FUJITEC

Annual Report 2017

Year ended
March 31, 2017

Specialized Manufacturer of Transportation Systems Engaging in Comprehensive Operations from New Installation to Modernization

Fujitec is a specialized manufacturer engaging in comprehensive operations, which include development, sales, manufacturing, installation, maintenance and modernization of elevators, escalators, moving walks and other transportation systems.

Based on the global mission statement “Respecting people, technologies, and products, we collaborate with people from nations around the world to develop beautiful and functional cities that meet the needs of a new age,” Fujitec provides products and services trusted by users all over the world through our global network spanning from Japan to East Asia, South Asia, North and South America, Europe and the Middle East.

GINZA SIX (Tokyo)

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Fujitec’s 4 Strengths

Global

Seeking unified global business development, Fujitec operates businesses in 25 countries and regions.

Quality

Establishing an integrated quality management structure that spans from development and design to installation and maintenance, Fujitec continues to strengthen its reputation around the world.

Specialist

As a specialized manufacturer of transportation systems, Fujitec produces products that are a step ahead of the times.

Technology

Fujitec delivers safe, reliable and comfortable transportation systems through the continuous development of knowledge and technology.

Forward-Looking Statements

This annual report contains forecasts and projections regarding the plans, strategies and performance of Fujitec Co., Ltd. and its consolidated subsidiaries. These forecasts and projections constitute forward-looking statements that are based on assumptions and beliefs in accordance with data available to management. These statements are subject to various risks and uncertainties that could cause results to differ from those projected or implied. These include, but are not limited to, unforeseen factors or fluctuations in the economy, industry competition, demand, foreign exchange rates, tax laws and/or regulations. In conclusion, Fujitec cautions readers that actual results may differ from those projected.

Fujitec Overview

Meeting Global Needs through Unique Business Model

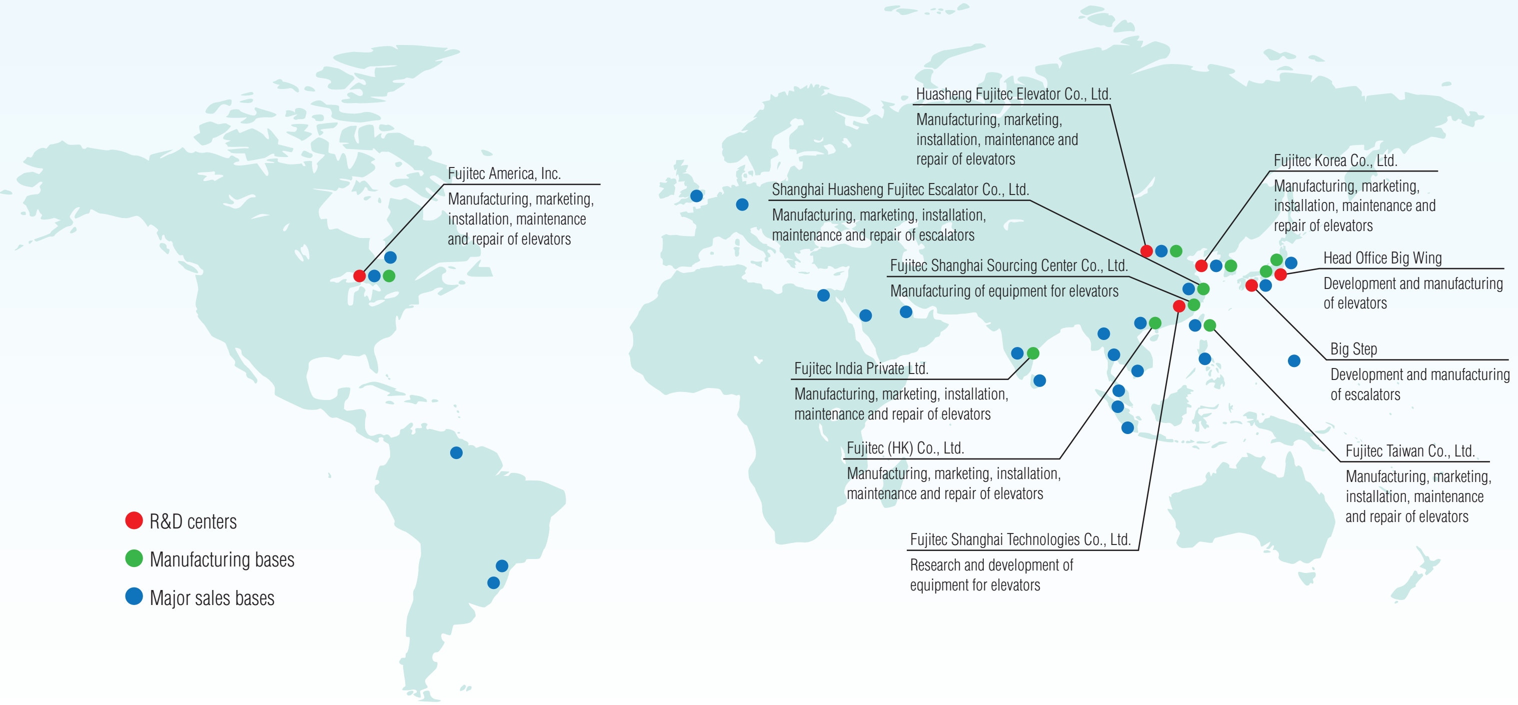
As a specialized manufacturer of transportation systems, Fujitec has established a unique business model to leverage its capabilities as a full-line producer (integrated structure) and global supply chain while quickly and flexibly responding to diverse needs from around the world.

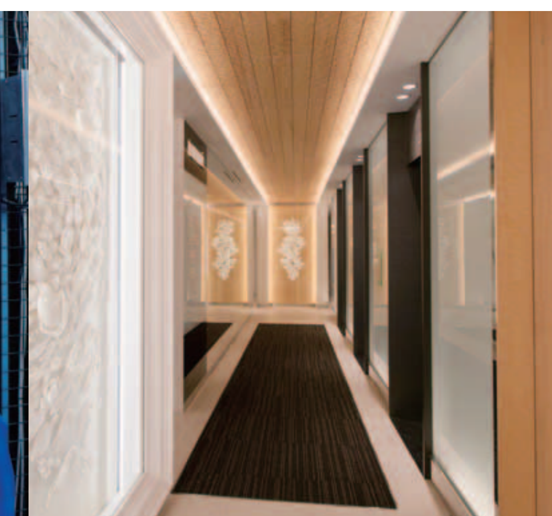
Full-Line Producer (Integrated Structure)

We produce a full line of safe and reliable elevators and escalators through an integrated structure covering all aspects that include design, development, sales, manufacturing, installation, maintenance and modernization. We provide high-quality products only a specialized manufacturer can realize, garnering trust and support from customers around the world.

Global Supply Chain

Beginning with Hong Kong in the 1960s, Fujitec was among the first in the industry to expand into the global market. Since then, we have been pursuing business development around the world. Fujitec currently operates in 25 countries and regions worldwide (from R&D to manufacturing and sales) and has successfully established a global supply chain. Each base of operations works in close cooperation and promotes finely tuned business activities rooted in respective regions.





Development

Centered around the R&D centers in Japan, we develop new, original technologies and products ahead of the world.

Sales

We engage in comprehensive management from making plan proposals, drawing blueprints, creating estimates and participating in bidding to making deliveries after receiving orders.

Manufacturing

Under the integrated production structure, we realize high-quality manufacturing while striving for better efficiency.

Installation

Seasoned staffers who have undergone rigorous training make sure reliable installation of elevators and escalators is carried out.

Maintenance

Periodic maintenance and inspection ensure safe operations of elevators and escalators, while striving for more advanced maintenance technologies and innovation of the entire systems.

Modernization

Sophisticated modernization technologies raise the safety and comfort of elevators and escalators.

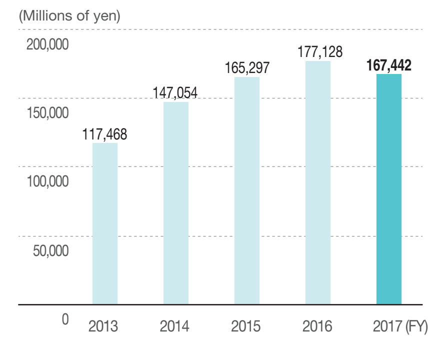
Fujitec Overview

Financial Highlights

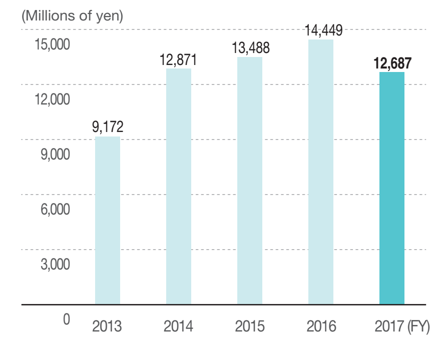
Fiscal years ended March 31	2013	2014	2015	2016	2017 (Millions of yen)	2017 (Thousands of U.S. dollars)
Net sales	¥117,468	¥147,054	¥165,297	¥177,128	**¥167,442**	**$1,495,018**
Domestic	49,805	58,338	61,508	60,381	**62,798**	**560,696**
Overseas	67,663	88,716	103,789	116,747	**104,644**	**934,322**
Operating income	9,172	12,871	13,488	14,449	**12,687**	**113,277**
Profit attributable to owners of parent	5,507	7,664	8,356	8,807	**8,564**	**76,464**
Comprehensive income	12,043	19,450	19,343	6,533	**6,530**	**58,303**
R&D expenses	1,930	1,976	2,023	2,179	**2,302**	**20,554**
Capital investment	1,614	1,867	4,071	4,138	**4,149**	**37,045**
Depreciation and amortization	2,083	2,237	2,373	2,748	**2,751**	**24,563**
Acquisition of property, plant and equipment	1,544	2,007	3,867	4,210	**3,610**	**32,232**
Total assets	122,643	154,265	179,856	171,872	**173,007**	**1,544,705**
Net assets	78,272	93,501	104,620	100,406	**103,847**	**927,205**
Cash flows from operating activities	7,913	9,294	10,753	8,932	**14,360**	**128,214**
Cash flows from investing activities	(232)	(2,655)	(619)	(5,319)	**(6,957)**	**(62,116)**
Cash flows from financing activities	(3,048)	(3,823)	(3,225)	(11,532)	**(6,757)**	**(60,331)**
Cash and cash equivalents at end of year	15,519	20,903	30,602	21,833	**20,910**	**186,696**
Net income per share (exact yen/dollars)	58.87	82.32	90.84	109.36	**106.35**	**0.95**
Diluted net income per share (exact yen/dollars)	—	82.31	90.79	109.28	**106.26**	**0.95**
Net assets per share (exact yen/dollars)	768.64	912.40	1,074.82	1,102.66	**1,148.36**	**10.25**
Cash dividends per share (exact yen/dollars)	16.00	22.00	24.00	30.00	**30.00**	**0.27**
Shareholders' equity ratio (%)	58.6	54.8	51.9	51.6	**53.5**	—
Return on assets (ROA) (%)	4.8	5.5	5.0	5.0	**5.0**	—
Return on equity (ROE) (%)	8.2	9.8	9.4	9.7	**9.4**	—
Order backlogs	108,972	143,881	166,745	195,339	**184,738**	**1,649,446**
Domestic	37,896	40,692	47,779	55,475	**57,200**	**510,714**
Overseas	71,076	103,189	118,966	139,864	**127,538**	**1,138,732**
Number of employees (persons)	8,348	8,539	9,057	9,486	**9,832**	—
Domestic (persons)	2,713	2,714	2,758	2,824	**2,875**	—
Overseas (persons)	5,635	5,825	6,299	6,662	**6,957**	—

1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥112 to US$1.00, which was the exchange rate on March 31, 2017.
2. During the fiscal year ended March 31, 2015, the accounts of Fujitec M&E Sdn. Bhd. were newly included in the consolidation.
3. During the fiscal year ended March 31, 2016, the accounts of Fujitec Lanka (Private) Ltd. were newly included in the consolidation.
4. During the fiscal year ended March 31, 2016, the accounts of Fujitec (Thailand) Co., Ltd. were removed from the consolidation.
5. Net income per share amounts are computed based on the weighted average number of shares outstanding during each fiscal year. Net assets per share amounts are computed based on the number of shares outstanding at each fiscal year-end.
6. Diluted net income per share is not recorded for the fiscal year ended March 31, 2013 because there were no dilutive shares during the fiscal year.

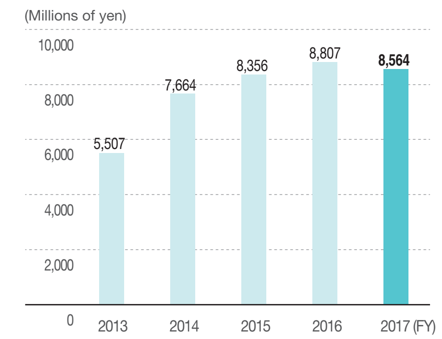
Net Sales



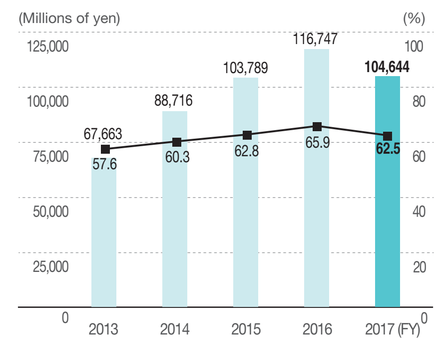
Operating Income



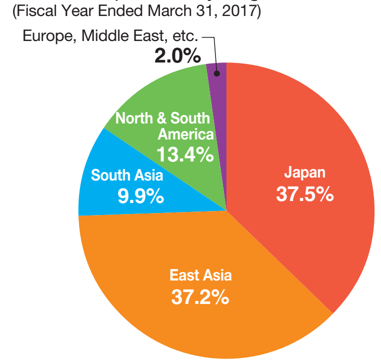
Profit Attributable to Owners of Parent



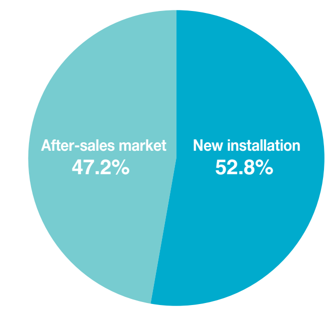
Overseas Sales/Overseas Sales Ratio



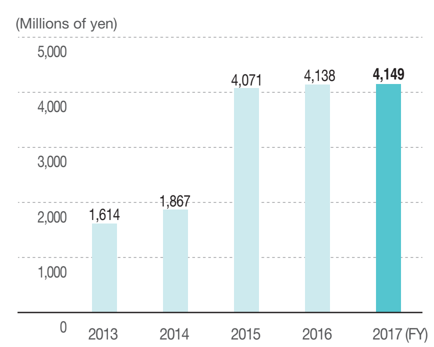
Sales Composition by Region
(Fiscal Year Ended March 31, 2017)



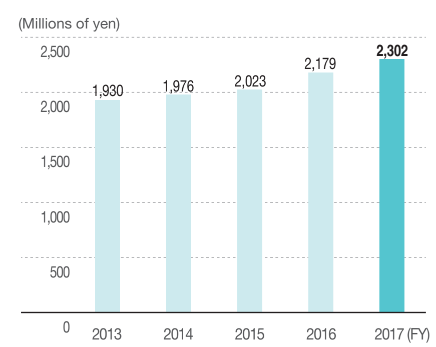
Sales Composition by Business
(Fiscal Year Ended March 31, 2017)



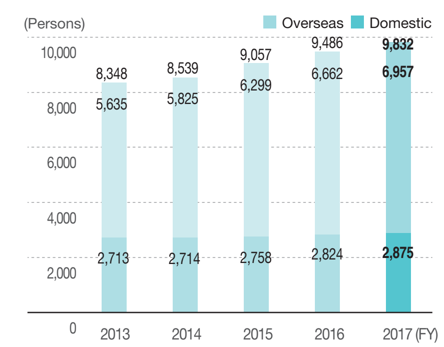
Capital Investment



R&D Expenses



Number of Employees



To Our Shareholders and Investors

Operating Businesses in the Global Market for the Sustainable Enhancement of Our Corporate Value

Japanese Market Remains Strong While the China Market Stagnates

During the fiscal year ended March 31, 2017, the Chinese economy continued to decelerate, although a trend toward recovery was evident in the latter half of the year. In other Asian economies, the recovery was generally mild. North America realized steady economic growth supported by strong consumer spending, while Europe maintained a brisk growth rate. Japan saw a sustained economic recovery, including a rebound in consumer spending and capital investment.

The elevator and escalator industry saw the continuation of fierce price competition, with demand in China remaining sluggish from the previous fiscal year. Demand in other Asian countries was mostly flat, while it remained strong in North America. In Japan, demand for products for offices and retail stores was stagnant as moves to pull back on new construction remained significant in the face of rising construction costs.

Under these conditions, the new installation business in Japan recorded a growth in sales of XIOR standard elevators for multi-unit dwellings, while sales for offices and retail stores were sluggish with a decrease in orders for large-scale multi-purpose facilities. The modernization business (improving the safety and comfort of existing elevators) saw an increase in sales of control panel replacement packages for updating to the latest control system, while sales of safety enhancement modernization packages (for ensuring conformity to the latest safety standards, including those for disaster prevention) also posted positive growth.

In overseas markets, orders decreased in China due in part to the deterioration of the market environment and the impact of the strong yen, while North America and South Asia saw a rise in orders, driven by orders for large-scale projects.

Performance Achieved Virtually as Planned

As a result of the above, our performance for the fiscal year ended March 31, 2017 was largely in line with expectations, with operating income, ordinary income and profit attributable to owners of parent all exceeding the initial plan, while net sales were slightly below the planned target.

Net sales decreased 5.5% year over year to ¥167,442 million, with domestic sales of ¥62,798 million, up 4.0%, and overseas sales of ¥104,644 million, down 10.4%. The actual percentage increase in overseas sales, excluding the effect of foreign exchange fluctuations, was 2.5%.

As for profit, operating income fell 12.2% year over year to ¥12,687 million, ordinary income declined 13.5% to ¥13,110 million and profit attributable to owners of parent was down 2.8% to ¥8,564 million.

Toward the Achievement of Targets under the Mid-Term Management Plan

The three-year Mid-Term Management Plan “No Limits! Push Forward Together!” got underway last fiscal year. Under this plan, we aim to provide safe and reliable products to people around the world for sustainable enhancement of our corporate value in the global market. Our targets for the final fiscal year are net sales of ¥200,000 million, operating income of ¥16,000 million and an operating margin of 8.0%.

To achieve these targets, we have set and have been making concerted efforts regarding the following four key objectives of the action vision: 1) Increase Fujitec’s market share by identifying and supporting specific regional needs; 2) Increase competitiveness through the unification of product specifications; 3) Innovate procurement systems and establish a new global network for product design; and 4) Enhance the quality of Fujitec’s corporate management.

In Japan, we are striving to raise profitability of the new installation business through cost reductions, while increasing market share. In our business in the after-sales service market, we will continue to focus on the modernization business and strive to reinforce our revenue base by increasing the number of maintenance contracts.

In East Asia, we are striving to increase our market share in China, the world’s largest market, by strengthening our sales network and improving our product development capabilities and cost competitiveness. In the mature markets of Hong Kong, Taiwan and Korea, we are working on promoting the

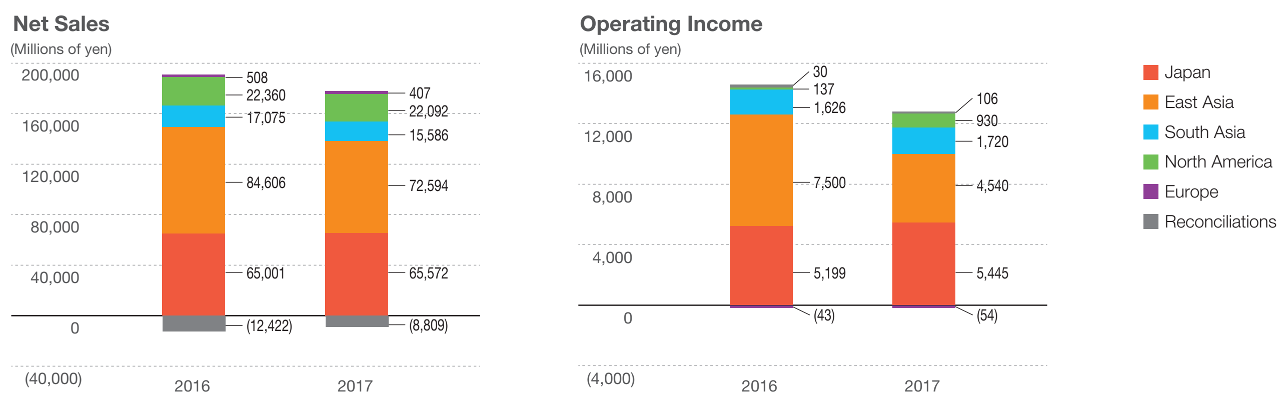
Takakazu Uchiyama
President and Chief Executive Officer

● Business Results (Fiscal Years Ended March 31)

(Millions of yen)

	2016	2017	Percentage change (%)
Net sales	177,128	**167,442**	(5.5)
Domestic	60,381	**62,798**	4.0
Overseas	116,747	**104,644**	(10.4)
Operating income	14,449	**12,687**	(12.2)
Ordinary income	15,162	**13,110**	(13.5)
Profit attributable to owners of parent	8,807	**8,564**	(2.8)

● Performance by Segment (Fiscal Years Ended March 31)



modernization business. In addition, to respond quickly and flexibly to diversifying global needs, we are taking steps to establish a global supply chain in which we will deliver standard models of elevators and escalators from China, custom-made elevators from Korea and modernization equipment from Taiwan.

In South Asia, we are investing management resources in India and the ASEAN region, where growth is anticipated. We are also striving to strengthen our presence by further expanding our elevator manufacturing capacity in India and improving our capabilities in developing and supplying products that can also be offered to markets such as the Mekong area. In North America and Europe, we are aiming to stabilize profitability by reinforcing our foundation in the after-sales service market mainly in the modernization business.

