical rates at the dates of acquisition, and profit and loss accounts are translated into Japanese yen at the annual average rates.

Any resulting foreign currency translation differences are shown as "Foreign currency translation adjustments" and "Minority interests" in a separate component of net assets.

(D) Revenue recognition

Generally, foreign subsidiaries record income from 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.

(Change in accounting policy)
The Company previously applied the completed-contract method for recognizing revenues and costs of construction contracts. Effective from April 1, 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. Otherwise, the completed-contract method shall be applied. The percentage of construction progress shall be estimated based on the percentage of the cost incurred to the estimated total cost. As a result of this change, net sales increased by ¥ 2,585 million (US$27,796 thousand), operating income and income before income taxes and minority interests for the year ended March 31, 2010 decreased by ¥ 717 million (US$7,710 thousand), respectively.

In accordance with adoption of the above standards, the Company changed its method of estimating loss on a construction contract, effective from the year ended March 31, 2010, in order to be more adequate to the standards. As a result of this change, operating income and income before income taxes and minority interests for the year ended March 31, 2010 decreased by ¥1,572 million (US$16,903 thousand), respectively.

The Company and the foreign subsidiaries recognize the total estimated loss currently when estimates indicate that a loss will be incurred on a contract.

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

The Companies classify their securities into trading securities, held-to-maturity debt securities, equity investments in unconsolidated subsidiaries and affiliates, or other securities that are not classified in any of the above categories.

Held-to-maturity debt securities are stated at amortized cost. 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 net assets. 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.

Inventories of the Company are stated at cost determined primarily by the specific identification method or the average method, which writes off the book value of balance sheet amounts based on decreases in profitability.

(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 certain foreign subsidiaries which adopt the straight-line method.

Buildings of the Company which were acquired on or after April 1, 1998 are depreciated by the straight-line method while the depreciation for its buildings was computed by the declining-balance method until the year ended March 31, 1998.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(H) Goodwill and other intangible assets

Until the year ended March 31, 2007, the U.S. and Canadian subsidiaries adopted an accounting standard of goodwill, which requires that goodwill be tested, at least, annually for impairment. Starting from April 1, 2008, however, goodwill is amortized on a straight-line basis over the period of 20 years for consolidation in accordance with adoption of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006) .

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

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

(I) Impairment of long-lived assets

The Company has adopted the Japanese accounting standard "Accounting Standard for Impairment of Fixed Assets" and evaluates the carrying value of long-lived assets to be held for use in the business. If the carrying value of a long-lived asset is impaired, a loss is recognized based on the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of the net selling price or the value in use of the assets, which is determined as the discounted cash flows generated from continuing use of the individual asset or the assets group.

(J) Severance payments and pension plan

The Company has two retirement benefit plans, an unfunded lump-sum severance payment plan 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. The accrued pension and severance payments for employees at the balance sheet dates represents the estimated present value of projected benefit obligation in excess of the fair value of the plan assets.

The U.S. subsidiary 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 has in the past accrued the unfunded retirement liability for a lump-sum benefit for directors and corporate auditors of the Company based on the established guidelines and the payment of such benefits was subject to approval at the shareholders' meeting. The annual meeting of shareholders held on June 27, 2007 abolished the retirement benefit plan for directors and corporate auditors as of the meeting date, and further resolved to make payments corresponding to their terms of office up to June 27, 2007 to all directors and corporate auditors currently in office at the time of their retirement.

(K) Leases

Finance leases other than those which are deemed to transfer the ownership of leased assets to the lessees are accounted for in a similar way to purchases, and depreciation for lease assets is computed under the straight-line method with zero residual value over the lease term. Finance leases other than those which are deemed to transfer the ownership of leased assets to the lessees, which commenced before April 1, 2008, were capitalized with the balance of future minimum lease payments as of April 1, 2008.

(L) Research and development costs

Research and development costs are charged against income as incurred.

