



FUJITEC REPORT

2019

For the fiscal year ended March 31, 2019

“Respecting people, technologies,
and products, we collaborate
with people from nations around
the world to develop beautiful
and functional cities that meet
the needs of a new age.”

— Fujitec Global Mission Statement



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Editorial Policy

In this report, we present non-financial information such as corporate social responsibility (CSR) activities in addition to information on management direction and strategy, and a review of operations. Our aim is to give an overall view of the Fujitec Group's management and corporate activities.

Forward-Looking Statements

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

History of the Fujitec Brand

Fujitec was the first Japanese elevator and escalator manufacturer to expand into overseas markets and has promoted technological achievements based on the experience it has accumulated as a specialized manufacturer. Our overseas sales ratio currently exceeds 50%, and the number of completed projects in landmark buildings in various countries is steadily increasing as we work to accelerate expansion of the Fujitec brand.



1948 Foundation

Overseas expansion ahead of other companies

Fujitec was founded in February 1948. It began as a specialized manufacturer of elevators, and its business ranged from research and development to maintenance and modernization. In 1964, the year of the Tokyo Olympics, Fujitec started operations in Hong Kong, expanding overseas ahead of other Japanese companies in the elevator and escalator industry. With "The world is a single market" as its motto, Fujitec accelerated its business expansion worldwide.

1970 Technological Innovation

Completion of the world's largest elevator research tower

In 1975, Fujitec finished building what was then the world's tallest and largest elevator research tower. Standing at 150 meters tall, the research tower was used to promote technological development. The following year, Fujitec developed the world's first elevator with a speed of 600 meters per minute. It also built a computer-controlled control system equipped with learning functions that are related to today's AI technology.

1990 Expansion of Operations

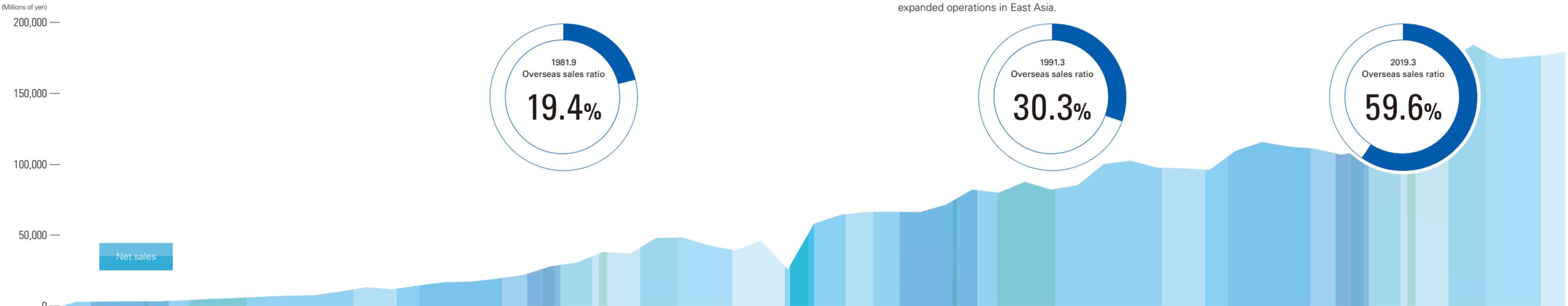
Business expansion with a focus on East Asia

The elevator and escalator market in China began expanding in the 1990s. To keep pace with the growing demand, Fujitec established the joint venture company, Huasheng Fujitec Elevator Co., Ltd., in 1995 and commenced elevator production in China. Soon after, Fujitec set up an escalator production plant and research and development facility in Shanghai. It also established a new elevator production plant in Incheon, South Korea and expanded operations in East Asia.

2010 Growth of the Brand

Acceleration of brand development globally

Fujitec has an excellent record in supplying elevators and escalators, which has helped to develop the trust of customers. In recent years, Fujitec has supplied elevators and escalators to landmark buildings around the world. Examples include GINZA SIX in Japan, Wangjing SOHO in China, and Resorts World Sentosa in Singapore. Going forward, Fujitec will continue to expand and develop its brand globally.