Reducing Costs through Globally Centralized Purchasing

Regarding our product and technology strategies, we are making efforts to enhance our market competitiveness by integrating products among global manufacturing bases including Japan in each product category, namely elevators, escalators and modernization. In addition, we are developing equipment and technologies that support the product lineup and carrying out forward-looking R&D in an effort to improve our price competitiveness and create new product value.

In the modernization business, which is seeing rising demand in developed countries, we are strengthening cooperation with the Hsinchu Plant in Taiwan while also working to further develop our product lineup through measures that include expansion of the application of control panel replacement packages, our mainstay product, to models without a machine room along with expansion of the range of models compatible with full renovation. For escalators, we have launched a product that utilizes the truss of an existing escalator to enable an upgrade to the GS-NX, the latest standard escalator. We are aggressively promoting sales of this product.

Regarding operation strategy, we are promoting company-wide procurement innovation through centralized purchasing by the entire Fujitec Group as well as a review of global logistics in an effort to reduce purchasing and logistics costs. In addition, we are proactively building a global design network to enable maximum utilization of design resources within the Fujitec Group.

Increase in Both Sales and Profits Expected in the Next Fiscal Year

In the fiscal year ending March 31, 2018, there are moves to pull back on new construction due to rising construction costs; however, the elevator and escalator market in Japan is expected to see steady demand in the Tokyo metropolitan area, where development projects for large-scale buildings are ongoing. Demand in North America and South Asia is anticipated to remain strong overall.

Completion of WING SQUARE, a New Research Tower

WING SQUARE, a new research tower, has been completed on the premises of our Head Office Big Wing in Shiga Prefecture. By effectively utilizing this facility, which has been designed for the latest research and development, we will further strengthen our product R&D function and work to improve product quality.

Under these conditions, we expect rising costs in North America but both sales and profits are expected to rise in Japan and South Asia due to an extensive order backlog. In East Asia, price competition for securing market share is expected to continue in China while Hong Kong and Korea will remain steady.

As a result of these factors, we are projecting net sales of ¥175,000 million for the fiscal year ending March 31, 2018, up 4.5% year on year, due to an increase in Japan, South Asia and East Asia. At the profit level, due mainly to gains in Japan and East Asia, we are projecting operating income of ¥13,200 million, up 4.0% year on year; ordinary income of ¥13,500 million, up 3.0% year on year; and profit attributable to owners of parent of ¥9,000 million, up 5.1% year on year.

An average exchange rate of ¥110 to US$1 is assumed for the next fiscal year.

Annual Dividends of ¥35 Planned for the Fiscal Year Ending March 31, 2018

With regard to profit distribution, our basic policy for paying dividends is to regard enhancement of the return of profit to our shareholders as our top management priority. At the same time, we balance the need to retain internal reserves to ensure the long-term stability of the company's foundation.

We will continue to allocate internal reserves effectively for activities that raise our corporate value, for example, making capital investments in growth fields, funding investments and financing for our global business expansion and investing in R&D. Fujitec also executes repurchases of treasury stock.

As announced on May 13, 2016, the company paid year-end cash dividends per share of ¥15. Together with interim cash dividends per share of ¥15, total dividends per share for the fiscal year ended March 31, 2017 therefore amounted to ¥30.

For the fiscal year ending March 31, 2018, we plan to pay an interim dividend per share of ¥15, the same amount as the interim dividend paid for the fiscal year under review. The year-end dividend will amount to ¥20 per share, including an ordinary dividend of ¥15 and a 70th anniversary commemorative dividend of ¥5, thereby amounting to total dividends per share of ¥35 for the fiscal year.

We position the Mid-Term Management Plan "No Limits! Push Forward Together!" as an important plan for realizing the sustainable enhancement of our corporate value. We hope our shareholders and investors will continue to lend us their support and cooperation.

June 22, 2017

T. Uchiyama

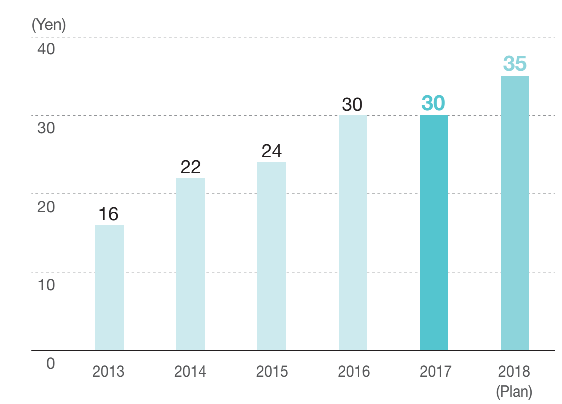
Takakazu Uchiyama
President and Chief Executive Officer

● Targets by Segment for Fiscal Year Ending March 31, 2018

(Millions of yen)

	Net Sales	Operating Income	Operating Margin (%)
Japan	68,000	5,700	8.4
East Asia	74,000	4,900	6.6
South Asia	19,000	1,800	9.5
North America	23,000	900	3.9
Europe	500	0	—
Total	**184,500**	**13,300**	**7.2**
Reconciliations	(9,500)	(100)	—
Consolidated	**175,000**	**13,200**	**7.5**

● Annual Dividends (Fiscal Years Ended March 31)



Special Feature

Marking the Second Year of the Mid-Term Management Plan

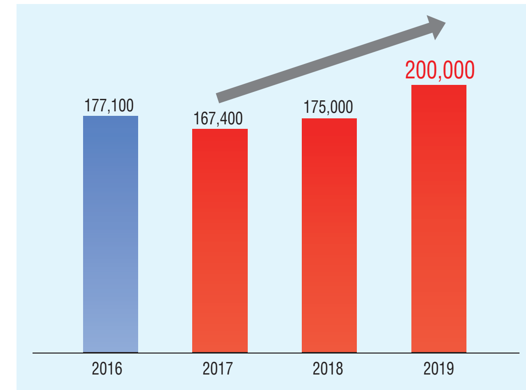
Undertaking Various Initiatives toward Achieving Targets

Fujitec's three-year Mid-Term Management Plan "No Limits! Push Forward Together!" was launched in 2016 with the aim of realizing sustainable enhancement of our corporate value. In the final fiscal year ending March 31, 2019, we aim to achieve net sales of ¥200,000 million and operating income of ¥16,000 million. To this end, we have been undertaking a variety of initiatives in the second year of the management plan.

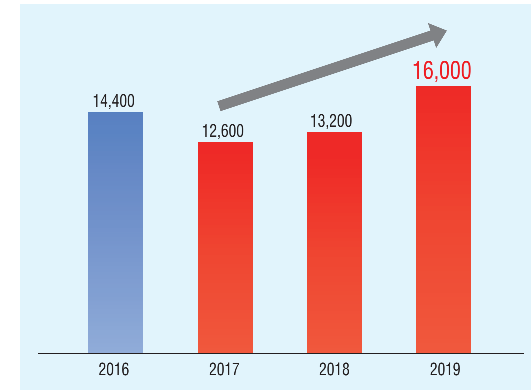
Target Management Indicators

Our target management indicators for the fiscal year ending March 31, 2019, which is the final year of the Mid-Term Management Plan, are net sales of ¥200,000 million, operating income of ¥16,000 million and an operating margin of 8.0% on a consolidated basis.

Net Sales (Fiscal Years Ended March 31) (Millions of yen)



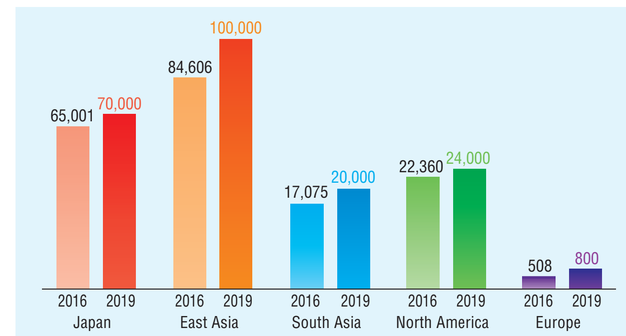
Operating Income (Fiscal Years Ended March 31) (Millions of yen)



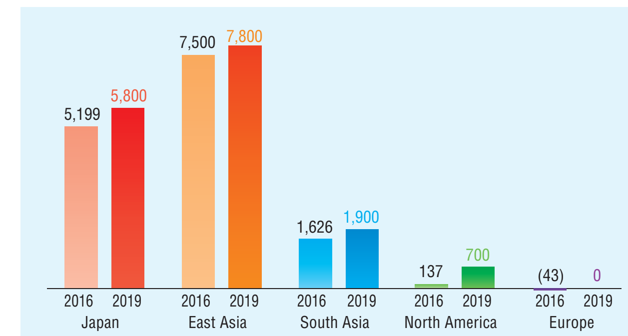
Segment-Specific Targets

For the fiscal year ending March 31, 2019, we aim to increase both sales and profits in all segments compared with the fiscal year ended March 31, 2016.

Net Sales (Fiscal Years Ended March 31) (Millions of yen)



Operating Income (Fiscal Years Ended March 31) (Millions of yen)



Action Vision

We have set the following four key objectives to achieve the targets.

Regional Strategy	Increase Fujitec's market share by identifying and supporting specific regional needs.
Product and Technology Strategy	Increase competitiveness through the unification of product specifications.
Operation Strategy	Innovate procurement systems and establish a new global network for product design.
Corporate Strategy	Enhance the quality of Fujitec's corporate management.

Themes for the Second Year of the Plan

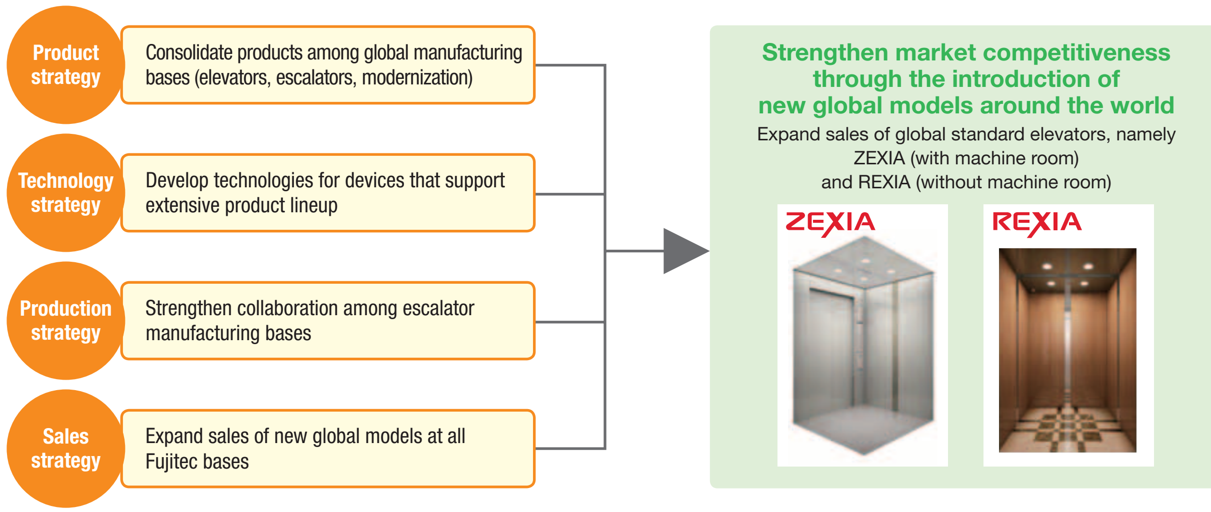
Under the action vision, we have been proactively carrying out four priority measures to expand sales and profits for the current fiscal year.

1 Expand sales of new global models
2 Focus on the modernization business
→ Expand sales

3 Reduce procurement costs through centralized purchasing
4 Review global supply chain
→ Expand profits

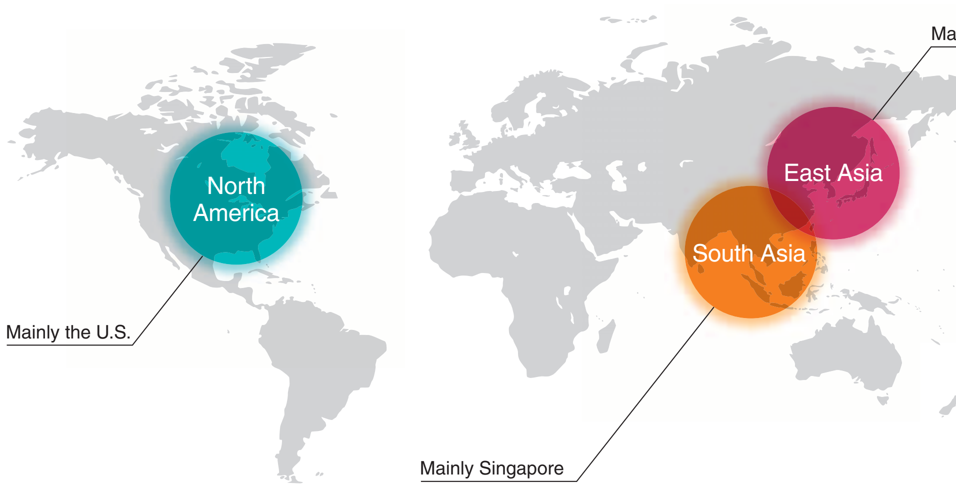
1 Expand Sales of New Global Models

We will standardize products (elevators, escalators and modernization) among global manufacturing bases, including those in Japan, and accelerate the introduction of new global models and modernization products. Then we will strive to expand sales at Fujitec bases around the world, from China, Hong Kong, Taiwan and Korea to South Asia, Europe, North America and the Middle East. At the same time, we will aim for stronger collaboration among escalator manufacturing bases.



2 Focus on the Modernization Business

In recent years, demand for modernization is increasing in such developed countries as the United States, Europe and Japan. In response to such robust demand, we will concentrate manufacturing of modernization-related products at the Hsinchu Plant in Taiwan to expand sales. The Hsinchu Plant has been in operation since 2016.



Hsinchu Plant in Taiwan

3 Reduce Procurement Costs through Centralized Purchasing

Centralized purchasing of manufacturing materials and components is highly beneficial not only to standardizing and consolidating parts necessary to produce global standard models but also to reducing overall costs. As such, we have been proactively promoting procurement innovation to reduce costs by establishing a unified purchasing and management structure throughout the Fujitec Group.

● Centralized procurement

4 Review Global Supply Chain

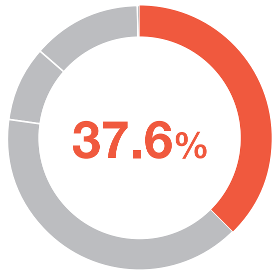
We operate in 25 countries and regions worldwide and have established a robust global supply chain. To strengthen this structure, we are aiming for more centralized and efficient logistics to optimize lead times and reduce transportation costs. We have also been promoting the establishment of a global design network to maximize the use of resources within the Fujitec Group.

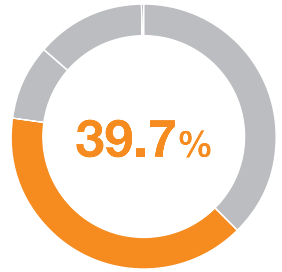
● Global logistics

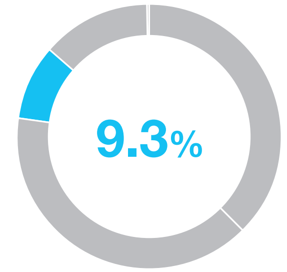
Review of Operations (For the Fiscal Year Ended March 31, 2017)

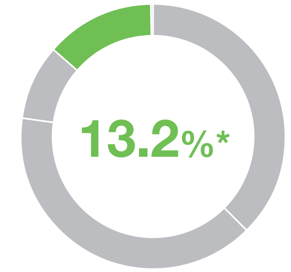
	Japan	East Asia	South Asia	North & South America	Europe & Middle East

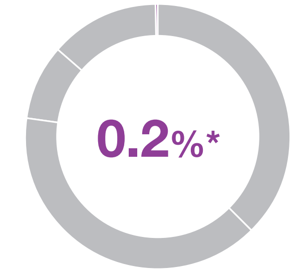
Net Sales Composition Ratio by Segment (%)











Segment Information

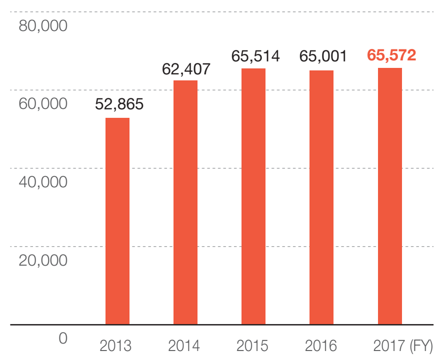
(Consolidated subsidiaries only for net sales, operating income (loss) and the number of employees)

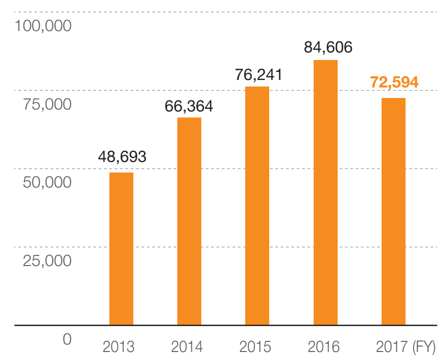
	Japan	East Asia	South Asia	North & South America	Europe & Middle East
Net sales	¥65,572 million (Up 0.9% YoY)	¥72,594 million (Down 14.2% YoY)	¥15,586 million (Down 8.7% YoY)	Net sales* ¥22,092 million (Down 1.2% YoY)	Net sales* ¥407 million (Down 19.8% YoY)
Operating income	¥5,445 million (Up ¥246 million YoY)	¥4,540 million (Down ¥2,960 million YoY)	¥1,720 million (Up ¥94 million YoY)	Operating income* ¥930 million (Up ¥793 million YoY)	Operating loss* (¥54 million) (Operating loss of ¥43 million in the previous fiscal year)
Number of affiliates	3	8 (7 of which are consolidated subsidiaries)	12 (8 of which are consolidated subsidiaries)	7 (2 of which are consolidated subsidiaries)	4 (2 of which are consolidated subsidiaries)
Number of employees	2,875	4,691	1,475	Number of employees* 764	Number of employees* 27
Areas covered	All over Japan	China, Taiwan, Hong Kong and Korea	Singapore, Malaysia, the Philippines, Thailand, Vietnam, Indonesia, India, Sri Lanka and Myanmar	U.S.A., Canada, Venezuela, Argentina, Uruguay and Guam	U.K., Germany, Saudi Arabia, Egypt and UAE

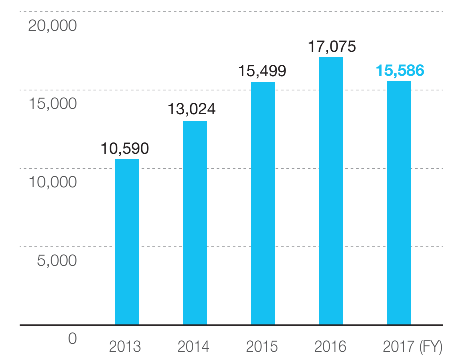
*The figures are for North America only.

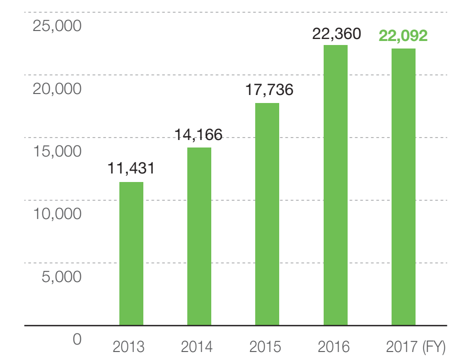
*The figures are for Europe only.

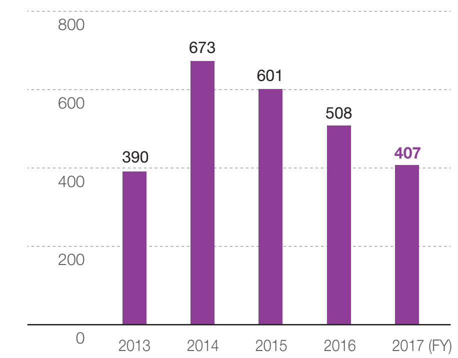
Net Sales (Millions of yen)











Main Projects


GINZA PLACE (Tokyo)


Corinthia By The Sea (Hong Kong)


Plaza Arcadia (Malaysia)

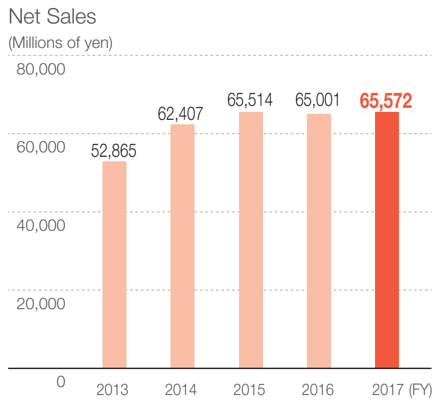

Water Garden (U.S.A.)

