Financial Section

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.

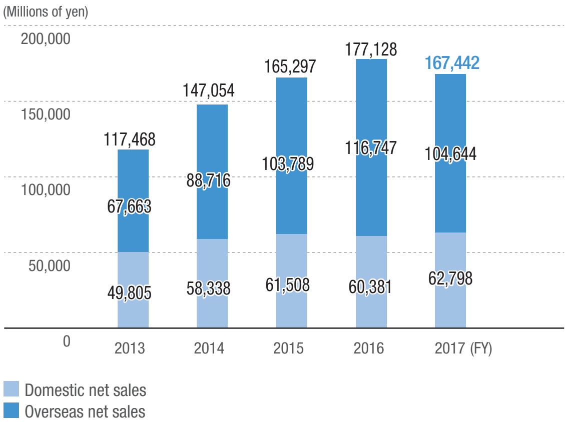
4. South Asia

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%.

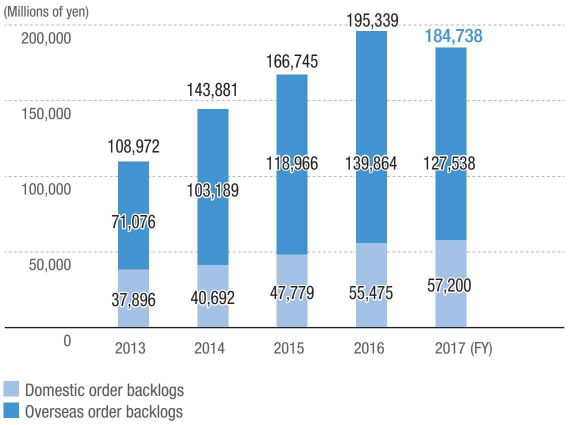
5. East Asia

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%.

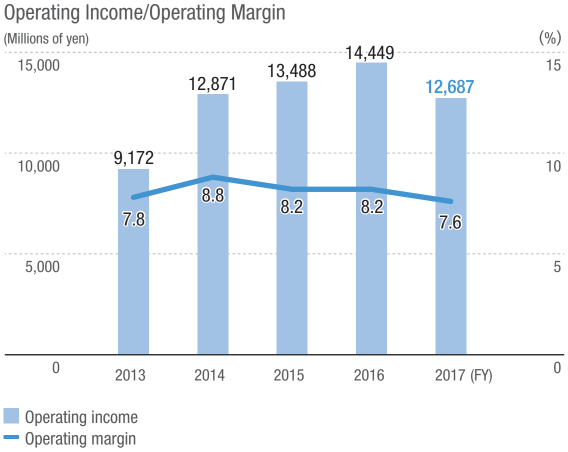
Net Sales (Domestic/Overseas)



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.

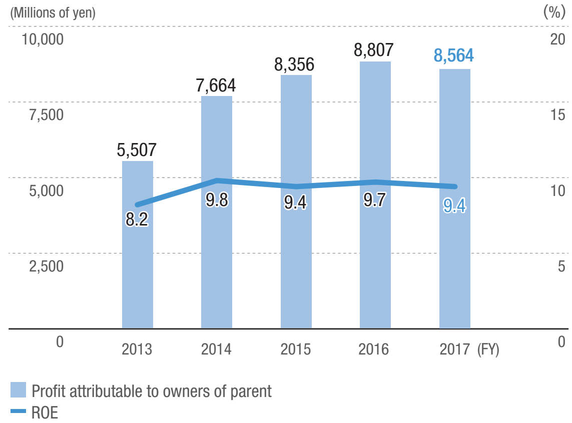
Cash Flows

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.

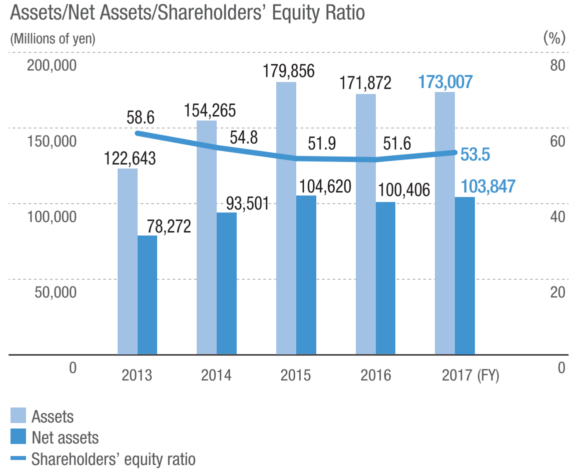
Cash Flows from Operating Activities

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.