Osaka Plant featuring a 53-meter high elevator research tower (1965)



World's tallest and largest elevator research tower at that time (1975)



Hidaka Plant, an escalator manufacturing base, begins operations (1989)



Establishment of Huasheng Fujitec Elevator Co., Ltd. (1995)



Completed construction of Head Office (Big Wing) (2006)



Installation of 84 elevators and escalators in GINZA SIX (2017)

Business Model

As a specialized manufacturer of elevators and escalators, the Fujitec Group meets the needs of customers around the world under an integrated structure that makes use of capabilities that are both comprehensive and collaborative. Under the new mid-term management plan, we will improve productivity and efficiency on a global level, and contribute to the development of functional cities worldwide by extending the reach of the Fujitec brand.



Strengths Accumulated over 70 Years

Comprehensive capabilities as a manufacturer specializing in transportation systems

- Technologies and experience accumulated over many years
- A full lineup of products and services
- Ability to meet customer needs



Collaborative capabilities under an integrated structure

- Responsive collaboration between sales and manufacturing
- Development and design that consider downstream processes
- A sense of unity that goes beyond a single country or region



We aim to provide safe and reliable products to people around the world for sustainable enhancement of our corporate value in the global market.

New Mid-Term Management Plan

“Innovation, Quality & Speed”

Action Vision

1 Regional Strategy

Expansion of Fujitec standard model in our products throughout the world and enhancement of our profitability with customers' satisfaction

- Value-added solutions that satisfy customer needs
- Enhance brand recognition by increasing market share

3 Operational Strategy

Process innovation to meet changing needs of customers at their required speed

- Innovation of manufacturing technologies through automation and labor saving measures
- Construction of an optimal manufacturing and logistics framework

2 Product and Technology Strategy

Reinforcement of our technical platform to enhance corporate growth and value

- Enhancement of competitiveness and efficiency of the development process
- Creation of added value through the development of advanced technologies

4 Corporate Strategy

Enhancement of quality of management with SDGs* approach

- Optimal allocation of management resources
- Capital cost-conscious management

* Sustainable Development Goals

Safety Awareness / Environmental Friendliness

Help to develop cities around the world

Visualize a society where everyone can live in comfort

Making beautiful and functional cities a reality

Establish a reliable social infrastructure

Improve safety awareness

New Mid-Term Management Plan



Our Policy

We aim to provide safe and reliable products to people around the world for sustainable enhancement of our corporate value in the global market.

Mid-Term Management Plan Goals for the Fiscal Year Ending March 31, 2022 (Consolidated Basis)

Net sales:	¥180 billion (2019.3 results + 5.4%)	Operating margin:	7.2% (2019.3 results +1.2 points)
Operating income:	¥13.0 billion (2019.3 results +26.1%)	ROE:	8.0% or more

FX Rate: 2019.3 = ¥110/USD; 2022.3 = ¥105/USD

	2019.3			2022.3		
	Net Sales	Operating Income	Operating Margin	Net Sales	Operating Income	Operating Margin
Japan	72,485	5,206	7.2%	75,000	6,200	8.3%
East Asia	69,308	2,270	3.3%	69,000	3,500	5.1%
South Asia	16,572	1,851	11.2%	21,000	2,100	10.0%
North America & Europe*	24,046	893	3.7%	28,000	1,400	5.0%
Sub-total	182,411	10,220	5.6%	193,000	13,200	6.8%
Reconciliations	(11,652)	93	—	(13,000)	(200)	—
Total (Consolidated)	170,759	10,313	6.0%	180,000	13,000	7.2%

FX Rate: ¥110/USD

FX Rate: ¥105/USD

Note: The segments of "North America" and "Europe" were consolidated as "North America & Europe" in the fiscal year ending March 31, 2020. For convenience of comparison, the two segments are presented as "North America & Europe" for the fiscal year ended March 31, 2019.

Message from the President

One of our core strengths as a specialized manufacturer of elevators and escalators is our integrated structure that contributes to making beautiful and functional cities a reality.

Takakazu Uchiyama

President and CEO



A specialist in the elevator and escalator industry

Fujitec is a specialized manufacturer of elevators and escalators. Founded in Osaka in 1948 after World War 2, we contributed to urban reconstruction through the repair of elevators, while also pursuing sales of new installations. We actively developed and adopted overseas technology and were quickly recognized by the industry because of our success. We began receiving orders from all over Japan, and during a period of rapid economic growth in 1964, we expanded our business overseas ahead of other Japanese manufacturers. Our motto, "The world is a single market" led us to establish a local subsidiary in Hong Kong to meet the construction demands for high-rise buildings there. Since then, we have been actively expanding and growing our business globally, and currently have bases in over 20 countries and regions around the world.