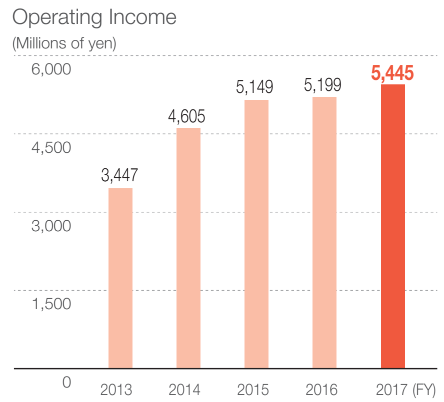

Crescent Hotel (Dubai)

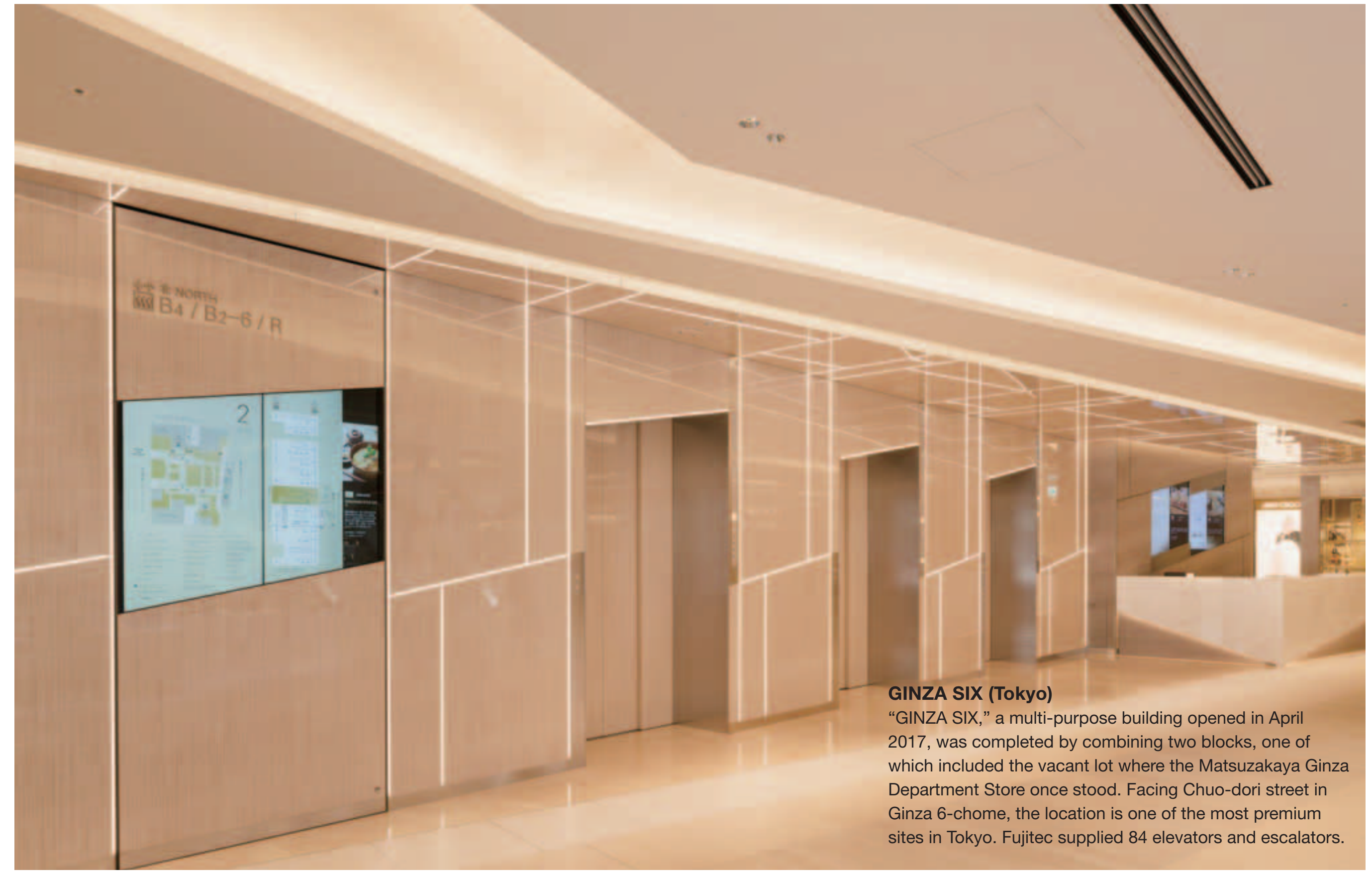
Japan

Fiscal years ended March 31

	2016	2017	Percentage change
Net Sales	¥65,001 million	¥65,572 million	+0.9%
Operating Income	¥5,199 million	¥5,445 million	+4.7%







GINZA SIX (Tokyo)
"GINZA SIX," a multi-purpose building opened in April 2017, was completed by combining two blocks, one of which included the vacant lot where the Matsuzakaya Ginza Department Store once stood. Facing Chuo-dori street in Ginza 6-chome, the location is one of the most premium sites in Tokyo. Fujitec supplied 84 elevators and escalators.

Initiatives in the Fiscal Year Ended March 31, 2017

Fujitec posted record-high net sales and operating income. Net sales rose 0.9% from the previous fiscal year while operating income increased ¥246 million due mainly to an improvement in profitability arising from lower materials costs as well as promotion of in-house manufacturing, offsetting a rise in fixed costs.

New Installation Business

In the new installation business, Fujitec received fewer orders. However, lower materials costs arising from the strong yen as well as absorption of fixed costs through improved productivity led to increases in both earnings and revenue. Regarding new products, we commenced sales of "Made-to-Order XIOR," a new line of downsized, custom-made elevators that requires no machine rooms, in December 2016 in order to respond to a variety of customer needs.

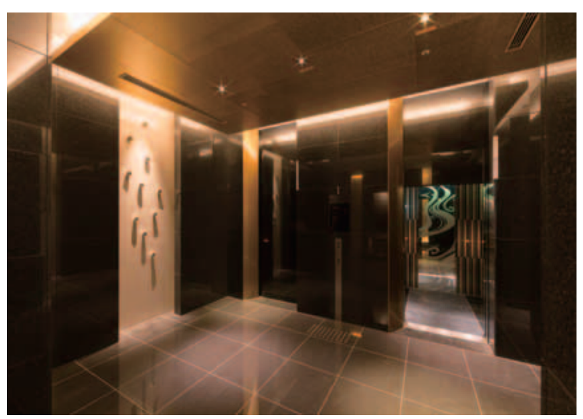
In the Tokyo metropolitan area, Fujitec supplied 15 elevators and escalators for "GINZA PLACE," a multi-purpose retail facility facing the Ginza 4-chome intersection in Tokyo; 84 elevators and escalators for "GINZA SIX," a large-scale multi-purpose facility in Ginza 6-chome; as well as 16 elevators for "XIV Yugawara Rikyu," a members-only resort hotel in Kanagawa Prefecture.

In the Kansai area, we supplied 14 elevators for "Four Seasons Hotel Kyoto," a luxury hotel located in the Higashiyama district in Kyoto.

Modernization Business

In the modernization business (the updating of existing equipment), Fujitec recorded an increase in work for custom-made elevators, mainly in the Tokyo metropolitan area. Additionally, we posted steady growth in sales for safety enhancement modernization packages in response to the Building Standards Act amendment in April 2014.

We further improved the safety and security of these packages by adding anti-seismic functions to accompany our low-cost/quick installation benefits. We are working to expand sales of these packages as products that assure the safety of existing elevators.



XIV Yugawara Rikyu (Kanagawa)

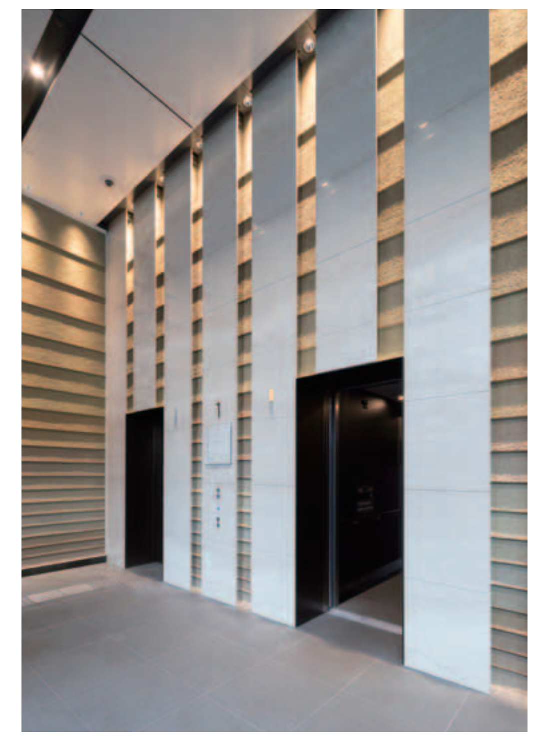
Outlook and Initiatives for the Next Fiscal Year

In Japan, there are moves to pull back on new construction due to rising construction costs, but demand is expected to remain steady in the Tokyo metropolitan area, where development projects for large-scale buildings are ongoing.

Amid this environment, we expect increases in orders and sales in the new installation business by carrying out proactive sales promotion activities primarily for standard models. We also anticipate orders and sales to increase in the business for the after-sales service market, driven by maintenance services.

As for profits, we will strive to increase profits by offsetting rising fixed costs through cost reduction activities and improved productivity.

Four Seasons Hotel Kyoto (Kyoto)

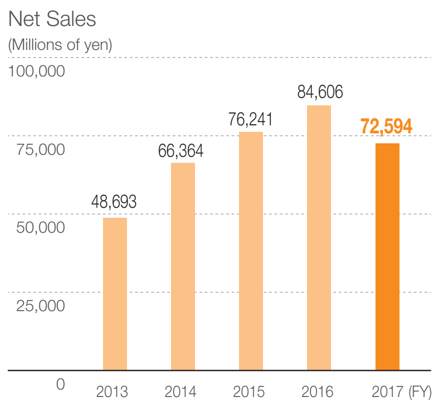


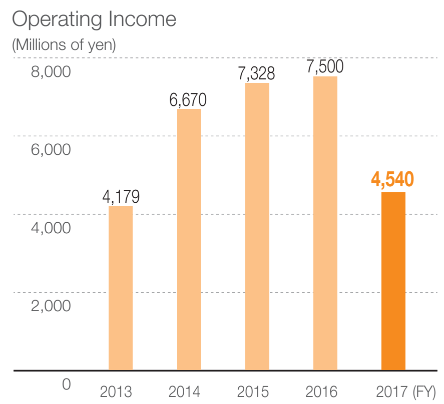
GINZA PLACE (Tokyo)
GINZA PLACE, a multi-purpose building completed in June 2016 under the concept of "a hub for information transmission and interactions," stands at a corner of the posh Ginza 4-chome intersection in Tokyo. Fujitec delivered 15 elevators and escalators.

East Asia

Fiscal years ended March 31

	2016	2017	Percentage change
Net Sales	¥84,606 million	¥72,594 million	–14.2%
Operating Income	¥7,500 million	¥4,540 million	–39.5%





Initiatives in the Fiscal Year Ended March 31, 2017

In East Asia, we recorded decreases in earnings and revenue due primarily to the negative impact of foreign exchange fluctuations and a decline in new installations in China despite strong sales in Hong Kong and Korea.

In China, we delivered 80 elevators for "Bijingyuan," a large-scale residential building in Shijiazhuang, Hebei Province, and 116 elevators for "Huajing Shidai Xiaoqu," a large-scale residential building in Tangshan, Hebei Province. We also supplied 156 elevators for "Jinan Mingyue Shanzhuang Bieshu," a residential building in Jinan, Shandong Province, and 185 elevators for "Hua Xia Da Yun He Kong Que Cheng," a residential building in Langfang, Hebei Province. In Hong Kong, we received orders for 25 elevators and escalators for "North Point" hotel. In Taiwan, we delivered 20 elevators and escalators for "Asia University Hospital" in Taichung, while in Korea, we supplied 64 escalators and moving walks for "LOTTE MALL Eunpyeong," a large-scale retail facility in the suburbs of Seoul and 34 elevators and escalators for "Mullae Office Building" in Seoul.

Outlook and Initiatives for the Next Fiscal Year

For the next fiscal year, we expect price competition to continue in China to capture a greater market share but strong sales in Hong Kong and Korea.

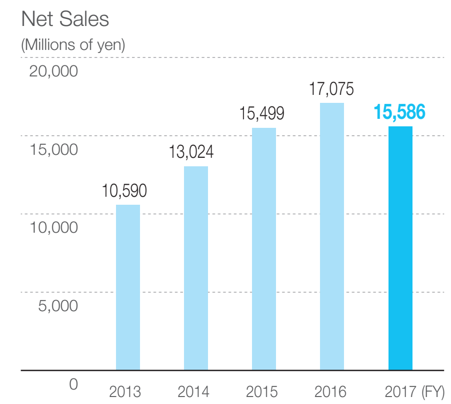
Fujitec will continue to position China as its most important market and invest management resources there. At the same time, we will improve the break-even point by seeking cost reductions. In the mature markets of Hong Kong, Taiwan and Korea, we will focus on promoting modernization operations.

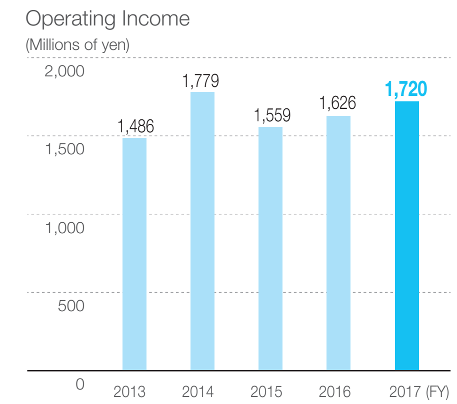
Mullae Office Building (Korea)

South Asia

Fiscal years ended March 31

	2016	2017	Percentage change
Net Sales	¥17,075 million	¥15,586 million	–8.7%
Operating Income	¥1,626 million	¥1,720 million	+5.8%





Initiatives in the Fiscal Year Ended March 31, 2017

In South Asia, the pace of economic recovery was slow overall. Despite receiving orders for large-scale projects and posting an increase in the after-sales service business, Fujitec recorded a decrease in revenue due mainly to the negative impact of foreign exchange fluctuations.

In Singapore, we received an order for the modernization of 46 existing elevators for "Nanyang Technological University," whereas in Kuala Lumpur, Malaysia, we supplied 26 escalators for "Plaza Arcadia," a multi-purpose facility consisting of offices and retail outlets.

In Vietnam, we delivered 44 elevators and escalators for "AEON MALL Bihn Tan," the fourth AEON outlet and a large-scale retail facility in Ho Chi Minh City. In Colombo, Sri Lanka, we supplied 16 elevators and escalators for "Lotus Tower," a broadcasting and telecommunications tower with an observation deck.

Outlook and Initiatives for the Next Fiscal Year

We expect strong sales in new installation and after-sales market businesses in Singapore and increases in both earnings and revenues in Malaysia and Indonesia.

With substantial growth expected in India, we will focus on developing business for the standard elevator models KYUTO and ERITO, which have been well-received in the country, and supply to various countries in the ASEAN region.

We will also seek to expand our sales network and strengthen product supply capabilities and sales prowess in line with market demand.

In Myanmar, we will continue to cultivate the respective markets through Fujitec Myanmar Co., Ltd. that was established in Yangon, which is the largest city in the country, and through Fujitec Lanka (Private) Ltd. in Sri Lanka.

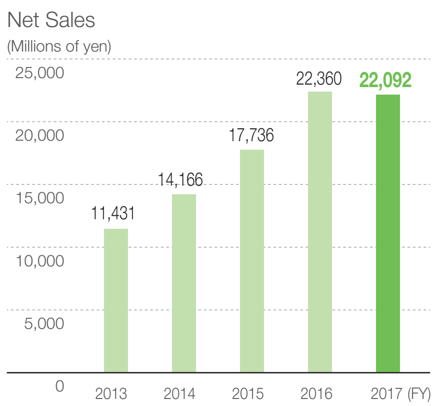
Lotus Tower (Sri Lanka)

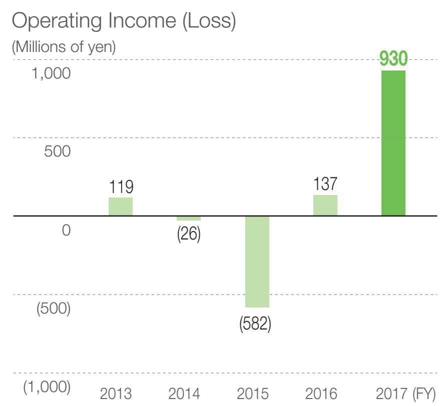
North & South America

Fiscal years ended March 31

	2016	2017	Percentage change
Net Sales	¥22,360 million	¥22,092 million	–1.2%
Operating Income	¥137 million	¥930 million	+576.8%

*The figures are for North America only.





Initiatives in the Fiscal Year Ended March 31, 2017

Backed by robust consumer spending, the North American economy expanded steadily. However, Fujitec posted a decrease in earnings due to a negative impact of the appreciation of the yen despite strong performance supported by an increase in new installations and other factors.

In the United States, we supplied 12 elevators for "Via 57 West," a pyramid-shaped residential building, as well as received an order for 14 elevators for "250 South Street," an ultra-high-rise residential building, both in Manhattan, New York. We also received an order for the modernization of 30 elevators for "Cityplace Tower," a high-rise building in Dallas, Texas.

In British Columbia, Canada, we delivered 11 elevators for "Trump Tower International Hotel & Tower® Vancouver," a high-rise multi-purpose facility that combines a hotel and residential units. Also in British Columbia, we supplied 45 elevators and escalators for the "Evergreen Line," a public transportation system in Vancouver.

Outlook and Initiatives for the Next Fiscal Year

The North American economy is expected to continue expanding and the elevator and escalator industry is also projected to post solid results. In addition to implementing sales activities to capture orders for new installations in large cities in the new installation business, Fujitec will also strengthen product capabilities in the modernization sector, which has high growth potential, and proactively strive to expand the overall market. In addition, we aim to proactively carry out cost reduction activities and raise work efficiency.

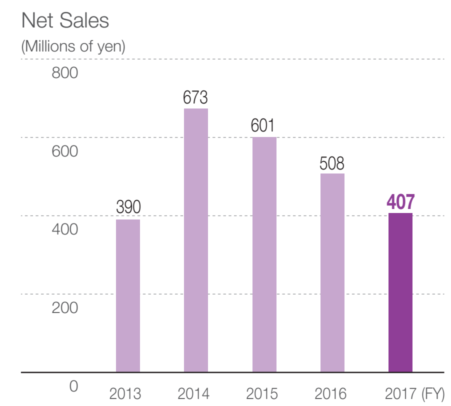
Trump Tower International Hotel & Tower® Vancouver (Canada)

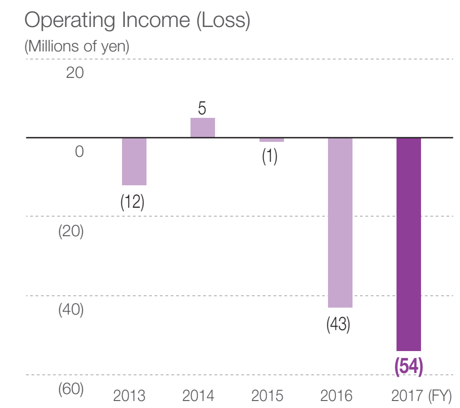
Europe & Middle East

Fiscal years ended March 31

	2016	2017	Percentage change
Net Sales	¥508 million	¥407 million	–19.8%
Operating Loss	¥43 million	¥54 million	—

*The figures are for Europe only.





Initiatives in the Fiscal Year Ended March 31, 2017

In the United Arab Emirates (UAE), we received a succession of orders for offices and hotels, including an order for 15 elevators and escalators for "Crescent Hotel," a resort hotel in Dubai.

In Saudi Arabia, we received orders for seven elevators each for "Al Zamil Tower," a multi-purpose facility in Riyadh, and for "Hotel Pullman Zamzam Makkah" in Mecca, while we received an order for 11 elevators and escalators for "Oasis Mall," a large-scale retail facility in Jeddah. In Iran, we received an order for 25 elevators for "Atlas Mall," a large-scale retail facility.

Outlook and Initiatives for the Next Fiscal Year

The European economy is still on its way to recovery from the financial and debt crises, and a mild economic rebound is expected to continue driven mainly by domestic demand. Meanwhile, demand for elevators and escalators in the Middle East is forecast to remain strong primarily in such countries as Saudi Arabia, Egypt and UAE.

Amid this environment, Fujitec will strive to strengthen product appeal in the high-growth modernization field while promoting cost reductions and promoting more streamlined business operations. Through these measures, for the fiscal year ending March 31, 2018, we expect net sales of ¥500 million and profits to break even.

Al Zamil Tower (Saudi Arabia)

Corporate Social Responsibility (CSR)

Fujitec's global mission statement states, "Respecting people, technologies and products, we collaborate with people from nations around the world to develop beautiful and functional cities that meet the needs of a new age." Recognizing that the implementation of this mission statement represents the genuine essence of our CSR, we work in unison to undertake CSR activities. Fujitec also collaborates with its stakeholders to carry out diverse CSR activities as part of efforts to coexist harmoniously with society and nature while achieving sustainability and added-value initiatives.

Initiatives for Safety

Maintenance Operations

Elevators require proper management, maintenance and regular inspection to continue operating safely and comfortably at all times. Fujitec offers an integrated system of in-house development, manufacturing and maintenance, thereby contributing to the development of safe social infrastructure. As a benchmark, we perform maintenance inspections of elevators by specialists once every one to three months to provide stable, high-quality services.

Safety Enhancement Modernization Packages

Fujitec provides safety enhancement modernization packages as countermeasures for existing elevators. In addition to providing functions that prevent elevators from moving with their doors open and prevent people from being trapped inside during an earthquake or power outage, these packages include seismic reinforcement to prevent rope displacement or entanglement as well as derailment. Bringing these enhancements into a single package, the product enables elevator owners to comply with legal safety standards at minimal cost and effort.

Raising the Level of Safety Awareness

To raise the level of safety awareness on a global basis, the Fujitec Group conducts safety training in respective regions. We gather field engineers from bases around the world to the Human Resources Development Center, a core facility for training located in Japan, and hold safety-related training on a periodic basis. Participants then bring back knowledge to their own countries and effectively conduct training sessions for field engineers at their respective subsidiaries.

Customer's Voice — Adoption of Safety Enhancement Modernization Packages

Masaru Furuyama

Administrative Office
Minami Tohoku Hospital
Shodokai (Social Medical Care Corporation)

Our hospital's motto is "Everything we do is for our patients." We decided to renovate our elevators because we wanted to raise safety for all our patients. Fujitec's Safety Enhancement Modernization Package, which enables existing elevators to comply with the current legal safety standards, added various functions, including the prevention of elevators from moving with their doors open. Hospitals are a public space, and as such, bear a huge responsibility for the safety of all people. We believe we can now offer a higher level of safety and reliability to all users.

Two Technique Competitions to Develop Human Resources and Hand Down Technologies

Fujitec holds the National Installation/Renovation Technique Competition aimed at raising elevator and escalator installation skills, and the National Maintenance Technique Competition for increasing the level of maintenance skills. Each competition is held every two years.