(M) Income taxes

Income taxes comprise corporate income tax, inhabitant tax and enterprise tax. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases.

(N) Derivative and hedging activities

All derivatives, except for those which qualify for deferral hedge accounting, are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in earnings. For derivatives which qualify for deferral hedge accounting because of high correlation and effectiveness between the hedging instrument and the hedged item, the gains or losses are deferred until maturity of the hedged transaction.

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

Because the counter parties to the derivatives are limited to major international financial institutions, the Companies do not anticipate any losses arising from credit risk.

(O) Net income (loss) and cash dividends per share

Net income (loss) per share of common stock is computed by net income available to common shareholders divided by 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.

(P) Cash and cash equivalents

For the purposes of reporting on the consolidated statement of cash flows, the Companies consider all cash accounts and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(Q) Reclassification of accounts

Certain reclassifications have been made in the 2009 financial statements to conform to the presentation in 2010.

3. Investment Securities

At March 31, 2010 and 2009, investment securities were as follows:

Investment securities:

	Millions of Yen							
	2010				2009			
	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	¥ 3,487	¥ 1,665	¥ 259	¥ 4,893	¥ 3,745	¥ 922	¥ 559	¥ 4,108
Other	1	–	–	1	1	–	–	1
	¥ 3,488	¥ 1,665	¥ 259	¥ 4,894	¥ 3,746	¥ 922	¥ 559	¥ 4,109

	Thousands of U.S. Dollars (Note 1)			
	2010			
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	$ 37,495	$ 17,903	$ 2,785	$ 52,613
Other	11	–	–	11
	$ 37,506	$ 17,903	$ 2,785	$ 52,624

The carrying amounts of equity securities whose fair value is not readily determinable were ¥209 million (US$2,247 thousand) and ¥213 million for the years ended March 31, 2010 and 2009, respectively.

For the year ended March 31, 2010 and 2009, losses of ¥ 7 million (US$75 thousand) and ¥ 350 million, respectively, were recognized on write-downs of investment securities to reflect the significant decline in market value judged to be other than temporary.

4. Inventories

Inventories at March 31, 2010 and 2009 were comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Finished goods and semi-finished goods	¥ 3,229	¥ 3,126	$ 34,720
Work in process	4,167	5,351	44,807
Raw materials and supplies	5,058	5,030	54,387
	¥ 12,454	¥ 13,507	$ 133,914

5. Impairment of Fixed Assets

During the year ended March 31, 2010, no impairment was recognized. Losses on impaired assets during the year ended March 31, 2009 were as follows:

Location	Use	Type
Field's Training Center, Field's Technical Center and Safenet Center (Ibaraki, Osaka)	Assets to be retired	Buildings
Escalator Business HQ. (Toyooka, Hyogo)	Assets to be retired	Buildings, machinery and equipments

With respect to the assets to be retired, their use is not expected in the future due to re-development at both locations. The impairment loss was recorded as a special item. The details are as follows:

	Millions of Yen
	2009
Buildings	¥ 88
Machinery and equipments	23
Total	¥ 111

The recoverable value of the assets which are to be retired, is deemed to be zero because no future cash flow is expected.

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 40.69% for the years ended March 31, 2010 and 2009.

Income of the consolidated foreign subsidiaries is taxed at the rate of corporate income taxes, ranging from 16.5% to 30.0% for the year ended March 31, 2010 and 16.5% to 25.0% for the year ended March 31, 2009.