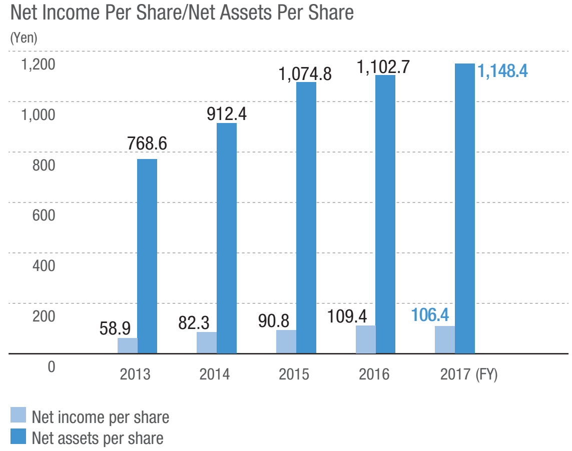
Profit Attributable to Owners of Parent/ROE



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.

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.

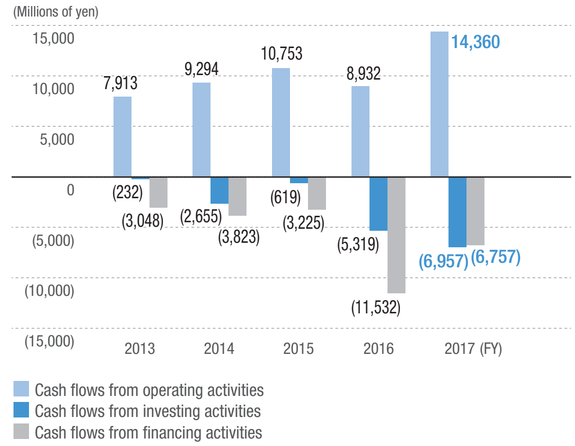
Political and Economic Circumstances

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.

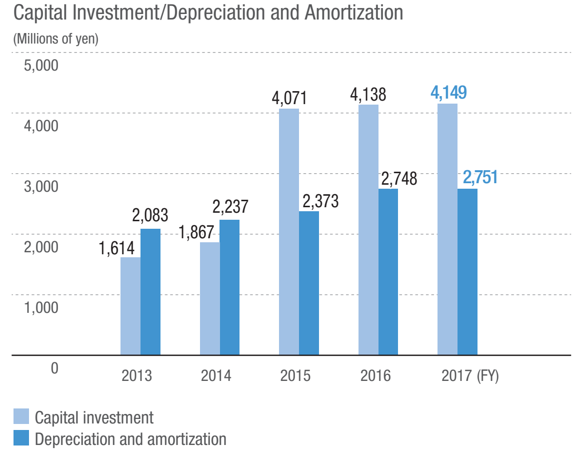
Development of New Products

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

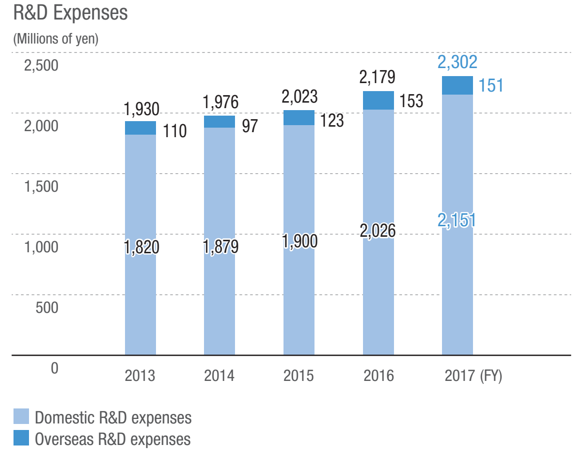
Cash Flows



Capital Investment/Depreciation and Amortization



R&D Expenses



Fiscal years ended March 31

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

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2017**	2016	**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	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 than 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 than 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					
Resolution	Type of share	Total dividends	Dividends per share	Recorded date	Effective date
		Millions of Yen	Yen		
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								
Resolution	Type of share	Resource of dividends	Total dividends		Dividends per share		Recorded date	Effective date
			Millions of Yen	Thousands of U.S. Dollars (Note1)	Yen	U.S. Dollars (Note1)		
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						
Resolution	Type of share	Resource of dividends	Total dividends	Dividends per share	Recorded date	Effective date
			Millions of Yen	Yen		
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								Amount of transaction			Balance at year ended	
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	Millions of Yen	Thousands of U.S. Dollars (Note1)	Accounts	Millions of Yen	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 transaction (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

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

Grant Thornton Taiyo LLC

Umeda Center Bldg. 25F
2-4-12 Nakazakinishi, kita-ku
Osaka 530-0015, Japan

T +81 (0)6 6373 3030
F +81 (0)6 6373 3303
http://www.gtjapan.or.jp/

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