FUJITEC

Annual Report 2011

Year ended March 31, 2011

South Asia
East Asia
North & South Americas
Europe & The Middle East
Japan

Profile

Fujitec Co., Ltd. was established in 1948 as a specialized elevator manufacturer. Today, Fujitec builds upon its years 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 22 countries and regions, including 12 manufacturing plants in nine 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 operations are managerially divided into six economic blocks: the Americas, Japan, Europe, South Asia, East Asia and China. The management of these blocks has been 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.

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.

Shanghai Fujitec City

Big Step

Big Fit

Big Wing

Contents

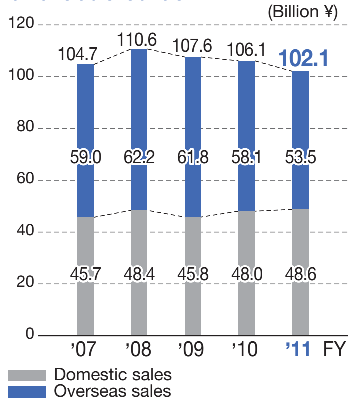
5-Year Summary

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

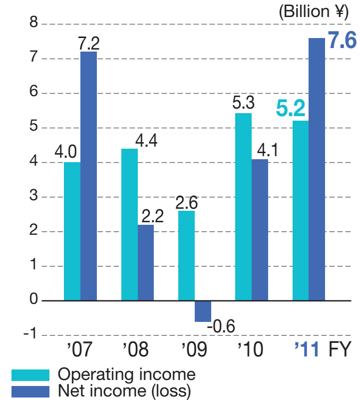
	Millions of Yen					Thousands of U.S. Dollars
	2011	2010	2009	2008	2007	**2011**
For the year:						
Net sales	**¥ 102,053**	¥ 106,137	¥ 107,609	¥ 110,632	¥ 104,716	**$ 1,229,554**
Domestic sales	**48,569**	48,067	45,781	48,377	45,701	**585,169**
Overseas sales	**53,484**	58,070	61,828	62,255	59,015	**644,386**
Operating income	**5,221**	5,288	2,569	4,428	4,037	**62,904**
Net income (loss)	**7,569**	4,061	(649)	2,219	7,245	**91,193**
Comprehensive income	**4,764**	–	–	–	–	**57,398**
R&D expenses	**1,841**	1,882	2,008	2,257	1,880	**22,181**
Capital investment	**1,665**	6,564	2,733	2,003	4,738	**20,060**
Depreciation and amortization	**2,254**	2,365	2,600	2,375	2,217	**27,157**
Acquisition of property, plant and equipment	**2,914**	5,425	2,313	3,050	6,790	**35,108**
At year-end:						
Total assets	**¥ 104,817**	¥ 111,099	¥ 100,823	¥ 112,043	¥ 122,889	**$ 1,262,855**
Net assets	**67,161**	64,056	59,810	68,356	71,786	**809,169**
Cash flows:						
Cash flow from operating activities	**¥ 9,157**	¥ 6,701	¥ 8,431	¥ 3,454	¥ 4,113	**$ 110,325**
Cash flow from investing activities	**(2,630)**	(6,308)	(14,185)	2,676	(3,026)	**(31,685)**
Cash flow from financing activities	**(5,672)**	(3,143)	(782)	(6,594)	(2,213)	**(68,338)**
Cash and cash equivalents at the end of year	**8,224**	7,840	9,389	16,866	18,836	**99,084**
	Yen					U.S. Dollars
Per share of common stock:						
Net income (loss)	**¥ 80.89**	¥ 43.40	¥ (6.94)	¥ 23.66	¥ 77.32	**$ 0.97**
Net assets	**671.24**	636.25	591.87	675.35	713.27	**8.09**
Cash dividends	**12.00**	10.00	10.00	12.00	12.00	**0.14**
Index:						
Shareholders' equity ratio	**59.9%**	53.6%	54.9%	56.4%	54.3%	**–**
Return on Shareholders' equity	**12.4%**	7.1%	(1.1%)	3.4%	11.4%	**–**

Notes:
1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥83 to U.S.$1.
2. During FY 2008, the accounts of Fujitec, Inc. (Philippines), which is a subsidiary of Fujitec Singapore Corpn. Ltd., were newly included in the consolidation.
3. During FY 2010, the accounts of Fujitec Shanghai Sourcing Center Co., Ltd. (China) were newly included in the consolidation.
4. During FY 2011, the accounts of Fujitec Holdings Sdn. Bhd. (Malaysia), which is a subsidiary of Fujitec Singapore Corpn. Ltd., were newly included in the consolidation.
5. During FY 2011, the accounts of Fujitec Vietnam Co., Ltd, and Fujitec, Inc. (Philippines) were removed from the consolidation.
6. 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.

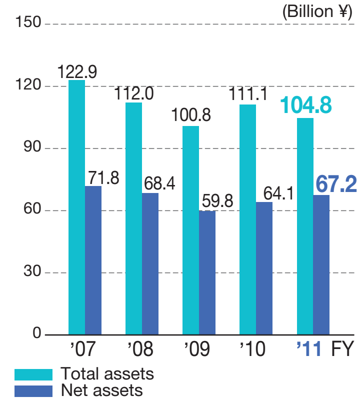
Domestic sales and overseas sales



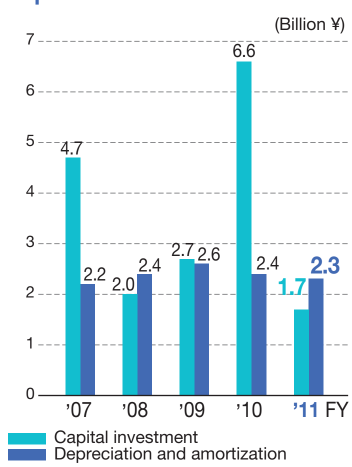
Operating income and net income



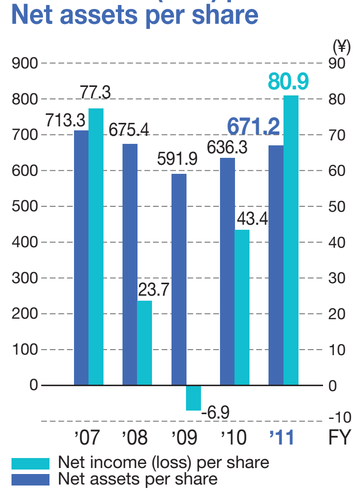
Total assets and net assets



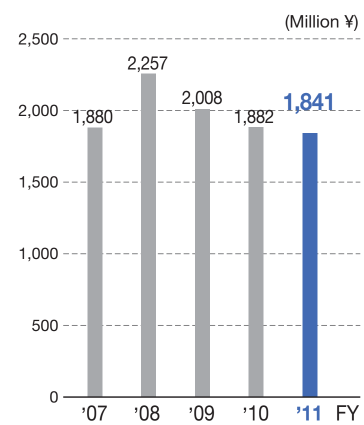
Capital investment, depreciation and amortization



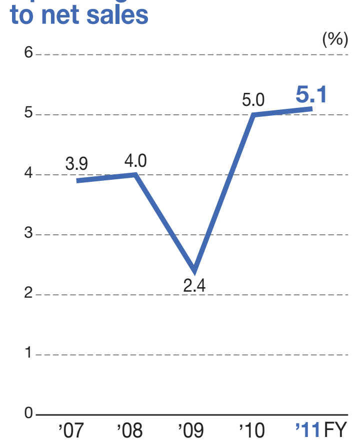
Net income (loss) per share Net assets per share



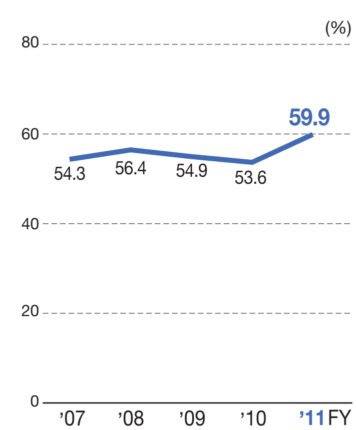
R&D expenses



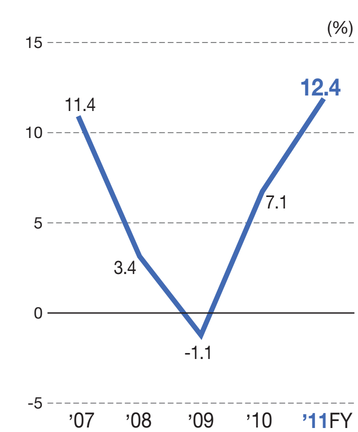
Operating income to net sales



Shareholders' equity ratio



Return on Shareholders' equity



To Our Shareholders

Summary

Report on the first year of the Mid-Term Management Plan, “One Goal, One Fujitec” and the performance targets of the current fiscal year.

We relocated our “Global Business Headquarters” to Shanghai in order to target further expansion of our global market share.

Takakazu Uchiyama President and Chief Executive Officer

- First, what impact did the March 2011 “Great East Japan Earthquake” have on the Company?

I would like to sincerely express my deep sympathy for the people who suffered from the Great Earthquake. This unprecedented disaster caused enormous damage not only from the ensuing tsunami but also from the accidents involving the nuclear reactors in Fukushima. Immediately after the earthquake, we established a “Quake Disaster Control Headquarters” and we swiftly restored elevator and escalator services for customers by dispatching many expert engineers from all across Japan to the affected areas.

