Annual Report 2012

Year ended March 31, 2012

Mid-Term Management Plan

“One Goal, One Fujitec”

Unified as one, aiming to provide the best products and services!

We are now entering the final year of our three year Mid-Term Management Plan, “One Goal, One Fujitec” which started in 2010.

The Fujitec Group, active all over the world, will continue to move forward in unity toward the goal of providing customers with the best products and services.

As Fujitec celebrates the “65th Anniversary of its foundation” in February 2013, we will welcome a year of change and aim to create new corporate values and further expansion of our business.

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.

Contents

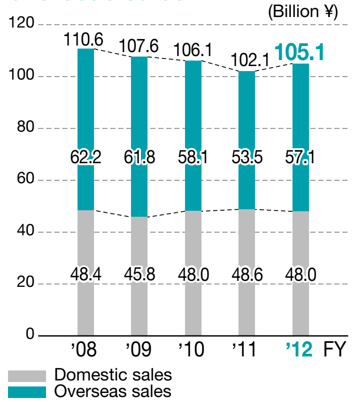
5-Year Summary

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

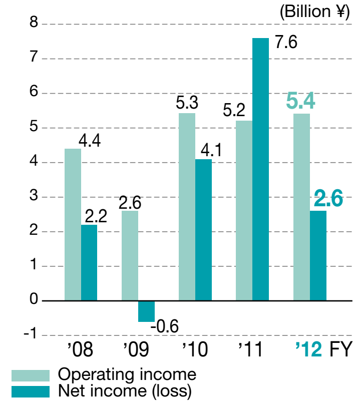
	Millions of Yen					Thousands of U.S. Dollars
	2012	2011	2010	2009	2008	2012
For the year:						
Net sales	¥ 105,061	¥ 102,053	¥ 106,137	¥ 107,609	¥ 110,632	$ 1,281,232
Domestic sales	47,948	48,569	48,067	45,781	48,377	584,732
Overseas sales	57,113	53,484	58,070	61,828	62,255	696,500
Operating income	5,363	5,221	5,288	2,569	4,428	65,403
Net income (loss)	2,607	7,569	4,061	(649)	2,219	31,794
Comprehensive income	2,206	4,764	–	–	–	26,903
R&D expenses	1,971	1,841	1,882	2,008	2,257	24,037
Capital investment	1,354	1,665	6,564	2,733	2,003	16,512
Depreciation and amortization	2,204	2,254	2,365	2,600	2,375	26,878
Acquisition of property, plant and equipment	1,338	2,914	5,425	2,313	3,050	16,317
At year-end:						
Total assets	¥ 107,213	¥ 104,817	¥ 111,099	¥ 100,823	¥ 112,043	$ 1,307,476
Net assets	67,915	67,161	64,056	59,810	68,356	828,232
Cash flows:						
Cash flow from operating activities	¥ 9,685	¥ 9,157	¥ 6,701	¥ 8,431	¥ 3,454	$ 118,110
Cash flow from investing activities	(3,952)	(2,630)	(6,308)	(14,185)	2,676	(48,195)
Cash flow from financing activities	(4,179)	(5,672)	(3,143)	(782)	(6,594)	(50,963)
Cash and cash equivalents at the end of year	9,718	8,224	7,840	9,389	16,866	118,512
	Yen					U.S. Dollars
Per share of common stock:						
Net income (loss)	¥ 27.86	¥ 80.89	¥ 43.40	¥ (6.94)	¥ 23.66	$ 0.34
Net assets	674.78	671.24	636.25	591.87	675.35	8.23
Cash dividends	12.00	12.00	10.00	10.00	12.00	0.15
Index:						
Shareholders' equity ratio	58.9%	59.9%	53.6%	54.9%	56.4%	–
Return on Shareholders' equity	4.1%	12.4%	7.1%	(1.1%)	3.4%	–

Notes:
1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥82 to US$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. During FY 2012, the accounts of Fujitec (Thailand) Co., Ltd. ,which is a subsidiary of Fujitec Singapore Corpn. Ltd., were newly included in the consolidation.
7. 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.

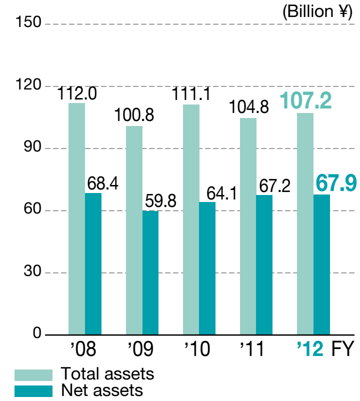
Domestic sales and overseas sales



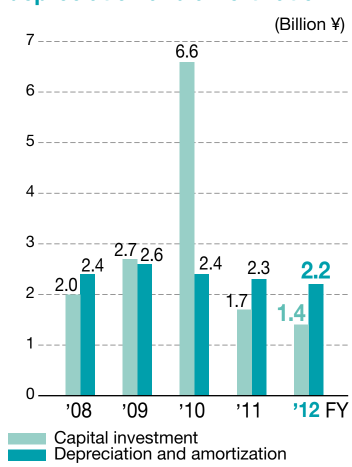
Operating income and net income



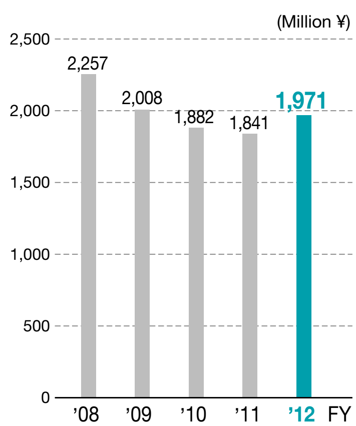
Total assets and net assets



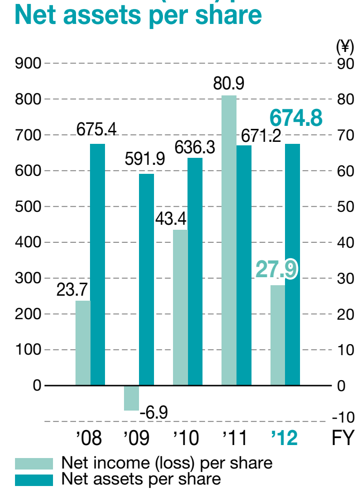
Capital investment, depreciation and amortization



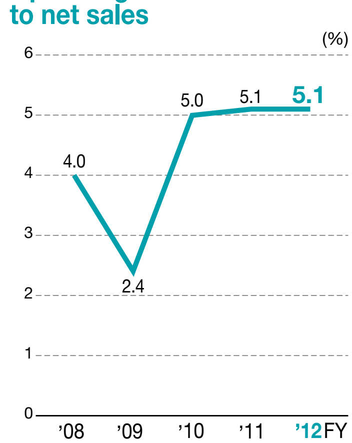
R&D expenses



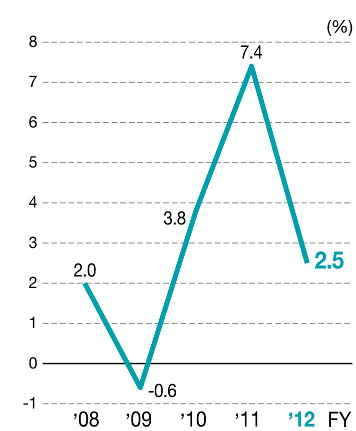
Net income (loss) per share Net assets per share



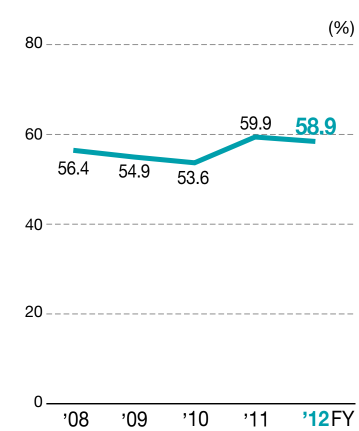
Operating income to net sales



Net income to net sales



Shareholders' equity ratio



To Our Shareholders

Summary

Report on the second year of the Mid-Term Management Plan, “One Goal, One Fujitec” and the performance targets of the final year

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We will intensify our efforts to promote global business strategies to aim at further expansion of profits.