The tax effects of temporary differences that give rise to significant deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Deferred tax assets:	**2010**	2009	**2010**
Accrued pension and severance payments	**¥ 1,630**	¥ 1,566	**$ 17,527**
Accrued bonuses to employees	**313**	–	**3,366**
Provision for losses on contracts	**651**	–	**7,000**
Allowance for doubtful accounts	**144**	67	**1,548**
Tax loss carryforwards	**1,296**	779	**13,935**
Others	**562**	238	**6,043**
Total deferred tax assets	**4,596**	2,650	**49,419**
Less: valuation allowance	**(1,434)**	–	**(15,419)**
Total deferred tax assets	**3,162**	2,650	**34,000**
Deferred tax liabilities:			
Unrealized gain on securities	**(571)**	(147)	**(6,140)**
Deferred gains on sales and acquisition of fixed assets	**(2,277)**	(2,362)	**(24,484)**
Others	**(290)**	(276)	**(3,118)**
Total deferred tax liabilities	**(3,138)**	(2,785)	**(33,742)**
Net deferred tax assets	**¥ 24**	¥ (135)	**$ 258**

The deferred tax assets for the year ended March 31, 2009 were after deduction of valuation allowance ¥ 2,690 million.

Net deferred tax assets and liabilities presented in the consolidated balance sheets at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
Current assets-Deferred tax assets	**¥ 1,300**	¥ 151	**$ 13,979**
Other assets-Deferred tax assets	**53**	53	**570**
Current liabilities-Deferred tax liabilities	**–**	(21)	**–**
Non-current liabilities-Deferred tax liabilities	**(1,329)**	(318)	**(14,291)**
Net deferred tax assets	**¥ 24**	¥ (135)	**$ 258**

At March 31, 2010 and 2009, a reconciliation of the Company's statutory tax rate and the effective income tax rate was as follows:

	2010	2009
Statutory tax rate	**40.69** %	40.69 %
Non-deductible expenses	**0.36**	2.57
Per capita inhabitant tax	**1.91**	9.44
Effect of foreign tax rate differences	**53.58**	(16.80)
Dividend income from subsidiaries	**(2.38)**	(25.35)
Non-taxable interest income	**(0.64)**	(6.57)
Valuation allowance for deferred tax assets	**(69.50)**	100.56
Others	**(6.22)**	(3.97)
Effective tax rate	**17.80** %	100.57 %

7. Short-term Debt and Long-term Debt

Short-term debt represents notes payable mainly to banks with the weighted average interest rate of 1.30% per annum at March 31, 2010 and 2.04% per annum at March 31, 2009.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Without collateral:	**2010**	2009	**2010**
Loans, mainly from banks and insurance companies due through 2020 at weighted average interest rates 1.22% in 2010 and 1.38% in 2009	**¥ 4,685**	¥ 4,670	**$ 50,376**
Other	**–**	1	**–**
	4,685	4,671	**50,376**
Less, portion due within one year	**1,072**	113	**11,527**
	¥ 3,613	¥ 4,558	**$ 38,849**

The aggregate annual maturities of long-term debt outstanding as of March 31, 2010 are as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2011	¥ 1,072	$ 11,527
2012	2,314	24,882
2013	14	150
2014	1,214	13,054
2015	14	150
2016 and after	57	613
	¥ 4,685	$ 50,376

At March 31, 2010, the following assets are pledged as collateral for transactions with a bank:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Property, plant and equipment (at net book value)	¥ 364	$ 3,914

8. Contingent Liabilities

At March 31, 2010 and 2009, contingent liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
Guarantees of bank loans	**¥ 3**	¥ 13	**$ 32**
Trade notes receivable discounted	**43**	–	**462**
Total	**¥ 46**	¥ 13	**$ 494**

9. Leases

The following is a summary of acquisition cost, accumulated depreciation, book value of leased assets, and future minimum lease payments required under finance lease which do not transfer ownership of the leased property to the lessee as of March 31, 2010 and 2009.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Machinery and equipment	**2010**	2009	**2010**
Acquisition costs	**¥ 67**	¥ 211	**$ 720**
Accumulated depreciation	**(41)**	(99)	**(441)**
Book value	**¥ 26**	¥ 112	**$ 279**
Future minimum lease payments required			
Due within one year	**¥ 11**	¥ 86	**$ 118**
Due after one year	**15**	26	**161**
Total	**¥ 26**	¥ 112	**$ 279**

The acquisition costs and future minimum lease payments under finance leases include imputed interest expense.