Although “Big Wing” in Shiga and “Big Step” in Hyogo, our production bases, did not suffer from any serious damage, procurement of some parts was affected.

As our social mission, we will continue to do our utmost to ensure that our elevators and escalators are used by people safely and securely.

- While the global economy continued on a recovery trend, what was the status of elevator and escalator markets?

For the global economy last year, economic growth continued in China and the rest of Asia, and there were generally signs of the economies in the United States and Europe picking up. The Japanese economy also showed signs of a rebound, in part due to improvements in capital and housing investment.

Under such circumstances, while demand for elevators and escalators continued to increase in the Chinese market against the backdrop of vigorous investment in real estate, the recovery of construction markets in North America and Europe was slow and severe business environments lingered. In Japan, although the real estate market is on a recovery trend, demand for new equipment installations has continued to be sluggish.

- The 64th term last year was the first year of your mid-term management plan. What were the performance results in the fiscal year?

We started a new three-year mid-term management plan, “One Goal, One Fujitec” in FY2010. In the domestic market, we introduced a new organization system to strengthen management by business sector and its area in order to respond to the severe business conditions in which the new installation market is shrinking and we made an effort to expand sales particularly for “XIOR” elevators, our core product.

In the modernization business, in which we aim to upgrade the performance, functions and design of elevators and escalators that have been in service for more than 20 years, both orders received and sales have steadily increased with the enhancement of our product lineups.

For overseas markets, orders received increased mainly for “GLVF-E” elevators for apartment buildings in China, the world’s largest elevator market, and orders received overseas increased from the previous fiscal year despite the impact of the strengthening yen.

On the other hand, our consolidated net sales in the fiscal year were ¥102,053 million, a decrease of 3.8% as compared with the previous fiscal year. Of the total, domestic sales were ¥48,569 million, an increase of 1.0% as compared with the previous fiscal year, and overseas sales were ¥53,484 million, a decrease of 7.9% as compared with the previous fiscal year in part due to a decrease in sales in North America.

In this regard, overseas sales recorded an actual decrease of 4.5%, when eliminating the impact from exchange rate fluctuations.

For profit and loss, operating income was ¥5,221 million, a decrease of 1.3% from the previous fiscal year due to decreases in North America and East Asia, although it increased significantly in Japan. Non-operating income and expenses decreased by ¥540 million from the previous fiscal year due to a decrease in financial account balances and an increase in exchange loss, and ordinary income was ¥5,447 million, a decrease of 10.0% from the previous fiscal year.

The net amount of special items recorded a loss of ¥611 million, due to the loss on bad debt expense of the U.S. subsidiary, and net income before taxes was ¥4,836 million, a decrease of 21.5% from the previous fiscal year.

In connection with recording ¥4,746 million as an income tax adjustment, as tax expenses decreased by ¥3,647 million, current net income was ¥7,569 million, an increase of 86.4% from the previous fiscal year.

- Please tell us about the management policy and important tasks for the current fiscal year, the second year of the mid-term management plan.

Growth rates in Asia have been significant for the overall global economy and I think it is safe to say that this year will continue the “Asian era.” In particular, as China has become the “center of sales, development, production and procurement,” we will further promote our business with an emphasis on China this year.

In April, we relocated our “Global Business Headquarters,” which now takes control of the Fujitec Group, to Shanghai, to strengthen deployment of our global business strategies from that city. We will accelerate our global business activities, in close proximity to our markets and manufacturing bases.

Currently in China, there are four companies: “Fujitec Shanghai Sourcing Center Co., Ltd.,” a production and supply base of main equipment; “Fujitec Shanghai Technologies Co, Ltd.,” a research and development base; “Huasheng Fujitec Elevator Co., Ltd.,” an elevator production base in the suburbs of Beijing; and “Shanghai Huasheng Fujitec Escalator Co., Ltd.,” an escalator production base in Shanghai. These companies closely cooperate with each other to lead our global business activities not only in China but also around the world.

In India, where we can expect a large future increase in demand for elevators, we will strengthen sales activities to aim for an expansion of our market share.

In mature markets such as North America, Hong Kong and Singapore, we will concentrate our efforts on capturing demand for modernization and generate more profits.

- In the domestic market, what strategies will you develop?

In the new installation market in Japan, as there are signs of recovery for construction of condominiums, we will make an effort to expand sales of the latest “XIOR” elevators, our core product, and the standard escalator “GS-NX” series.

In the aftermarket business, as demand for maintenance and modernization holds steady, we will continue to concentrate our efforts on stimulating that demand and generate more profits. In particular, as our “control panel replacement package” meets the needs of customers and orders are expected to increase, we will continue sales expansion efforts.

In addition, since we established the “Tokyo Depot,” a new logistics base in the Tokyo Metropolitan Area, we have a quick parts supply system to further enhance our credibility among customers.

- Finally, please convey your message to our shareholders.

As we have entered the second year of the mid-term management plan, departments throughout the entire company are united to achieve the important tasks ahead to accomplish the management objectives for the year ending March 31, 2013, the final year of the mid-term management plan.

In the elevator and escalator markets, competition on a global scale will become tougher and the business environment surrounding the Company is expected to remain severe. But, we will endeavor to make a great leap forward by strongly exerting the strengths of our “global network system” and “outstanding technologies,” to make this year the “year of the great leap.”

I would like to ask our shareholders for their continued support.

June 24, 2011

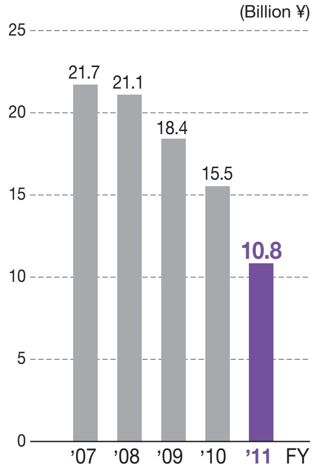
Takakazu Uchiyama

President and Chief Executive Officer

Outline of Major Activities

North & South Americas

Sales in North America



Jamieson Place

In Canada, "Jamieson Place," the newest office building in the center of Calgary, Alberta, was completed and we delivered 19 elevators and escalators. Also in Toronto, Ontario, we received an order for 12 elevators, including high-speed models, for the "L Tower" a luxury condominium building of 61 stories.

In New Jersey in the U.S.A., 59 elevators and escalators are in operation at the "New Meadowlands Stadium," home of the New York Giants and New York Jets of the NFL.

In Buenos Aires, Argentina, the "Madero Office," a luxury office building, was completed and we delivered 20 elevators.

Madero Office

Japan

In Kanagawa Prefecture, a total of 20 elevators and escalators are now in operation at the “Kanagawa Arts Theatre/NHK Yokohama Broadcasting Station,” a complex for the collaboration and fusion of culture and art with the latest information transmission base.

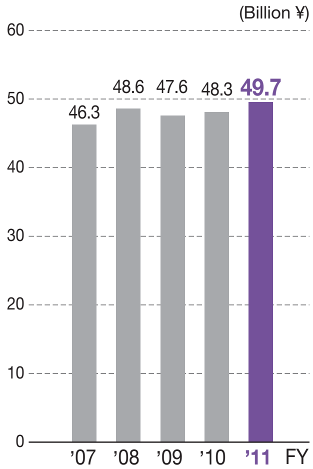
In Aichi Prefecture, 18 elevators and escalators, including an observation model were delivered to the “Nagoya City Science Museum,” which features a planetarium with a dome having the largest diameter (35m) in the world.

The entire route of the “Kyushu Shinkansen” was opened on March 12, 2011. A total of 16 elevators and escalators were installed at station buildings in “Shin-Omuta Station” and “Chikugo-Funagoya Station” (both in Fukuoka Prefecture).

In Hiroshima Prefecture, the “Fuji Grand Hiroshima Shopping Center” commercial complex was rebuilt and we received an order for 24 elevators and escalators. In Shiga Prefecture, we received an order for eight elevators for facility construction of the “Takashima General Hospital,” a regional core hospital.

Additionally, demand for the renewal of old elevators has continued to be strong. The Company has continued to receive orders and complete such modernization projects one after another throughout Japan, such as the completion of modernization of the “Central Government Building No. 5” in Tokyo and the receipt of orders for modernizations of 32 elevators for the Metropolitan Apartments of the Tokyo Metropolitan Housing Supply Corporation and 30 elevators for the “Kita-Osaka Logistics Warehouse” in Osaka Prefecture.

Sales in Japan



Nagoya City Science Museum

Kyushu Shinkansen/Shin-Omuta Station

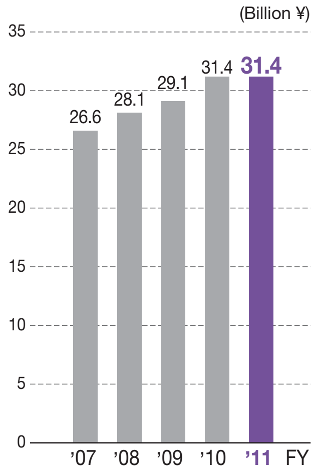
East Asia

In Hong Kong, super high-rise complex buildings comprising luxury housing and commercial facilities were completed one after another, with a total of 50 elevators and escalators in operation at “The Latitude,” and 38 elevators and escalators in operation at “The Hermitage.”