Takakazu Uchiyama President and Chief Executive Officer

- First, give us your thoughts about the status of the global economy and market conditions for elevators and escalators in the fiscal year ended March 31, 2012.

Regarding the global economy, economic growth slowed in emerging countries, including China, due to the falling levels of exports and tighter monetary policies. In North America, the economic recovery remained gradual and, in general, the sense of deceleration of the economy deepened due to the continuing sovereign debt crisis in Europe. While the Japanese economy has been recovering from the effects of the Great East Japan Earthquake in March 2011, severe conditions continued, in addition to concerns about deceleration of the global economy, the impact from the appreciating yen and flooding in Thailand.

Under such circumstances, in the elevator and escalator industry, demand in the Chinese market firmly expanded, mainly for large housing, but demand in North America and Europe has remained sluggish. In Japan, demand has progressed weakly although there were signs of recovery after the Earthquake-triggered disasters.

- What were the business results in the 65th term, the second year of the Mid-Term Management Plan?

This last fiscal year was the second year of the Company’s three year Mid-Term Management Plan, “One Goal, One Fujitec,” which started in 2010. In the domestic market, for modernization projects which upgrade the performance and design of existing elevators and escalators, sales of our “elevator control panel replacement package” steadily expanded. On the other hand, as a result of a decrease in new construction activity, the amount of orders received in Japan for new elevators was ¥46,731 million, a decrease of 0.1% compared to the previous fiscal year.

In overseas markets, although new construction decreased in North America, new construction significantly increased the demand in China for elevators for large housing developments and escalators for subways. In South Asia, due to the receipt of orders for large projects from the Housing & Development Board of Singapore, overseas orders received were ¥61,394 million, an increase of 4.5% compared to the previous fiscal year.

As a result, the total amount of orders received was ¥108,125 million, an increase of 2.4% compared to the previous fiscal year. The amount of overseas orders received actually increased 10.4%, if the impact from exchange rate fluctuations is excluded.

For net sales, domestic net sales were ¥47,948 million, a decrease of 1.3% compared to the previous fiscal year, and overseas net sales were ¥57,113 million, an increase of 6.8% compared to the previous fiscal year. Total net sales were ¥105,061 million, an increase of 2.9% compared to the previous fiscal year. Overseas net sales actually increased 13.0%, if the impact from exchange rate fluctuations is excluded.

For profit and loss, operating income was ¥5,363 million, an increase of 2.7% compared to the previous fiscal year, due to an increase in profit in Japan and a decrease in loss in North America. Ordinary income was ¥5,799 million, an increase of 6.5% compared to the previous fiscal year. Special items recorded of ¥157 million and income before income taxes and minority interests was ¥5,955 million, an increase of 23.1% compared to the previous fiscal year. On the other hand, since special factors no longer exist such as requiring the recording of large negative deferred tax expenses in the previous fiscal year, income taxes were ¥2,508 million, an increase of ¥6,156 million compared to the previous fiscal year.

As a result, net income was ¥2,607 million, a decrease of 65.6% compared to the previous fiscal year.

- Please tell us about the management policy and focused tasks for the fiscal year ending March 31, 2013, the final year of the Mid-Term Management Plan.

In regard to the global economy, the growth rate in Asia is significant and China constitutes its core. It is reported that China has a new installation demand of 450,000 units for elevators and escalators a year and, as it is the "world's largest market for elevators and escalators," we will concentrate our business resources in China this year, too.

At "Huasheng Fujitec Elevator," an elevator production base on the outskirts of Beijing, we will further enhance the production and sales system and have also started building a "New Elevator Research Tower" to aim at strengthening our cutting-edge technologies to respond to the demands of high-rise buildings and large scale buildings.

Also in China, our network includes "Shanghai Huasheng Fujitec Escalator," an escalator production base, "Fujitec Shanghai Sourcing Center," a production and supply base of elevator equipment, and "Fujitec Shanghai Technologies," a research and development base to accelerate our global business in world markets through the integration of development, production and sourcing.

In India, where demand for elevators is expected to greatly grow in the future, our new plant started full-scale operations and we will strengthen sales activities to expand our market share.

In addition, in mature markets such as North America, South America, Hong Kong and Singapore, we will continue our best efforts to capture demand for modernization projects to strive for a further increase in profits.
From the aspect of product development, especially for large scale redevelopment projects and the expansion of "smart city" initiatives around the world, we aim to develop products that are people and environmentally friendly and products that address advanced security and disaster concerns.
Also, for quality assurance, we established the "Global Quality Administration Center" in Shanghai. This will uniformly manage quality information from a global perspective and strive for quick response to a quality incident and prevent a defect recurrence.

- What strategies will you deploy in the domestic market?

In Japan, we enhanced the functions of elevator "XIOR" and the updated models were launched in January 2012. All models have adopted LED light sources, effectively use regenerated electricity and are equipped with "running announcement sound" for the first time in the industry and we will concentrate efforts for their further sales expansion as products that target diversified needs.
For escalators, we launched a new escalator "Slimfit" in August 2011 as an addition to our GS-NX product line. This is a benchmark product whose width of the truss part supporting the escalator is the narrowest in the industry, enabling installation at stations and commercial facilities, etc., having space restrictions. We aim to expand our share of the domestic escalator market with the new "Slimfit" product line.
In the after-market business, although demand for modernization projects is steady, we will continue to concentrate efforts on promoting further demand and increasing profits.
As for safety, in order to respond to the need for disaster protective measures, we will promote supplying a Modernization Package Upgrade for existing elevators.

- Please tell us about the business outlook for the fiscal year ending March 31, 2013.

In the elevator and escalator markets, demand for large housing will continue in China, but in other areas, while the recovery of demand is generally slow, we expect that price competition will heat up.
As for the financial outlook, we expect sales to continue to increase in East Asia, mainly in China. For profit and loss, we expect an income increase in Japan and East Asia along with improvement in profit and loss in North America.

- Please tell us about the dividends

We set the year-end dividend of the fiscal year ended March 31, 2012 at ¥7 per share, as planned. Accordingly, the annual dividend is ¥12 per share, following the interim dividend of ¥5 per share.

We expect the interim dividend of the fiscal year ending March 31, 2013 to be ¥6 per share. We plan to set the year-end dividend at ¥8 per share, adding a commemorative dividend of ¥2 to the ordinary ¥6 dividend as we celebrate the Company's "65th anniversary of its foundation," and the annual dividend, therefore, is expected to be ¥14 per share.

- Finally, please convey any special message you may have to our shareholders.

As the fiscal year ending March 31, 2013 is the final year of the Mid-Term Management Plan, all departments throughout the entire company will unite to achieve the important tasks ahead in order to accomplish the management objectives.