Obligations under non-cancelable operating leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
Due within one year	**¥ 126**	¥ 124	**$ 1,355**
Due after one year	**125**	159	**1,344**
Total	**¥ 251**	¥ 283	**$ 2,699**

10. Shareholders' Equity

Under the Corporate Law of Japan (the "Companies Act"), a company may, by resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital.

The Companies Act provides that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital depending on the equity account charged upon the payment of such dividends until the total of aggregated amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions by resolution of the shareholders.

11. Severance Payments and Pension Plan

The following tables set forth the changes in benefit obligation, plan assets and funded status of the Company and certain consolidated subsidiary at March 31, 2010 and 2009.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
Projected benefit obligation	**¥ (11,962)**	¥ (12,068)	**$ (128,624)**
Fair value of plan assets	**6,645**	5,461	**71,452**
Funded status: Benefit obligation in excess of plan assets	**(5,317)**	(6,607)	**(57,172)**
Unrecognized actuarial differences	**1,056**	2,361	**11,355**
Accrued pension liability recognized in the consolidated balance sheets	**¥ (4,261)**	¥ (4,246)	**$ (45,817)**

Severance and pension costs of the Company and certain consolidated subsidiaries for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
Service cost	**¥ 635**	¥ 645	**$ 6,828**
Interest cost	**232**	226	**2,494**
Expected return on plan assets	**(136)**	(152)	**(1,462)**
Amortization: Actuarial losses	**336**	205	**3,613**
Net periodic benefit cost	**1,067**	924	**11,473**
Cost of defined contribution pension plans	**11**	¥ 41	**118**
Total cost of pension plans	**¥ 1,078**	965	**$ 11,591**

Assumption used in the accounting for the defined benefit plan of the Company for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Method of attributing benefit to periods of service	straight-line basis	straight-line basis
Discount rate	2.0%	2.0%
Expected long-term rate of return on plan assets	2.5%	2.5%
Amortization period for actuarial losses	10years	10years

12. Research and Development Costs

Research and development costs for the years ended March 31, 2010 and 2009 were ¥ 1,882 million (US$20,237 thousand) and ¥ 2,008 million, respectively.

13. Segment Information

Information by geographical area for the years ended March 31, 2010 and 2009 is summarized as follows:

(A) Geographical segment information

(1) Operating income (loss):

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Japan			
Net sales: Customers	¥ 48,295	¥ 47,568	$ 519,301
Intersegment	2,988	3,471	32,129
	51,283	51,039	551,430
Operating expenses	51,153	51,999	550,032
Operating income (loss)	130	(960)	1,398
North America			
Net sales: Customers	15,537	18,391	167,065
Intersegment	25	38	269
	15,562	18,429	167,334
Operating expenses	15,422	18,450	165,828
Operating income (loss)	140	(21)	1,506
Europe			
Net sales: Customers	924	1,030	9,935
Intersegment	7	12	75
	931	1,042	10,010
Operating expenses	922	1,060	9,914
Operating income (loss)	9	(18)	96

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
South Asia			
Net sales: Customers	¥ 9,997	¥ 11,538	$ 107,495
Intersegment	190	238	2,043
	10,187	11,776	109,538
Operating expenses	8,772	10,271	94,323
Operating income	1,415	1,505	15,215
East Asia			
Net sales: Customers	31,384	29,082	337,462
Intersegment	2,452	2,904	26,366
	33,836	31,986	363,828
Operating expenses	30,296	29,920	325,763
Operating income	3,540	2,066	38,065
Total			
Net sales: Customers	¥ 106,137	¥ 107,609	$1,141,258
Intersegment	5,662	6,663	60,882
	111,799	114,272	1,202,140
Elimination	(5,662)	(6,663)	(60,882)
Consolidated net sales	106,137	107,609	1,141,258
Operating expenses	106,565	111,700	1,145,860
Elimination	(5,716)	(6,660)	(61,462)
Consolidated operating expenses	100,849	105,040	1,084,398
Operating income	5,234	2,572	56,280
Elimination	54	(3)	580
Consolidated operating income	¥ 5,288	¥ 2,569	$ 56,860