In China, we delivered a total of 33 escalators and moving walks to the “Nanjing Subway Extension Project” in Jiangsu Province for transportation infrastructure. We also received a bulk order for a total of 246 escalators for all 23 stations of the “Beijing Subway No. 10 Line,” following completion of the “Beijing Subway No. 4 Line”.

In addition, we received large orders for elevators and escalators in other areas of China, in response to the strong demand for urban development projects, such as in Shandong Province, where we received an order for 189 elevators for the “Anqiao East Castle International Garden,” a large-scale housing and commercial facilities project.

Sales in East Asia



Beijing Subway No. 4 Line

The Latitude

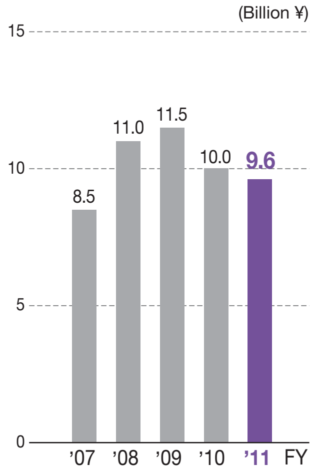
South Asia

Rendering of Sovereign Plaza

In Singapore, the “Resorts World at Sentosa,” a large resort complex comprising Universal Studios, hotels and casinos, was completed on Sentosa Island and a total of 181 elevators and escalators are in operation. We also received an order for 42 elevators for “The Minton,” a condominium complex with 1,145 living units.

In India, we received an order for a total of 22 elevators, escalators and moving walks for the “Marriott Hotel & Magna Mall” in Bangalore, an industrial city in the south. In Jakarta, Indonesia, we received an order for eight elevators, including high-speed models, for “Sovereign Plaza,” a luxury office building.

Sales in South Asia



Middle East

In Saudi Arabia, “Al Safa Tower,” a complex comprising a luxury hotel and commercial facilities, was completed adjacent to Mecca, the holiest place in Islam, and 60 elevators, including high-speed models, and 12 escalators are in operation.

In the Sharjah Emirate of UAE, we received an order for 28 elevators, including ultra-high-speed models, for the “Sharjah Financial Center,” a super high-rise complex 56 stories above ground.

Al Safa Tower

Management Realignment

Relocating "Global Business Headquarters" to Shanghai, Fujitec is promoting deployment of global strategies and business expansion!

Shanghai Fujitec City (from left, Fujitec Shanghai Technologies Co, Ltd., Fujitec Shanghai Sourcing Center Co., Ltd., and Shanghai Huasheng Fujitec Escalator Co., Ltd.)

On April 1, 2011, we relocated our "Global Business Headquarters," which supervises the Fujitec Group, from Japan to Shanghai.

Our objective in making this relocation is to expand market share and increase profits by strengthening the presence of the Fujitec Group in the global market as well as to accelerate business expansion in Asia, including China, where construction demand is strong.

The demand for new elevator and escalator installations in China has expanded to create a market of 300,000 units per year, about half of the global demand. As China is the world's largest market and our hub for supplying the global market with goods, we relocated our "Global Business Headquarters" to the "Shanghai Fujitec City" of Shanghai's Songjiang Industrial Zone.

We have concentrated in "Shanghai Fujitec City" the "Shanghai Huasheng Fujitec Escalator Co., Ltd.," our escalator production base, the "Fujitec Shanghai Technologies Co, Ltd.," our research and development base, and the "Fujitec Shanghai Sourcing Center Co., Ltd.," our production and supply base for elevator equipment. In addition, in collaboration with "Huasheng Fujitec Elevator Co., Ltd.," an elevator production base located in Langfang City, Hebei Province, the Global Business Headquarters will control and accelerate our global business, including product development, sales, production and procurement, in close contact with our markets and manufacturing bases.

Huasheng Fujitec Elevator Co., Ltd.

CSR Activities

We will expand the reach of our environmental conservation activities to contribute to society and local communities!

Since March 2008 Fujitec has been a participant in the "Ecocap Campaign" established by the non-profit organization (NPO) Ecocap Movement, collecting bottle caps at its business bases.
In 2010, we collected a total of 145,680 bottle caps weighing 364.2kg. Through our collections, we delivered polio vaccine to 182 children around the world and also reduced CO_2 emissions of 1,147kg by promoting recycling.

We have actively encouraged our employees to take the "Certification Test for Environmental Specialists" (commonly known as the "Eco Test") sponsored by the Tokyo Chamber of Commerce and Industry since December 2007 and nearly 100 employees are now certified "eco-people" at their respective offices across Japan.

For environmental beautification activities, in addition to clean-up activities around each of our offices, we actively participated in regional concurrent clean-up activities, including "Environment Beautification Activities on Lake Biwa Day" in Shiga Prefecture in June 2010 and "Clean Osaka 2010" in Osaka City in November 2010.

In addition, we have participated in the "Candle Night" campaign held around the summer solstice and the winter solstice since 2006 and neon signs of each business base were turned off to reduce CO_2 emissions by about 1,360kg in total in 2010.

As stated above, the entire staff of Fujitec unites to actively promote global environmental conservation activities and we will continue to contribute to society and local communities through such activities.

Ecocap Campaign

Environment Beautification Activities on Lake Biwa Day

New Products

"Package for Welfare Facilities" best-suited for hospitals and homes for the elderly is launched!

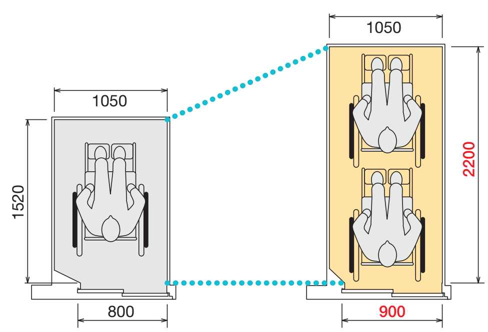
Machine-Room-Less Elevator
XIOR
"Package for Welfare Facilities"

In order to respond to the progressive aging of society, the construction of both apartment houses exclusively rented to the elderly and elderly nursing homes with care are on the rise. Based on our past installation experience, Fujitec has incorporated specifications focusing on welfare facilities in the commercialization of its "Package for Welfare Facilities" for machine-room-less "XIOR," elevators. For the Japanese market, the "Package for Welfare Facilities" provides a universal design that is user friendly for all.

Two wheelchairs can be transported at one time

We adopted an elevator with a capacity of 15 persons, rather than the conventional nine persons size for residential elevators, with an increased depth of 680 mm and a door width increase of 100 mm. As a result, two wheelchairs can be loaded at one time* in this space or a stretcher can be loaded.

*Except for special wheelchairs and electric wheelchairs.



Conventional residential elevator size (capacity of 9 persons)

Elevator size recommended by Fujitec (capacity of 15 persons)

A Variety of Recommended Specifications

We were determined to find an elevator design easier to use in an environment for the elderly and we arrived at a variety of specifications particular to elevators for welfare facilities.

Car Call Pre-registration on Lobby Panel

Registering a call for the destination floor in advance will save the necessity of an action when boarding an elevator. Not only users but also attendants and caretakers will need to push a button only once at the entrance hall and everyone can use the elevators with a feeling of being "safe and secure."

“Control Panel Replacement Package” realizes effective renewal at low cost and shortened work period

In the control panel, the so-called brain of an elevator, various electronic components and inverters, i.e., electric power converters, have been used since around 1980. Components, however, gradually deteriorate with long years of use.

With that in mind, Fujitec developed the “Control Panel Replacement Package” that enables effective renewal at a low cost and shortened work period, and started sales of this package in the Japanese market.

Realizing even more “Safety and Security”

Following replacement with the latest control panel, failure risks will decrease and passengers can use elevators securely. Telemonitoring maintenance functions are a standard feature.*

*Conclusion of a NEW Gold Maintenance Agreement is separately required.

Improved Comfort and Functionality

The car is equipped with an easy-to-read liquid crystal indicator. In case of emergency, instructions to passengers will be given on the LCD screen and by voice.

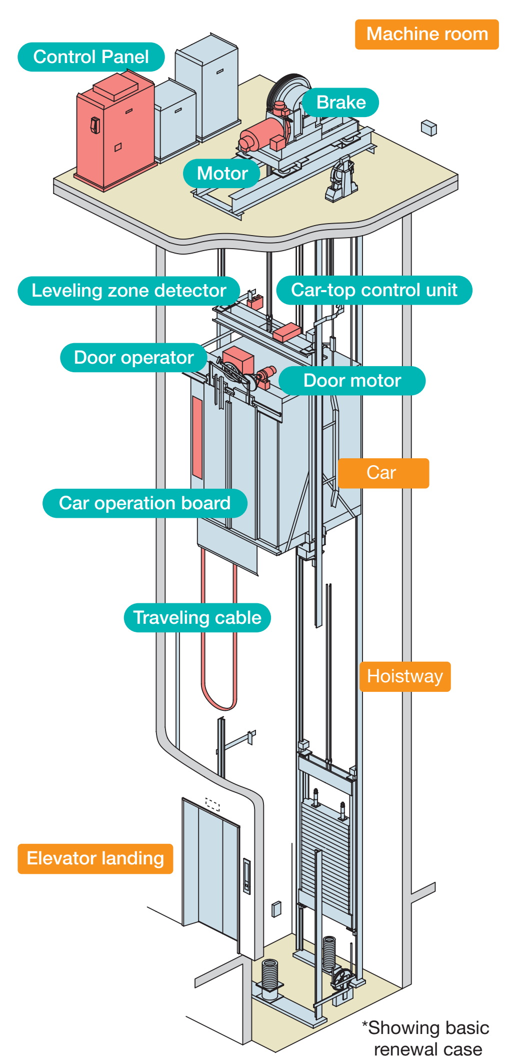
Great Effect at a Reasonable Cost

As the number of replaced parts is limited to the minimum necessary for such old electronic devices, there are cost advantages compared with a total modernization.