We expect the corporate environment surrounding us will continue to be severe and we will continue to actively promote our global business strategies, centering on China, further expansion of the after-market business, demand for which will continue to be steady, and the supply of products and services that pursue "safety and security."

In February 2013, as our Company celebrates the "65th anniversary of its foundation," we will welcome a year of change and aim to create new corporate values and further expansion of our business. I would like to ask our shareholders for their continued support.

June 28, 2012

T. Uchiyama

Takakazu Uchiyama

President and Chief Executive Officer

Outline of Major Activities

North & South Americas

In the United States, we received an order for 13 elevators, including a high-speed model at 420m/min., for “Granite Broadway,” a high-rise complex building now under construction in Manhattan, the center of New York City. This 66-story building will include a first-class “Marriott Hotel” in addition to offices and commercial facilities and will be one of the foremost high-rise buildings in New York City.

Rendering of Granite Broadway

In Canada, Toronto’s “The L Tower”, a 61-story luxury condominium, is now under construction. Delivery of 12 elevators will be made for this unique L-shaped building, including a high-speed model at 210m/min.

Also in Toronto, a total of 19 elevators and escalators were delivered to the “Maple Leaf Gardens” complex.

In Buenos Aires, Argentina, the “Madero Office,” a 30-story luxury office building was completed and 20 elevators are now in operation. Also, we have received an order for 14 elevators for the “Belgrano Office,” a 36-story high-rise office building.

Madero Office

Japan

In Tokyo, “GINZA KOMATSU,” a commercial tenant facility in Ginza, opened. It comprises two buildings, the East Building and the West Building, and in the East Building, “UNIQLO Ginza,” the company’s largest global flagship store, is now an occupant. A total of 27 elevators and escalators are now in operation at “GINZA KOMATSU.”

Also in Tokyo, we delivered 16 escalators to “Tokyo Solamachi®,” a large commercial facility adjacent to “Tokyo Skytree®,” now the “in place.” In Kyoto, “Kyoto Aquarium,” the first inland large-scale aquarium in Japan, opened, where 4 elevators are now in operation.

GINZA KOMATSU

In connection with the renewal of "The Museum of Kyoto," a cultural facility, 6 escalators were delivered. In Hiroshima, a total of 24 elevators and escalators were delivered to "Fuji Grand Hiroshima," a large commercial facility.

Tokyo Solamachi®

Other major orders received include an order for a total of 21 elevators and escalators for the "21 & 25 Mori Building Reconstruction Project" in Tokyo and an order for a total of 8 elevators and escalators for the "Tokyo Metropolitan Government Main Building No. 2" for renewal construction.

In addition, in Shizuoka, we received orders for 36 escalators for large commercial facilities in front of Higashi-Shizuoka Station.

East Asia

Central Government Complex, Tamar

In Hong Kong, on super-prime land adjacent to the business district on Hong Kong Island, the "Central Government Complex, Tamar" was completed. In the complex, comprised of the city hall building, an assembly hall and an office building, a total of 83 escalators and elevators, including a high-speed model elevator at 360m/min., are now in operation.

Also in Hong Kong, "The Wings," a complex of facilities including hotels, commercial facilities and housing adjacent to Tseung Kwan O Station of the Hong Kong Subway, was completed, where a total of 75 elevators and escalators are now in operation.

A total of 98 escalators and moving walks were delivered to "Nanjing Subway," public metro transportation in Nanjing, China, and we also received new large orders for 234 escalators for Line No. 3 and Line No. 10.

In addition, a large housing complex was completed in Anshan, Liaoning Province, where 248 elevators are now in operation and also we received an order for 24 elevators for the "China Life Insurance Data Center" in Shanghai.

In Seoul, South Korea, “LOTTE MALL Gimpo Airport,” a large complex of commercial facilities adjacent to Gimpo International Airport, opened, where 72 escalators and moving walks are now in operation.

In Taiwan, we received orders for a total of 34 elevators and escalators for “Fubon ShinYi A10,”a complex including a hotel and department store, which is being built by “Fubon Financial Holding,” a large financial group.

LOTTE MALL Gimpo Airport

South Asia

High-rise Housing of HDB

In Singapore, we received a bulk lump-sum order for 800 elevators for high-rise housing of HDB (Housing & Development Board of Singapore) and are now in the process of conducting installation work. The total amount of orders received from HDB has now reached about 20,000 elevators for both new installations and renewals.

Also in Singapore, “Scotts Square,” a large complex comprised of housing and commercial facilities, was completed. Here, a total of 31 elevators and escalators are now in operation.

In Johor, Malaysia, the “Traders Hotel, Puteri Harbour, Iskandar” is now under construction and we received orders for a total of 40 elevators and escalators for the hotel,which has an indoor theme park and restaurants.

Rendering of Traders Hotel, Puteri Harbour, Iskandar

Europe & Middle East

In Berlin, Germany, we received an order for 9 elevators in connection with the large-scale remodeling of the historically famous “Staatsoper Unter den Linden, Berlin (Berlin State Opera).” We have previously delivered many elevators for the German Parliament building, the “Reichstag,” and “Jakob-Kaiser-Haus (The Office for Members of Parliament)” and this order has added another milestone to our representative facilities in Germany.

In Jeddah, Saudi Arabia, we received orders for 74 elevators for renewal construction work at “King Abdulaziz University.”

Staatsoper Unter den Linden, Berlin (Berlin State Opera)

News Highlight

In response to construction demand becoming larger in China, Fujitec is building a cutting-edge “New Elevator Research Tower!”

Rendering of the “New Elevator Research Tower”

“Huasheng Fujitec Elevator,” a Chinese subsidiary of Fujitec Co., Ltd., is building a “New Elevator Research Tower” on the site of the head office in order to further strengthen its technological development capacity, in response to construction demand expanding in China.

On April 5, 2012, a ground-breaking ceremony for the “New Elevator Research Tower” was held with over 200 guests, including Mr. Li Shoulin, Chairman of the China Elevator Association, and people from the industry and mass media in China attending the large scale event. The “New Elevator Research Tower” to be built will be 151m high, commemorating the “15th anniversary” of Huasheng Fujitec Elevator’s production in China in 2012.

The exterior form represents a fully blooming flower which symbolizes the company’s development towards the future. In this tower, we aim at the further enhancement of cutting-edge technology through testing for comfort, functionality, safety and reliability of elevators, in response to the needs of high-rise buildings such as “Wangjing Soho,” a large office and retail complex in Beijing, for which Huasheng Fujitec Elevator recently received orders for a total of 142 elevators and escalators. The “New Elevator Research Tower” will be completed in August 2013 and will be an essential tool for the development of a new generation of elevators.

Ground breaking ceremony for the “New Elevator Research Tower” held at the Langfang head office of Huasheng Fujitec Elevator.

Financial Section

Consolidated Financial Review

(Japanese yen amounts have been translated into U.S. dollars, for convenience only using the exchange rate of ¥82 to U.S.$1.)

Summary of Business Performance for the Fiscal Year ended March 31, 2012

Regarding the global economy during the fiscal year ended March 31, 2012, economic expansion in emerging countries including China slowed, due to a deceleration in export demand, monetary restraints, while in North America, economic recovery remained soft, with a general sense of slowing intensifying, as represented by the continuing European sovereign debt crisis, etc. Although the Japanese economy has picked up from the slump due to the impact of the Great East Japan Earthquake that occurred in March 2011, the business environment remained severe due to the impacts from the strong yen and the flood disaster in Thailand, in addition to concerns about the global economic slowdown.