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

(2) Assets:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
Japan	**¥ 53,674**	¥ 49,336	**$ 577,140**
North America	**9,487**	9,127	**102,011**
Europe	**529**	470	**5,688**
South Asia	**9,043**	9,195	**97,236**
East Asia	**40,201**	33,789	**432,269**
Sub-total	**112,934**	101,917	**1,214,344**
Net of elimination and common use assets	**(1,835)**	(1,094)	**(19,731)**
Total	**¥ 111,099**	¥ 100,823	**$1,194,613**

Note :
The common use assets included in the item "Net of elimination and common use assets" consist primarily of working assets (cash and cash equivalents) and long-term investment (investment in securities, unconsolidated subsidiaries and affiliates) maintained by the Company for general corporate purposes, totaling ¥6,403 million (US$68,849 thousand) at March 31, 2010 and ¥7,756 million at March 31, 2009.

(B) Overseas sales

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
The Americas	**¥ 16,063**	¥ 18,716	**$ 172,720**
South Asia	**9,997**	11,538	**107,495**
East Asia	**29,730**	26,313	**319,678**
Other areas	**2,280**	5,261	**24,516**
Total	**¥ 58,070**	¥ 61,828	**$ 624,409**
Percentage of overseas sales to net sales	**54.7%**	57.5%	

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 mainly represents the following nations and regions:
(1) The Americas .... U.S.A., Canada, Argentina and Venezuela
(2) South Asia .... Singapore, Philippines, Malaysia and India
(3) East Asia .... China, Hong Kong, Taiwan and Korea
(4) Other areas .... Europe and Middle East

14. Financial Instruments and Related Disclosures

Effective from the year ended March 31, 2010, the revised "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10) and the “Guidance on Disclosure for Fair Value of Financial Instruments” (ASBJ Guidance No. 19) have been applied.

(A) Policy for Financial Instruments:

The Companies raise necessary funds of capital investment needs for selling, installation and maintenance operations mainly through internal or debt financing. The Companies also raise short-term operating funds through internal or short-term debt financing. The Companies invest cash surplus, if any, in low risk and highly liquid financial instruments.
The Companies use derivative financial instruments to manage risk arising from foreign exchange or interest rate fluctuations, and do not enter into derivatives for trading or speculative purposes.

(B) Nature of financial instruments, associated risk and risk management system:

Receivables such as trade notes and accounts receivable are exposed to customer’s credit risk. The Companies manage, according to the credit management rules of each individual company, the due date and the balance of trade receivables from business partners, and regularly monitor the status of major counterparties. Receivables in foreign

currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Forward foreign exchange contracts are utilized to hedge the fluctuation risk, if necessary.
Investment securities are mainly equity securities of the entities with business relationship and exposed to the market price fluctuation risk. The Company continuously monitors issuer's status and fair value and reviews its holdings considering their relationship with the Company.

Payables such as trade notes and accounts payable are due within one year. Some part from import of supplies are denominated in foreign currencies and exposed to the market risk of fluctuation in foreign currency exchange rates. The balance of payables denominated in foreign currencies are always less than the receivables denominated in foreign currencies. Among debt payable, short-term debts are mainly related to operating activities and long-term debts are raised mainly for capital investments.

Derivatives are forward foreign exchange contracts to manage the market risk of fluctuation in foreign currency exchange rate. Those derivative transactions are limited to the financial institutions with high credit ratings to reduce counterparty's credit risk.