In the Eighth National Maintenance Technique Competition held in 2016, engineers who won the preliminaries from all over Japan competed to showcase their broad range of skills. These included maintenance techniques of elevators and escalators as well as mock interviews.

Participation of First-Ever Female Engineers

In the 2016 competition, female engineers participated for the first time and demonstrated their meticulous skills.

Social Contribution Activities

Providing Support for Cultural and Artistic Activities

Fujitec also actively supports musical events and other cultural and artistic activities. In 2016, we sponsored the piano concerts, "Nobuyuki Tsujii × Takashi Kako × Les Freres THE PIANIST," which toured 10 cities across Japan for 12 performances. Twenty-five student pianists from Tokiwagi Gakuen High School's Music Course were invited to the concert held in Sendai (Miyagi Prefecture) on July 18. After the concert, they paid a visit to Mr. Tsujii in his backstage room and presented him with a bouquet of flowers.

CSR Activities at Overseas Bases

Fujitec Group companies around the world also engage proactively in CSR activities. As an example, Fujitec (HK) Co., Ltd. holds safety classes for elementary school children the same as in Japan. To promote work-life balance, the company holds such recreational events as bowling competitions and soccer games.

Support for Nurturing Regional Companies

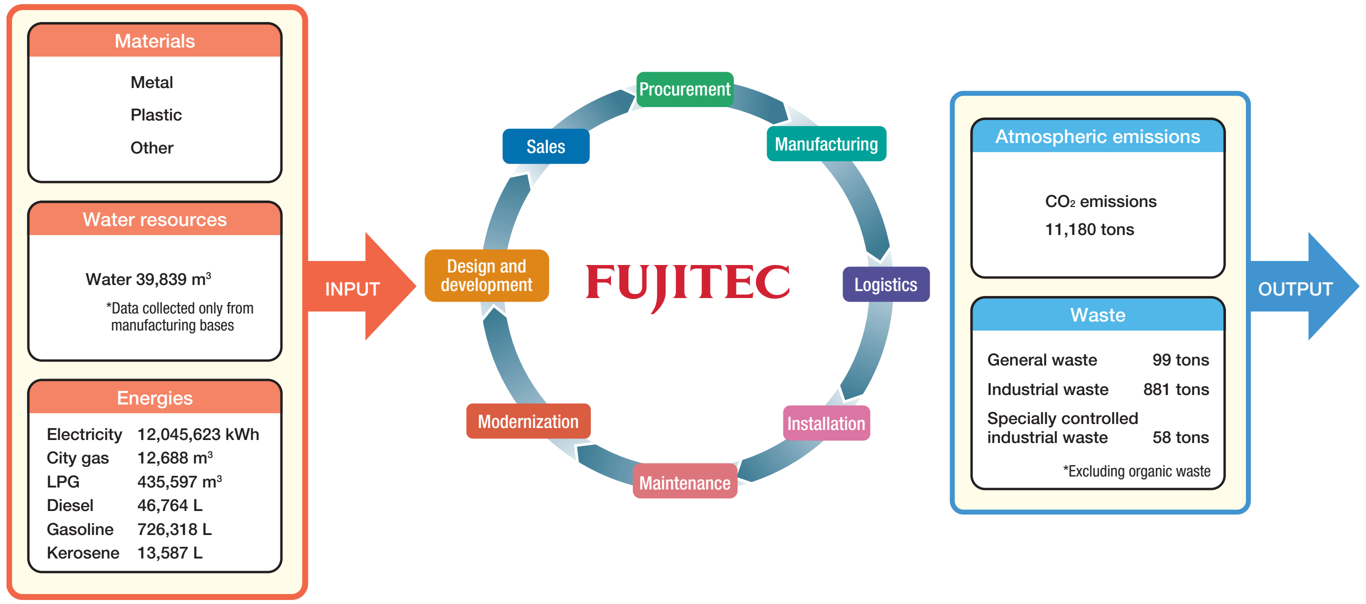
Fujitec provides support to the Saturday School for Entrepreneurship held by Shiga Bank to contribute to the vitalization of the regional economy. The Saturday School for Entrepreneurship is an initiative to support the creation of new businesses and hosts various events such as business seminars.

Environmental Activities

Fujitec positions the implementation of environmental initiatives as one of its top management priorities for the sustainable development of society. Aiming for coexistence between social and economic development and the earth's environment, we strive to accurately assess the environmental impact of development, design and manufacturing of elevators and escalators in addition to field services and actual products. We then formulate environmental goals and targets, making unified group-wide efforts to attain these objectives.

Overall Environmental Load (Fiscal Year Ended March 31, 2017)

Scope for data collection: Head office, factories, branch offices, branch operation bases, sales offices and services centers in Japan



Corporate Governance

Basic Policy

Basic Approach to Corporate Governance

Fujitec's global mission statement is "Respecting people, technologies and products, we collaborate with people from nations around the world to develop beautiful and functional cities that meet the needs of a new age." To accomplish this mission, we believe that it is essential to gain stakeholders' trust and fulfill our social responsibilities. With our steadfast reputation, we will work to meet the expectations of all our stakeholders and to increase their trust in us. To this end, we will construct and establish the corporate governance structure we require to ensure sound and transparent group management.

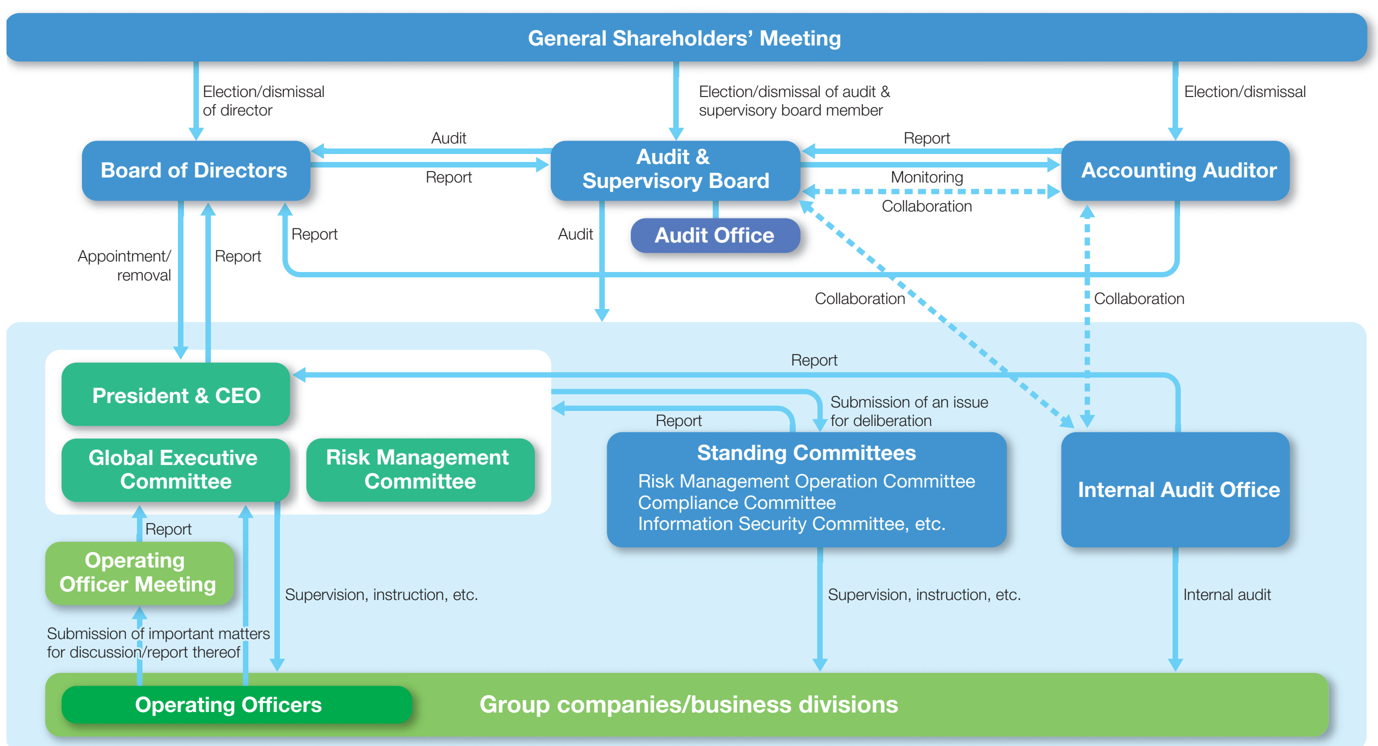
Management Structure

Matters Related to Functions of Business Execution, Audits and Oversight, Nominations and Determination of Compensation (Overview of Current Corporate Governance Structure)

Fujitec is a company with a Board of Directors and an Audit & Supervisory Board. The Board of Directors is comprised of seven directors (including three outside directors) and is responsible for deciding on important matters relating to business management and overseeing directors' performance of their duties. At the same time, the Audit & Supervisory Board comprised of four audit & supervisory board members (including three outside audit & supervisory board members) audits the directors' performance of their duties.

The business execution framework of the company and its subsidiaries is the subject of the important conferences of the Global Executive Committee, which meets on a quarterly basis to deliberate on important issues in group management, including business promotion in Japan and abroad, and the Operating Officer Meeting, which is held on a monthly basis to deliberate on important issues regarding business in Japan. All operating officers serving concurrently as directors attend the Global Executive Committee, including the standing audit & supervisory board members. At the Operating Officer Meeting, all directors in Japan concurrently serving as operating officers attend. In addition, the proceedings and results of these important conferences are reported to outside directors following each meeting.

Corporate Governance Structure



Reason for Selecting the Current Corporate Governance Structure

In line with the company's basic approach to corporate governance, the company seeks to strengthen guidance and management through standing committees, such as the Risk Management Committee, while overseeing the status of business execution through the attendance of directors serving concurrently as operating officers in important meetings and other means. Moreover, the proceedings and results of important meetings are reported to the outside directors so that they can give appropriate advice. The company also promotes the sharing of information of audits by the audit & supervisory board members, accounting audits and internal audits, which are undertaken independently of business execution, and strives to optimize the governance structure so that each of these can perform its role and function effectively.

Internal Control

Basic Approach and Status of the Internal Control System

The Fujitec Group has enacted the Basic Policy on Internal Control by a resolution of the Board of Directors based on the Global Mission Statement, the Fujitec Philosophy of Human Resource Management and the Fujitec Corporate Action Rules. Based on this policy, Fujitec has an Internal Control Department to promote related activities. That Department also responds to evaluations and audits of the internal control system by working to understand the operation processes of each business execution division and upgrading the internal control system. We have also established dedicated committees for compliance, risk management and information management systems, and these provide the necessary guidance and management for effective business execution.

Risk Management

To reduce various operating risks, the company has established the Risk Management Committee, chaired by the CEO. The Committee works to promote compliance, including risk management at all group companies, and information security measures, as well as to achieve early detection of risk factors that could have a major social impact, such as ensuring product safety, and countermeasures for those factors. Underneath the Committee there are standing committees that investigate and study each risk factor. The Risk Management Operation Committee collects information swiftly and accurately and ensures proper direction and the management of business execution to ensure that risk management functions effectively throughout the company.

Internal Control Structure

1. Structure for assuring that directors and employees of Fujitec Co., Ltd. as well as directors, executives and employees of Fujitec Co., Ltd.'s subsidiaries execute their duties in compliance with laws and regulations as well as the Articles of Incorporation
2. Structure concerning storage and management of information related to execution of duties by directors
3. Structure for rules and other matters related to management of risks for exposure to losses of Fujitec Co., Ltd. and its subsidiaries
4. Structure for assuring that directors of Fujitec Co., Ltd. as well as directors and executives of Fujitec Co., Ltd.'s subsidiaries execute their duties efficiently
5. Structure concerning reporting to Fujitec Co., Ltd. matters related to execution of duties by directors and executives of subsidiaries as well as other structures for assuring the appropriateness of business operations of the corporate group comprising Fujitec Co., Ltd. and its subsidiaries
6. Matters concerning employees assigned to assist audit & supervisory board members; matters concerning the independence of such employees from directors; and matters for assuring the effectiveness of instructions from audit & supervisory board members to such employees
7. Structure for reporting by directors and employees to audit & supervisory board members; structure for reporting to audit & supervisory board members of Fujitec Co., Ltd. by directors, audit & supervisory board members, persons who perform work duties such as employees and persons who are assigned to positions equivalent to these of Fujitec Co., Ltd.'s subsidiaries as well as by Fujitec Co., Ltd.'s employees and persons who receive reports from these persons; other structures concerning reporting to audit & supervisory board members; and structure for assuring that audits carried out by audit & supervisory board members are performed effectively
8. Structure for assuring that persons who made reports to audit & supervisory board members are not unjustly treated as a result of making such reports
9. Matters concerning the advance payment of expenses that arise from the execution of duties by audit & supervisory board members; matters concerning expenses that arise from reimbursement procedures and the execution of such procedures; and matters concerning policies related to the disposal of liabilities

Compliance

The Compliance Committee promotes compliance with the laws, regulations and corporate ethics necessary for promoting appropriate corporate activities and disseminates these to group employees and other concerned persons as cohesively as possible. The Committee formulates the Compliance Action Plan every year and promotes compliance activities. As part of these activities, in addition to group training for all employees or on-demand education through e-learning, the company holds seminars for employees according to their position and department as deemed necessary to ensure that laws and regulations are made known to employees together with carrying out activities to raise employee awareness. The company has also established an internal reporting system to curb fraud. This includes a Compliance Consultation Desk as an internal reporting system related to compliance that allows all employees to consult directly regardless of organizational lines and which will receive employee reports.

Information Management (Information Security)

To protect information assets with a view toward maintaining and improving security, the Information Security Committee formulates the security policy and countermeasure standards. Also, upon deliberating and discussing the use, handling and management of information networks, systems and devices, the Committee provides instruction and promotes educational activities in these areas.

Auditing System

Internal Auditing

To raise the effectiveness of the internal control system, the Internal Audit Office, which is composed of internal auditors with an appreciable level of knowledge on finance and accounting, formulates the auditing plan for each fiscal year based on the Internal Audit Basic Regulations decided by a resolution of the Board of Directors and implements internal audits centered on the examination and assessment of risk at group companies.

Audit & Supervisory Board Members

Audit & supervisory board members determine audit standards, policies and plans at the Audit & Supervisory Board. Full-time audit & supervisory board members properly audit the execution of business duties by directors by attending the Global Executive Committee as well as by getting reports on the status of the execution of business duties.

As the secretariat for audit & supervisory board members and the Audit & Supervisory Board, we have set up the Audit Office, which is independent from business execution departments and exclusively plays an ancillary role in audit operations, and established a structure for promoting smooth audit operations.

Mutual Collaboration among the Internal Auditors, Audit & Supervisory Board Members and Accounting Auditors and Relationship with Internal Control Department

The audit & supervisory board members, accounting auditors and Internal Audit Office regularly hold liaison meetings for formulating audit policies and plans for each fiscal year to share auditing information with audited departments and implement activities for carrying out effective audits.

The results of the internal audit are reported to the Board of Directors as well as the Audit & Supervisory Board and the Internal Control Department. The Internal Control Department cooperates with the Internal Audit Office and the accounting auditors, while undertaking activities to raise the level of internal control. Each half year, it reports on plans and the status of these efforts to the Board of Directors, in which outside directors and outside audit & supervisory board members participate.

Outside Directors and Outside Audit & Supervisory Board Members

The company has three outside directors and three outside audit & supervisory board members. The outside directors possess a wealth of experience and knowledge in corporate management and provide useful advice and recommendations from objective perspectives to the company's management. We also believe the outside audit & supervisory board members can utilize their abundant experience and knowledge in legal matters, finance and accounting in the company's audits and execute proper audits from objective and specialist perspectives.

Additionally, the company reports to outside directors on the proceedings and results from the Global Executive Committee and the Operating Officer Meeting that deliberate on important matters concerning management and the implementation of businesses in Japan and overseas. The company reports to outside audit & supervisory board members on the proceedings of liaison meetings held by the full-time audit & supervisory board members, accounting auditors and Internal Audit Office for the purpose of sharing audit-related information. In this manner, we collaborate with and support outside directors and outside audit & supervisory board members by providing them with information on the company and its group companies that is necessary for oversight and audits.

Mr. Terumichi Saeki, Fujitec's outside director, is a partner/attorney at Kitahama Partners (a foreign law joint enterprise). Fujitec commissions its legal business for individual matters to the law firm. He also serves as an outside audit & supervisory board member of Toyo Tire & Rubber Co., Ltd. Fujitec has business dealings with Toyo Tire and its subsidiaries in the areas of receiving orders for installation and maintenance of Fujitec's elevators and other products as well as procurement of materials and equipment. In addition, he is an outside audit & supervisory board member of Watabe Wedding Corporation, a Fujitec business partner. Fujitec has business dealings with Watabe Wedding and its subsidiaries in the areas of receiving orders for installation and maintenance of Fujitec's elevators and other products.

Mr. Nobuki Sugita, Fujitec's outside director, is a professor at Ritsumeikan University, one of Fujitec's business partners. Fujitec has business dealings with the subsidiaries of The Ritsumeikan Trust, which runs the university, in the areas of receiving orders for installation and maintenance of Fujitec's elevators and other products as well as procurement of materials and equipment.

Mr. Kenichi Ishikawa, Fujitec's outside audit & supervisory board member, worked for Resona Bank Limited, which is one of Fujitec's shareholders and deals with Fujitec's financial transactions, and retired from the bank on June 23, 2014. The Resona Bank holds 4,051 thousand shares of Fujitec's total shares, while Fujitec holds 258 thousand shares of Resona Holdings Inc.'s total shares. Fujitec also has business dealings with Resona Holdings and its subsidiaries in the areas of receiving orders for installation and maintenance of Fujitec's elevators and other products as well as borrowing funds.

Mr. Tatsuo Ikeda, Fujitec's outside audit & supervisory board member, is a professor at a graduate school of Osaka University. Fujitec also has business dealings with the university in the areas of receiving orders for installation and maintenance of Fujitec's elevators and other products.

Outside Directors Yasuo Hanakawa, Terumichi Saeki and Nobuki Sugita as well as Outside Audit & Supervisory Board Members Masanobu Nakano and Tatsuo Ikeda are designated as independent members of management as stipulated by the regulations of Tokyo Stock Exchange, Inc. and registered with the securities exchange accordingly.

Compensation for Executives

Policy Regarding the Determination of Amounts of Compensation for Executives

Fujitec determines the compensation and other benefits for directors based on the compensation rules resolved by the Board of Directors within the limit for compensation approved at the General Shareholders' Meeting. The amount of compensation for each director is deliberated based on these rules by directors and other executives appointed by the Board of Directors and determined by taking into account such factors as each director's performance, the standard level at other companies and employees' salaries. In addition, in order to instill management awareness and raise the motivation of directors toward enhancing and expanding business performance, a portion of the compensation is contributed to the Director Shareholding Association. Fujitec determines the compensation and other benefits for audit & supervisory board members within the limit for compensation approved at the General Shareholders' Meeting. The amount of compensation is deliberated by audit & supervisory board members by taking into account such factors as whether or not he/she is a standing audit & supervisory board member and assigned duties.

Measures Related to Granting of Incentives to Directors

Fujitec has introduced a performance-based remuneration system and a stock option system. In the stock option system, Fujitec issues subscription rights to new shares to internal directors in the amount of up to ¥100 million per fiscal year. The unit per stock is set at 1,000 shares and a maximum of 400 units is allocated.

Anti-Takeover Measures

Request for Provision of Information and Setting of Waiting Period for Large-Scale Purchase of Fujitec's Shares

To ensure and improve Fujitec's corporate value and the common interest of shareholders, the Large-Scale Purchase Rules lay out the procedures for the Board of Directors to proceed with negotiations with large-scale purchasers. Specifically, the rules require that when a large-scale purchase is initiated, the Board of Directors requests that (1) a large-scale purchaser provide necessary and sufficient information related to the large-scale purchase beforehand and (2) a large-scale purchaser give sufficient time for the Board of Directors to collect and assess information on the large-scale purchase, after which (3) the Board of Directors provides shareholders with Fujitec management's plan or alternative plan. At the same time, the Board of Directors requests that a large-scale purchaser and its shareholder groups commence a large-scale purchase after all the procedural transactions prescribed in the Large-Scale Purchase Rules are complete in order to achieve the purpose and goals of the large-scale purchase.

Establishing and Consulting with an Independent Committee

In order to appropriately operate the Large-Scale Purchase Rules and eliminate the risk of the Board of Directors making arbitrary judgments, Fujitec has established an independent committee comprised of outside directors, outside audit & supervisory board members or outside experts (company managers, attorneys, certified public accountants, academics and others) who are independent from Fujitec's top management. The Large-Scale Purchase Rules stipulate that countermeasures will not be set forth unless predetermined objective conditions are not complied with. In addition, the rules prescribe that in cases when requesting a large-scale purchaser to provide additional information, when making resolutions to extend the consideration period of a large-scale purchase by the Board of Directors, when adopting a countermeasure through the gratis allotment of the stock acquisition rights or when making other important decisions regarding a large-scale purchase, the Board of Directors will consult with the independent committee and pay the highest degree of respect to its recommendations. In this way, Fujitec has a mechanism in place to ensure the transparent operation of the Large-Scale Purchase Rules within the scope that serves to protect Fujitec's corporate value and the common interest of shareholders.

Directors, Audit & Supervisory Board Members and Operating Officers (As of June 22, 2017)

Directors

Representative Director, President and CEO
General Manager of Global Business HQ; General Manager of Japan Business HQ; In charge of East Asia

Takakazu Uchiyama

Jul. 2005 Chief Executive Officer (current)
Jun. 2002 Representative Director and President (current)
Apr. 1976 Joined the company

Director
Deputy General Manager of Global Business HQ; General Manager of Global Operations; In charge of China; Deputy General Manager of Japan Business HQ; General Manager of Purchasing HQ

Takao Okada

Jun. 2012 Director of the company (current)
Apr. 2012 Senior Executive Operating Officer (current)
Apr. 1976 Joined the company

Director
General Manager of Finance HQ

Yoshiichi Kato

Jun. 2017 Director of the company (current)
Apr. 2017 Senior Executive Operating Officer (current)
Apr. 2012 General Manager of Finance HQ (current)
Apr. 1977 Joined the company

Director
General Manager of Product Development HQ, Global Business HQ; President of Fujitec Shanghai Technologies Co., Ltd.