As for the elevator and escalator industry, while demand in the Chinese market expanded steadily mainly for condominiums, demand in North America and Europe remained weak. In Japan, while a recovery trend in demand was seen after the earthquake, the overall economy remained sluggish.

In the fiscal year ended March 31, 2012, which is the second year of the Fujitec Group's 3-Year Mid-Term Management Plan, "One Goal, One Fujitec," domestic sales of "elevator control panel replacement packages" expanded steadily in the modernization business, which upgrades existing elevators and escalators by equipping them with the latest control systems. On the other hand, domestic orders received for new elevator installations decreased to ¥46,731 million, a decrease of 0.1% compared to the previous fiscal year, due to low demand.

In the overseas markets, while new installations in North America decreased, new installations in China increased significantly for elevators for large-scale housing developments as well as escalators for subways. In South Asia, a large-scale order was received from the Housing & Development Board of Singapore. As a result, overseas orders received amounted to ¥61,394 million, an increase of 4.5% compared to the previous fiscal year.

As a result, the total orders received amounted to ¥108,125 million, an increase of 2.4% compared to the previous fiscal year. If the impact from exchange rate fluctuations is excluded, the actual increase in overseas orders received was 10.4%.

Net Sales and Income

• Status of Sales and Order Backlogs

Consolidated sales for the fiscal year ended March 31, 2012 were ¥105,061 million, an increase of 2.9% compared to the previous fiscal year. This was due to the 6.8% increase in overseas sales compared to the previous fiscal year, due to the increased sales in East Asia, mainly China, while domestic sales decreased by 1.3% compared to the previous fiscal year. As a result, the ratio of overseas sales to consolidated sales increased by 2.0 points to 54.4%, from 52.4% in the previous fiscal year.

Net Sales by Region

In Japan, net sales were ¥50,817 million, a decrease of 3.1% compared to the previous fiscal year, due to a decrease in new installations, although the number of modernization projects increased steadily. Operating income was ¥1,898 million, an increase of ¥319 million compared to the previous fiscal year, owing to an increase in profits in the modernization business.

In North America, net sales were ¥10,123 million, a decrease of 6.4% compared to the previous fiscal year, due to the exchange rate impact of a strong yen, while the service business including the modernization business grew slightly. For operating profit and loss, an operating loss of ¥388 million was recorded, which is an operating loss decrease of ¥573 million compared to the previous fiscal year (operating loss for the previous fiscal year: ¥961 million).

In Europe, net sales were ¥543 million, a decrease of 12.8% compared to the previous fiscal year, due to a decrease in the sales of escalators. For operating profit and loss, an operating loss of ¥8 million was recorded, due to lower profitability in the maintenance service business (operating income for the previous fiscal year: ¥19 million).

In South Asia, net sales were ¥9,795 million, a slight increase compared to the previous fiscal year, and operating income was ¥1,596 million, a decrease of ¥24 million compared to the previous fiscal year, due to an increase in maintenance service costs while new installation business costs decreased.

In East Asia, while net sales were ¥39,445 million, an increase of 18.7% compared to the previous fiscal year, due to the significant increase in new installations of elevators in China, operating income was ¥2,263 million, a decrease of ¥705 million compared to the previous fiscal year, due to lower profitability of the new installation business in Taiwan and South Korea, as well as a sharp rise in raw material prices.

Order Backlogs

In Japan, order backlogs were ¥34,391 million, a decrease of 3.2% compared to the level at the end of the previous consolidated fiscal year, due to the decrease in new installations although the number of modernization projects increased steadily. Overseas, order backlogs were ¥63,604 million, a decrease of 2.4% compared to the end of the previous consolidated fiscal year, due to a decrease in North America and the exchange rate impact of a strong yen, while they increased in East Asia including China. As a result, the total amount of order backlogs was ¥97,996 million, a decrease of 2.7% compared to the end of the previous consolidated fiscal year.

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

The cost of sales was ¥84,017 million, which is an increase of ¥2,323 million compared to the previous fiscal year. The cost of sales ratio decreased by 0.1 points to 80.0% compared to the previous fiscal year, mainly due to expansion of the aftermarket business including modernization projects.

Selling, general and administrative expenses increased by ¥543 million compared to the previous fiscal year to ¥15,681 million, and the ratio of selling, general and administrative expenses to net sales (net sales selling administrative expense ratio) was 14.9%, an increase of 0.1 points.

• Status of Income

Operating income for the fiscal year was ¥5,363 million, an increase of 2.7% compared to the previous fiscal year, due to increased profits in Japan and reduced operating losses in North America.

Non-operating profit and loss increased by ¥209 million from a profit (net) of ¥226 million in the previous fiscal year to a profit (net) of ¥435 million, mainly due to an increase in interest income and a decrease in foreign currency exchange rate losses.

Special items recorded a profit (net) of ¥157 million, which is an increase in profit of ¥768 million compared to a loss (net) of ¥611 million recorded in the previous fiscal year, due to the decrease in bad debt expenses of our U.S. subsidiary, a decrease in write-downs of investment securities in Japan in the previous fiscal year, etc. Income before income taxes and minority interests was ¥5,955 million, an increase of 23.1% compared to the previous fiscal year.

As for income taxes, since special factors which caused the recording of a large negative amount of deferred tax expenses in the previous fiscal year were eliminated, income taxes increased by ¥6,156 million, from negative ¥3,648 million in the previous fiscal year to ¥2,508 million.

As a result, net income was ¥2,607 million, a decrease of 65.6% compared to the previous fiscal year. Accordingly, net income per share decreased by ¥53.03, from ¥80.89 in the previous fiscal year to ¥27.86.

Financial Position

Total assets at the end of the fiscal year ended March 31, 2012 were ¥107,213 million, an increase of ¥2,396 million compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and deposits of ¥3,791 million in current assets, while deferred tax assets in non-current assets decreased by ¥1,597 million.

Total liabilities were ¥39,298 million, an increase of ¥1,642 million compared to the end of the previous consolidated fiscal year. This was mainly due to the increase in trade notes payable and accounts payable of ¥999 million and the increase in advances from customers of ¥2,999 million, while in current liabilities, the current portion of long-term debt decreased by ¥2,301 million.

Net assets were ¥67,915 million, an increase of ¥754 million compared to the end of the previous consolidated fiscal year. This was mainly due to the increase in retained earnings of ¥1,484 million and the increase in minority interests of ¥426 million, while foreign currency translation adjustments decreased by ¥1,205 million. Shareholders' equity ratio was 58.9%, a decrease of 1.0 points compared to the end of the previous consolidated fiscal year, and net assets per share was ¥674.78, an increase of ¥3.54 compared to the end of the previous consolidated 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, 2012, the balance of outstanding short-term debt stood at ¥1,832 million. On the other hand, the Group's long-term funding requirements for production equipment and others are met, in principle, through the financing of long-term debt. As of March 31, 2012, the balance of outstanding long-term debt including long-term debt due within one year was ¥1,512 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 ¥9,685 million, an increase in revenue of ¥528 million compared to the previous fiscal year, due to income before income taxes and minority interests of ¥5,955 million, depreciation and amortization of ¥2,204 million, an increase in advances from customers, etc.

Net cash used in investing activities was ¥3,952 million, an increase in expenditures of ¥1,322 million compared to the previous fiscal year, due to a net of deposits and repayments of fixed deposits with maturity over three months of ¥3,110 million, the expenditures of ¥1,338 million for acquisitions of property, plant and equipment, etc.