(C) Fair values of financial instruments:

Fair values of financial instruments are based on quoted market price. If quoted market price is not available, fair value is reasonably estimated. The reasonable valuation among assumptions may result in different fair value because various factors are included in estimating the fair value. Also, the contract or notional amounts of derivatives do not measure the exposure to market risk. Please see Note 15 for the detail of fair value for derivatives.

(1) Carrying amount, fair value and difference of financial instruments were as follows:

	Millions of Yen		
	2010		
Assets:	Carrying amount	Fair value	Difference
Cash and deposits	¥ 21,278	¥ 21,278	¥ –
Trade notes and accounts receivable	30,091	29,770	(321)
Investment securities	4,894	4,894	–
Long-term loans	1,924	1,926	2
Total	¥ 58,187	¥ 57,868	¥ (319)
Liabilities:			
Trade notes and accounts payable	¥ 11,846	¥ 11,846	¥ –
Short-term debt	5,472	5,472	–
Long-term debt	4,685	4,681	(4)
Total	¥ 22,003	¥ 21,999	¥ (4)
Derivatives*:			
Derivatives applied to hedge accounting	¥ 1	¥ 1	¥ –

	Thousands of U.S. Dollars (Note 1)		
	2010		
Assets:	Carrying amount	Fair value	Difference
Cash and deposits	$ 228,796	$ 228,796	$ –
Trade notes and accounts receivable	323,559	320,108	(3,451)
Investment securities	52,624	52,624	–
Long-term loans	20,688	20,709	21
Total	$ 625,667	$ 622,237	$ (3,430)
Liabilities:			
Trade notes and accounts payable	$ 127,377	$ 127,377	$ –
Short-term debt	58,839	58,839	–
Long-term debt	50,376	50,333	(43)
Total	$ 236,592	$ 236,549	$ (43)
Derivatives*:			
Derivatives applied hedge accounting	$ 11	$ 11	$ –

* The assets and liabilities arising from derivatives were shown at the net value, and with the amount in parentheses representing net liability.

Notes: The method to determine the estimated fair value of financial instruments and the matters about securities and derivatives.

Assets

Cash and deposits:
The carrying values approximate fair value because of their short maturities.

Trade note and accounts receivable:
The fair value is determined by discounting the cash flows related to the receivables at the rate assumed based on their maturity and credit risk.

Investment securities:
The fair value is measured at the quoted market price of the stock exchange for the equity securities, and at the quoted price obtained from the financial institution for certain securities.
The information of fair value for the investment securities by classification is shown in Note 3.

Long-term loans:
The fair value is determined by discounting the cash flows of principal and interests related to the loans at the rate assumed based on their collectibility and maturity.

Liabilities

Payables and short-term debt:
The carrying values of the liabilities approximate fair value because of their short maturities.

Long-term debt
The fair value is determined by discounting the cash flows related to the debt at the rate available for similar type of borrowings.

Derivatives
The information of the fair value for derivatives is included in Note 15.

(2) Financial instruments whose fair value cannot be reliably determined were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2010	**2010**
	Carrying amount	Carrying amount
Investment securities:		
Unlisted stocks	**¥ 114**	**$ 1,226**
Other	**95**	**1,021**

Since no quoted market price is available and future cash flows cannot be estimated, and it is extremely difficult to determine the fair value. So the above financial instruments are not included in the table (1).

(3) Maturity analysis for Cash and deposits, Trade notes and accounts receivable and long-term loans at March 31, 2010 was summarized as follows:

	Millions of Yen		
	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	¥ 21,278	¥ –	¥ –
Trade notes and accounts receivable	29,096	923	72
Long-term loans	6	1,918	–
Total	¥ 50,380	¥ 2,841	¥ 72

	Thousands of U.S. Dollars (Note 1)		
	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	$ 228,796	$ –	$ –
Trade notes and accounts receivable	312,860	9,925	774
Long-term loans	65	20,623	–
Total	$ 541,721	$ 30,548	$ 774

Annual maturities of long-term debt and lease obligations are included in Note 7 and 9, respectively.