5-day Work Period for Standard Specifications

Since the package adopts a small and light control panel, replacement work is completed in a shortened period of time, minimizing inconvenience to users.

Replacement Portion of Control Panel Replacement Package*



*Showing basic renewal case

Financial Section

Consolidated Financial Review

(Japanese yen amounts have been translated into U.S. dollars, for convenience only using the exchange rate of ¥83 to U.S.$1.)

Summary of Business Performance for the Fiscal Year ended March 31, 2011

Regarding the global economy during the fiscal year ended March 31, 2011, the economy continued to expand in Asia, including China, and there were general signs of recovery in the United States and Europe. With regard to the Japanese economy, the economy was following a path of recovery such as improvement in capital investment and housing starts; however, due to the economic impact from the enormous damage caused by the Great East Japan Earthquake that occurred in March 2011, a sense of uncertainty regarding the future has intensified.

As for the elevator and escalator industry, while demand continued to rise in the Chinese market against the backdrop of vigorous investment in real estate, the recovery of construction markets in North America and Europe was slow and a struggling environment continued. Although the real estate market has been on a recovery trend in Japan, the demand for new installation has remained sluggish.

The Fujitec Group steadily increased orders received and sales in the domestic market, under the new 3-Year Mid-Term Management Plan, “One Goal, One Fujitec,” by strengthening sales through the introduction of a new organization system that reinforces *management by business and by area* and by further enhancement of its lineup of products in the modernization business. In overseas markets, orders received expanded mainly for elevators for condominiums in the Chinese market, the largest market in the world. Although we were affected by a strengthening yen, orders received overseas increased when compared to the previous fiscal year.

Net Sales and Income

• Status of Sales and Order Backlogs

Consolidated sales for the fiscal year ended March 31, 2011 were ¥102,053 million, a decrease of 3.8% as compared to the previous fiscal year. This was because overseas sales decreased by 7.9% resulting from the decrease of sales in North America, while domestic sales increased by 1.0%. As a result, the actual ratio of overseas sales to consolidated sales, eliminating the impact of exchange rate fluctuations, was 52.4%, a decrease of 2.3 points from 54.7% in the previous fiscal year.

Net Sales by Region

In Japan, sales of modernizations and new installation projects in the Middle East increased and net sales were ¥52,430 million, an increase of 2.2% as compared to the previous fiscal year.

In North America, due to a decrease in new installation, net sales were ¥10,815 million, a decrease of 30.5% as compared to the previous fiscal year.

In Europe, due to a decrease in the sales of escalators, net sales were ¥622 million, a decrease of 33.1% as compared to the previous fiscal year.

In South Asia, net sales were ¥9,669 million, a decrease of 5.1% as compared to the previous fiscal year, due to a decrease in exports and the postponements of deliveries for new installation projects.

On the other hand, in East Asia, while new installation projects for elevators increased in China and Hong Kong, net sales were ¥33,241 million, a decrease of 1.8% as compared to the previous fiscal year, partly due to the impact of a stronger yen.

Order Backlogs

In Japan, while modernization and repair projects have increased, order backlogs were ¥35,525 million, a decrease of 4.6% as compared to the end of the previous fiscal year, due to a decrease in new installation.

Overseas, due to the significant increase in China, order backlogs were ¥65,187 million, an increase of 4.7% as compared to the end of the previous fiscal year.

As a result, the total amount of consolidated order backlogs was ¥100,713 million, an increase of 1.3% as compared to the end of the previous fiscal year.

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

The cost of sales for the current fiscal year was ¥81,694 million, a decrease of ¥4,163 million as compared to the previous fiscal year. The cost of sales ratio was 80.1%, a decrease of 0.8 points. This was mainly due to a decrease in the amounts for the provision for losses on contracts and cost reductions.

Selling, general and administrative expenses were ¥15,138 million, an increase of ¥147 million as compared to the previous fiscal year, and the ratio of selling, general and administrative expenses to net sales was 14.8%, an increase of 0.7 points.

• Status of Income

Consolidated operating income for the current fiscal year was ¥5,221 million, a decrease of 1.3% as compared to the previous fiscal year, due to the decrease in operating income in North America and East Asia, although it largely increased in Japan. In Japan, the amounts for the provision for losses on contracts decreased, and also the cost reductions of the standard-type elevator "XIOR," etc., resulted in operating income of ¥1,579 million. In North America, an operating loss of ¥961 million was recorded due to a decrease in net sales and an increase in the cost of new installation. In Europe, operating income was ¥19 million, due to a decrease in selling, general and administrative expenses. In South Asia, the profitability of new installation increased through cost reductions, and operating income was ¥1,620 million. On the other hand, in East Asia, operating income was ¥2,968 million due to a drop in sales prices, resulting from stiffer competition, and an increase in fixed costs.

Non-operating profit and loss recorded a profit of ¥226 million (net) as compared to a profit of ¥766 million (net) in the previous fiscal year, a decrease of ¥540 million. This was mainly due to a decrease in interest and dividend income and an increase in foreign currency exchange losses.

Special items recorded a loss of ¥611 million (net) as compared to a profit of ¥110 million (net) in the previous fiscal year, which resulted in an increase of ¥721 million in losses as compared to the previous fiscal year. This was mainly due to losses on bad debt expenses of our US subsidiary and an increase in losses from write-downs of investment securities in Japan. As a result, income before income taxes and minority interests was ¥4,836 million, a decrease of 21.5% as compared to the previous fiscal year.

For income taxes, in accordance with the recording of an income tax adjustment of ¥4,747 million compared to ¥1,098 million in the previous fiscal year, taxes decreased ¥4,746 million as compared to the previous fiscal year.

As a result, net income was ¥7,569 million, an increase of 86.4% as compared to the previous fiscal year. Accordingly, net income per share was ¥80.89, an increase of ¥37.49 as compared to the previous fiscal year.

Financial Position

Total assets as of the end of the year ended March 31, 2011 were ¥104,817 million, a decrease of ¥6,282 million as compared to the end of the previous fiscal year. This was mainly due to the current asset decreases in trade notes and accounts receivable of ¥3,878 million and inventories of ¥2,817 million. As for non-current assets, deferred income taxes increased by ¥3,757 million, while property, plant and equipment and investment securities decreased.

Total liabilities were ¥37,656 million, a decrease of ¥9,387 million as compared to the end of the previous fiscal year. This was mainly due to the decrease in trade notes and accounts payable of ¥1,278 million, the short-term debt decrease of ¥3,083 million and the decrease of advances from customers of ¥1,143 million, and also the decrease in deferred tax liabilities for long-term liabilities.

Net assets were ¥67,161 million, an increase of ¥3,105 million as compared to the end of the previous fiscal year. This was mainly due to the increase in retained earnings of ¥6,516 million, by the recorded net income of ¥7,569 million and the ¥1,029 million distributed from retained earnings, while foreign currency translation adjustments decreased ¥2,813 million. Capital adequacy ratio as of the end of the current fiscal year was 59.9%, an increase of 6.3 points as compared to the end of the previous fiscal year. Net assets per share were ¥671.24, an increase of ¥34.99 as compared to the end of the previous fiscal year.

Capital Source and Liquidity of Funds

Fujitec Group's operating and capital investment needs are generally met internally or through debt financing. Debt financing for the Group's operating funds is limited to short-term debt due within one year. In principle, consolidated subsidiaries will finance operating funds in their respective local currencies. As of March 31, 2011, the balance of outstanding short-term debt stood at ¥2,389 million. On the other hand, the Group's long-term funding requirements, such as for production equipment, are met in principle, through the financing of long-term debt. As of March 31, 2011, the balance of outstanding long-term debt (including long-term debt due within one year) was ¥3,600 million, including debt in U. S. dollars and Japanese yen.

The Fujitec Group is confident that cash flows from operating activities, debt and, where necessary, funding from capital markets, etc., will be sufficient to provide the operating funds required in the future to sustain growth of the Group as well as long-term finances essential for such capital investment as production equipment.

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 was ¥9,157 million, an increase of ¥2,456 million as compared to the previous fiscal year due to income before income taxes and minority interests of ¥4,836 million, depreciation and amortization of ¥2,254 million and the decreases in trade notes and accounts receivable and inventories.

Net cash used in investing activities was ¥2,630 million, a decrease of ¥3,678 million as compared to the previous fiscal year, mainly due to the level of acquisition of property, plant and equipment of ¥2,914 million.

Net cash used in financing activities was ¥5,672 million, an increase of ¥2,529 million as compared to the previous fiscal year, due to the decrease in short-term debt of ¥2,972 million, the repayment of long-term debt of ¥1,069 million and payment of interest and dividends.

As a result, the balance of cash and cash equivalents as of the end of the current fiscal year was ¥8,224 million, an increase of ¥384 million as compared to the end of the previous fiscal year.

Basic Policy for Profit Distribution and Dividend

For profit distribution, management's priority is on enhancement of the return of profits to our shareholders and a basic policy of making distributions is set, considering the balance of internal reserves for the long-term stability of the corporate structure.