Net cash used in financing activities was ¥4,179 million, a decrease in expenditures of ¥1,493 million compared to the previous fiscal year, due to repayment of long-term debt of ¥2,312 million, cash dividends paid, etc.

As a result, the balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2012 was ¥9,718 million, which was an increase of ¥1,494 million compared to the end of the previous consolidated fiscal year.

Basic Policy for Profit Distribution and Dividend

For profit distribution, management's priority is the enhancement of return of profits to our shareholders and a basic policy for 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 we will also flexibly consider acquisition of our own shares as a return to our shareholders.

A year-end dividend for the year ended March 31, 2012 was declared to be ¥7 per share. As a result, the annual dividend was ¥12 per share, following the interim dividend of ¥5 per share.

Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2012**	2011	**2012**
Current assets:			
Cash and cash equivalents	**¥ 9,718**	¥ 8,224	**$ 118,512**
Time deposits	**15,432**	13,135	**188,195**
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	**254**	61	**3,098**
Other	**25,203**	26,152	**307,354**
Allowance for doubtful accounts	**(557)**	(445)	**(6,793)**
	24,900	25,768	**303,659**
Inventories (Note 4)	**11,189**	9,637	**136,451**
Deferred tax assets (Note 5)	**1,586**	1,333	**19,341**
Other current assets	**2,606**	3,790	**31,781**
Total current assets	**65,431**	61,887	**797,939**
Investments and long-term loans:			
Investments in unconsolidated subsidiaries and affiliates	**657**	657	**8,012**
Investment securities (Note 3)	**3,624**	3,777	**44,195**
Long-term loans	**1,917**	20	**23,378**
	6,198	4,454	**75,585**
Property, plant and equipment, at cost (Note 6) **:**			
Buildings and structures	**25,324**	25,069	**308,829**
Machinery and equipment	**14,026**	13,769	**171,049**
Leased assets (Note 8)	**26**	38	**317**
	39,376	38,876	**480,195**
Accumulated depreciation	**(18,054)**	(17,101)	**(220,171)**
	21,322	21,775	**260,024**
Land	**6,807**	6,833	**83,012**
Construction in progress	**465**	909	**5,671**
	28,594	29,517	**348,707**
Other assets:			
Deferred tax assets (Note 5)	**2,213**	3,810	**26,988**
Goodwill	**695**	816	**8,476**
Intangible assets	**1,812**	1,972	**22,098**
Other	**2,270**	2,361	**27,683**
Total	**¥ 107,213**	¥ 104,817	**$1,307,476**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of Yen 2012	2011	Thousands of U.S. Dollars (Note 1) 2012
Current liabilities:			
Short-term debt (Note 6)	¥ 1,832	¥ 2,389	$ 22,341
Current portion of long-term debt (Note 6)	12	2,312	146
Lease obligations (Note 8)	6	6	73
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	47	11	573
Other	11,520	10,557	140,488
Advances from customers	9,607	6,608	117,159
Accrued income taxes (Note 5)	669	563	8,159
Accrued bonuses to employees	1,710	1,677	20,854
Accrued bonuses to directors	46	43	561
Asset retirement obligation for current liabilities	—	8	—
Provision for losses on construction contracts	2,901	2,394	35,378
Other provisions	428	414	5,220
Other current liabilities	4,623	4,711	56,377
Total current liabilities	33,401	31,693	407,329
Long-term debt (Note 6)	1,500	1,288	18,293
Lease obligations (Note 8)	4	9	49
Deferred tax liabilities (Note 5)	54	81	659
Provision for retirement benefits (Note 10)	4,122	4,375	50,268
Retirement benefits for directors	192	191	2,341
Asset retirement obligation for non-current liabilities	19	19	232
Other non-current liabilities	6	—	73
Total liabilities	39,298	37,656	479,244
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, 2012 and 2011	12,534	12,534	152,854
Additional paid-in capital	14,566	14,566	177,634
Retained earnings	57,228	55,744	697,902
Treasury stock, at cost: 198,039 shares at March 31 ,2012 and 193,269 shares at March 31, 2011	(131)	(129)	(1,597)
	84,197	82,715	1,026,793
Accumulated other comprehensive income			
Net unrealized gains on securities	456	405	5,561
Foreign currency translation adjustments	(21,514)	(20,309)	(262,366)
	(21,058)	(19,904)	(256,805)
Minority interests	4,776	4,350	58,244
Total net assets	67,915	67,161	828,232
Total	¥ 107,213	¥ 104,817	$1,307,476

Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
Net sales	**¥ 105,061**	¥ 102,053	**$1,281,232**
Cost and expenses:			
Cost of sales	**84,017**	81,694	**1,024,598**
Selling, general and administrative expenses	**15,681**	15,138	**191,231**
	99,698	96,832	**1,215,829**
Operating income	**5,363**	5,221	**65,403**
Other income (expenses):			
Interest and dividend income	**421**	338	**5,134**
Interest expense	**(83)**	(140)	**(1,012)**
Subsidy income	**—**	177	**—**
Foreign currency exchange loss, net	**(13)**	(268)	**(159)**
Deducting tax from foreign subsidiary's income	**—**	(78)	**—**
Other, net	**110**	197	**1,342**
	435	226	**5,305**
Special items:			
Gain on sales of property, plant and equipment	**1**	567	**12**
Gain on sales of investment securities	**18**	76	**220**
Loss on sales and disposal of property, plant and equipment	**(75)**	(34)	**(916)**
Loss on sales of investment securities	**(28)**	(114)	**(341)**
Impairment loss on fixed assets	**(15)**	(35)	**(183)**
Write-down of investment securities (Note 3)	**(106)**	(239)	**(1,293)**
Gain on transfer of business	**138**	—	**1,683**
Settlement received	**150**	—	**1,829**
Subsidy income	**100**	100	**1,220**
Write-down of investments in capital of a subsidiary	**(26)**	—	**(317)**
Write-down of an unconsolidated subsidiary's investment	**—**	(56)	**—**
Negative goodwill	**—**	136	**—**
Bad debt expense	**—**	(928)	**—**
Other, net	**—**	(84)	**—**
	157	(611)	**1,914**
Income before income taxes and minority interests	**5,955**	4,836	**72,622**
Income taxes (Note 5) **:**			
Current	**1,166**	1,099	**14,219**
Deferred	**1,342**	(4,747)	**16,366**
	2,508	(3,648)	**30,585**
Income before minority interests	**3,447**	8,484	**42,037**
Minority interests in net income of consolidated subsidiaries	**840**	915	**10,243**
Net income	**¥ 2,607**	¥ 7,569	**$ 31,794**
	Yen		U.S. Dollars (Note 1)
Per share:			
Net income, based on the weighted average number of shares outstanding	**¥ 27.86**	¥ 80.89	**$ 0.34**
Cash dividends applicable to the year	**12.00**	12.00	**0.15**

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, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
Income before minority interests	**¥ 3,447**	¥ 8,484	**$ 42,037**
Other comprehensive income:			
Net unrealized gains on securities	**50**	(430)	**610**
Deferred gains on hedge transactions	**–**	(1)	**–**
Foreign currency translation adjustments	**(1,291)**	(3,289)	**(15,744)**
Other comprehensive income, net	**(1,241)**	(3,720)	**(15,134)**
Comprehensive income	**¥ 2,206**	¥ 4,764	**$ 26,903**
Comprehensive income attributable to:			
Comprehensive Income attributable to owners of parent	**¥ 1,452**	¥ 4,326	**$ 17,707**
Comprehensive Income attributable to non-controlling interests	**754**	438	**9,196**