To further contribute to the development of beautiful and functional cities around the world and to respond more effectively to various needs, we must be highly adaptable, and I am confident that Fujitec can do that.

This belief is backed by our unique business model as a specialized manufacturer of elevators and escalators, and our integrated structure. The installation and maintenance of elevators and escalators requires extensive experience and knowledge in many diverse fields. Only a specialized manufacturer dedicated to honing its elevator expertise can meet the needs of a diversified customer base and changing needs. Our integrated structure encompasses research and development, sales, manufacturing, installation, maintenance and modernization. This, along with our full lineup of products and comprehensive capabilities, helps us provide customer solutions quickly and efficiently. From R&D that foresees design and development processes for potential modernization projects, to engineers participating in sales activities to create customer proposals, our corporate culture is to work as a unified team. The deployment of this globally integrated structure allows us to meet the needs of customers all over the world.

Increase in sales for the second consecutive year and record-high net income* under the previous Mid-Term Management Plan “No Limits! Push Forward Together!”

Under the previous Mid-Term Management Plan “No Limits! Push Forward Together!” (April 2016 to March 2019), we aimed to provide safe and reliable products to earn the trust of customers and to firmly establish our position in the global market based on the following four key objectives of our Action Vision.

The first key objective was “Increase Fujitec’s market share by identifying and supporting specific regional needs.” To that end, we focused on proactive sales activities and product proposals, with the aim of improving customer satisfaction and increasing orders. We targeted high-profile properties to expand market share and enhance the global recognition of the Fujitec brand. Under the second objective, “Increase competitiveness through the unification of product specifications,” we strengthened our competitiveness by commercializing global standard elevator models and developing methods for modernization of escalators. For the third objective, “Innovate procurement systems and establish a new global network for product design,” we promoted innovation of procurement systems by building a unified Group procurement and management structure. We also worked to establish an optimal manufacturing system and reduce costs. Under the fourth objective,

“Enhance the quality of Fujitec’s corporate management,” we made progress in establishing corporate governance rules, as well as in enhancing work efficiency by improving facilities through the introduction of IT. At the same time, we also worked to strengthen initiatives for passing on technical know-how, such as by developing global human resources and encouraging employees to acquire qualifications.

As a result, net sales were ¥170,759 million in the fiscal year ended March 31, 2019, an increase for the second consecutive year. The success of cost-cutting initiatives and gain on sales of investment securities contributed to record-high net income* of ¥9,220 million.

On the other hand, the operating margin declined due to costs related to market share expansion. In improving work efficiency, we recognize the need to further accelerate efforts for preventive maintenance using AI and construction of remote monitoring systems utilizing IoT, as well as automation and mechanization at factories. Although profitability in China is gradually improving, we must establish a structure to ensure sustainable profit growth if we are to continue our global expansion.

*Profit attributable to owners of parent

Promoting the new Mid-Term Management Plan “Innovation, Quality & Speed” to transition to a highly profitable and robust corporate structure

The outlook for the global elevator and escalator market is becoming increasingly uncertain due to factors such as heightened trade friction between the United States and China, economic turmoil caused by the United Kingdom’s withdrawal from the European Union, and deceleration in the Chinese economy. Fujitec’s operating environment is also becoming increasingly severe, and it will become more important than ever to strike a balance between 1) the strategy to expand market share while remaining aware of an appropriate business scale, 2) improvement of earning capacity and 3) enhancement of brand recognition. We also recognize the new challenges arising from the drastic changes in business models that are occurring due to digitalization, and from the acceleration of technological obsolescence. In view of this, we must put

Action Vision

Regional Strategy

- 1 Expansion of Fujitec standard model in our products throughout the world and enhancement of our profitability with customers’ satisfaction

Product and Technology Strategy

- 2 Reinforcement of our technical platform to enhance corporate growth and value

Operational Strategy

- 3 Process innovation to meet changing needs of customers at their required speed

Corporate Strategy

- 4 Enhancement of quality of management with SDGs approach

in place measures to optimize manufacturing and logistics frameworks throughout the Group.