Takashi Asano

Jun. 2017 Director of the company (current)
Apr. 2017 Senior Executive Operating Officer (current)
Oct. 2012 General Manager of Product Development HQ, Global Business HQ (current)
Apr. 1977 Joined the company

Outside Director

Yasuo Hanakawa

Jun. 2007 Director of the company (current)
Apr. 2004 Professor at the Faculty of Accounting & Finance of Nagoya University of Commerce & Business
Sep. 2003 Professor at the Faculty of Management of Nagoya University of Commerce & Business
Jun. 1998 Managing Director of Nissay Asset Management Corporation
Jun. 1997 Managing Director of Dai-ichi Securities Co., Ltd.

Outside Director

Terumichi Saeki

Mar. 2016 Outside Audit & Supervisory Board Member of Toyo Tire & Rubber Co., Ltd. (current)
Jun. 2014 Director of the company (current)
Jun. 2012 Outside Audit & Supervisory Board Member of Watabe Wedding Corporation
Jun. 2010 Outside Director of IwaiCosmo Holdings, Inc. (current)
Apr. 1968 Registered as an attorney (Osaka Bar Association)

Outside Director

Nobuki Sugita

Jun. 2017 Director of the company (current)
Apr. 2015 Professor at the College of Economics, Ritsumeikan University (current)
Jun. 2013 President of Economic and Social Research Institute, Cabinet Office, Government of Japan
Aug. 2009 Professor at the Faculty of School of Economics, Nagoya University
Jun. 1995 Chief, Office of Public Affairs, Planning Division, Director General's Secretariat at the Economic Planning Agency

Audit & Supervisory Board Members

Audit & Supervisory Board Member (Standing)

Haruo Inoue

Jun. 2016 Audit & Supervisory Board Member of the company (current)
Apr. 2009 Operating Officer of the company
Apr. 1976 Joined the company

Outside Audit & Supervisory Board Member (Standing)

Kenichi Ishikawa

Jun. 2014 Audit & Supervisory Board Member of the company (current)
Apr. 1985 Joined Daiwa Bank, Ltd. (currently Resona Bank, Ltd.)

Outside Audit & Supervisory Board Member

Masanobu Nakano

Jun. 2007 Audit & Supervisory Board Member of the company (current)
Mar. 2005 Established tax accounting corporation, TAS representative member (current)
Oct. 2002 Registered as a tax accountant (current)
Oct. 1975 Registered as a certified public accountant (current)

Outside Audit & Supervisory Board Member

Tatsuo Ikeda

Jun. 2016 Audit & Supervisory Board Member of the company (current)
Nov. 2005 Registered as an attorney (current)
Apr. 2004 Professor at the Osaka University Law School (current)

Operating Officers

President and CEO	Takakazu Uchiyama*
Senior Executive Operating Officer	Takao Okada*
Senior Executive Operating Officer	Yoshiichi Kato*
Senior Executive Operating Officer	Takashi Asano*
Executive Operating Officer	Keiji Tsuyama
Executive Operating Officer	Katsuji Okuda
Executive Operating Officer	Yasuo Utsunomiya
Executive Operating Officer	Masayoshi Harada
Executive Operating Officer	Masashi Tsuchihata
Executive Operating Officer	Kenji Tomooka
Operating Officer	Junji Kajita
Operating Officer	Yasuyuki Uchiyama
Operating Officer	Kunihiko Tsutsui
Operating Officer	Hisao Izuhara
Operating Officer	Asami Araki
Operating Officer	Yasuhiko Kimura
Operating Officer	Tadahisa Nakayama
Operating Officer	Hiroshi Maruyama

*Concurrently serving as directors

Financial Section

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Management Discussion and Analysis

Operating Results

Net Sales

Consolidated net sales for the fiscal year ended March 31, 2017 were ¥167,442 million, a decrease of 5.5% compared with the previous fiscal year. Domestic net sales were ¥62,798 million, an increase of 4.0% compared with the previous fiscal year, and overseas net sales were ¥104,644 million, a decrease of 10.4% compared with the previous fiscal year. The actual percentage increase in overseas sales, excluding the effect of foreign exchange fluctuations, was 2.5%.

1. Japan

In Japan, net sales were ¥65,572 million, an increase of 0.9% compared with the previous fiscal year, due primarily to solid sales of new installations and service businesses. Operating income was ¥5,445 million, an increase of ¥246 million compared with the previous fiscal year. This increase was attributable to higher profitability arising from reductions in raw materials costs and promotion of in-house manufacturing despite a rise in fixed costs.

2. North America

In North America, net sales were ¥22,092 million, a decrease of 1.2% compared with the previous fiscal year. The decrease was due mainly to a negative impact of the strong yen despite growth in new installations. Operating income was ¥930 million, an increase of ¥793 million compared with the previous fiscal year, attributable to higher profitability of new installations resulting from a reduction in installation costs. The actual percentage increase in net sales, excluding the effect of foreign exchange fluctuations, was 9.9%.

3. Europe

In Europe, net sales decreased 19.8% compared with the previous fiscal year to ¥407 million, a majority of which was derived from service businesses. An operating loss of ¥54 million was recorded compared with an operating loss of ¥43 million in the previous fiscal year.

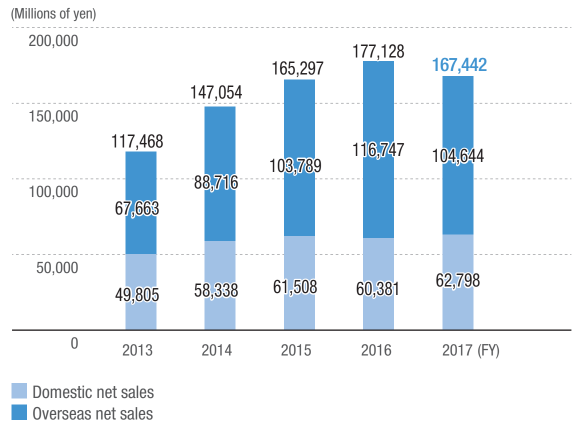
4. South Asia

In South Asia, net sales were ¥15,586 million, a decrease of 8.7% compared with the previous fiscal year. The decrease was due mainly to a negative impact of the strong yen despite growth in service businesses. Operating income was ¥1,720 million, an increase of ¥94 million compared with the previous fiscal year, attributable primarily to higher profitability of new installations. The actual percentage increase in net sales, excluding the effect of foreign exchange fluctuations, was 2.2%.

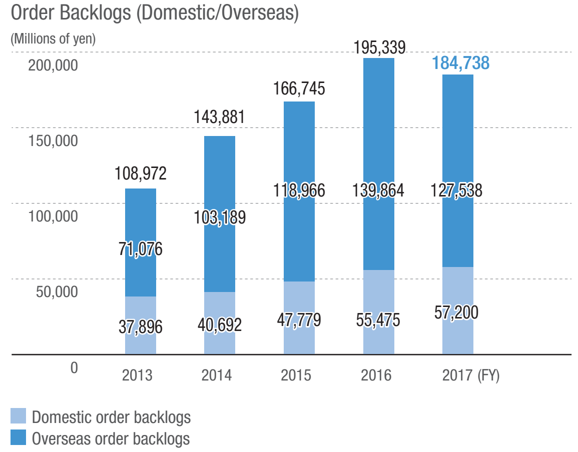
5. East Asia

In East Asia, net sales were ¥72,594 million, a decrease of 14.2% compared with the previous fiscal year. This decrease was due mainly to a decline in new installations in China despite increases in sales in Hong Kong and Korea. Operating income was ¥4,540 million, a sharp decrease of ¥2,960 million compared with the previous fiscal year, as a result of falling sales prices in China. The actual percentage decrease in net sales, excluding the effect of foreign exchange fluctuations, was 0.5%.

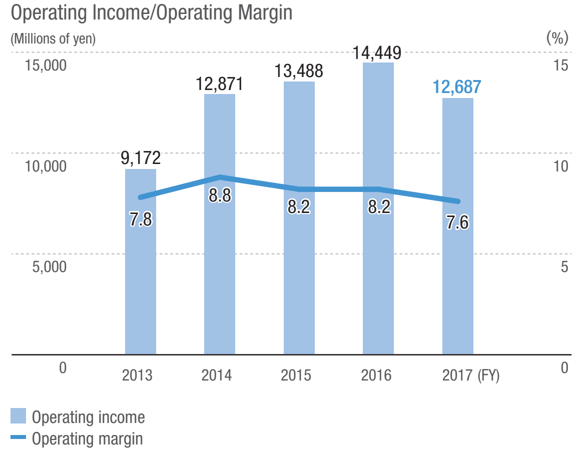
Net Sales (Domestic/Overseas)



Order Backlogs (Domestic/Overseas)



Operating Income/Operating Margin



Fiscal years ended March 31

Order Backlogs

In Japan, order backlogs were ¥57,200 million, an increase of 3.1% compared with the end of the previous fiscal year. Overseas, order backlogs were ¥127,538 million, a decrease of 8.8% compared with the end of the previous fiscal year, because of the strong yen despite increases in South Asia. As a result, the total amount of order backlogs was ¥184,738 million, a decrease of 5.4% compared with the level at the end of the previous fiscal year. The actual percentage increase in total order backlogs overseas, excluding the effect of foreign exchange fluctuations, was 4.6%.

Operating Income and Profit Attributable to Owners of Parent

Operating income was ¥12,687 million, a decrease of 12.2% compared with the previous fiscal year, due to a decline in profitability in East Asia, which offset higher profitability in Japan, North America and South Asia. Ordinary income was ¥13,110 million, a decrease of 13.5% compared with the previous fiscal year, because of a decreased financial balance. Profit before income taxes was ¥13,055 million, a decrease of 13.2% compared with the previous fiscal year. Profit attributable to owners of parent was ¥8,564 million, a decrease of 2.8% compared with the previous fiscal year.

Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year ended March 31, 2017 were ¥173,007 million, an increase of ¥1,135 million compared with the end of the previous fiscal year. This was due mainly to higher fair value of investment securities that accompanied rising share prices.

Total liabilities were ¥69,160 million, a decrease of ¥2,306 million compared with the end of the previous fiscal year. The decrease was due in part to a decline in short-term debt of ¥3,631 million, which offset increases in trade notes and accounts payable of ¥734 million and electronically recorded obligations of ¥559 million.

Net assets were ¥103,847 million, an increase of ¥3,441 million compared with the end of the previous fiscal year. This was due mainly to an increase in retained earnings of ¥6,133 million despite a decrease in foreign currency translation adjustments of ¥3,218 million. The shareholders' equity ratio at March 31, 2017 was 53.5%, an increase of 1.9 percentage points compared with the end of the previous fiscal year, and net assets per share were ¥1,148.36, an increase of ¥45.70 compared with the end of the previous fiscal year.

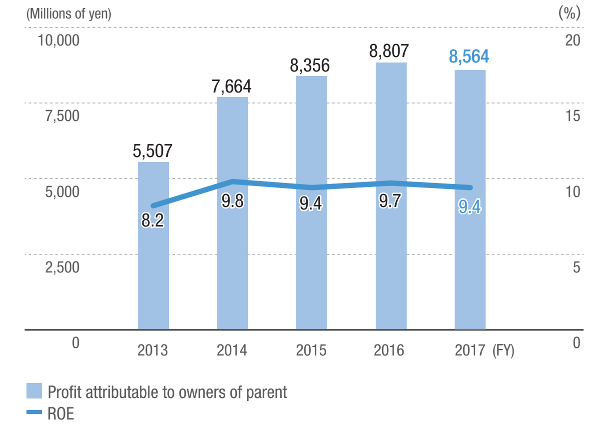
Cash Flows

Cash and cash equivalents at the end of the fiscal year ended March 31, 2017 were ¥20,910 million, a decrease of ¥923 million compared with the end of the previous fiscal year.

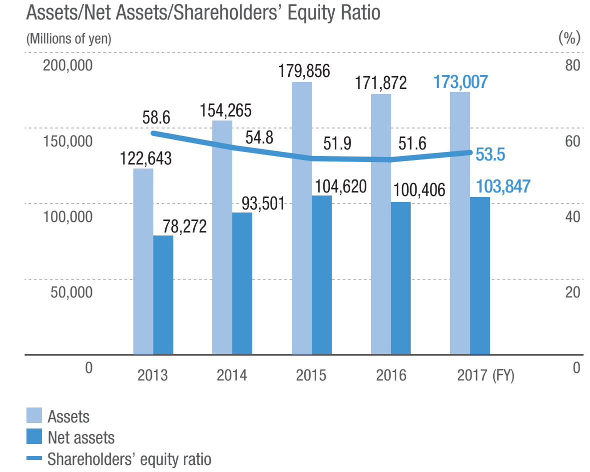
Cash Flows from Operating Activities

Net cash provided by operating activities was ¥14,360 million, an increase of ¥5,428 million compared with the previous fiscal year. The main factors contributing to the increase were profit before income taxes of ¥13,055 million and an increase in trade notes and accounts payable.

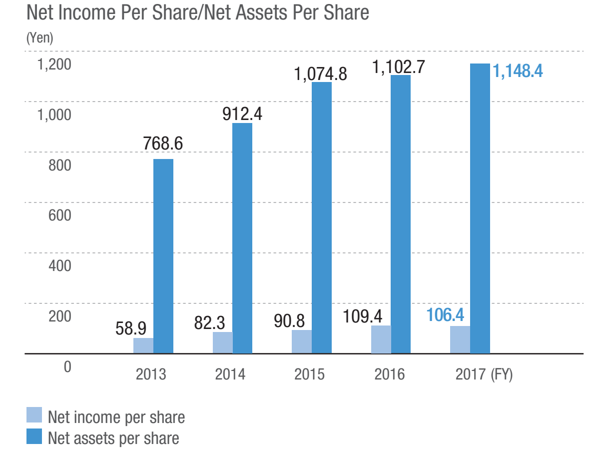
Profit Attributable to Owners of Parent/ROE



Assets/Net Assets/Shareholders' Equity Ratio



Net Income Per Share/Net Assets Per Share



Fiscal years ended March 31

Cash Flows from Investing Activities

Net cash used in investing activities was ¥6,957 million, an increase in expenditures of ¥1,638 million compared with the previous fiscal year. An inflow of interest and dividend income received in the amount of ¥1,065 million was eclipsed mainly by an increase in time deposits, net (with the maturity of more than three months) of ¥3,729 million and acquisitions of property, plant and equipment of ¥3,610 million.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥6,757 million, a decrease in expenditures of ¥4,775 million compared with the previous fiscal year, due mainly to a decrease in short-term debt, net of ¥3,631 million and cash dividends paid.

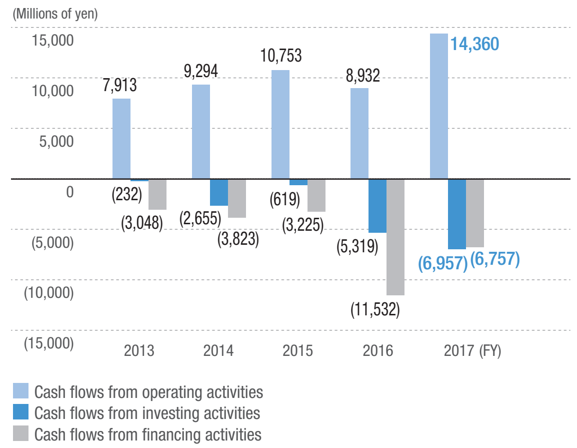
Capital Investment

Total capital investment during the fiscal year ended March 31, 2017 was ¥4,149 million. Within this, capital investment in Japan was ¥3,106 million mainly for additional facilities for elevator development and manufacturing bases and after-sales service bases. Overseas capital investment was ¥1,043 million for manufacturing bases in East Asia.

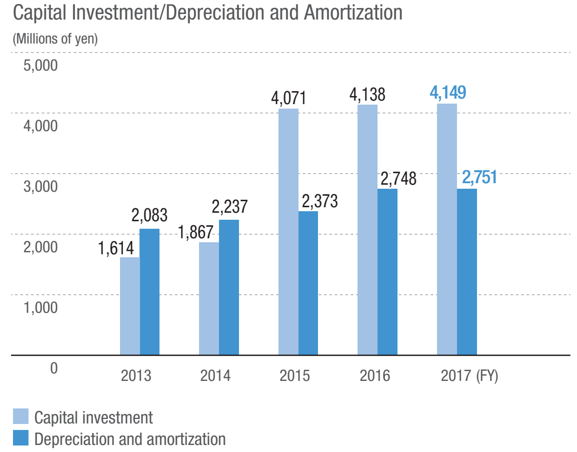
R&D Expenses

Total R&D expenses during the fiscal year ended March 31, 2017 were ¥2,302 million. Within this, R&D expenses in Japan came to ¥2,151 million, and overseas R&D expenses were ¥151 million, mainly in East Asia.

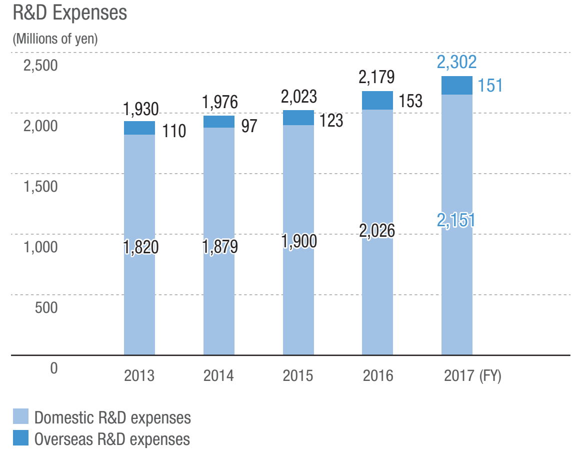
Cash Flows



Capital Investment/Depreciation and Amortization



R&D Expenses



Fiscal years ended March 31

Business and Other Risks

The following matters represent risks that could have a significant material impact on investors' decisions among the matters concerning business conditions and accounting conditions mentioned in this annual report. These risks do not necessarily cover all possible risks facing the Fujitec Group and there are also other risks that are difficult to forecast. The Fujitec Group's business, business results and financial condition could be significantly and adversely affected by any risk factor in the future.

Forward-looking statements contained in this report represent judgments by the Fujitec Group as of the end of the consolidated fiscal year.

Political and Economic Circumstances

The Fujitec Group has 10 manufacturing bases and numerous sales bases in 25 countries and regions around the world and carries out global business activities. Political and economic circumstances in these countries and regions where business is carried out could have an impact on the supply of and demand for the Fujitec Group's products. In particular, the Fujitec Group's products are elevators and escalators that are installed in buildings, including office buildings, hotels, commercial buildings and residences. Therefore, these products have one aspect whereby the scale of public-sector investment and economic trends in the construction industry in Japan and overseas could have an impact on the Fujitec Group's business results.

Development of New Products

The Fujitec Group continually carries out activities for the development of new products that are matched to customer needs. In the elevator and escalator industry, where the Fujitec Group operates, customer needs are diversifying in step with the maturing of markets. On the other hand, product development competition among leading manufacturers worldwide is fierce and there is a possibility of being driven out of the market by failing to adapt in a timely manner to leading-edge technological trends.

Under such conditions, not being able to adequately forecast industry and market changes and develop appealing new products could lower the Fujitec Group's future growth and profitability and have an adverse impact on its financial condition and business results.

Price Competition

In domestic and overseas markets, where the Fujitec Group undertakes business, there is ongoing fierce competition with competitors that include leading manufacturers carrying out business on a global scale. In addition, it is expected to be a continued trend toward business dominance by increasing market share. In particular, there has been an intensification of price competition for products and services introduced into the market at even lower prices as part of business development of competing companies and a business strategy of business alliances that include mutual competitors. This could have an adverse impact on the Fujitec Group's financial condition and business results.

Manufacturer's Liability

The Fujitec Group undertakes integrated manufacturing, sales, installation and maintenance of elevators, escalators and moving walks, and in each business process conforms with the laws, regulations and guidelines applicable in each market. Also, the Fujitec Group makes adequate considerations to assure the safety of customers and users by offering products and services verified in accordance with its own internally established technical standards and safety standards. Nevertheless, an unforeseen product defect or usage by the user could cause equipment damage or an incident or even in certain instances an accident resulting in injury or death.

In such circumstances, responsibility as a manufacturer could be called into question. This could have an adverse impact on the Fujitec Group's financial condition and business results because of indemnification for damages or the loss of trust by society.

Joint Ventures

The Fujitec Group basically carries out business using its own capital. However, it undertakes business through joint ventures due to legal restrictions in some countries. One such principal country is China, where the Fujitec Group has extremely favorable relations with its joint venture partners and plans to continue mutually beneficial equitable relationships.

Nonetheless, in the event of a change in a joint venture partner's economic circumstances or policies concerning business development, the Fujitec Group cannot eliminate the possibility of re-evaluating the joint venture, replacing the joint venture partner or dissolving the joint relationship in the future. Such an event could have an adverse impact on the Fujitec Group's financial condition and business results.

Latent Risks Associated with Global Business Development

As the Fujitec Group carries out global business development, the following latent risks could have an adverse impact on business development and business results.

1) Terrorism, wars, revolutions and other social upheaval
2) Occurrence of natural disasters such as earthquakes, typhoons and contagious disease pandemics
3) Unexpected changes in laws and regulations
4) Strikes by workers at seaports and airports or by persons in the transport industry
5) Interruption of manufacturing activities due to an infrastructure accident such as a power outage or interruption of the water supply at manufacturing bases

Raw Materials Prices

Procurement prices for raw materials such as steel stock, wire rope and stainless steel that make up the Fujitec Group's products are susceptible to the impact of steel market conditions. Therefore, a rise in prices in the steel market will push up product manufacturing costs, which could have an adverse impact on the Fujitec Group's business results.

Financing

The Fujitec Group carries out asset liability management (ALM) at each company and works to maintain adequate liquidity. However, the emergence of instability in the financial system and a change in the lending policies of financial institutions could have an adverse impact on the Fujitec Group's financial condition. Through ALM, financing is being carried out to minimize the impact of a rise in financing costs. However, a large rise in interest rates could have an adverse impact on the Fujitec Group's business results.