Consolidated Statements of Changes in Net Assets

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	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, 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 April 1, 2011	93,767	12,534	14,566	55,744	(129)	405	–	(20,309)	(19,904)	4,350	67,161
Net income		**–**	**–**	**2,607**	**–**	**–**	**–**	**–**	**–**	**–**	**2,607**
Cash dividends		**–**	**–**	**(1,123)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,123)**
Treasury stock acquired, net		**–**	**–**	**–**	**(2)**	**–**	**–**	**–**	**–**	**–**	**(2)**
Net change in the year		**–**	**–**	**–**	**–**	**51**	**–**	**(1,205)**	**(1,154)**	**426**	**(728)**
Balance at March 31, 2012	**93,767**	**¥ 12,534**	**¥ 14,566**	**¥ 57,228**	**¥ (131)**	**¥ 456**	**¥ –**	**¥ (21,514)**	**¥ (21,058)**	**¥ 4,776**	**¥ 67,915**

	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 April 1, 2011	93,767	$ 152,854	$ 177,634	$ 679,804	$ (1,573)	$ 4,939	$ –	$ (247,671)	$ (242,732)	$ 53,049	$ 819,036
Net income		**–**	**–**	**31,794**	**–**	**–**	**–**	**–**	**–**	**–**	**31,794**
Cash dividends		**–**	**–**	**(13,696)**	**–**	**–**	**–**	**–**	**–**	**–**	**(13,696)**
Treasury stock acquired, net		**–**	**–**	**–**	**(24)**	**–**	**–**	**–**	**–**	**–**	**(24)**
Net change in the year		**–**	**–**	**–**	**–**	**622**	**–**	**(14,695)**	**(14,073)**	**5,195**	**(8,878)**
Balance at March 31, 2012	**93,767**	**$ 152,854**	**$ 177,634**	**$ 697,902**	**$ (1,597)**	**$ 5,561**	**$ –**	**$ (262,366)**	**$ (256,805)**	**$ 58,244**	**$ 828,232**

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, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 5,955	¥ 4,836	$ 72,622
Depreciation and amortization	2,204	2,254	26,878
Provision for bonuses to employees	36	425	439
Provision (benefit) provision for losses on contracts	557	(294)	6,793
Interest and dividends income	(421)	(338)	(5,134)
Interest expense	83	140	1,012
Decrease in trade notes and accounts receivable	389	1,337	4,744
(Increase) decrease in inventories	(1,692)	2,299	(20,634)
Increase (decrease) in trade notes and accounts payable	1,103	(656)	13,451
Loss on sales of investment securities, net	10	38	121
Gain from negative goodwill	—	(136)	—
Write-down of investment securities, net	106	239	1,293
Increase (decrease) in advances from customers	3,085	(634)	37,622
Loss (gain) on sales of property, plant and equipment	3	(567)	37
Loss on sales and disposal of property, plant and equipment	71	34	867
Bad debt expense	—	928	—
Gain on transfer of business	(138)	—	(1,683)
Other, net	(614)	766	(7,489)
Sub-total	10,737	10,671	130,939
Payment of income taxes	(1,052)	(1,514)	(12,829)
Net cash provided by operating activities	9,685	9,157	118,110
Cash flows from investing activities:			
Increase in time deposits, net	(3,110)	(1,191)	(37,927)
Acquisitions of property, plant and equipment	(1,338)	(2,914)	(16,317)
Proceeds from sales of property, plant and equipment	4	1,019	49
Purchase of intangible assets	(67)	(106)	(817)
Payment for purchase of investment securities	(102)	(92)	(1,244)
Proceeds from sales of investment securities	163	440	1,988
Interest and dividends income received	377	288	4,598
Other, net	121	(74)	1,475
Net cash used in investing activities	(3,952)	(2,630)	(48,195)
Cash flows from financing activities:			
Decrease in short-term debt, net	(557)	(2,972)	(6,793)
Proceeds from long-term debt	216	—	2,634
Repayment of long-term debt	(2,312)	(1,069)	(28,195)
Repayment of lease obligation	(5)	(11)	(61)
Payment of interest	(69)	(118)	(840)
Cash dividends paid	(1,123)	(1,030)	(13,696)
Cash dividends paid to minority shareholders	(420)	(468)	(5,122)
Repayment to a minority shareholder	(1)	(2)	(12)
Proceeds from stock issuance to minority shareholders	94	—	1,146
Other, net	(2)	(2)	(24)
Net cash used in financing activities	(4,179)	(5,672)	(50,963)
Effect of exchange rate changes on cash and cash equivalents	(60)	(450)	(732)
Net increase in cash and cash equivalents	1,494	405	18,220
Cash and cash equivalents at beginning of year	8,224	7,840	100,292
Cash and cash equivalents decreased by exclusion of subsidiaries from consolidation	—	(21)	—
Cash and cash equivalents at end of year	¥ 9,718	¥ 8,224	$ 118,512

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, 2012 and 2011

1. Basis of Presentation

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 issued domestically, prepared in accordance with accounting principles generally accepted in Japan and filed with the Financial Services Agency, as required by the Financial Instruments and Exchange Act of Japan. For the purpose of this Annual Report, certain reclassifications have been made to present the accompanying financial statements in a form more familiar to readers outside Japan.

U.S. dollar amounts included in the accompanying consolidated financial statements solely for the convenience of readers, have been arithmetically translated from all yen amounts on a basis of ¥82=$1, the prevailing exchange rate as of March 30, 2012. The translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(A) Principles of consolidation

The consolidated financial statements as of March 31, 2012 include the accounts of the Company and the following 18 (17 as of March 31, 2011) 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)
Fujitec (Thailand) Co., Ltd. (Thailand)
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 (Thailand) Co., Ltd. (Thailand) were established in this fiscal year, and newly included in the consolidation. 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 have been 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 separate components 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 26 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.

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

(4) Provision for losses on construction contracts
When it is estimated reliably that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be recognized by providing for losses on construction contracts.

(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 requirements, 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 to them, 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 2011 financial statements to conform to the presentation in 2012.

(S) Additional information

Adoption of "Accounting Standard for Accounting Changes and Error Corrections"
From the fiscal year ended March 31, 2011, the Company has adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24 issued on December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24 issued on December 4, 2009).

3. Investment Securities

Available-for-sales securities at March 31, 2012 and 2011 is summarized as follows:

	Millions of Yen							
	2012				2011			
	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	¥ 2,707	¥ 892	¥ 184	¥ 3,415	¥ 2,884	¥ 978	¥ 295	¥ 3,567
Other	1	0	—	1	1	0	—	1
	¥ 2,708	¥ 892	¥ 184	¥ 3,416	¥ 2,885	¥ 978	¥ 295	¥ 3,568

	Thousands of U.S. Dollars (Note 1)			
	2012			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	$ 33,012	$ 10,879	$ 2,244	$ 41,647
Other	12	0	–	12
	$ 33,024	$ 10,879	$ 2,244	$ 41,659

The carrying amounts of equity securities whose fair value is not readily determinable were ¥209 million (US$2,549 thousand) for the years ended March 31, 2012 and 2011.

For the years ended March 31, 2012 and 2011, losses of ¥106 million (US$1,293 thousand) and ¥239 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, 2012 and 2011 are comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Finished goods and semi-finished goods	¥ 2,704	¥ 2,442	$ 32,976
Work in process	2,641	2,110	32,207
Raw materials and supplies	5,844	5,085	71,268
	¥ 11,189	¥ 9,637	$ 136,451

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, 2012 and 2011. Income taxes of the consolidated foreign subsidiaries are ranging from 16.5% to 34.0%.