Under the new Mid-Term Management Plan “Innovation, Quality & Speed” that was launched in April 2019, we set out the goal of making the transition to a highly profitable and robust corporate structure that is able to adapt to changes in the market environment. We formulated the Action Vision based on the basic policy of “We aim to provide safe and reliable products to people around the world for sustainable enhancement of our corporate value in the global market.” Specifically, we have established the following four objectives: “Expansion of

Fujitec standard model in our products throughout the world and enhancement of our profitability with customers’ satisfaction” as the regional strategy; “Reinforcement of our technical platform to enhance corporate growth and value” as the product and technology strategy; “Process innovation to meet changing needs of customers at their required speed” as the operational strategy; and “Enhancement of quality of management with SDGs approach” as the corporate strategy. The entire Group will work to achieve these objectives.

Product and Technology Strategy

- Enhancement of competitiveness and efficiency of the development process
- Creation of added value through the development of advanced technologies

	Elevators	Escalators
Commercialization New technologies	High-speed, high-end models Comfort, design, safety and reliability	Safety and convenience (Congestion detection systems, etc.)
Expand applications Cost saving	Global standard models Optimal specifications based on local needs	Global standard models Improvement in basic design Standardization of specifications and parts
	Modernization projects (Customized proposals)	
Services	Promotion of automation and diagnosis efficiency Line-up of maintenance services	
HR Processes	HR development and integrated management of technologies Promotion of BPR, process control and global technical support	

Operational Strategy

- Innovation of manufacturing technologies through automation and labor saving measures
- Construction of an optimal manufacturing and logistics framework



* Quality, cost, delivery (QCD). The three main pillars of the manufacturing industry.

Under the regional strategy, we will provide added value by meeting the individual needs of customers in each region, and continue to expand our market share. At the same time, we will work to enhance recognition of the Fujitec brand. (For details, please refer to “Strategy by Segment” on pages 13 to 17).

Regarding the product and technology strategy, we aim to optimize specifications that are suited to the needs of each region in order to expand the sale of global standard elevator models. Furthermore, we will apply Fujitec’s unique ability to develop cutting-edge technology to commercialize high-end elevators targeted at customers with needs for high-speed models, while pursuing ease-of-use, design, and safety and reliability. For escalators, we aim to enhance safety and convenience through means such as developing congestion detection systems. To do so, we will take a proactive approach to human resource development and create a global support system with the aim of improving our technological capabilities on a global scale.

We implemented manufacturing reforms such as automation and labor saving measures, and the development of an optimal Group manufacturing and logistics framework. These initiatives are the pillar of our operational strategy. We aim to expand overall production capacity by pursuing greater efficiency through an automated production system in Japan, as well as by establishing a system for increasing production in India. Furthermore, by strengthening collaboration between our operational bases through the use of digital

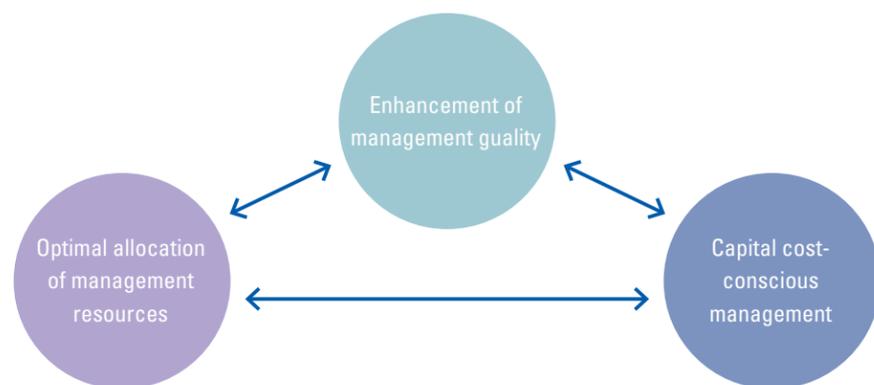
technology, and developing a production process and management system that is common to all manufacturing bases, we aim to achieve the shared KPI of developing the most effective methods. We will work to improve domestic logistics functions, build a more efficient supply chain, and further enhance global procurement functions.