Internal reserves will be effectively appropriated for the improvement of corporate value, such as capital investment in growth fields, investment and financing for global expansion and investment in research and development, and the acquisition of our own shares as a return to shareholders will be flexibly considered.

A year-end dividend for the year ended March 31, 2011 was declared to be ¥7 per share (including a special dividend of ¥2). Thus, the annual dividend was ¥12 per share, together with an interim dividend of ¥5 per share.

Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries
March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2011**	2010	**2011**
Current assets:			
Cash and cash equivalents	**¥ 8,224**	¥ 7,840	**$ 99,084**
Time deposits	**13,135**	13,438	**158,253**
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	**61**	92	**735**
Other	**26,152**	29,999	**315,084**
Allowance for doubtful accounts	**(445)**	(413)	**(5,361)**
	25,768	29,678	**310,458**
Inventories (Note 4)	**9,637**	12,454	**116,108**
Deferred tax assets (Note 5)	**1,333**	1,300	**16,060**
Other current assets	**3,790**	1,981	**45,664**
Total current assets	**61,887**	66,691	**745,627**
Investments and long-term loans:			
Investments in unconsolidated subsidiaries and affiliates	**657**	1,302	**7,916**
Investment securities (Note 3)	**3,777**	5,103	**45,506**
Long-term loans	**20**	1,924	**241**
	4,454	8,329	**53,663**
Property, plant and equipment, at cost (Note 6)**:**			
Buildings and structures	**25,069**	25,323	**302,036**
Machinery and equipment	**13,769**	14,700	**165,892**
Leased assets (Note 8)	**38**	67	**458**
	38,876	40,090	**468,386**
Accumulated depreciation	**(17,101)**	(16,903)	**(206,037)**
	21,775	23,187	**262,349**
Land	**6,833**	6,851	**82,325**
Construction in progress	**909**	1,043	**10,953**
	29,517	31,081	**355,627**
Other assets:			
Deferred tax assets (Note 5)	**3,810**	53	**45,904**
Goodwill	**816**	1,006	**9,831**
Intangible assets	**1,972**	2,276	**23,759**
Other	**2,361**	1,663	**28,444**
Total	**¥ 104,817**	¥ 111,099	**$1,262,855**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
Current liabilities:			
Short-term debt (Note 6)	¥ 2,389	¥ 5,472	$ 28,783
Current portion of long-term debt (Note 6)	2,312	1,072	27,855
Lease obligations (Note 8)	6	11	72
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	11	29	133
Other	10,557	11,817	127,193
Advances from customers	6,608	7,751	79,614
Accrued income taxes (Note 5)	563	1,025	6,783
Accrued bonuses to employees	1,677	1,305	20,205
Accrued bonuses to directors	43	—	518
Asset retirement obligation for current liabilities	8	—	96
Provision for losses on contracts	2,394	2,792	28,843
Other provisions	414	—	4,988
Other current liabilities	4,711	6,360	56,760
Total current liabilities	31,693	37,634	381,843
Long-term debt (Note 6)	1,288	3,613	15,518
Lease obligations (Note 8)	9	15	108
Deferred tax liabilities (Note 5)	81	1,329	976
Accrued pension and severance payments (Note10)	4,375	4,261	52,711
Retirement benefits for directors	191	191	2,301
Asset retirement obligation for non-current liabilities	19	—	229
Total liabilities	37,656	47,043	453,686
Contingent liabilities (Note 7)			
Net assets:			
Shareholders' equity (Note 9)			
Common stock, no par value;			
Authorized: 300,000,000 shares			
Issued: 93,767,317 shares at March 31, 2011 and 2010	12,534	12,534	151,012
Additional paid-in capital	14,566	14,566	175,494
Retained earnings	55,744	49,228	671,614
Treasury stock, at cost: 193,269 shares at March 31, 2011 and 188,458 shares at March 31, 2010	(129)	(127)	(1,554)
	82,715	76,201	996,566
Accumulated other comprehensive income			
Net unrealized gains on securities	405	834	4,880
Deferred gains on hedge transactions	—	1	—
Foreign currency translation adjustments	(20,309)	(17,496)	(244,687)
	(19,904)	(16,661)	(239,807)
Minority interests	4,350	4,516	52,410
Total net assets	67,161	64,056	809,169
Total	¥ 104,817	¥ 111,099	$1,262,855

Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
Net sales	**¥ 102,053**	¥ 106,137	**$1,229,554**
Cost and expenses:			
Cost of sales	**81,694**	85,858	**984,264**
Selling, general and administrative expenses	**15,138**	14,991	**182,386**
	96,832	100,849	**1,166,650**
Operating income	**5,221**	5,288	**62,904**
Other income (expenses):			
Interest and dividend income	**338**	583	**4,072**
Interest expense	**(140)**	(229)	**(1,687)**
Subsidy income	**177**	241	**2,133**
Foreign exchange loss, net	**(268)**	(39)	**(3,229)**
Deducting tax from foreign subsidiary's income	**(78)**	—	**(940)**
Other, net	**197**	210	**2,374**
	226	766	**2,723**
Special items:			
Gain on sales of property, plant and equipment	**567**	11	**6,831**
Gain on sales of investment securities, net	**—**	152	**—**
Subsidy income	**100**	100	**1,205**
Loss on sales and disposal of property, plant and equipment	**(34)**	(146)	**(409)**
Impairment loss on fixed assets	**(35)**	—	**(422)**
Write-down of investment securities (Note 3)	**(239)**	(7)	**(2,880)**
Loss on sales of investment securities, net	**(38)**	—	**(458)**
Negative goodwill	**136**	—	**1,639**
Write-down of an unconsolidated subsidiary's investment	**(56)**	—	**(675)**
Bad debt expense	**(928)**	—	**(11,181)**
Other, net	**(84)**	—	**(1,012)**
	(611)	110	**(7,362)**
Income before income taxes and minority interests	**4,836**	6,164	**58,265**
Income taxes (Note 5)**:**			
Current	**1,099**	1,689	**13,241**
Deferred	**(4,747)**	(591)	**(57,193)**
	(3,648)	1,098	**(43,952)**
Income before minority interests	**8,484**	5,066	**102,217**
Minority interests in net income of consolidated subsidiaries	**915**	1,005	**11,024**
Net income	**¥ 7,569**	¥ 4,061	**$ 91,193**

	Yen		U.S. Dollars (Note 1)
Per share:			
Net income, based on the weighted average number of shares outstanding	**¥ 80.89**	¥ 43.40	**$ 0.97**
Cash dividends applicable to the year	**12.00**	10.00	**0.14**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	2011
Income before minority interests	¥ 8,484	$ 102,217
Other comprehensive income:		
Net unrealized gains on securities	(430)	(5,181)
Deferred gains on hedge transactions	(1)	(12)
Foreign currency translation adjustments	(3,289)	(39,626)
Other comprehensive income, net	(3,720)	(44,819)
Comprehensive income	4,764	57,398
(Breakdown)		
Comprehensive income for parent's company	4,326	52,120
Comprehensive income for minority interests	438	5,278

Consolidated Statements of Changes in Net Assets

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Thousands	Millions of Yen									
						Accumulated other comprehensive income					
	Number of shares of common stock issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Deferred gains on hedge transactions	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at April 1, 2009	93,767	¥12,534	¥ 14,566	¥ 46,162	¥ (123)	¥ 215	–	¥ (17,963)	¥ (17,748)	¥ 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	1,087	97	1,184
Balance at March 31, 2010	93,767	12,534	14,566	49,228	(127)	834	1	(17,496)	(16,661)	4,516	64,056
Net income		–	–	7,569	–	–	–	–	–	–	7,569
Cash dividends.		–	–	(1,029)	–	–	–	–	–	–	(1,029)
Treasury stock acquired, net		–	–	–	(2)	–	–	–	–	–	(2)
Decrease by exclusion of subsidiaries from consolidation		–	–	(24)	–	–	–	–	–	–	(24)
Net change in the year		–	–	–	–	(429)	(1)	(2,813)	(3,243)	(166)	(3,409)
Balance at March 31, 2011	93,767	¥12,534	¥ 14,566	¥ 55,744	¥ (129)	¥ 405	¥ –	¥ (20,309)	¥ (19,904)	¥ 4,350	¥ 67,161

	Thousands	Thousands of U.S. Dollars (Note 1)									
						Accumulated other comprehensive income					
	Number of shares of common stock issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Deferred gains on hedge transactions	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2010	93,767	$151,012	$ 175,494	$ 593,108	$ (1,530)	$ 10,049	$ (11)	$ (210,795)	$ (200,735)	$ 54,410	$ 771,759
Net income		–	–	91,193	–	–	–	–	–	–	91,193
Cash dividends		–	–	(12,398)	–	–	–	–	–	–	(12,398)
Treasury stock acquired, net		–	–	–	(24)	–	–	–	–	–	(24)
Decrease by exclusion of subsidiaries from consolidation		–	–	(289)	–	–	–	–	–	–	(289)
Net change in the year		–	–	–	–	(5,169)	(11)	(33,892)	(39,072)	(2,000)	(41,072)
Balance at March 31, 2011	93,767	$151,012	$ 175,494	$ 671,614	$ (1,554)	$ 4,880	$ –	$ (244,687)	$ (239,807)	$ 52,410	$ 809,169