Exchange Rate Fluctuations

The Fujitec Group is operating global manufacturing and procurement structures for mutually supplying products and components that are advantageous in terms of cost and quality, and works to minimize the adverse impact of exchange rate fluctuations on its business results. However, an unexpectedly rapid and large fluctuation in exchange rates could have an adverse impact on the Fujitec Group's financial condition and business results.

Share Price Fluctuations

The net asset value of "other securities with a fair market value" held by the Fujitec Group could decrease due to a decline in share prices, which could have an adverse impact on the Fujitec Group's financial condition.

IT (Information Technology)-Related Risks

Under the Information Security Policy, the Fujitec Group promotes appropriate handling, storage, secure management and the prevention of leakage of such critical information assets as confidential information and customer information. However, in the event of unexpected disasters, an information system shutdown because of illegal access, communication failure and other reasons or an occurrence of information leakage, the resulting loss of business opportunities arising from a suspension of operations as well as the erosion of society's trust could have an adverse impact on the Fujitec Group's financial condition.

Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2017 and 2016

ASSETS	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars (Note 1) 2017
Current assets:			
Cash and deposits (Note 15)	¥ 45,749	¥ 43,698	$ 408,473
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	1,040	1,067	9,286
Other	49,416	51,435	441,214
Allowance for doubtful accounts	(1,800)	(1,658)	(16,071)
	48,656	50,844	434,429
Inventories:			
Finished goods and semi-finished goods	5,118	6,251	45,696
Work in process	7,590	6,416	67,768
Raw materials and supplies	7,953	8,409	71,009
	20,661	21,076	184,473
Deferred tax assets (Note 5)	3,277	3,111	29,259
Other current assets	4,695	4,576	41,920
Total current assets	123,038	123,305	1,098,554
Investments and long-term loans:			
Investments in unconsolidated subsidiaries and affiliates	1,155	1,163	10,312
Investment securities (Note 4)	7,158	6,434	63,911
Long-term loans	508	283	4,536
Total investments and long-term loans	8,821	7,880	78,759
Property, plant and equipment, at cost (Note 7)**:**			
Buildings and structures	32,968	33,258	294,357
Machinery, vehicles, tools, furniture and fixtures	18,176	18,711	162,286
Lease assets (Note 8)	15	15	134
	51,159	51,984	456,777
Accumulated depreciation	(26,103)	(25,531)	(233,063)
	25,056	26,453	223,714
Land	6,915	6,930	61,741
Construction in progress	2,524	445	22,536
Total property, plant and equipment, at cost	34,495	33,828	307,991
Other assets:			
Deferred tax assets (Note 5)	54	38	482
Goodwill	428	549	3,821
Intangible assets	3,465	3,515	30,937
Other	2,706	2,757	24,161
Total	¥173,007	¥ 171,872	$1,544,705

The accompanying notes are an integral part of these statements.

LIABILITIES	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars (Note 1) 2017
Current liabilities:			
Short-term debt (Note 7)	¥ 3,774	¥ 7,405	$ 33,696
Current portion of long-term debt (Note 7)	329	557	2,938
Lease obligations (Note 8)	2	2	18
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	44	41	393
Other	15,105	14,374	134,866
Electronically recorded obligations	4,529	3,970	40,437
Advances from customers	18,802	20,585	167,875
Accrued income taxes (Note 5)	1,899	1,776	16,955
Provision for bonuses to employees	2,845	3,280	25,402
Provision for bonuses to directors	88	95	786
Provision for losses on construction contracts	7,214	6,763	64,411
Provision for warranties for completed construction	509	268	4,544
Other current liabilities	8,963	7,866	80,027
Total current liabilities	64,103	66,982	572,348
Non-current liabilities:			
Long-term debt (Note 7)	1,178	926	10,518
Lease obligations (Note 8)	10	12	89
Deferred tax liabilities (Note 5)	451	336	4,027
Net defined benefit liability (Note 10)	3,204	2,997	28,607
Long-term other accounts payable	192	192	1,714
Asset retirement obligation	21	21	188
Other non-current liabilities	1	0	9
Total non-current liabilities	5,057	4,484	45,152
Total liabilities	69,160	71,466	617,500
NET ASSETS			
Net assets:			
Shareholders' equity (Note 9)**:**			
Common stock:			
Authorized: 300,000,000 shares			
Issued: 93,767,317 shares at March 31, 2017 and 2016	12,534	12,534	111,911
Capital surplus	14,568	14,566	130,071
Retained earnings	87,955	81,822	785,312
Treasury stock, at cost: 13,162,003 shares at March 31, 2017 and 13,308,582 shares at March 31, 2016	(15,200)	(15,358)	(135,714)
Total shareholders' equity	99,857	93,564	891,580
Accumulated other comprehensive income:			
Net unrealized gains on securities	2,479	1,972	22,134
Deferred gains or losses on hedges	86	—	768
Foreign currency translation adjustments	(8,582)	(5,364)	(76,625)
Remeasurements of defined benefit plans	(1,276)	(1,453)	(11,393)
Total accumulated other comprehensive income	(7,293)	(4,845)	(65,116)
Stock acquisition rights (Note 19)	61	61	545
Non-controlling interests	11,222	11,626	100,196
Total net assets	103,847	100,406	927,205
Total	¥173,007	¥ 171,872	$1,544,705

Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Net sales	¥167,442	¥ 177,128	$1,495,018
Operating costs and expenses:			
Cost of sales (Notes 11 and 12)	130,578	137,879	1,165,875
Selling, general and administrative expenses	24,177	24,800	215,866
Total operating costs and expenses (Notes 11 and 13)	154,755	162,679	1,381,741
Operating income	12,687	14,449	113,277
Other income (expenses):			
Interest and dividend income	958	1,273	8,554
Interest expense	(63)	(90)	(563)
Rent income	162	194	1,446
Foreign currency exchange gain, net	(777)	(748)	(6,938)
Other, net	143	84	1,277
	423	713	3,776
Ordinary income	13,110	15,162	117,053
Special items:			
Gain on sales of property, plant and equipment (Note 14)	13	12	116
State subsidy	—	23	—
Loss on sales and disposal of property, plant and equipment (Note 14)	(68)	(49)	(607)
Loss on reduction of property, plant and equipment	—	(23)	—
Special extra retirement payments	—	(89)	—
	(55)	(126)	(491)
Profit before income taxes	13,055	15,036	116,562
Income taxes (Note 5)**:**			
Current	3,517	4,159	31,402
Deferred	(383)	85	(3,420)
Total income taxes	3,134	4,244	27,982
Profit	9,921	10,792	88,580
Profit attributable to non-controlling interests	1,357	1,985	12,116
Profit attributable to owners of parent	¥ 8,564	¥ 8,807	$ 76,464

Per share information (Note 21)**:**	Yen		U.S. Dollars (Note 1)
Net income per share	¥ 106.35	¥ 109.36	$ 0.95
Diluted net income per share	106.26	109.28	0.95
Cash dividends applicable to the year	30.00	30.00	0.27

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, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Profit	¥ 9,921	¥10,792	$ 88,580
Other comprehensive income (Note 3)**:**			
Net unrealized gains on securities	507	(463)	4,527
Deferred gains or losses on hedges	103	—	920
Foreign currency translation adjustments	(4,178)	(2,429)	(37,304)
Remeasurements of defined benefit plans	177	(1,367)	1,580
Other comprehensive income, net	(3,391)	(4,259)	(30,277)
Comprehensive income	¥ 6,530	¥ 6,533	$ 58,303
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	6,117	5,153	54,616
Comprehensive income attributable to non-controlling interests	413	1,380	3,687

The accompanying notes are an integral part of these statements.

Consolidated Statements of Change in Net Assets

Fujitec Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Thousands	Millions of Yen				
		Shareholders' equity				
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2015	93,767	¥12,534	¥14,566	¥75,239	¥ (7,827)	¥94,512
Change in treasury shares of parent arising from transactions with non-controlling shareholders			0			0
Cash dividends				(2,266)		(2,266)
Change of scope of consolidation				42		42
Profit attributable to owners of parent				8,807		8,807
Purchase of treasury stock					(7,666)	(7,666)
Disposal of treasury stock					135	135
Net change of items other than shareholders' equity						
Balance at April 1, 2016	93,767	12,534	14,566	81,822	(15,358)	93,564
Change in treasury shares of parent arising from transactions with non-controlling shareholders			2			2
Cash dividends				(2,431)		(2,431)
Change of scope of consolidation						—
Profit attributable to owners of parent				8,564		8,564
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock					158	158
Net change of items other shareholders' equity						
Balance at March 31, 2017	93,767	¥12,534	¥14,568	¥87,955	¥(15,200)	¥99,857

	Millions of Yen							
	Accumulated other comprehensive income							
	Net unrealized gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2015	¥2,435	¥—	¥(3,540)	¥ (86)	¥(1,191)	¥56	¥11,243	¥104,620
Change in treasury shares of parent arising from transactions with non-controlling shareholders								0
Cash dividends								(2,266)
Change of scope of consolidation								42
Profit attributable to owners of parent								8,807
Purchase of treasury stock								(7,666)
Disposal of treasury stock								135
Net change of items other than shareholders' equity	(463)	—	(1,824)	(1,367)	(3,654)	5	383	(3,266)
Balance at April 1, 2016	1,972	—	(5,364)	(1,453)	(4,845)	61	11,626	100,406
Change in treasury shares of parent arising from transactions with non-controlling shareholders								2
Cash dividends								(2,431)
Change of scope of consolidation								—
Profit attributable to owners of parent								8,564
Purchase of treasury stock								(0)
Disposal of treasury stock								158
Net change of items other than shareholders' equity	507	86	(3,218)	177	(2,448)	—	(404)	(2,852)
Balance at March 31, 2017	¥2,479	¥86	¥(8,582)	¥(1,276)	¥(7,293)	¥61	¥11,222	¥103,847

	Thousands	Thousands of U.S. Dollars (Note 1)				
		Shareholders' equity				
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2016	93,767	$111,911	$130,053	$730,553	$(137,125)	$835,392
Change in treasury shares of parent arising from transactions with non-controlling shareholders			18			18
Cash dividends				(21,705)		(21,705)
Change of scope of consolidation						—
Profit attributable to owners of parent				76,464		76,464
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock					1,411	1,411
Net change of items other than shareholders' equity						
Balance at March 31, 2017	93,767	$111,911	$130,071	$785,312	$(135,714)	$891,580

	Thousands of U.S. Dollars (Note 1)							
	Accumulated other comprehensive income							
	Net unrealized gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2016	$17,607	$ —	$(47,893)	$(12,973)	$(43,259)	$545	$103,803	$896,481
Change in treasury shares of parent arising from transactions with non-controlling shareholders								18
Cash dividends								(21,705)
Change of scope of consolidation								—
Profit attributable to owners of parent								76,464
Purchase of treasury stock								(0)
Disposal of treasury stock								1,411
Net change of items other shareholders' equity	4,527	768	(28,732)	1,580	(21,857)	—	(3,607)	(25,464)
Balance at March 31, 2017	$22,134	$768	$(76,625)	$(11,393)	$(65,116)	$545	$100,196	$927,205

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, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Cash flows from operating activities:			
Profit before income taxes	¥13,055	¥15,036	$116,562
Depreciation and amortization	2,751	2,748	24,563
Increase (decrease) in allowance for doubtful accounts	282	290	2,518
Increase (decrease) in provision for bonuses to employees	(296)	101	(2,643)
Increase (decrease) in provision for losses on construction contracts	490	376	4,375
Interest and dividends income	(958)	(1,273)	(8,554)
Interest expense	63	90	563
Decrease (increase) in trade notes and accounts receivable	(701)	(1,297)	(6,259)
Decrease (increase) in inventories	(962)	(1,356)	(8,589)
Increase (decrease) in trade notes and accounts payable	2,575	(1,325)	22,991
Increase (decrease) in advances from customers	(95)	(942)	(848)
Loss (gain) on sales and retirement of property, plant and equipment	55	37	491
Increase (decrease) in net defined benefit liability	515	(13)	4,598
Other, net	1,065	574	9,509
Sub-total	17,839	13,046	159,277
Payment of income taxes	(3,479)	(4,114)	(31,063)
Net cash provided by operating activities	14,360	8,932	128,214
Cash flows from investing activities:			
Decrease (increase) in time deposits, net	(3,729)	(1,284)	(33,295)
Acquisitions of property, plant and equipment	(3,610)	(4,210)	(32,232)
Proceeds from sales of property, plant and equipment	17	29	152
Purchase of intangible assets	(320)	(188)	(2,857)
Collection of loans receivable	156	164	1,393
Interest and dividend income received	1,065	1,143	9,509
Other, net	(536)	(973)	(4,786)
Net cash used in investing activities	(6,957)	(5,319)	(62,116)
Cash flows from financing activities:			
Increase (decrease) in short-term debt, net	(3,631)	(452)	(32,420)
Proceeds from long-term debt	708	340	6,321
Repayment of long-term debt	(677)	(532)	(6,045)
Purchase of treasury stock	(0)	(7,666)	(0)
Payment of interest	(48)	(91)	(428)
Cash dividends paid	(2,431)	(2,265)	(21,705)
Cash dividends paid to non-controlling interests	(844)	(1,017)	(7,536)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(10)	(5)	(89)
Other, net	176	156	1,571
Net cash used in financing activities	(6,757)	(11,532)	(60,331)
Effect of exchange rate changes on cash and cash equivalents	(1,569)	(865)	(14,009)
Net increase in cash and cash equivalents	(923)	(8,784)	(8,242)
Cash and cash equivalents at beginning of year	21,833	30,602	194,938
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	15	—
Cash and cash equivalents at end of year (Note 15)	¥20,910	¥21,833	$186,696

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, 2017 and 2016

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 ¥112=$1, the prevailing exchange rate as of March 31, 2017. 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 and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements as of March 31, 2017 and 2016 include the accounts of the Company and the following 19 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 M&E Sdn. Bhd. (Malaysia)
Fujitec India Private Ltd. (India)
Fujitec Lanka (Private) Ltd. (Sri Lanka)
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 unconsolidated subsidiaries, which are "Fujitec Argentina S.A." etc., are small in scale and have no material impact on the consolidated financial statements in terms of total assets, net sales, net income (amount corresponding to equity) and retained earnings (amount corresponding to equity). Therefore, they are excluded from the scope of consolidation.

The company has no unconsolidated subsidiaries and affiliates accounted for under the equity method. The unconsolidated subsidiaries not accounted for under the equity method have no material impact on the consolidated financial statements in terms of net income (amount corresponding to equity) and retained earnings (amount corresponding to equity), and are immaterial as a whole. Therefore, they are excluded from the application of the equity method.

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 the exchange rates 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 "Non-controlling interests" in a separate component of net assets.

(D) Cash and cash equivalents

Cash and cash equivalents on the consolidated statements 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 equity investments in unconsolidated subsidiaries and affiliates, or other securities that are not classified in any of the above categories.

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 generally stated at cost determined by the specific identification method or the moving-average method. (Balance sheet amounts are written down based on any decline in profitability.)

(G) Property, plant and equipment and depreciation (except for leased assets)

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 consolidated subsidiaries uses the straight-line method.

Buildings (except for accompanying facilities) 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.

Furthermore, facilities attached to buildings and structures of the Company which were acquired on or after April 1, 2016 are depreciated by the straight-line method, while the depreciation for facilities attached to buildings and structures was computed by the declining-balance method until the year ended March 31, 2016.

The estimated useful life for depreciation:

Buildings and structures: 3 to 50 years
Machinery, vehicles, tools, furniture and fixtures: 2 to 20 years

(H) Goodwill and other intangible assets (except for leased 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 trade notes and accounts receivable and loans receivable, etc. 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) Provision for bonuses to employees

Provision for bonuses to employees is calculated on an accrual basis for the financial year on the expected amount to be paid to the employees.

(3) Provision for bonuses to directors

Provision for bonuses to directors is 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 is recognized by providing for losses on construction contracts.

(5) Provision for warranties for completed construction

Provision for warranties for completed construction is recognized at an estimated amount of compensation to be incurred in the future for completed construction.

(L) Accounting method for retirement benefits

Net defined benefit liability is provided for employees' retirement benefits by deducting the pension assets from the retirement benefit obligations, based on estimated balances at the end of the current consolidated fiscal year.

(1) Period allocation method for the estimated retirement benefit amount

Retirement benefit obligations are calculated by allocating the estimated retirement benefit amount until the end of the current consolidated fiscal year on a benefit formula basis.

(2) Amortization of actuarial gains and losses and prior service costs

Unrecognized actuarial gains or losses are amortized beginning in the following consolidated fiscal year by the straight-line method over a specified number of years (10 years) within the average remaining service period of employees at the time the difference arose.

Prior service costs are amortized by the straight-line method over a specified number of years (10 years) within the average remaining service period of employees at the time the cost was incurred.

For certain consolidated subsidiaries, a simplified method is applied for the calculation of net defined benefit liability and retirement benefit expenses in which the necessary retirement benefit provisions for voluntary resignations at the end of the consolidated fiscal year are recorded as retirement benefit obligations.

(M) Derivative and hedging activities

(1) Basis and method for valuation of derivatives

The Company applies the market value method.

(2) Method of hedge accounting

Hedging activities are principally accounted for under the deferred hedge accounting. Special accounting is applied to interest rate swap contracts that fulfill the requirements of special accounting, and transfer accounting is applied to foreign currency swap contracts that fulfill the requirements of allocation accounting method. Hedge accounting is not applied to foreign currency forward contracts of some consolidated subsidiaries. Foreign currency swap contracts for the purpose of hedge in the consolidated intercompany transaction are measured at fair value in term of the elimination of consolidated intercompany debts and credits.

(3) Hedging instruments and hedged items

(Hedging instruments)

Interest rate swap contracts

Foreign currency forward contracts

(Hedged items)

Debts payable

Forecasted transactions denominated in foreign currencies and deposits

(4) Hedging policies

Derivative transactions are made for the purpose of hedging risks in the respective financial departments. The fluctuation risk in interests rates related to the hedged item and the market fluctuation risk in foreign currency exchange rates are hedged against within a certain range.

(5) Evaluation of hedge effectiveness

The Company compares cumulative cash flow variations for hedged items and hedging instruments with market fluctuation and assesses the effectiveness of hedges based on the amounts of variation in both cases. However, evaluation of hedge effectiveness is not conducted for interest rate swaps that meet the requirements for special accounting.

(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 using the straight-line method with zero residual value over the lease term.

(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 using 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 its 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.

Diluted net income per share assumes the dilution that would occur if stock acquisition rights were exercised.

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 in which they are paid.

(R) Reclassification of accounts

Certain reclassifications have been made in the 2016 financial statements to conform to the presentation in 2017.

(S) Consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

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

Application of Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes

In line with the revisions to the Corporation Tax Act of Japan, the Company has adopted the "Practical Solution on a change in depreciation method due to Tax Reform 2016 (Practical Issues Task Force (PITF) No. 32, June 17, 2016)" from the fiscal year under review. Accordingly, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

As a result, the impact on operating income, ordinary income and profit before income taxes for the consolidated fiscal year ended March 31, 2017 is immaterial.

(U) Additional information

Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets

Effective beginning the fiscal year ended March 31, 2017, the Company has adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 issued on March 28, 2016).

Transactions to transfer the Company's shares to the employees through a trust

To enhance employee benefits and welfare, the Company conducts the transactions of delivering its own shares to the employee shareholding association through a trust.

(1) Outline of the transactions
The Company established a trust on September 25, 2013, beneficiaries of which shall be employees who belong to "Fujitec's Employee Shareholding Association (the "Association") and meet certain requirements. The trust will, within a time period to be fixed in advance, purchase a certain number of the Company's shares, which the Association is expected to purchase for six years from September 2013. Subsequently, the trust will sell those shares to the Association each month at a certain fixed date.
(2) The Company's shares remaining in the trust
The Company's shares remaining in the trust are recorded as treasury stock under net assets through the book value (excluding associated costs) in the trust. The book value and number of treasury stock in the trust as of March 31, 2017 and 2016 were ¥491 million (US$4,383 thousand) and 455 thousand shares, and ¥649 million and 601 thousand shares, respectively.
(3) The book value of loans recorded using the gross price method as of March 31, 2017 and 2016 was ¥396 million (US$3,535 thousand) and ¥574 million, respectively.

3. Other Comprehensive Income

Reclassification adjustments and tax effect of each component of other comprehensive income for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Net unrealized gains on securities:			
Arising during the fiscal year	¥ 722	¥ (738)	$ 6,446
Reclassification adjustment	—	—	—
Sub-total, before tax	722	(738)	6,446
Tax effect	(215)	275	(1,919)
Net unrealized gains on securities	507	(463)	4,527
Deferred gains or losses on hedges:			
Arising during the fiscal year	101	—	902
Reclassification adjustment	2	—	18
Sub-total, before tax	103	—	920
Tax effect	—	—	—
Deferred gains or losses on hedges	103	—	920
Foreign currency translation adjustments:			
Arising during the fiscal year	(4,178)	(2,429)	(37,304)
Reclassification adjustment	—	—	—
Sub-total, before tax	(4,178)	(2,429)	(37,304)
Tax effect	—	—	—
Foreign currency translation adjustments	(4,178)	(2,429)	(37,304)
Remeasurements of defined benefit plans			
Arising during the fiscal year	(109)	(2,046)	(973)
Reclassification adjustment	365	78	3,259
Sub-total, before tax	256	(1,968)	2,286
Tax effect	(79)	601	(706)
Remeasurements of defined benefit plans	177	(1,367)	1,580
Total other comprehensive income	¥ (3,391)	¥(4,259)	$(30,277)

4. Investment Securities

Available-for-sales securities at March 31, 2017 and 2016 are summarized as follows:

	Millions of Yen							
	2017				2016			
	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	¥ 3,510	¥ 3,694	¥ 169	¥ 7,035	¥ 3,509	¥ 2,938	¥ 136	¥ 6,311
Total	¥ 3,510	¥ 3,694	¥ 169	¥ 7,035	¥ 3,509	¥ 2,938	¥ 136	¥ 6,311

	Thousands of U.S. Dollars (Note1)			
	2017			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	$31,339	$32,982	$1,508	$62,813
Total	$31,339	$32,982	$1,508	$62,813

The carrying amounts of equity securities whose fair value is not readily determinable are ¥123 million (US$1,098 thousand) and ¥123 million for the years ended March 31, 2017 and 2016, respectively.