For the corporate strategy, we will further strengthen our corporate governance system to ensure the effectiveness of our internal control and risk management systems. In addition, we will promote capital investment and investment in human resource development, and pursue M&A opportunities, with a view to achieving optimal allocation of management resources. We will also establish a capital strategy that focuses on capital cost, and continue to use management resources to achieve further growth. In implementing these initiatives, we will remain conscious of the need to maintain a balance between retaining internal reserves and returning profit to our shareholders.

We will contribute to the realization of the United Nations SDGs based on the overarching goal of reducing environmental burden. Fujitec’s Global Mission Statement is “Respecting people, technologies, and products, we collaborate with people from nations around the world to develop beautiful and functional cities that meet the needs of a new age.” We aim to develop high-quality social infrastructure, while at the same time contributing to the sustainable development of society as set out in the SDGs.

Corporate Strategy: Approach to Management

- Optimal allocation of management resources
- Capital cost-conscious management



Corporate Strategy: Themes of SDGs

Theme	Measures	Connection with the environment and society
Reinforcement of corporate governance	<ul style="list-style-type: none"> • More effective internal control system • More effective risk management system 	<ul style="list-style-type: none"> • Faithful execution of Action Vision and Fujitec policies 
Promote digitization of business	<ul style="list-style-type: none"> • Cooperation, integration and automation of business • Automation of services and optimization of QCD through AI, IoT, etc. 	<ul style="list-style-type: none"> • Development of high-quality social infrastructure • Reform of working practices through process innovation 
Reduction of environmental burden	<ul style="list-style-type: none"> • Adoption of EN Code • Promote maintenance and modernization • Improvements in logistics 	<ul style="list-style-type: none"> • Strict adherence to environmental regulations • Energy saving through use of the latest technologies • Reduction of environmental burden through improvements in repair services and logistics 
Global human resource development	<ul style="list-style-type: none"> • Establishment of Experience Centre • HR development in Tokyo and Singapore aimed at enhancement of service quality 	<ul style="list-style-type: none"> • Development of high-quality social infrastructure through the pursuit of safety and reliability 

In keeping with the basic policy and action vision strategies of the new Mid-Term Management Plan “Innovation, Quality & Speed,” we have set various quantitative targets. For the fiscal year ending March 31, 2022, which is the final year of the plan, our targets are net sales of ¥180 billion, operating income of ¥13 billion, and an operating margin of 7.2%. We have also set a ROE target as one of our management targets for the first time, and aim to achieve ROE of 8.0% or more. We plan for capital investments of ¥4.6 billion and R&D expenses of ¥2.4 billion for the fiscal year ending March 31, 2020.

For the fiscal year ended March 31, 2019, we plan to pay a year-end dividend of ¥25 per share, reflecting the record-high net income. Combined with the interim dividend, total dividends per share for the year will be ¥45. Going forward, the return of profits to our shareholders will remain a priority issue for management, and we will

• Annual Dividends per Share



distribute profits while considering the balance with retaining internal reserves, in order to ensure the long-term stability of our corporate structure.

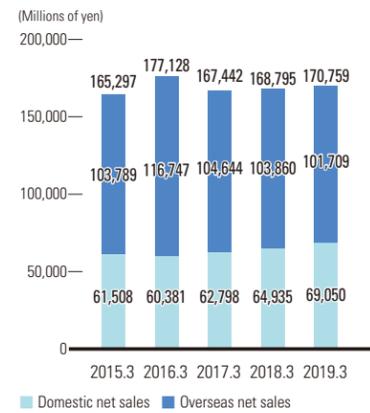
Realization of beautiful and functional cities

To date, Fujitec has consistently promoted global business activities by harnessing the strengths of the entire Group. Under the new Mid-Term Management Plan “Innovation, Quality & Speed,” we will strengthen our technical platform to enable us to respond promptly and accurately to rapidly changing customer needs, while enhancing both customer satisfaction and profitability. At the same time, we will also proactively

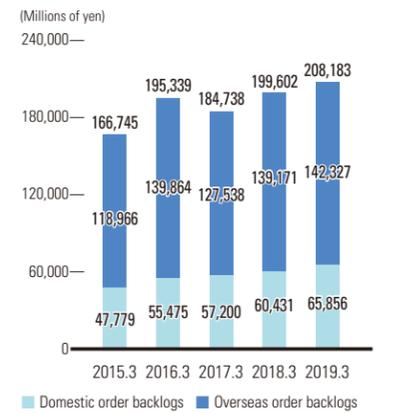
develop global standard models with greater price competitiveness, and strive to secure new markets and expand sales. To continue to earn the trust of our customers, we aim to create beautiful and functional cities around the world while realizing the sustainable growth of the Company and contributing to achieving the SDGs. We look forward to the continued support of our shareholders and investors.