(1) The major components of deferred tax assets and liabilities at March 31, 2012 and 2011 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Deferred tax assets:	2012	2011	2012
Accrued pension and severance payments	¥ 1,394	¥ 1,766	$ 17,000
Accrued bonuses	484	463	5,902
Provision for losses on contracts	871	649	10,622
Allowance for doubtful accounts	124	154	1,512
Tax loss carryforwards	3,693	3,983	45,037
Others	894	558	10,903
Total deferred tax assets	7,460	7,573	90,976
Less: valuation allowance	(3,301)	(2,044)	(40,256)
Total deferred tax assets	4,159	5,529	50,720
Deferred tax liabilities:			
Unrealized gains on securities	(251)	(278)	(3,061)
Deferred gains on sales and acquisition of fixed assets	(31)	(29)	(378)
Others	(132)	(160)	(1,611)
Total deferred tax liabilities	(414)	(467)	(5,050)
Net deferred tax assets	¥ 3,745	¥ 5,062	$ 45,670

Net deferred tax assets and liabilities presented in the consolidated balance sheets at March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Current assets-Deferred tax assets	¥ 1,586	¥ 1,333	$ 19,341
Other assets-Deferred tax assets	2,213	3,810	26,988
Current liabilities-Deferred tax liabilities	—	—	—
Non-current liabilities-Deferred tax liabilities	(54)	(81)	(659)
Net deferred tax assets	¥ 3,745	¥ 5,062	$ 45,670

(2) A reconciliation between the Company's statutory tax rate and the effective income tax rate at March 31, 2012 and 2011 is as follows:

	2012	2011
Statutory tax rate	40.69 %	40.69 %
Non-deductible expenses	0.26	0.41
Valuation allowance for deferred tax assets	2.29	0.26
Per capita inhabitant tax	1.99	2.48
Net loss of subsidiary	3.43	18.67
Difference of change in tax rate	8.22	—
Effect of foreign tax rate differences	(14.72)	(21.55)
Write-down of subsidiary investments	—	(111.33)
Others	(0.05)	(5.06)
Effective tax rate	42.11 %	(75.43) %

6. Short-term Debt and Long-term Debt

Short-term debt represents notes payable mainly to banks with the weighted average interest rate of 1.91% per annum at March 31, 2012 and 1.05% per annum at March 31, 2011.

(1) Long-term debt without collateral at March 31, 2012 and 2011 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Loans, mainly from banks and insurance companies due through 2018 at weighted average interest rates 1.11% in 2012 and 0.99% in 2011	¥ 1,512	¥ 3,600	$ 18,439
	1,512	3,600	18,439
Less, portion due within one year	12	2,312	146
	¥ 1,500	¥ 1,288	$ 18,293

(2) The aggregate annual maturities of long-term debt outstanding as of March 31, 2012 are as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2013	¥ 12	$ 146
2014	1,440	17,562
2015	12	146
2016	12	146
2017	12	146
2018	24	293
	¥ 1,512	$ 18,439

(Note) At March 31, 2012, the following assets and liabilities 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) and other asset	¥ 1,075	$ 13,110
Short-term debt	222	2,707

7. Contingent Liabilities

Contingent liabilities at March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Trade notes receivable discounted	¥ 163	¥ 6	$ 1,988

8. Leases

(1) The amounts related to finance lease assets at March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Machinery and equipment	2012	2011	2012
Acquisition costs	¥ 26	¥ 38	$ 317
Accumulated depreciation	(16)	(23)	(195)
Book value	¥ 10	¥ 15	$ 122
Future minimum lease payments:			
Due within one year	¥ 6	¥ 6	$ 73
Due after one year	4	9	49
Total	¥ 10	¥ 15	$ 122

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

(2) The amounts related to non-cancellable operating lease assets at March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Future minimum lease payments:	2012	2011	2012
Due within one year	¥ 101	¥ 126	$ 1,232
Due after one year	148	216	1,805
Total	¥ 249	¥ 342	$ 3,037

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 . Retirement benefits

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, 2012 and 2011.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
Projected retirement benefit obligation	**¥ (13,222)**	¥ (12,158)	**$ (161,244)**
Plan assets at fair value	**7,103**	6,599	**86,622**
Benefit obligation in excess of plan assets	**(6,119)**	(5,559)	**(74,622)**
Unrecognized actuarial differences	**1,977**	1,184	**24,110**
Unrecognized prior service costs	**20**	—	**244**
Provision for retirement benefits	**¥ (4,122)**	¥ (4,375)	**$ (50,268)**

Retirement benefit expenses of the Company and certain consolidated subsidiaries for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
Service cost	**¥ 672**	¥ 686	**$ 8,195**
Interest cost	**234**	229	**2,854**
Expected return on plan assets	**(165)**	(166)	**(2,012)**
Amortization of actuarial losses	**246**	239	**3,000**
Amortization of prior service costs	**2**	—	**24**
Net periodic benefit cost	**989**	988	**12,061**
Cost of defined contribution pension plans	**30**	29	**366**
Retirement benefit expenses	**¥ 1,019**	¥ 1,017	**$ 12,427**

The assumptions used in accounting for the defined benefit plan of the Company are summarized for as follows:

	2012	2011
Method of attributing benefit to periods of service	straight-line basis	straight-line basis
Discount rate	1.5%	2.0%
Expected long-term rate of return on plan assets	2.0%	2.5%
Amortization period for prior service costs	10 years	—
Amortization period for actuarial losses	10 years	10 years

11 . Research and Development Costs

Research and development costs for the years ended March 31, 2012 and 2011 are ¥1,971 million (US$24,037 thousand) and ¥1,841 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, 2012 and 2011 is summarized as follows:

	Millions of Yen							
	2012							
	Reporting Segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Sales to customers	¥ 48,054	¥ 10,102	¥ 538	¥ 9,793	¥ 36,574	¥ 105,061	–	¥ 105,061
Intersegment sales	2,763	21	5	2	2,871	5,662	(5,662)	–
Total sales	50,817	10,123	543	9,795	39,445	110,723	(5,662)	105,061
Segment expenses	48,919	10,511	551	8,199	37,182	105,362	(5,664)	99,698
Segment profit (loss)	1,898	(388)	(8)	1,596	2,263	5,361	2	5,363
Segment assets	65,955	5,256	315	8,809	41,486	121,821	(14,608)	107,213
Other items:								
Depreciation and amortization	1,666	79	1	74	384	2,204	–	2,204
Amortization of goodwill	–	83	–	–	–	83	–	83
Increase in property, plant and equipment and intangible assets	822	13	1	152	432	1,420	–	1,420

	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

	Thousands of U.S. Dollars (Note 1)							
	2012							
	Reporting Segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Sales to customers	$ 586,024	$ 123,195	$ 6,561	$ 119,427	$ 446,025	$1,281,232	—	$1,281,232
Intersegment sales	33,696	256	61	24	35,012	69,049	(69,049)	—
Total sales	619,720	123,451	6,622	119,451	481,037	1,350,281	(69,049)	1,281,232
Segment expenses	596,573	128,183	6,719	99,988	453,439	1,284,902	(69,073)	1,215,829
Segment profit (loss)	23,147	(4,732)	(97)	19,463	27,598	65,379	24	65,403
Segment assets	804,329	64,098	3,841	107,427	505,927	1,485,622	(178,146)	1,307,476
Other items:								
Depreciation and amortization	20,317	963	12	902	4,683	26,877	—	26,877
Amortization of goodwill	—	1,012	—	—	—	1,012	—	1,012
Increase in property, plant and equipment and intangible assets	10,024	159	12	1,853	5,268	17,316	—	17,316