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, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 4,836	¥ 6,164	$ 58,265
Depreciation and amortization	2,254	2,365	27,157
Provision for bonuses to employees	425	345	5,120
(Benefit) provision for losses on contracts	(294)	1,544	(3,542)
Gain from negative goodwill	(136)	—	(1,639)
Bad debt expense	928	—	11,181
Write-down of investment securities	239	7	2,880
Interest and dividend income	(338)	(583)	(4,072)
Interest expense	140	229	1,687
Gain on sales of property, plant and equipment	(567)	(11)	(6,831)
Loss (gain) on sales of investment securities, net	38	(152)	458
Loss on sales and disposal of property, plant and equipment	34	146	410
Decrease (increase) in trade notes and accounts receivable	1,337	(5,124)	16,108
Decrease in inventories	2,299	1,221	27,699
(Decrease) increase in trade notes and accounts payable	(656)	888	(7,904)
(Decrease) increase in advances from customers	(634)	1,499	(7,639)
Other, net	766	(590)	9,228
Sub-total	10,671	7,948	128,566
Payment of income taxes	(1,514)	(1,247)	(18,241)
Net cash provided by operating activities	9,157	6,701	110,325
Cash flows from investing activities:			
Increase in time deposits, net	(1,191)	(1,186)	(14,349)
Acquisitions of property, plant and equipment	(2,914)	(5,425)	(35,108)
Purchase of intangible assets	(106)	(757)	(1,277)
Proceeds from sales of property, plant and equipment	1,019	35	12,277
Payment for purchase of investment securities	(92)	(51)	(1,108)
Proceeds from sales and redemption of investment securities	440	457	5,301
Proceeds from interest and dividend income	288	629	3,470
Other, net	(74)	(10)	(891)
Net cash used in investing activities	(2,630)	(6,308)	(31,685)
Cash flows from financing activities:			
Decrease in short-term debt, net	(2,972)	(887)	(35,806)
Proceeds from long-term debt	—	138	—
Repayment of long-term debt	(1,069)	(126)	(12,880)
Repayment of lease obligation	(11)	(86)	(133)
Payment of interest	(118)	(237)	(1,422)
Cash dividends paid	(1,030)	(843)	(12,410)
Cash dividends paid to minority shareholders	(468)	(309)	(5,639)
Repayment to a minority shareholder	(2)	(812)	(24)
Other, net	(2)	19	(24)
Net cash used in financing activities	(5,672)	(3,143)	(68,338)
Effect of exchange rate changes on cash and cash equivalents	(450)	344	(5,422)
Net increase (decrease) in cash and cash equivalents	405	(2,406)	4,880
Cash and cash equivalents at beginning of year	7,840	9,389	94,458
Cash and cash equivalents decreased by exclusion of subsidiaries from consolidation	(21)	—	(254)
Cash and cash equivalents of newly consolidated subsidiary	—	857	—
Cash and cash equivalents at end of year	¥ 8,224	¥ 7,840	$ 99,084

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, 2011 and 2010

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Fujitec Co., Ltd. (the "Company") and its consolidated subsidiaries have been restructured and translated into English from the consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan and filed with the Director of the Kanto Local Finance Bureau of the Ministry of Finance, as required by the Financial Instruments and Exchange Act of 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 ¥83 = US$1, the approximate effective rate of exchange at March 31, 2011. The translation into United States dollar amounts is solely for the convenience of readers outside Japan, 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 ¥83 = 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, 2011 include the accounts of the Company and the following 17 (18 as of March 31, 2010) 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 Holdings Sdn. Bhd. (Malaysia)
Fujitec India Private Ltd. (India)
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 Holdings Sdn. Bhd. (Malaysia) were established in this fiscal year, and newly included in the consolidation. The accounts of Fujitec Vietnam Co., Ltd. (Vietnam) and Fujitec Inc. (Philippines) were removed from the consolidation due to the decrease of 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 each individual 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) Cash and cash equivalents

Cash and cash equivalents on the consolidated statement of cash flows are composed of cash on hand, deposits on demand placed at banks and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

(E) Investments in securities

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 stated 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.
Other securities without a fair market value are stated at cost, as determined by the moving average method.

(F) Inventories

Inventories are stated at cost. Cost for finished goods and work in process is determined by the specific identification method, and cost for all other inventories is determined by the average method. In the case that a loss on inventories price declines is recognized due to the decrease in profitability, the balance sheet amounts of inventories are written off to net realizable value. For some foreign subsidiaries, inventories are stated at the lower of cost determined by FIFO method or market.

(G) Property, plant and equipment, and depreciation

Property, plant and equipment, including significant renewals and additions, are stated at cost.
Depreciation is mainly computed by the declining-balance method. A part of the foreign subsidiaries uses 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 buildings was computed by the declining-balance method until the year ended March 31, 1998.
The estimated useful life for depreciation:
Buildings and structures: 3 to 61 years
Machinery and equipment: 2 to 44 years

(H) Goodwill and other intangible assets

Goodwill is amortized on a straight-line basis over a period of 20 years for consolidation.
Other intangible assets are stated at cost determined by the straight-line method. Own-use software is stated at cost determined by the straight-line method over its estimated useful life (5 years).

(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 asset's group.

(J) 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.

(K) Provisions

(1) Allowance for doubtful accounts
An allowance for doubtful accounts is stated to provide against the bad debt loss of account receivables. An allowance for general receivables is calculated by the percentage-of-receivables method, and doubtful receivables are estimated by analysis of specific individual receivables.

(2) Accrued bonuses to employees
Accrued bonuses to employees are calculated on an accrual basis for the financial year on the expected amount to be paid to the employees.

(L) 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 date represents the estimated present value of the 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.

(M) Derivative and hedging activities

The Companies use derivative financial instruments, including foreign currency exchange forward contracts and foreign currency swap contracts, in order to hedge the risk of fluctuations in foreign currency exchange rates, not to enter into derivatives for trading or speculative purposes.

All derivatives, except for those which meet deferral hedge accounting, are stated at fair value and recognized as either assets or liabilities, and gains or losses on derivative transactions are recognized in earnings.
When the derivative financial instruments have high correlation and effectiveness between the hedging instrument and the hedged item, deferral hedge accounting applies, and the gains or losses are deferred until maturity of the hedged transaction.

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.

(N) Leases

Finance leases, other than those which are deemed to transfer the ownership of leased assets to the lessee are accounted for in a way similar 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 lessee, which commenced before April 1, 2008, were capitalized with the balance of future minimum lease payments as of April 1, 2008.

(O) Revenue recognition

The company applies the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. Otherwise, the completed-contract method is applied. The percentage of construction progress is estimated based on the percentage of the cost incurred to the estimated total cost.

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.

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

(P) Research and development costs

Research and development costs are charged against income as incurred.

(Q) Net income and cash dividends per share

Net income 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.

(R) Reclassification of accounts

Certain reclassifications have been made in the 2010 financial statements to conform to the presentation in 2011.

(S) Changes in accounting policies, procedures and presentation in preparation of the consolidated financial statements

(1) Adoption of "Accounting Standard for Asset Retirement Obligations"
From the fiscal year ended March 31, 2011, the Company has adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18 issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 issued on March 31, 2008). The impact of this change on the financial statements for the period is immaterial.

(2) Adoption of "Accounting Standard for Business Combinations" and others
From the fiscal year ended March 31, 2011, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No.21 issued on December 26, 2008), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 issued on December 26, 2008) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 issued on December 26, 2008).

(3) Adoption of "Accounting Standard for Presentation of Comprehensive Income"
From the fiscal year ended March 31, 2011, the Company has adopted the "Accounting Standard for Presentation of Comprehensive Income", (ASBJ Statement No.25 issued on June 30, 2010).
The amounts presented as "Accumulated other comprehensive income (loss)" in the consolidated financial statements for the year ended March 31, 2010 represent the amounts of "Valuation and translation adjustments."

(4) Adoption of "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information"
From the fiscal year ended March 31, 2011, the Company has adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17 issued on March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20 issued on March 21, 2008).

3. Investment Securities

At March 31, 2011 and 2010, the summary of other investment securities is as follows:

	Millions of Yen							
	2011				2010			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	¥ 2,884	¥ 978	¥ 295	¥ 3,567	¥ 3,487	¥ 1,665	¥ 259	¥ 4,893
Other	1	0	—	1	1	—	—	1
	¥ 2,885	¥ 978	¥ 295	¥ 3,568	¥ 3,488	¥ 1,665	¥ 259	¥ 4,894

	Thousands of U.S. Dollars (Note 1)			
	2011			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	$ 34,747	$ 11,783	$ 3,554	$ 42,976
Other	12	0	—	12
	$ 34,759	$ 11,783	$ 3,554	$ 42,988

The carrying amounts of equity securities whose fair value is not readily determinable were ¥209 million (US$2,518 thousand) for the years ended March 31, 2011 and 2010.

For the years ended March 31, 2011 and 2010, losses of ¥239 million (US$2,880 thousand) and ¥7 million, respectively, were recognized as 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, 2011 and 2010 are comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Finished goods and semi-finished goods	¥ 2,442	¥ 3,229	$ 29,422
Work in process	2,110	4,167	25,422
Raw materials and supplies	5,085	5,058	61,264
	¥ 9,637	¥ 12,454	$ 116,108

5. 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, 2011 and 2010.

Income of the consolidated foreign subsidiaries is taxed at the rate of corporate income taxes, ranging from 16.5% to 25.0% for the years ended March 31, 2011 and 2010.