Financial Highlights

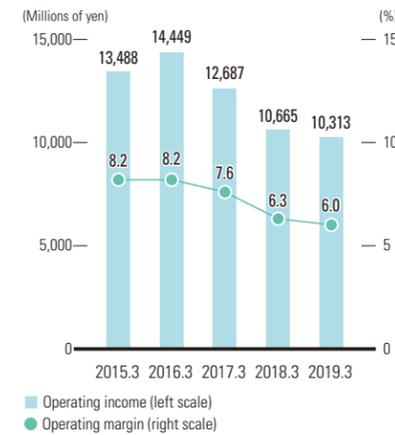
Net Sales (Domestic/Overseas)



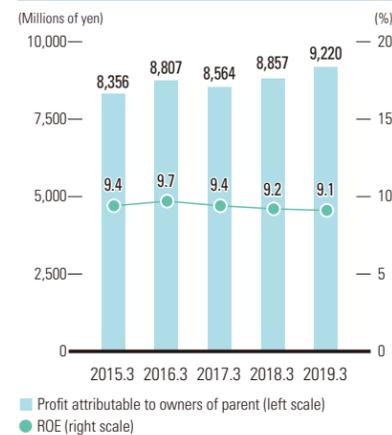
Order Backlogs (Domestic/Overseas)



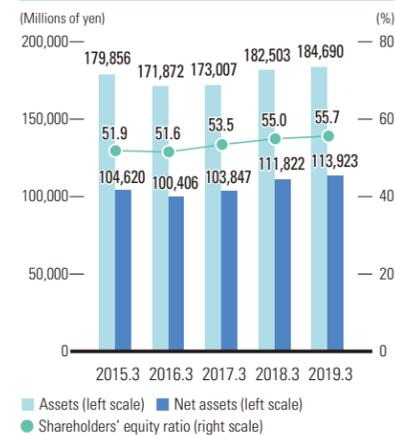
Operating Income/Operating Margin



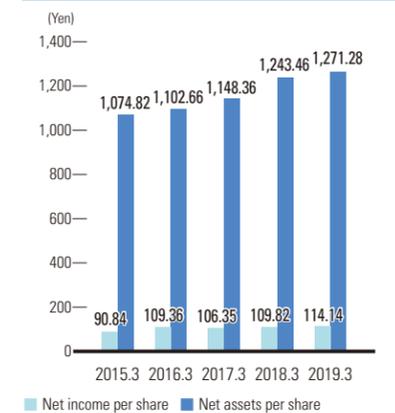
Profit Attributable to Owners of Parent/ROE



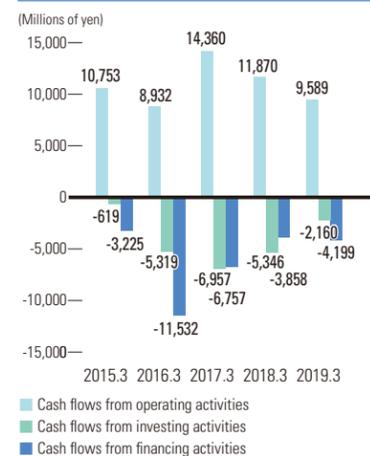
Assets/Net Assets/Shareholders' Equity Ratio



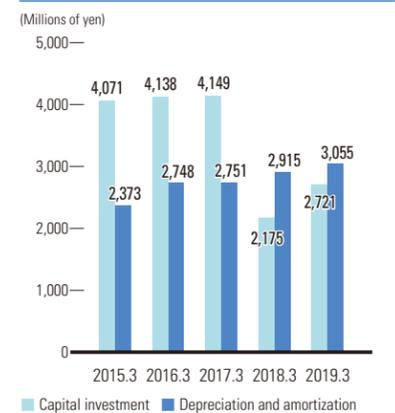
Net Income Per Share/Net Assets Per Share