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 30.86% and 33.06% for the years ended March 31, 2017 and 2016, respectively. Income tax rates of the consolidated foreign subsidiaries range from 16.5% to 34.0% for the years ended March 31, 2017 and 2016.

(1) The major components of deferred tax assets and liabilities at March 31, 2017 and 2016 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Deferred tax assets:			
Net defined benefit liability	¥ 854	¥ 792	$ 7,625
Provision for bonuses to employees	588	554	5,250
Provision for losses on construction contracts	1,796	1,724	16,036
Allowance for doubtful accounts	710	699	6,339
Tax loss carryforwards	3,781	3,994	33,759
Other	1,296	1,306	11,571
Total deferred tax assets	9,025	9,069	80,580
Less: valuation allowance	(4,784)	(5,076)	(42,714)
Total deferred tax assets	4,241	3,993	37,866
Deferred tax liabilities:			
Unrealized gains on securities	(1,045)	(829)	(9,330)
Dividends income received from subsidiaries	(39)	(25)	(348)
Other	(277)	(326)	(2,473)
Total deferred tax liabilities	(1,361)	(1,180)	(12,152)
Net deferred tax assets	¥2,880	¥ 2,813	$ 25,714

Net deferred tax assets and liabilities presented in the consolidated balance sheets at March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Current assets—Deferred tax assets	¥3,277	¥ 3,111	$ 29,259
Other assets—Deferred tax assets	54	38	482
Current liabilities—Deferred tax liabilities	—	—	—
Non-current liabilities—Deferred tax liabilities	(451)	(336)	(4,027)
Net deferred tax assets	¥2,880	¥ 2,813	$ 25,714

(2) A reconciliation between the Company's statutory tax rate and the effective tax rate at March 31, 2017 and 2016 is as follows:

	2017	2016
Statutory tax rate	30.86%	33.06%
Non-deductible expenses	0.25	0.15
Valuation allowance for deferred tax assets	0.94	1.28
Per capita inhabitant tax	0.95	0.82
Net loss of consolidated subsidiaries	(1.05)	(0.68)
Effect of foreign tax rate differences	(5.33)	(7.25)
Difference of change in tax rate	—	1.14
Other	(2.61)	(0.29)
Effective tax rate	24.01%	28.23%

6. Contingent Liabilities

Contingent liabilities at March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Trade notes receivable discounted	¥ 43	¥ —	$ 384
Guarantees of bank loan in unconsolidated subsidiary	¥ 23	¥ 30	$ 205

7. Short-term Debt and Long-term Debt

(1) Short-term debt at March 31, 2017 and 2016 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Loans, mainly from banks at weighted-average interest rates of 0.68% in 2017 and 0.54% in 2016	¥3,774	¥7,405	$33,696

(2) Long-term debt at March 31, 2017 and 2016 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Loans, mainly from banks and insurance companies due through 2020 at weighted-average interest rates of 1.74% in 2017 and 1.10% in 2016	¥1,507	¥1,483	$13,456
	1,507	1,483	13,456
Less: portion due within one year	329	557	2,938
	¥1,178	¥ 926	$10,518

(3) The aggregate annual maturities of long-term debt outstanding as of March 31, 2017 are as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2018	¥ 329	$ 2,938
2019	554	4,947
2020	228	2,036
Total	¥ 1,111	$ 9,921

Notes: (1) Long-term debt for the ESOP in the amount of ¥396 million (US$3,535 thousand) is excluded from the total amounts.
(2) As of March 31, 2017, the following assets and liabilities are pledged as collateral for transactions with a bank:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Buildings and structures (at net book value)	¥2,451	¥ 1,895	$21,884
Machinery, vehicles, tools, furniture and fixtures (at net book value)	136	7	1,214
Land	257	259	2,295
	¥2,844	¥ 2,161	$25,393
Short-term debt	¥ 469	¥ —	$ 4,188

8. Leases

(1) The amounts related to finance lease assets at March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Machinery and equipment:			
Acquisition costs	¥ 15	¥ 15	$ 134
Accumulated depreciation	(4)	(2)	(36)
Book value	¥ 11	¥ 13	$ 98
Future minimum lease payments:			
Due within one year	¥ 2	¥ 2	$ 18
Due after one year	10	12	89
Total	¥ 12	¥ 14	$ 107

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, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Future minimum lease payments:			
Due within one year	¥205	¥ 226	$1,830
Due after one year	600	312	5,357
Total	¥805	¥ 538	$7,187

9. Shareholders' Equity

Under the Corporate Law of Japan (the "Companies Act"), the entire amount paid for new shares must be designated as common stock. However, 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 aggregate amount of legal reserve and additional paid-in capital equals 25% of 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.

(1) Issued shares

Increase and decrease in issued shares for the years ended March 31, 2017 and 2016 are summarized as follows:

	Number of shares (Thousands)			
	2017			
Type of share	April 1, 2016	Increase	Decrease	March 31, 2017
Common stock	93,767	—	—	93,767

	Number of shares (Thousands)			
	2016			
Type of share	April 1, 2015	Increase	Decrease	March 31, 2016
Common stock	93,767	—	—	93,767

(2) Treasury Stock

Increase and decrease in treasury stock for the year ended March 31, 2017 and 2016 are summarized as follows:

	Number of shares (Thousands)			
	2017			
Type of share	April 1, 2016	Increase	Decrease	March 31, 2017
Common stock*1	13,308	0	146	13,162

	Number of shares (Thousands)			
	2016			
Type of share	April 1, 2015	Increase	Decrease	March 31, 2016
Common stock*2	6,942	6,491	125	13,308

*1 The decrease in the number of shares of treasury stock of 146 thousand shares is due to sales of shares by the ESOP Trust supporting the employee shareholding association to the Company's employees shareholding association.

*2 The increase in the number of shares of treasury stock consists mainly of 6,491 thousand shares due to the purchase of shares based on the resolution of the Board of Directors meeting held on April 8, 2015. The decrease in the number of shares of treasury stock of 125 thousand shares is due to sales of shares by the ESOP Trust supporting the employee shareholding association to the Company's employees shareholding association.

(3) Stock aquisition rights

Increase and decrease in stock aquisition rights for the years ended March 31, 2017 and 2016 are summarized as follows:

			2017					
			Number of Shares (Thousands)				Millions of Yen	Thousands of U.S. Dollars (Note 1)
Company name	Breakdown	Type of share	April 1, 2016	Increase	Decrease	March 31, 2017	Ended balance	Ended balance
Fujitec Co., Ltd.	Stock aquisition rights as stock options resolved by Board of Directors' meeting on November 8, 2013	—	—	—	—	—	¥36	$321
Fujitec Co., Ltd.	Stock aquisition rights as stock options resolved by Board of Directors' meeting on August 7, 2014	—	—	—	—	—	¥20	$179
Fujitec Co., Ltd.	Stock aquisition rights as stock options resolved by Board of Directors' meeting on August 7, 2015	—	—	—	—	—	¥ 5	$ 45
	Total		—	—	—	—	¥61	$545

			2016				
			Number of Shares (Thousands)				Millions of Yen
Company name	Breakdown	Type of share	April 1, 2015	Increase	Decrease	March 31, 2016	Ended balance
Fujitec Co., Ltd.	Stock aquisition rights as stock options resolved by Board of Directors' meeting on November 8, 2013	—	—	—	—	—	¥36
Fujitec Co., Ltd.	Stock aquisition rights as stock options resolved by Board of Directors' meeting on August 7, 2014	—	—	—	—	—	¥20
Fujitec Co., Ltd.	Stock aquisition rights as stock options resolved by Board of Directors' meeting on August 7, 2015	—	—	—	—	—	¥ 5
	Total		—	—	—	—	¥61

(4) Dividends

(A) Dividends paid for the year ended March 31, 2017 and 2016 are as follows:

2017							
		Total dividends		Dividends per share			
Resolution	Type of share	Millions of Yen	Thousands of U.S. Dollars (Note1)	Yen	U.S. Dollars (Note1)	Recorded date	Effective date
Annual Meeting of Shareholders on June 23, 2016*1	Common stock	¥1,215	$10,848	¥15.00	$0.13	March 31, 2016	June 24, 2016
Board of Directors' Meeting on November 10, 2016*2	Common stock	¥1,215	$10,848	¥15.00	$0.13	September 30, 2016	December 1, 2016

*1 Total dividends resolved at Annual Meeting of Shareholders on June 23, 2016 includes dividends of ¥9 million (US$80 thousand) on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

*2 Total dividends resolved at Board of Directors' Meeting on November 10, 2016 includes dividends of ¥7 million (US$63 thousand) on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

2016					
		Total dividends	Dividends per share		
Resolution	Type of share	Millions of Yen	Yen	Recorded date	Effective date
Annual Meeting of Shareholders on June 23, 2015*1	Common stock	¥1,050	¥12.00	March 31, 2015	June 24, 2015
Board of Directors' Meeting on November 6, 2015*2	Common stock	¥1,215	¥15.00	September 30, 2015	December 1, 2015

*1 Total dividends resolved at Annual Meeting of Shareholders on June 23, 2015 includes dividends of ¥8 million on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

*2 Total dividends resolved at Board of Directors' Meeting on November 6, 2015 includes dividends of ¥10 million on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

(B) Dividends with a record date for the years ended March 31, 2017 and 2016, payable in the following fiscal year are as follows:

2017								
			Total dividends		Dividends per share			
Resolution	Type of share	Resource of dividends	Millions of Yen	Thousands of U.S. Dollars (Note1)	Yen	U.S. Dollars (Note1)	Recorded date	Effective date
Annual Meeting of Shareholders on June 22, 2017*	Common stock	Retained earnings	¥1,215	$10,848	¥15.00	$0.13	March 31, 2017	June 23, 2017

* Total dividends include dividends of ¥6 million (US$54 thousand) on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

2016						
			Total dividends	Dividends per share		
Resolution	Type of share	Resource of dividends	Millions of Yen	Yen	Recorded date	Effective date
Annual Meeting of Shareholders on June 23, 2016*	Common stock	Retained earnings	¥1,215	¥15.00	March 31, 2016	June 24, 2016

* Total dividends include dividends of ¥9 million on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

10. Retirement Benefits

The Company and its consolidated subsidiaries adopt funded and non-funded defined benefit plans, and defined contribution plans, which cover substantially all employees.

The Company adopts defined benefit pension plans and lump-sum severance payment plans. Its consolidated subsidiaries adopt mainly lump-sum severance payment plans and defined contribution pension plans.

Certain consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses using the simplified accounting method.

1. Defined benefit plans

(1) Changes to the balance of retirement benefit obligations at the beginning and end of the period as of March 31, 2017 and 2016 (except adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Beginning balance of retirement benefit obligations	¥13,242	¥11,058	$ 118,232
Service cost	905	767	8,080
Interest cost	35	166	313
Actuarial gains and losses	139	1,785	1,241
Retirement benefits paid	(545)	(531)	(4,866)
Other	(0)	(3)	(0)
End balance of retirement benefit obligations	¥13,776	¥13,242	$123,000

(2) Changes to the balance of pension assets at the beginning and end of the period as of March 31, 2017 and 2016 (except adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Beginning balance of pension assets	¥11,129	¥10,820	$ 99,366
Expected return on plan assets	222	216	1,982
Actuarial gains and losses	28	(262)	250
Employer contribution	492	695	4,393
Retirement benefits paid	(359)	(340)	(3,205)
End balance of pension assets	¥11,512	¥11,129	$102,786

(3) Changes to the balance of net defined benefit liability at the beginning and end of the period as of March 31, 2017 and 2016 (only adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Beginning balance of net defined benefit liability	¥ 884	¥ 864	$ 7,893
Retirement benefit expenses	170	119	1,518
Retirement benefits paid	(65)	(40)	(580)
Other	(49)	(59)	(438)
End balance of net defined benefit liability	¥ 940	¥ 884	$ 8,393

(4) Changes to the balance of retirement benefit obligations and pension assets at the end of the period as of March 31, 2017 and 2016, and net defined benefit liability and asset recorded in the consolidated balance sheets (included adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Funded retirement benefit obligations	¥11,077	¥10,665	$ 98,902
Pension assets	(11,512)	(11,129)	(102,786)
	(435)	(464)	(3,884)
Non-funded retirement benefit obligations	3,639	3,461	32,491
Net liabilities and assets recorded in the consolidated balance sheets	3,204	2,997	28,607
Net defined benefit liability	3,204	2,997	28,607
Net defined benefit asset	—	—	—
Net liabilities and assets recorded in the consolidated balance sheets	¥ 3,204	¥ 2,997	$ 28,607

(5) Retirement benefit expenses and the breakdown of amounts

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Service cost	¥ 905	¥ 767	$ 8,080
Interest cost	35	166	313
Expected return on plan assets	(222)	(216)	(1,982)
Amortization of actuarial gains and losses	365	77	3,259
Amortization of prior service costs	2	2	18
Retirement benefit expenses calculated by the simplified accounting method	170	119	1,518
Retirement benefit expenses under defined benefit plans	¥ 1,255	¥ 915	$11,206

(6) Remeasurements of defined benefit plans

The breakdown of items recorded in remeasurements of defined benefit plans (before deduction of tax effects) as of March 31, 2017 and 2016 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Prior service costs	¥ 2	¥ 2	$ 18
Actuarial gains and losses	254	(1,970)	2,268
Total	¥ 256	¥(1,968)	$ 2,286

(7) Accumulated remeasurements of defined benefit plans

The breakdown of items recorded in accumulated remeasurements of defined benefit plans (before deduction of tax effects) as of March 31, 2017 and 2016 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Unrecognized prior service costs	¥ 9	¥ 11	$ 80
Unrecognized actuarial gains and losses	1,830	2,084	16,339
Total	¥ 1,839	¥ 2,095	$ 16,419

(8) Items related to pension assets

(A) Breakdown of main items

Ratio for each main classification for total pension assets

	2017	2016
Bonds	55%	55%
Equity securities	26	26
General accounts	10	10
Other	9	9
Total	100%	100%

(B) Method for determining expected long-term rate of return

In determining the expected long-term rate of return, the Company considers current and expected distributions of pension assets and the current and expected long-term rate of return from the various assets composed of pension assets.

(9) Items related to the basis for actuarial calculation

Main basis for actuarial calculation as of March 31, 2017 and 2016 is as follows:

	2017	2016
Discount rate	0.2%	0.2%
Expected long-term rate of return	2.0%	2.0%

2. Defined contribution plans

Required contributions to defined contribution plans by the Company and its consolidated subsidiaries for the years ended March 31, 2017 and 2016 are ¥90 million (US$804 thousand) and ¥95 million, respectively.

11. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses for the years ended March 31, 2017 and 2016 are ¥2,302 million (US$20,554 thousand) and ¥2,179 million, respectively.

12. Provision for Losses on Construction Contracts

Provision for losses on construction contracts included in cost of sales for the years ended March 31, 2017 and 2016 are ¥5,054 million (US$45,125 thousand) and ¥4,612 million, respectively.

13. Selling, General and Administrative Expenses

Primary selling, general and administrative expenses for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Salaries and allowances	¥9,060	¥9,203	$80,893
Provision for bonuses	1,299	1,406	11,598
Provision for directors' bonuses	88	95	786
Retirement benefit expenses	559	464	4,991
Provision of allowance for doubtful accounts	416	344	3,714

14. Gain or Loss on Sales and Disposal of Property, Plant and Equipment

(1) Details of gain on sales of property, plant and equipment for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Machinery and vehicles	¥13	¥11	$116
Tools, furniture and fixtures	0	1	0
Total	¥13	¥12	$116

(2) Details of loss on sales of property, plant and equipment for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Machinery and vehicles	¥1	¥ 4	$9
Tools, furniture and fixtures	0	0	0
Total	¥1	¥4	$9

(3) Details of loss on disposal of property, plant and equipment for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Buildings and structures	¥ 9	¥12	$ 80
Machinery and vehicles	52	27	464
Tools, furniture and fixtures	6	6	54
Intangible assets	—	0	—
Total	¥67	¥45	$598

15. Cash and Cash Equivalents

The reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets at March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Cash and deposits	¥ 45,749	¥ 43,698	$ 408,473
Time deposits with original maturities exceeding three months	(24,839)	(21,865)	(221,777)
Cash and cash equivalents	¥ 20,910	¥ 21,833	$ 186,696

16. 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. and Canada), Europe (United Kingdom and Germany), South Asia (mainly Singapore) and East Asia (China, Hong Kong, Taiwan and Korea). Each regional business unit develops comprehensive strategies for selling 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 (loss) corresponds to its operating income. Intersegment sales and transfer prices are calculated mainly based on market value or manufacturing cost.

(3) Information on amounts of sales, profit (loss), assets and other items by reporting segment for the years ended March 31, 2017 and 2016 is summarized as follows:

	Millions of Yen							
	2017							
	Reporting Segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Sales to customers	¥63,028	¥22,030	¥397	¥15,586	¥66,401	¥167,442	¥ —	¥167,442
Intersegment sales	2,544	62	10	0	6,193	8,809	(8,809)	—
Total sales	65,572	22,092	407	15,586	72,594	176,251	(8,809)	167,442
Segment expenses	60,127	21,162	461	13,866	68,054	163,670	(8,915)	154,755
Segment profit (loss)	5,445	930	(54)	1,720	4,540	12,581	106	12,687
Segment assets	80,264	9,436	329	17,229	90,089	197,347	(24,340)	173,007
Other items:								
Depreciation and amortization	1,638	89	5	119	900	2,751	—	2,751
Amortization of goodwill	—	98	—	—	—	98	—	98
Increase in property, plant and equipment and intangible assets	3,314	21	1	41	1,100	4,477	—	4,477

	Millions of Yen							
	2016							
	Reporting Segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Sales to customers	¥60,452	¥22,323	¥499	¥17,074	¥76,780	¥177,128	¥ —	¥177,128
Intersegment sales	4,549	37	9	1	7,826	12,422	(12,422)	—
Total sales	65,001	22,360	508	17,075	84,606	189,550	(12,422)	177,128
Segment expenses	59,802	22,223	551	15,449	77,106	175,131	(12,452)	162,679
Segment profit (loss)	5,199	137	(43)	1,626	7,500	14,419	30	14,449
Segment assets	76,731	8,861	405	14,119	94,525	194,641	(22,769)	171,872
Other items:								
Depreciation and amortization	1,611	100	4	133	900	2,748	—	2,748
Amortization of goodwill	—	117	—	—	—	117	—	117
Increase in property, plant and equipment and intangible assets	1,500	18	16	97	2,685	4,316	—	4,316

	Thousands of U.S. Dollars (Note 1)							
	2017							
	Reporting Segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Sales to customers	$562,750	$196,696	$3,545	$139,161	$592,866	$1,495,018	$ —	$1,495,018
Intersegment sales	22,714	554	89	0	55,295	78,652	(78,652)	—
Total sales	585,464	197,250	3,634	139,161	648,161	1,573,670	(78,652)	1,495,018
Segment expenses	536,848	188,946	4,116	123,804	607,625	1,461,339	(79,598)	1,381,741
Segment profit (loss)	48,616	8,304	(482)	15,357	40,536	112,331	946	113,277
Segment assets	716,643	84,250	2,937	153,830	804,366	1,762,026	(217,321)	1,544,705
Other items:								
Depreciation and amortization	14,625	795	45	1,062	8,036	24,563	—	24,563
Amortization of goodwill	—	875	—	—	—	875	—	875
Increase in property, plant and equipment and intangible assets	29,589	188	9	366	9,821	39,973	—	39,973

Notes: (1) Description of reconciliations is as follows:

a) Reconciliations of segment profit (loss) for the years ended March 31, 2017 and 2016 were ¥106 million (US$946 thousand) and ¥30 million, respectively, consisting of intersegment transaction eliminations of minus ¥0 million (minus US$0 thousand) and ¥4 million, and adjustment of inventories of ¥106 million (US$946 thousand) and ¥26 million, respectively.

b) Reconciliations of segment assets for the years ended March 31, 2017 and 2016 were minus ¥24,340 million (minus US$217,321 thousand) and minus ¥22,769 million, respectively, consisting of intersegment transaction eliminations of minus ¥24,213 million (minus US$216,187 thousand) and minus ¥22,558 million, and adjustment of inventories of minus ¥127 million (minus US$1,134 thousand) and minus ¥211 million, respectively.

(2) Segment income (loss) is adjusted with operating income in the consolidated statements of income.

(4) Information related to reporting segments

(A) Sales by geographical area are as follows:

	Millions of Yen					
	2017					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	¥ 62,798	¥ 22,371	¥ 16,619	¥ 62,226	¥ 3,428	¥ 167,442

	Millions of Yen					
	2016					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	¥ 60,381	¥ 22,767	¥ 18,265	¥ 72,425	¥ 3,290	¥ 177,128

	Thousands of U.S. Dollars (Note 1)					
	2017					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	$560,696	$199,742	$148,384	$555,589	$ 30,607	$1,495,018

Note: Sales are classified in countries or regions based on the location of customers.

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

	Millions of Yen					
	2017					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	¥ 23,468	¥ 300	¥ 858	¥ 9,854	¥ 15	¥ 34,495

	Millions of Yen					
	2016					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	¥ 21,860	¥ 386	¥ 959	¥ 10,603	¥ 20	¥ 33,828

	Thousands of U.S. Dollars (Note 1)					
	2017					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	$209,536	$2,678	$7,661	$87,982	$134	$307,991

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

	Millions of Yen							
	2017							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Goodwill	¥ —	¥ 428	¥ —	¥ —	¥ —	¥ 428	¥ —	¥ 428

	Millions of Yen							
	2016							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Goodwill	¥ —	¥ 549	¥ —	¥ —	¥ —	¥ 549	¥ —	¥ 549

	Thousands of U.S. Dollars (Note 1)							
	2017							
	Reporting segment							
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Goodwill	$ —	$3,821	$ —	$ —	$ —	$3,821	$ —	$3,821

Notes: Information on amortization of goodwill is omitted as similar information is provided in "Information on amounts of sales, profit (loss), assets and other items by reporting segment."