The tax effects of temporary differences that give rise to significant deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Deferred tax assets:	**2011**	2010	**2011**
Accrued pension and severance payments	**¥ 1,766**	¥ 1,630	**$ 21,277**
Accrued bonuses	**463**	313	**5,578**
Provision for losses on contracts	**649**	651	**7,819**
Allowance for doubtful accounts	**154**	144	**1,855**
Tax loss carryforwards	**3,983**	1,296	**47,988**
Others	**558**	562	**6,724**
Total deferred tax assets	**7,573**	4,596	**91,241**
Less: valuation allowance	**(2,044)**	(1,434)	**(24,627)**
Total deferred tax assets	**5,529**	3,162	**66,614**
Deferred tax liabilities:			
Unrealized gains on securities	**(278)**	(571)	**(3,349)**
Deferred gains on sales and acquisition of fixed assets	**(29)**	(2,277)	**(349)**
Others	**(160)**	(290)	**(1,928)**
Total deferred tax liabilities	**(467)**	(3,138)	**(5,626)**
Net deferred tax assets	**¥ 5,062**	¥ 24	**$ 60,988**

Net deferred tax assets and liabilities presented in the consolidated balance sheets at March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
Current assets-Deferred tax assets	**¥ 1,333**	¥ 1,300	**$ 16,060**
Other assets-Deferred tax assets	**3,810**	53	**45,904**
Current liabilities-Deferred tax liabilities	**—**	—	**—**
Non-current liabilities-Deferred tax liabilities	**(81)**	(1,329)	**(976)**
Net deferred tax assets	**¥ 5,062**	¥ 24	**$ 60,988**

At March 31, 2011 and 2010, a reconciliation of the Company's statutory tax rate and the effective income tax rate is as follows:

	2011	2010
Statutory tax rate	**40.69** %	40.69 %
Non-deductible expenses	**0.41**	0.36
Per capita inhabitant tax	**2.48**	1.91
Net loss of subsidiary	**18.67**	—
Effect of foreign tax rate differences	**(21.55)**	53.58
Write-down of subsidiary investments	**(111.33)**	—
Valuation allowance for deferred tax assets	**—**	(69.50)
Others	**(4.80)**	(9.24)
Effective tax rate	**(75.43)** %	17.80 %

6. Short-term Debt and Long-term Debt

Short-term debt represents notes payable mainly to banks with the weighted average interest rate of 1.05% per annum at March 31, 2011 and 1.30% per annum at March 31, 2010.

(1) Long-term debt without collateral at March 31, 2011 and 2010 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Loans, mainly from banks and insurance companies due through 2020 at weighted average interest rates 0.99% in 2011 and 1.22% in 2010	¥ 3,600	¥ 4,685	$ 43,373
	3,600	4,685	43,373
Less, portion due within one year	2,312	1,072	27,855
	¥ 1,288	¥ 3,613	$ 15,518

(2) The aggregate annual maturities of long-term debt outstanding as of March 31, 2011 are as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2012	¥ 2,312	$ 27,855
2013	12	145
2014	1,212	14,601
2015	12	145
2016	12	145
2017 and after	40	482
	¥ 3,600	$ 43,373

(Note) At March 31, 2011, 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)	¥ 325	$ 3,916

7. Contingent Liabilities

At March 31, 2011 and 2010, contingent liabilities are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Guarantees of bank loans	¥ —	¥ 3	$ —
Trade notes receivable discounted	6	43	72
Total	¥ 6	¥ 46	$ 72

8. 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, at March 31, 2011 and 2010.

Machinery and equipment	Millions of Yen				Thousands of U.S. Dollars (Note 1)	
	2011		2010		2011	
Acquisition costs	¥	38	¥	67	$	458
Accumulated depreciation		(23)		(41)		(278)
Book value	¥	15	¥	26	$	180
Future minimum lease payments required						
Due within one year	¥	6	¥	11	$	72
Due after one year		9		15		108
Total	¥	15	¥	26	$	180

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

Obligations under non-cancelable operating leases at March 31, 2011 and 2010 are as follows:

	Millions of Yen				Thousands of U.S. Dollars (Note 1)	
	2011		2010		2011	
Due within one year	¥	126	¥	126	$	1,518
Due after one year		216		125		2,602
Total	¥	342	¥	251	$	4,120

9. 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 the aggregated amount of the 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.

10 . Severance Payments and Pension Plan

The following tables set forth the changes in benefit obligations, plan assets and funded status of the Company and certain consolidated subsidiaries at March 31, 2011 and 2010.

	Millions of Yen				Thousands of U.S. Dollars (Note 1)	
	2011		2010		2011	
Projected benefit obligation	¥	(12,158)	¥	(11,962)	$	(146,482)
Fair value of plan assets		6,599		6,645		79,506
Funded status:						
Benefit obligation in excess of plan assets		(5,559)		(5,317)		(66,976)
Unrecognized actuarial differences		1,184		1,056		14,265
Accrued pension liability recognized in the consolidated balance sheets	¥	(4,375)	¥	(4,261)	$	(52,711)

Severance and pension costs of the Company and certain consolidated subsidiaries for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Service cost	¥ 686	¥ 635	$ 8,265
Interest cost	229	232	2,759
Expected return on plan assets	(166)	(136)	(2,000)
Amortization of actuarial losses	239	336	2,880
Net periodic benefit cost	988	1,067	11,904
Cost of defined contribution pension plans	29	11	349
Total cost of pension plans	¥ 1,017	¥ 1,078	$ 12,253

The assumptions used in the accounting for the defined benefit plan of the Company for the years ended March 31, 2011 and 2010 are as follows:

	2011	2010
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	10 years	10 years

11 . Research and Development Costs

Research and development costs for the years ended March 31, 2011 and 2010 were ¥1,841 million (US$22,181 thousand) and ¥1,882 million, respectively.

12 . Segment Information

(1) Description of reporting segments

The Companies' reporting segments are components for which separate financial information is available, and whose operating results are reviewed regularly by the chief operating decision maker in order for the Board of Directors to determine allocation of resources and assess segment performance.

The Companies mainly manufacture, sell, install, and maintain elevators and escalators. The Company takes charge of the domestic market, and overseas, each of the independent local subsidiaries is responsible for markets in North America (U.S.A, Canada), Europe (United Kingdom, Germany), South Asia (mainly Singapore), and East Asia (China, Hong Kong, Taiwan and Korea). Each regional business unit develops comprehensive strategies for dealing products and operating its business.

Therefore, the Fujitec Group is composed of regional segments based on the consistent system of manufacturing, sales, installation and maintenance, and has five reporting segments: Japan, North America, Europe, South Asia and East Asia.

(2) Methods of measurement for sales, profit (loss), assets, and other items for reporting segments

The amount of segment profit corresponds to its operating income. Intersegment sales and transfer prices are calculated mainly based on market value or manufacturing cost.

(3) Information by reporting segment for the years ended March 31, 2011 and 2010 is summarized as follows:

	Millions of Yen							
	2011							
	Reporting Segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Sales to customers	¥ 49,677	¥ 10,785	¥ 618	¥ 9,610	¥ 31,363	¥ 102,053	–	¥ 102,053
Intersegment sales	2,753	30	5	59	1,878	4,725	(4,725)	–
Total sales	52,430	10,815	623	9,669	33,241	106,778	(4,725)	102,053
Segment expenses	50,852	11,776	603	8,049	30,273	101,553	–	101,553
Segment profit (loss)	1,579	(961)	19	1,620	2,968	5,225	(4)	5,221
Segment assets	68,571	5,652	330	8,861	37,288	120,702	(15,885)	104,817
Other items:								
Depreciation and amortization	1,655	101	2	135	361	2,254	–	2,254
Amortization of goodwill	–	90	–	–	–	90	–	90
Increase in property, plant and equipment and intangible assets	1,040	12	1	536	263	1,852	–	1,852

	Millions of Yen							
	2010							
	Reporting Segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Sales to customers	¥ 48,295	¥ 15,537	¥ 924	¥ 9,997	¥ 31,384	¥ 106,137	–	¥ 106,137
Intersegment sales	2,988	25	7	190	2,452	5,662	(5,662)	–
Total sales	51,283	15,562	931	10,187	33,836	111,799	(5,662)	106,137
Segment expenses	51,153	15,422	922	8,772	30,296	106,565	–	106,565
Segment profit	130	140	9	1,415	3,540	5,234	54	5,288
Segment assets	73,395	9,487	529	9,042	40,201	132,654	(21,555)	111,099
Other items:								
Depreciation and amortization	1,751	122	2	163	327	2,365	–	2,365
Amortization of goodwill	–	93	–	–	–	93	–	93
Increase in property, plant and equipment and intangible assets	5,171	322	2	395	1,434	7,324	–	7,324

	Thousands of U.S. Dollars (Note 1)							
	2011							
	Reporting Segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Sales to customers	$ 598,518	$ 129,940	$ 7,446	$ 115,783	$ 377,867	$1,229,554	–	$1,229,554
Intersegment sales	33,169	361	60	711	22,627	56,928	(56,928)	–
Total sales	631,699	130,301	7,494	116,494	400,494	1,286,482	(56,928)	1,229,554
Segment expenses	612,675	141,880	7,264	96,976	364,735	1,223,530	–	1,223,530
Segment profit (loss)	19,024	(11,578)	229	19,518	35,759	62,952	(48)	62,904
Segment assets	826,157	68,096	3,976	106,759	449,253	1,454,241	(191,386)	1,262,855
Other items:								
Depreciation and amortization	19,940	1,217	24	1,627	4,349	27,157	–	27,157
Amortization of goodwill	–	1,084	–	–	–	1,084	–	1,084
Increase in property, plant and equipment and intangible assets	12,530	145	12	6,457	3,169	22,313	–	22,313