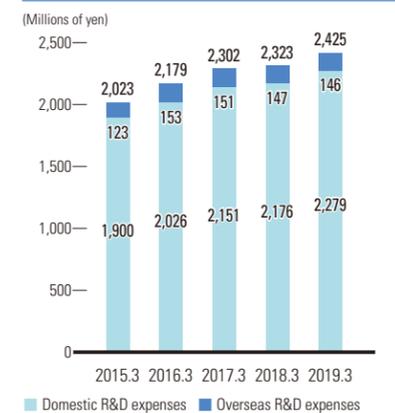
Cash Flows



Capital Investment/Depreciation and Amortization



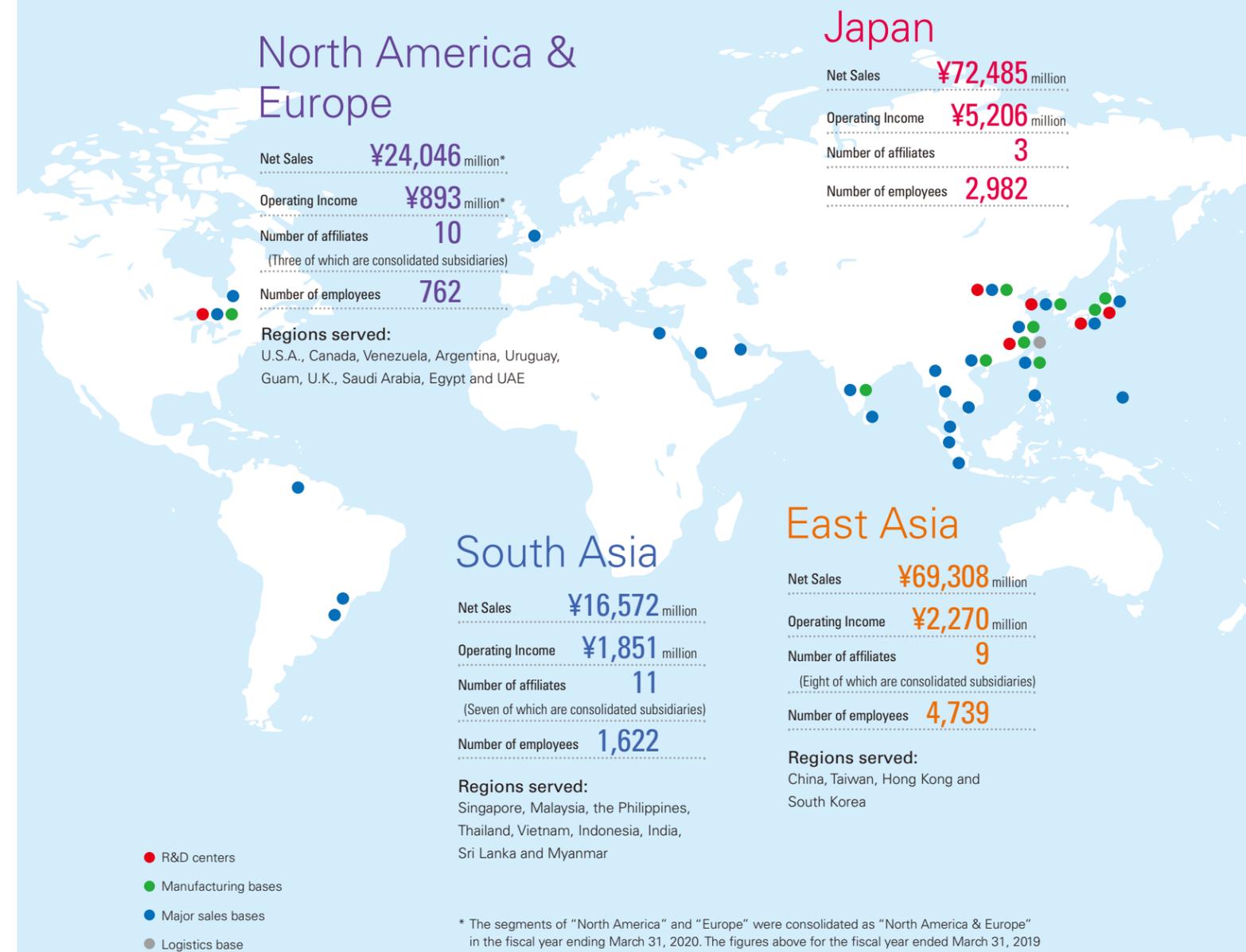
R&D Expenses (Domestic/Overseas)