15. Derivative Financial Instruments

Derivative transactions to which hedge accounting is applied at March 31, 2010 were as follows:

there was no balance of derivative transactions outstanding as of March 31, 2009.

	Millions of Yen		
	2010		
Foreign currency forward contracts:	Carrying amount	Fair value	Unrealized gain
Buying	¥ 91	¥ 1	¥ 1

	Thousands of U.S. Dollars (Note 1)		
	2010		
Foreign currency forward contracts:	Carrying amount	Fair value	Unrealized gain
Buying	$ 978	$ 11	$ 11

The fair value of derivative transactions was measured at the quoted price obtained from the financial institution.

Derivatives which qualify for deferral hedge accounting under which unrealized gain or loss is deferred as net assets with net of taxes at March 31, 2010, were excluded from market value information disclosure.

16. Subsequent Event

The following appropriation of retained earnings at March 31, 2010 was approved at the annual meeting of shareholders held on June 25, 2010:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Cash dividends	¥ 561	$ 6,032

Report of Independent Auditors

The Board of Directors
Fujitec Co., Ltd.

We have audited the accompanying consolidated balance sheets of Fujitec Co., Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above, expressed in Japanese yen, present fairly, in all material respects, the consolidated financial position of Fujitec Co., Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, 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.

As discussed in Note 2 (D) to the consolidated financial statements, the Company adopted the "Accounting Standard for Construction Contracts" and the "Guidance on Accounting Standard for Construction Contracts."

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 2, 2010

Osaka Audit Corporation

OSAKA AUDIT CORPORATION

Consolidated 5-Year Summary

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

	Millions of Yen					Thousands of U.S. Dollars
	2010	2009	2008	2007	2006	**2010**
For the year:						
Net sales	**¥ 106,137**	¥ 107,609	¥ 110,632	¥ 104,716	¥ 91,627	**$ 1,141,258**
Japan	**48,067**	45,781	48,377	45,701	43,915	**516,849**
Outside Japan	**58,070**	61,828	62,255	59,015	47,712	**624,409**
Operating income	**5,288**	2,569	4,428	4,037	2,634	**56,860**
Net income (loss)	**4,061**	(649)	2,219	7,245	1,021	**43,667**
Depreciation and amortization	**2,365**	2,600	2,375	2,217	1,763	**25,430**
Acquisition of property, plant and equipment	**5,425**	2,313	3,050	6,790	6,216	**58,333**
At year-end:						
Total assets	**¥ 111,099**	¥ 100,823	¥ 112,043	¥ 122,889	¥ 115,970	**$ 1,194,613**
Net assets	**64,056**	59,810	68,356	71,786	60,553	**688,774**
	Yen					U.S. Dollars
Per share of common stock:						
Net income (loss)	**¥ 43.40**	¥ (6.94)	¥ 23.66	¥ 77.32	¥ 10.58	**$ 0.47**
Net assets	**636.25**	591.87	675.35	713.27	646.41	**6.84**
Cash dividends	**10.00**	10.00	12.00	12.00	10.00	**0.11**

Notes:
1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥93 to U.S.$1.
2. During FY 2006, the accounts of Fujitec Vietnam Co., Ltd., which is a subsidiary of Fujitec Singapore Corpn. Ltd., were newly included in the consolidation.
3. During FY 2008, the accounts of Fujitec, Inc. (Philippines), which is a subsidiary of Fujitec Singapore Corpn. Ltd., were newly included in the consolidation.
4. During FY 2010, the accounts of Fujitec Shanghai Sourcing Center Co., Ltd. (China) were newly included in the consolidation.
5. Net income (loss) per share amounts are computed based on the weighted average number of shares outstanding during each year.
   Net assets per share amounts are computed based on the number of shares outstanding at each year-end.
   Bonuses to directors and corporate auditors are deducted from net income for purposes of the calculation for FY2006.