(4) Information related to reporting segment

(A) Sales by geographic area are as follows:

	Millions of Yen					
	2011					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	¥ 48,569	¥ 11,122	¥ 9,609	¥ 30,125	¥ 2,628	¥ 102,053

	Millions of Yen					
	2010					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	¥ 48,067	¥ 16,063	¥ 9,997	¥ 29,730	¥ 2,280	¥ 106,137

	Thousands of U.S. Dollars (Note 1)					
	2011					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	$ 585,169	$ 134,000	$ 115,771	$ 362,952	$ 31,662	$ 1,229,554

(B) Property, plant and equipment by geographic area are as follows:

	Millions of Yen					
	2011					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	¥ 24,015	¥ 538	¥ 803	¥ 4,159	¥ 2	¥ 29,517

	Thousands of U.S. Dollars (Note 1)					
	2011					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	$ 289,337	$ 6,482	$ 9,675	$ 50,109	$ 24	$ 355,627

(5) Impairment losses by reporting segment are as follows:

	Millions of Yen							
	2011							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Impairment losses of assets	–	–	–	¥ 35	–	¥ 35	–	¥ 35

	Thousands of U.S. Dollars (Note 1)							
	2011							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Impairment losses of assets	–	–	–	$ 422	–	$ 422	–	$ 422

(6) Amortization and balance of goodwill by reporting segment are as follows:

	Millions of Yen							
	2011							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Amortization of goodwill	–	¥ 90	–	–	–	¥ 90	–	¥ 90
Goodwill at March 31, 2011	–	816	–	–	–	816	–	816

	Thousands of U.S. Dollars (Note 1)							
	2011							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Amortization of goodwill	–	$ 1,084	–	–	–	$ 1,084	–	$ 1,084
Goodwill at March 31, 2011	–	9,831	–	–	–	9,831	–	9,831

(7) Negative goodwill by reporting segment is as follows:

In the South Asia segment, the consolidated subsidiary Fujitec Singapore Corpn. Ltd. acquired the additional equities of Fujitec Malaysia Sdn. Bhd. during the year ended March 31, 2011. Accordingly, a negative goodwill of ¥136 million (US$1,639 thousand) is recorded.

13 . Financial Instruments and Related Disclosures

(A) Policy for Financial Instruments:

The Companies raise necessary funds for capital investment needs for sales, 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 surpluses, 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 credit risk. The Companies manage, according to the credit management rules of the 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. Foreign currency forward contracts are utilized to hedge the fluctuation risk, if necessary.

Investment securities are mainly equity securities of the entities with a business relationship and exposure to the market price fluctuation risk. The Company continuously monitors the 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 arising from the import of supplies is 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 is always less than the receivables denominated in foreign currencies. Of debt payables, short-term debts are mainly related to operating activities and long-term debts are raised mainly for capital investments.

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

(C) Fair values of financial instruments:

Fair values of financial instruments are based on the quoted market price. If a quoted market price is not available, fair value is reasonably estimated. The reasonable valuation assumption may result in different fair values 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 14 for the detail of fair value for derivatives.

(1) Carrying amount, fair value and differences of financial instruments are as follows:

	Millions of Yen					
	2011			2010		
Assets:	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Cash and deposits	¥ 21,359	¥ 21,359	¥ —	¥ 21,278	¥ 21,278	¥ —
Trade notes and accounts receivable	26,213	25,982	(231)	30,091	29,770	(321)
Investment securities	3,568	3,568	—	4,894	4,894	—
Long-term loans	20	20	(0)	1,924	1,926	2
Total	¥ 51,160	¥ 50,929	¥ (231)	¥ 58,187	¥ 57,868	¥ (319)
Liabilities:						
Trade notes and accounts payable	¥ 10,567	¥ 10,564	¥ (3)	¥ 11,846	¥ 11,846	¥ —
Short-term debt	2,389	2,389	—	5,472	5,472	—
Long-term debt	3,600	3,599	(1)	4,685	4,681	(4)
Total	¥ 16,556	¥ 16,552	¥ (4)	¥ 22,003	¥ 21,999	¥ (4)
Derivatives:						
Derivatives applied to hedge accounting	¥ (34)	¥ (34)	¥ —	¥ 1	¥ 1	¥ —

	Thousands of U.S. Dollars (Note 1)		
	2011		
Assets:	Carrying amount	Fair value	Difference
Cash and deposits	$ 257,337	$ 257,337	$ —
Trade notes and accounts receivable	315,820	313,036	(2,784)
Investment securities	42,988	42,988	—
Long-term loans	241	241	(0)
Total	$ 616,386	$ 613,602	$ (2,784)
Liabilities:			
Trade notes and accounts payable	$ 127,313	$ 127,277	$ (36)
Short-term debt	28,783	28,783	—
Long-term debt	43,374	43,362	(12)
Total	$ 199,470	$ 199,422	$ (48)
Derivatives*:			
Derivatives applied hedge accounting	$ (410)	$ (410)	$ —

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

(Note) The methods are described below, to determine the estimated fair value of financial instruments securities and derivatives.

Assets

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

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

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

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

Liabilities

1) Trade notes and accounts payable, short-term debt:
The carrying values approximate fair value because of their short maturities.

2) Long-term debt:
The fair value is determined by discounting the cash flows related to the debt at an assumed rate based on its maturity and credit risk.

3) Derivatives:
The information of the fair value for derivatives is included in Note 14.

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

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	Carrying amount	Carrying amount
Investment securities:		
Unlisted stocks	¥ 114	$ 1,373
Other	95	1,145

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

(3) Maturity analysis for Cash and deposits and Trade notes and accounts receivable and Long-term loans at March 31, 2011 is 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	¥ 21,359	¥ —	¥ —
Trade notes and accounts receivable	25,377	764	72
Long-term loans	5	15	—
Total	¥ 46,741	¥ 779	¥ 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	$ 257,338	$ —	$ —
Trade note and accounts receivable	305,747	9,205	868
Long-term loans	60	181	—
Total	$ 563,145	$ 9,386	$ 868

Annual maturities of long-term debt and lease obligations are included in Notes 6 and 8, respectively.

14. Derivative Financial Instruments

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, 2011, are excluded from market value information disclosure.
The fair value of derivative transactions was measured at the quoted price obtained from the financial institution.

(1) Derivative transactions, to which hedge accounting is not applied, at March 31, 2011 and 2010 are as follows:

	Millions of Yen					
Foreign currency	2011			2010		
forward contracts:	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Buying	¥ 1,918	¥ (34)	¥ (34)	¥ —	¥ —	¥ —

	Thousands of U.S. Dollars (Note 1)		
Foreign currency	2011		
forward contracts:	Contract amount	Fair value	Unrealized gain (loss)
Buying	$ 23,108	$ (410)	$ (410)

(2) Derivative transactions, to which hedge accounting is applied, at March 31, 2011 and 2010 are as follows:

	Millions of Yen					
Foreign currency	2011			2010		
forward contracts:	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Buying	¥ —	¥ —	¥ —	¥ 91	¥ 1	¥ 1

15. Subsequent Event

The following appropriation of retained earnings as of March 31, 2011 was approved at the annual meeting of shareholders held on June 23, 2011:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Cash dividends	¥ 655	$ 7,892

Report of Independent Auditors

The Board of Directors of
Fujitec Co., Ltd.

We have audited the accompanying consolidated balance sheet of Fujitec Co., Ltd. and consolidated subsidiaries as of March 31, 2011, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, all expressed in yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit. The accompanying consolidated balance sheet of Fujitec Co., Ltd. and consolidated subsidiaries as of March 31, 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in yen were audited by other auditors whose report dated June 2, 2010 expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fujitec Co., Ltd. and consolidated subsidiaries as of March 31, 2011, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Osaka, Japan

June 24, 2011

Grant Thornton Taiyo ASG

Grant Thornton Taiyo ASG

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 Office

Dubai

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.
Manufacturing, 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
Jitsuo Funami
Hiroshi Nishigaki
Yasuo Hanakawa
Kazuo Inaba

* Representative director

Corporate Auditors
Toshiyuki Matsubara
Masanobu Nakano
Terumichi Saeki

(As of June 23, 2011)

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: 3,731

Major Shareholders	Number of shares held (Thousands)	Share holding ratio (%)
Citigroup Global Markets Inc. - Securities Safekeeping Account 418	13,752	14.66%
Uchiyama International, Limited	10,025	10.69%
Fuji Electric Co., Ltd.	5,089	5.42%
Credit Suisse AG Zurich	4,752	5.06%
Resona Bank, Ltd.	4,203	4.48%
The Master Trust Bank of Japan, Ltd. (trust account)	4,064	4.33%
Japan Trustee Services Bank, Ltd. (trust account 4)	3,113	3.31%
Japan Trustee Services Bank, Ltd. (trust account)	2,540	2.70%
Mellon Bank Treaty Clients Omnibus	2,262	2.41%
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
Grant Thornton Taiyo ASG

(As of March 31, 2011)

FUJITEC CO.,LTD.

www.fujitec.com

VEGETABLE OIL INK