(4) Information related to reporting segment

(A) Sales by geographic area are as follows:

	Millions of Yen					
	2012					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	¥ 47,948	¥ 10,411	¥ 9,857	¥ 35,311	¥ 1,534	¥ 105,061

	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

	Thousands of U.S. Dollars (Note 1)					
	2012					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	$ 584,732	$ 126,963	$ 120,207	$ 430,622	$ 18,708	$ 1,281,232

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

	Millions of Yen					
	2012					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	¥ 23,180	¥ 447	¥ 782	¥ 4,184	¥ 1	¥ 28,594

	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)					
	2012					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	$ 282,683	$ 5,451	$ 9,537	$ 51,024	$ 12	$ 348,707

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

	Millions of Yen							
	2012							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Impairment losses of assets	¥ 15	–	–	–	–	¥ 15	–	¥ 15

	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)							
	2012							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Impairment losses of assets	$ 183	–	–	–	–	$ 183	–	$ 183

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

	Millions of Yen							
	2012							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Amortization of goodwill	–	¥ 83	–	–	–	¥ 83	–	¥ 83
Goodwill	–	695	–	–	–	695	–	695

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

	Thousands of U.S. Dollars (Note 1)							
	2012							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Amortization of goodwill	–	$ 1,012	–	–	–	$ 1,012	–	$ 1,012
Goodwill	–	8,476	–	–	–	8,476	–	8,476

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 related mainly to 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					
	2012			2011		
Assets:	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Cash and deposits	¥ 25,150	¥ 25,150	¥ —	¥ 21,359	¥ 21,359	¥ —
Trade notes and accounts receivable	25,457	24,743	(714)	26,213	25,982	(231)
Investment securities	3,416	3,416	—	3,568	3,568	—
Long-term loans	1,917	1,917	(0)	20	20	(0)
Total	¥ 55,940	¥ 55,226	¥ (714)	¥ 51,160	¥ 50,929	¥ (231)
Liabilities:						
Trade notes and accounts payable	¥ 11,567	¥ 11,561	¥ (6)	¥ 10,567	¥ 10,564	¥ (3)
Short-term debt	1,832	1,832	—	2,389	2,389	—
Long-term debt	1,512	1,510	(2)	3,600	3,599	(1)
Total	¥ 14,911	¥ 14,903	¥ (8)	¥ 16,556	¥ 16,552	¥ (4)
Derivatives*:						
Derivatives applied to hedge accounting	¥ (19)	¥ (19)	¥ —	¥ (34)	¥ (34)	¥ —

	Thousands of U.S. Dollars (Note 1)		
	2012		
Assets:	Carrying amount	Fair value	Difference
Cash and deposits	$ 306,707	$ 306,707	$ —
Trade notes and accounts receivable	310,452	301,744	(8,708)
Investment securities	41,659	41,659	—
Long-term loans	23,378	23,378	(0)
Total	$ 682,196	$ 673,488	$ (8,708)
Liabilities:			
Trade notes and accounts payable	$ 141,061	$ 140,988	$ (73)
Short-term debt	22,341	22,341	—
Long-term debt	18,439	18,415	(24)
Total	$ 181,841	$ 181,744	$ (97)
Derivatives*:			
Derivatives applied to hedge accounting	$ (232)	$ (232)	$ —

* 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 to determine the estimated fair value of financial instruments securities and derivatives are described below.

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 details of investment securities by classification are 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 details of the fair value for derivatives are included in Note 14.

(2) Financial instruments whose fair value cannot be reliably determined at March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Investment securities:			
Unlisted stocks	¥ 114	¥ 114	$ 1,390
Other	95	95	1,159

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 Table13 (1).

(3) Maturity analysis for Cash and deposits and Trade notes and accounts receivable and Long-term loans at March 31, 2012 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	¥ 25,150	¥ —	¥ —
Trade notes and accounts receivable	23,477	226	1,754
Long-term loans	3	1,914	—
Total	¥ 48,630	¥ 2,140	¥ 1,754

	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	$ 306,707	$ —	$ —
Trade note and accounts receivable	286,305	2,756	21,391
Long-term loans	37	23,340	—
Total	$ 593,049	$ 26,096	$ 21,391

(Note) 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, 2012 and 2011 are as follows:

	Millions of Yen					
Foreign currency	2012			2011		
forward contracts:	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Buying	¥ 644	¥ (19)	¥ (19)	¥ 1,918	¥ (34)	¥ (34)

	Thousands of U.S. Dollars (Note 1)		
Foreign currency	2012		
forward contracts:	Contract amount	Fair value	Unrealized gain (loss)
Buying	$ 7,854	$ (232)	$ (232)

(2) Derivative transactions, to which hedge accounting is applied, at March 31, 2012 and 2011 are as follows:

	Millions of Yen					
Foreign currency	2012			2011		
forward contracts:	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Buying	¥ 228	¥ (1)	¥ (1)	¥ —	¥ —	¥ —

	Thousands of U.S. Dollars (Note 1)		
Foreign currency	2012		
forward contracts:	Contract amount	Fair value	Unrealized gain (loss)
Buying	$ 2,780	$ (12)	$ (12)

15. Subsequent Event

The following appropriation of retained earnings at March 31, 2012 was approved at the annual meeting of shareholders held on June 27, 2012:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Cash dividends	¥ 655	$ 7,988

Independent Auditor's Report

To the Board of Directors of
Fujitec Co., Ltd.

We have audited the accompanying consolidated financial statements of Fujitec Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012 and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fujitec Co., Ltd. and consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The United States dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for the convenience. Our audit also included the translation of Japanese yen amounts into United States 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 28, 2012

Grant Thornton Taiyo ASG LLC

Grant Thornton Taiyo ASG LLC

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

Thailand
Fujitec (Thailand) Co., Ltd.
Marketing, installation and maintenance

East Asia

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

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

Fujitec Shanghai Technologies Co., Ltd.
Research and development

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

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

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

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

Europe and Middle East

Germany
Fujitec Deutschland GmbH
Marketing, installation and maintenance

United Kingdom
Fujitec UK Ltd.
Marketing, installation and maintenance

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

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

Board of Directors

President and Chief Executive Officer
Takakazu Uchiyama*

Executive Vice President
Iwataro Sekiguchi*

Directors
Narayanapillai Sugumaran
Takao Okada
Mitsunori Shirakura
Yasuo Hanakawa
Kazuo Inaba

* Representative director

Corporate Auditors
Masahiko Nogi
Yoshio Kitagawa
Masanobu Nakano
Terumichi Saeki

(As of June 27, 2012)

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: 3,503

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	4,733	5.04%
Resona Bank, Ltd.	4,203	4.48%
The Master Trust Bank of Japan, Ltd. (trust account)	3,275	3.49%
Japan Trustee Services Bank, Ltd. (trust account 4)	3,118	3.32%
Mellon Bank Treaty Clients Omnibus	2,146	2.28%
Japan Trustee Services Bank, Ltd. (trust account)	2,037	2.17%
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 LLC

(As of March 31, 2012)

FUJITEC CO., LTD.

www.fujitec.com