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

Uruguay
Fujitec Uruguay S.A.
Marketing, installation and maintenance

Guam
Fujitec Pacific, Inc.
Marketing, installation and maintenance

Overseas Liaison Offices

Beijing, Dubai and Montevideo

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

FSP Pte. Ltd.
Installation and maintenance

Malaysia
Fujitec (Malaysia) Sdn. Bhd.
Marketing, installation and maintenance

Indonesia
P. T. Fujitec Indonesia
Manufacturing, installation and maintenance

Vietnam
Fujitec Vietnam Co., Ltd.
Marketing, installation and maintenance

Philippines
Fujitec, Inc.
Marketing, installation and maintenance

India
Fujitec India Private Ltd.
Marketing, installation and maintenance

East Asia

China
Huasheng Fujitec Elevator Co., Ltd.
Manufacturing, marketing, installation and maintenance

Shanghai Huasheng Fujitec Escalator Co., Ltd.
Manufacturing, marketing, installation and maintenance

Fujitec Shanghai Technologies Co., Ltd.
Research and development

Fujitec Shanghai Sourcing Center Co., Ltd.
Procurement and Manufacturing

Hong Kong
Fujitec (HK) Co., Ltd.
Manufacturing, marketing, installation and maintenance

Taiwan
Fujitec Taiwan Co., Ltd.
Manufacturing, marketing, installation and maintenance

Korea
Fujitec Korea Co., Ltd.
Manufacturing, marketing, installation and maintenance

Europe and Middle East

Germany
Fujitec Deutschland GmbH
Marketing, installation and maintenance

United Kingdom
Fujitec UK Ltd.
Marketing, installation and maintenance

Saudi Arabia
Fujitec Saudi Arabia Co., Ltd.
Marketing, installation and maintenance

Egypt
Fujitec Egypt Co., Ltd.
Marketing, installation and maintenance

Board of Directors

President and Chief Executive Officer
Takakazu Uchiyama*

Executive Vice President
Iwataro Sekiguchi*

Directors
Masahiko Nogi
Yoshio Kitagawa
Hiroshi Nishigaki
Yasuo Hanakawa
Kazuo Inaba

* Representative director

Corporate Auditors
Toshiyuki Matsubara
Masanobu Nakano
Terumichi Saeki

(As of June 25, 2010)

Shareholders' Information

Fujitec Co., Ltd.
Big Wing, Hikone,
Shiga 522-8588, Japan
Telephone: +81-749-30-6650
Facsimile: +81-749-30-7057

Date of Establishment
February 9, 1948

Paid-in Capital
¥12,533,933,095

Common Stock
Authorized: 300,000,000 shares
Issued: 93,767,317 shares
Number of shareholders: 3,661

Major Shareholders	Number of shares held (Thousands)	Share holding ratio (%)
Citigroup Global Markets INC.	13,852	14.77%
Uchiyama International, Limited	10,025	10.69%
Fuji Electric Holdings Co., Ltd.	5,089	5.42%
Credit Suisse AG Zurich	4,571	4.87%
Resona Bank, Ltd.	4,203	4.48%
The Master Trust Bank of Japan, Ltd. (trust account)	3,904	4.16%
Japan Trustee Services Bank, Ltd. (trust account 4)	3,110	3.31%
Mellon Bank Treaty Clients Omnibus	2,478	2.64%
Japan Trustee Services Bank, Ltd. (trust account)	2,217	2.36%
Mizuho Corporate Bank, Ltd.	1,989	2.12%

Annual Meeting of Shareholders
The annual meeting of shareholders of the Company is normally held in June each year in Hikone, Shiga, Japan.

Stock Exchange Listings
Tokyo and Osaka 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
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: +81-6-6202-7361

Auditors
Osaka Audit Corporation
(Grant Thornton Taiyo ASG was newly elected as the auditors at the annual meeting of Shareholders held on June 25, 2010)

(As of March 31, 2010)

FUJITEC CO.,LTD.

www.fujitec.com

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