17. Financial Instruments and Related Disclosures

(A) Policy for financial instruments

The Companies raise necessary funds for capital investment needs for manufacturing, 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 fluctuations 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 mainly due within one year. A portion arising from the import of supplies is denominated in foreign currencies and is exposed to the market risk of fluctuation in foreign currency exchange rates. The balance of payables denominated in foreign currencies is always less than the receivables denominated in foreign currencies. Of debt payables, short-term debts are mainly related to operating activities and long-term debts are raised mainly for capital investments.

Derivatives consist of foreign currency forward contracts and interest rate swap contracts used to manage the market risk of fluctuations in foreign currency exchange rates and interests rates. Derivative transactions are made for the purpose of hedging risks in the respective financial departments in the Companies. The results are reported to the Finance Headquarters or the officer in charge of finance in the Company. These derivative transactions are limited to 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 18 for details of fair value for derivatives.

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

	Millions of Yen					
	2017			2016		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets:						
Cash and deposits	¥ 45,749	¥ 45,749	¥ —	¥ 43,698	¥ 43,698	¥ —
Trade notes and accounts receivable	50,456	48,770	(1,686)	52,502	50,821	(1,681)
Investment securities	7,035	7,035	—	6,311	6,311	—
Long-term loans	508	510	2	283	283	(0)
Total	¥103,748	¥102,064	(1,684)	¥102,794	¥101,113	¥(1,681)
Liabilities:						
Trade notes and accounts payable	¥ 15,149	¥ 15,149	¥ —	¥ 14,415	¥ 14,415	¥ —
Electronically recorded obligations	4,529	4,529	—	3,970	3,970	—
Short-term debt	3,774	3,774	—	7,405	7,405	—
Long-term debt*1	1,507	1,497	(10)	1,483	1,476	(7)
Total	¥ 24,959	¥ 24,949	¥ (10)	¥ 27,273	¥ 27,266	¥ (7)
Derivatives*2:						
Derivatives without hedge accounting	¥ (29)	¥ (29)	¥ —	¥ (95)	¥ (95)	¥ —
Derivatives with hedge accounting	103	103	—	—	—	—
Total	¥ 74	¥ 74	¥ —	¥ (95)	¥ (95)	¥ —

	Thousands of U.S. Dollars (Note 1)		
	2017		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	$408,473	$408,473	$ —
Trade notes and accounts receivable	450,500	435,446	(15,054)
Investment securities	62,813	62,813	—
Long-term loans	4,536	4,554	18
Total	$926,322	$911,286	$(15,036)
Liabilities:			
Trade notes and accounts payable	$135,259	$135,259	$ —
Electronically recorded obligations	40,437	40,437	—
Short-term debt	33,696	33,696	—
Long-term debt*1	13,456	13,367	(89)
Total	$222,848	$222,759	$ (89)
Derivatives*2:			
Derivatives without hedge accounting	$ (259)	$ (259)	$ —
Derivatives with hedge accounting	920	920	—
Total	$ 661	$ 661	$ —

*1 Long-term debt includes current portion of long-term debt.
*2 The assets and liabilities arising from derivatives are shown at the net value with the amount in parentheses representing net liability.

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

Assets
1) Cash and deposits:
The carrying values approximate fair value because of their short maturities.
2) Trade notes and accounts receivable:
The fair value is determined by discounting the cash flows related to the receivables at an assumed rate based on their maturity and credit risk
3) Investment securities:
The fair value is measured as the quoted stock market price for equity securities and as the quoted price obtained from the financial institution for certain securities.
The information about investment securities by classification is shown in Note 4.
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 collectability and maturity.

Liabilities
1) Trade notes and accounts payable, electronically recorded obligations and short-term debt:
The carrying values approximate fair value because of their short maturities.
2) Long-term debt:
The fair value is determined by discounting the cash flows related to the debt at an assumed rate based on its maturity and credit risk.
3) Derivatives:
The information on the fair value for derivatives is included in Note 18.

(2) Financial instruments whose fair value cannot be reliably determined at March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Investment securities:			
Unlisted stocks	¥ 123	¥ 123	$ 1,098
Investments in unconsolidated subsidiaries and affiliates	¥ 1,155	¥ 1,163	$10,312

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

(3) A maturity analysis for cash and deposits, trade notes and accounts receivable, and long-term loans at March 31, 2017 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	¥ 45,749	¥ —	¥ —
Trade notes and accounts receivable	47,051	2,802	603
Long-term loans	11	497	—
Total	¥ 92,811	¥ 3,299	¥ 603

	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	$408,473	$ —	$ —
Trade notes and accounts receivable	420,098	25,018	5,384
Long-term loans	98	4,438	—
Total	$828,669	$29,456	$ 5,384

Note: Annual maturities of long-term debt are included in Note 7.

18. Derivative Financial Instruments

(1) Derivative transactions, to which hedge accounting is not applied, at March 31, 2017 and 2016 are as follows:

	Millions of Yen							
	2017				2016			
	Contract amount	Due after one year	Fair value	Unrealized gain (loss)	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts:								
Buying								
Chinese yuan	¥ 1,423	¥ —	¥ (91)	¥ (91)	¥1,613	¥ —	¥ (94)	¥ (94)
U.S dollars	6,804	1,976	19	19	1,988	361	(1)	(1)
Currency swap:								
Payment in yen, receipt in U.S. dollars	519	—	43	43	—	—	—	—
Total	¥ 8,746	¥ 1,976	¥ (29)	¥ (29)	¥3,601	¥ 361	¥ (95)	¥ (95)

	Thousands of U.S. Dollars (Note 1)			
	2017			
	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts:				
Buying				
Chinese yuan	$12,705	$ —	$ (813)	$ (813)
U.S dollars	60,750	17,643	170	170
Currency swap:				
Payment in yen, receipt in U.S. dollars	4,634	—	384	384
Total	$78,089	$17,643	$ (259)	$ (259)

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

(2) Derivative transactions, to which hedge accounting is applied, at March 31, 2017 and 2016 are as follows:

	Millions of Yen					
	2017			2016		
	Contract amount	Due after one year	Fair value	Contract amount	Due after one year	Fair value
Foreign currency forward contracts:						
Buying						
U.S dollars	¥ 2,067	¥ 1,379	¥ 103	¥ —	¥ —	¥ —

	Thousands of U.S. Dollars (Note1)		
	2017		
	Contract amount	Due after one year	Fair value
Foreign currency forward contracts:			
Buying			
U.S dollars	$18,455	$12,313	$ 920

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

	Millions of Yen					
	2017			2016		
	Contract amount	Due after one year	Fair value	Contract amount	Due after one year	Fair value
Interest rate swap contracts:						
Variable interest received, fixed interest paid	¥ 511	¥ 311	¥ —	¥ 513	¥ 200	¥ —

	Thousands of U.S. Dollars (Note 1)		
	2017		
	Contract amount	Due after one year	Fair value
Interest rate swap contracts:			
Variable interest received, fixed interest paid	$ 4,563	$ 2,777	$ —

Note: Interest rate swap contracts applying the exceptional method are dealt with as a group within long-term debt for the hedged item, and the fair values are included in the fair values of long-term debt.

19. Stock Options, etc.

(1) Expenses and accounts related to stock options

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Selling, general and administrative expenses	¥—	¥5	$—

(2) Contents, scale and changes in stock options

a) Contents of the stock options

Resolution date	Person granted	Number of stock options by type of stock	Grant date	Vesting conditions	Service period	Exercise period
November 8, 2013	4 directors of the Company (excluding outside directors)	36,000 shares of common stock	November 25, 2013	—	—	From November 26, 2013 to November 25, 2043
August 7, 2014	4 directors of the Company (excluding outside directors)	24,000 shares of common stock	August 25, 2014	—	—	From August 26, 2014 to August 25, 2044
August 7, 2015	4 directors of the Company (excluding outside directors)	7,000 shares of common stock	August 25, 2015	—	—	From August 26, 2015 to August 25, 2045

b) Scale and changes in stock options

Stock options outstanding for the year ended March 31, 2017 are covered, and the number of stock options are converted into the number of shares.

Number of stock options

1st Stock Acquisition Rights of Fujitec Co., Ltd.

	Before vesting (shares)					Vested (shares)				
Resolution date	At the end of March 31, 2016	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2016	Vested	Exercised	Lapsed	Unexercised
November 8, 2013	—	—	—	—	—	36,000	—	—	—	36,000

2nd Stock Acquisition Rights of Fujitec Co., Ltd.

	Before vesting (shares)					Vested (shares)				
Resolution date	At the end of March 31, 2016	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2016	Vested	Exercised	Lapsed	Unexercised
August 7, 2014	—	—	—	—	—	24,000	—	—	—	24,000

3rd Stock Acquisition Rights of Fujitec Co., Ltd.

	Before vesting (shares)					Vested (shares)			
Resolution date	At the end of March 31, 2016	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2016	Vested	Exercised	Lapsed	Unexercised
August 7, 2015	—	—	—	—	—	7,000	—	—	—	7,000

Unit price information

1st Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Exercise price (Yen)	Average stock price at the time of exercise (Yen)	Fair value as of the grant date (Yen)
November 8, 2013	1	—	1,016

2nd Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Exercise price (Yen)	Average stock price at the time of exercise (Yen)	Fair value as of the grant date (Yen)
August 7, 2014	1	—	815

3rd Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Exercise price (Yen)	Average stock price at the time of exercise (Yen)	Fair value as of the grant date (Yen)
August 7, 2015	1	—	696

(3) Evaluation method of fair value per unit of stock options for the year ended March 31, 2017

Not applicable

(4) Method of estimating the number of vested stock options

All of the stock acquisition rights are vested when granted.

20. Related Party Transactions

Related party transactions of the Company for the years ended March 31, 2017 and 2016 are summarized as follows:

2017

Description	Name of the company or individual	Location	Paid in capital or investment in capital (Millions of Yen)	Natures of operations	Ownership ratio of voting rights	Nature of relationship	Nature of transaction	Amount of transaction: Millions of Yen	Amount of transaction: Thousands of U.S. Dollars (Note1)	Accounts	Balance at year ended: Millions of Yen	Balance at year ended: Thousands of U.S. Dollars (Note1)
Directors of the Company and their relative of which they hold more than one-half of voting rights	Uchiyama International, Limited*2	Ibaraki, Osaka	¥50	Real estate leasing, buying and selling Investment and operation for securities	Direct 8.10%	Real estate leasing Interlocking directors	Building leasing*4	¥ 53	$ 473	Lease deposits	¥46	$411
	Takanawa FT Investment Limited Liability Company*3	Chuo-ku, Tokyo	¥ 2	Real estate leasing and management	—	Real estate leasing	Building leasing*4	¥176	$1,571	—	—	—

2016

Description	Name of the company or individual	Location	Paid in capital or investment in capital (Millions of Yen)	Natures of operations	Ownership ratio of voting rights	Nature of relationship	Nature of transaction	Amount of trans-action (Millions of Yen)	Accounts	Balance at year ended (Millions of Yen)
Directors of the Company and their relative of which they hold more than one-half of voting rights	Uchiyama International, Limited*2	Ibaraki, Osaka	¥50	Real estate leasing, buying and selling Investment and operation for securities	Direct 10.36%	Real estate leasing Interlocking directors	Building leasing*4	¥ 53	Lease deposits	¥46
	Takanawa FT Investment Limited Liability Company*3	Chuo-ku, Tokyo	¥ 2	Real estate leasing and management	—	Real estate leasing	Building leasing*4	¥176	—	—

*1 Consumption taxes are not included in amount of transaction.
*2 President and Chief Executive Officer Takakazu Uchiyama and his relative directly hold 100% of the voting rights of Uchiyama International, Limited.
*3 Takanawa FT Investment Limited Liability Company is a wholly owned subsidiary of Uchiyama International, Limited.
*4 Rental fees are determined with reference to transaction price in the neighborhood.

21. Per Share Information

Net assets per share, net income per share and diluted net income per share for the years ended March 31, 2017 and 2016 are as follows:

	Yen		U.S. Dollars (Note 1)
	2017	2016	**2017**
Net assets per share	**¥1,148.36**	¥1,102.66	**$10.25**
Net income per share	**106.35**	109.36	**0.95**
Diluted net income per share	**106.26**	109.28	**0.95**

(Notes)

1. The Company's shares held by the ESOP Trust Supporting Employee Shareholding Association are included in the treasury stock to be deducted in calculation of the average number of shares during the year for the purpose of calculation of the net income per share and are also included in the number of treasury stock to be deducted from the aggregate number of shares issued and outstanding as of the year for the purpose of calculation of the net assets per share.

The number of treasury stock as of the end of the year, which are deducted in calculation of the net assets per share, are 455,300 shares and 601,900 shares for the years ended March, 31, 2017 and 2016, respectively. The average number of treasury stock during the year, which are deducted for the purpose of calculation of the net income per shares, are 523,334 shares and 668,092 shares for the years ended March 31, 2017 and 2016, respectively.

2. The basis for the calculation of net income per share and diluted net income per share for the years ended March 31, 2017 and 2016 are as follows:

(A) Net income per share

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	**2017**
Profit attributable to owners of parent	**¥ 8,564**	¥ 8,807	**$ 76,464**
Amount not attributable to holder of common stock	**—**	—	**—**
Profit attributable to owners of parent for common stock	**8,564**	8,807	**76,464**

	Thousand shares	
	2017	2016
Average number of common stock issued and outstanding during the year	**80,537**	80,534

(B) Dulited net income per share

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	**2017**
Profit attributable to owners of parent adjustment	**¥ —**	¥ —	**$ —**

	Thousand shares	
	2017	2016
Increase of common stock	**66**	64
Of which: stock acquisition rights	**66**	64

3. The basis for the calculation of net assets per share and diluted net income per share for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Total net assets	¥103,847	¥100,406	$927,205
Amount deducted from total net assets	11,283	11,687	100,741
Of which: stock acquisition rights	61	61	545
Of which: non-controlling interests	11,222	11,626	100,196
Total net assets for common stock	92,564	88,719	826,464

	Thousand shares	
	2017	2016
Number of common stock issued and outstanding at the end of fiscal year for the purpose of calculation of net assets per share	80,605	80,458

22. Quarterly Information

Quarterly information for the year ended March 31, 2017 is as follows:

(1) Cumulative period

	Millions of Yen			
	2017			
	1st quarter	2nd quarter	3rd quarter	Year ended
Net sales	¥ 37,607	¥ 80,691	¥ 122,578	¥ 167,442
Profit before income taxes	2,981	6,495	11,002	13,055
Profit attributable to owners of parent	2,145	4,389	7,430	8,564
Net income per share (Yen)	26.66	54.52	92.29	106.35

	Thousands of U.S. Dollars (Note 1)			
	2017			
	1st quarter	2nd quarter	3rd quarter	Year ended
Net sales	$335,777	$720,455	$1,094,446	$1,495,018
Profit before income taxes	26,616	57,991	98,232	116,562
Profit attributable to owners of parent	19,152	39,188	66,339	76,464
Net income per share (U.S. dollar)	0.24	0.49	0.82	0.95

(2) Quarterly period

	Yen			
	2017			
	1st quarter	2nd quarter	3rd quarter	4th quarter
Net income per share	¥ 26.66	¥ 27.86	¥ 37.76	¥ 14.07

	U.S. Dollars (Note 1)			
	2017			
	1st quarter	2nd quarter	3rd quarter	4th quarter
Net income per share	$ 0.24	$ 0.25	$ 0.34	$ 0.13

Independent Auditor's Report

GrantThornton

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Fujitec Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, 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, we consider 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, while the objective of the financial statement audit is 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 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 its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and their 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, 2017 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 1to the consolidated financial statements.

Grant Thornton Taiyo LLC
Osaka, Japan

October 12, 2017

Member of Grant Thornton International Ltd

Global Network (As of March 31, 2017)

● R&D centers ● Manufacturing bases ● Sales bases

Global (22 Countries and 3 Regions)

Consolidated subsidiaries: 19

Manufacturing bases: 10

Japan

Head Office and bases: 4

Divisions and branches: 5

Branch offices: 12

Japan

●● Head Office Big Wing (Hikone City, Shiga)
Elevator development and manufacturing base

● Tokyo Head Office (Minato-ku, Tokyo)

● Big Fit (Ibaraki City, Osaka)
After-sales services base

●● Big Step (Toyooka City, Hyogo)
Escalator development and manufacturing base

Headquarters/Offices

● North Japan Regional Office (Sapporo City, Hokkaido)

● Tokyo Metropolitan Area Control HQ (Minato-ku, Tokyo)

● Chubu Regional Office (Nagoya City, Aichi)

● Osaka Metropolitan Area Control HQ (Ibaraki City, Osaka)

● West Japan Regional Office (Fukuoka City, Fukuoka)

Big Wing (Japan)

East Asia

●● Fujitec (HK) Co., Ltd. (Hong Kong)

●● Fujitec Taiwan Co., Ltd. (Taiwan)

●●● Fujitec Korea Co., Ltd. (South Korea)

●●● Huasheng Fujitec Elevator Co., Ltd. (China)

●● Shanghai Huasheng Fujitec Escalator Co., Ltd. (China)

● Fujitec Shanghai Sourcing Center Co., Ltd. (China)

● Fujitec Shanghai Technologies Co., Ltd. (China)

South Asia

● Fujitec Singapore Corpn. Ltd. (Singapore)

● FSP Pte. Ltd. (Singapore)

● Fujitec, Inc. (Philippines)

● Fujitec (Malaysia) Sdn. Bhd. (Malaysia)

● P.T. Fujitec Indonesia (Indonesia)

● Fujitec Vietnam Co., Ltd. (Vietnam)

●● Fujitec India Private Ltd. (India)

● Fujitec (Thailand) Co., Ltd. (Thailand)

● Fujitec Lanka (Private) Ltd. (Sri Lanka)

● Fujitec Myanmar Co., Ltd. (Myanmar)

North & South America

●●● Fujitec America, Inc. (U.S.A.)

● Fujitec Canada, Inc. (Canada)

● Fujitec Venezuela C.A. (Venezuela)

● Fujitec Argentina S.A. (Argentina)

● Fujitec Uruguay S.A. (Uruguay)

● Fujitec Pacific, Inc. (Guam)

Europe & Others

● Fujitec UK Ltd. (U.K.)

● Fujitec Deutschland GmbH (Germany)

● Fujitec Saudi Arabia Co., Ltd. (Saudi Arabia)

● Fujitec Egypt Co., Ltd. (Egypt)

● Fujitec Co., Ltd. UAE (Dubai) Office (UAE)

Shareholder Information (As of March 31, 2017)

Company Data

Company Name	Fujitec Co., Ltd.
Date of Establishment	February 9, 1948
Paid-in Capital	¥12,533,933,095
Line of Business	Research and development, manufacture, marketing, installation and maintenance of elevators, escalators, moving walks, new transportation systems, etc.
Location Head Office	Head Office (Big Wing): 591-1, Miyata-cho, Hikone, Shiga, Japan Tokyo Head Office: 3-9-6 Mita, Minato-ku Tokyo
Consolidated Subsidiaries	19
Number of Employees	Consolidated: 9,832 (Japan: 2,875, Overseas: 6,957)
Total Number of Authorized Shares (Common Stock)	300,000,000 shares
Total Number of Issued Shares (Common Stock)	93,767,317 shares
Number of Shareholders	5,455
Stock Exchange Listing	First Section, Tokyo Stock Exchange (Ticker Code: 6406)
Annual Meeting of Shareholders	The annual meeting of shareholders of the Company is held in June each year at 591-1, Miyata-cho, Hikone, Shiga, Japan
Auditor	Grant Thornton Taiyo LLC
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Business Office	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 4-5-33, Kitahama, Chuo-ku, Osaka, Japan

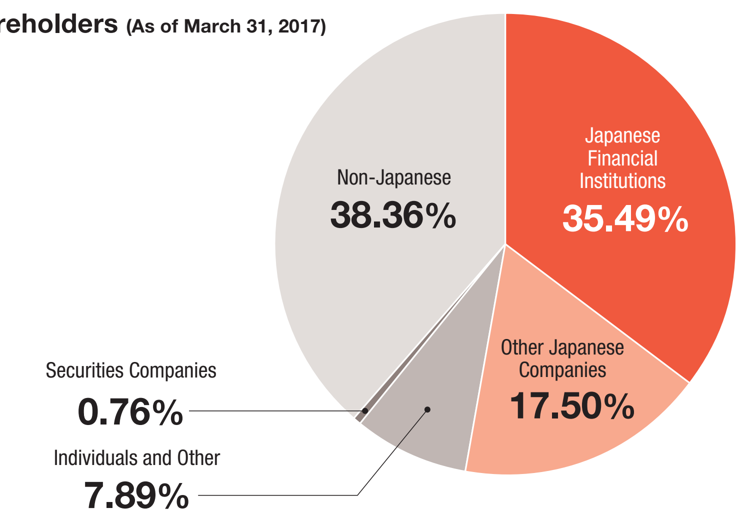
Major Shareholders

	Number of Shares Held (Thousands)	Shareholding Ratio (%)
Uchiyama International, Limited	6,564	8.10
Goldman Sachs and Company Regular Account	4,152	5.12
Resona Bank, Limited	4,051	5.00
JP Morgan Chase Bank 385632	3,585	4.42
The Master Trust Bank of Japan, Ltd. (trust account)	3,448	4.25
Japan Trustee Services Bank, Ltd. (trust account 4)	3,117	3.85
Fuji Electric Co., Ltd.	2,889	3.56
Japan Trustee Services Bank, Ltd. (trust account 9)	2,842	3.51
CGMI – CUSTOMER ACCOUNT (418)	2,360	2.91
FCP SEXTANT AUTOUR DU MONDE	2,000	2.47

*1 The shareholding ratios are calculated based on 81,060,614 shares, being the total number of issued shares as of March 31, 2017 (93,767,317 shares) minus the number of treasury shares (12,706,703 shares) on the same date.

*2 Fujitec Co., Ltd. holds 12,706,703 shares of treasury stock but is excluded from the above list.

Distribution of Shareholders (As of March 31, 2017)



FUJITEC CO.,LTD.