Strategy by Segment

Fujitec was the first company in the Japanese elevator and escalator industry to expand into overseas markets, establishing Fuji Engineering Co., (HK) Ltd. (currently Fujitec (HK) Co., Ltd.) in 1964. Since then, we have been proactively promoting global business, which encompasses six R&D centers and 10 manufacturing bases in over 20 countries and regions. Each sales base is connected through our global supply chain network.

(As of March 31, 2019)



* The segments of "North America" and "Europe" were consolidated as "North America & Europe" in the fiscal year ending March 31, 2020. The figures above for the fiscal year ended March 31, 2019 reflect this segment change.

Japan



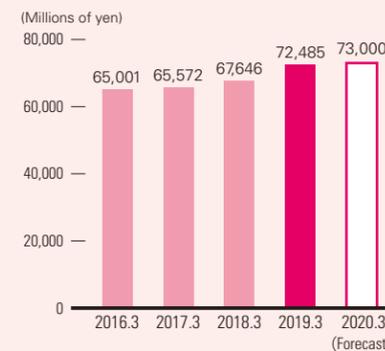
The Kitano Hotel Tokyo (Tokyo)

Laguna Baycourt Club Hotel & Spa Resort (Aichi Prefecture)

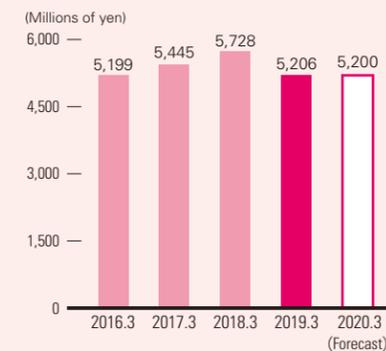
Market Characteristics >>

- Strong demand for new installations, mainly in the Tokyo metropolitan area
- Customer needs range from high-value-added to standard products
- Demand for modernization is high and the market is growing

Net Sales



Operating Income



In Japan, orders for new installations increased significantly, mainly in the Tokyo metropolitan area, where large-scale development projects are ongoing, and orders for modernization remained steady overall. Due to growth in both the new installation business and the after-sales market business, net sales increased 7.2% from the previous fiscal year, setting a record high for the third consecutive year. On the other hand, operating income decreased due to increases in fixed costs such as labor costs and in logistics costs due to concentration of work associated with the start of a large-scale project.

Under the new mid-term management plan, we aim to further enhance the Fujitec brand by achieving an increase in orders in the new installation business from properties with high market value. We will also begin sales of our new line of

elevator models that meet market needs. These new models will capture construction demand for office, residential and commercial facilities. In the modernization business, we will proactively respond to customer needs to maintain sustainable growth. In the maintenance business, we will use digitalization to make advances that will further improve our services and strengthen profitability.

For the fiscal year ending March 31, 2020, we forecast year-on-year increases in net sales in both the new installation business and the after-sales market business, and expect demand to remain firm, mainly in the Tokyo metropolitan area. Operating income is expected to remain flat due to increased costs for upfront investment in digital technologies in the maintenance business.

East Asia



Hong Kong Children's Hospital (Hong Kong)

ASE Mall (Taiwan)

Market Characteristics >>

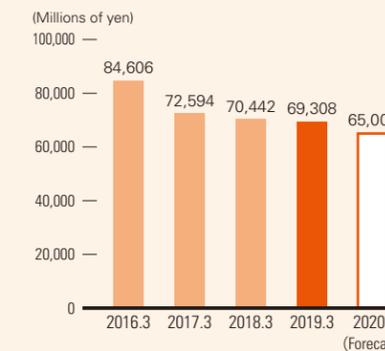
China

- Accounts for about half of global demand for new installations
- Severe price competition, mainly in the low-priced range

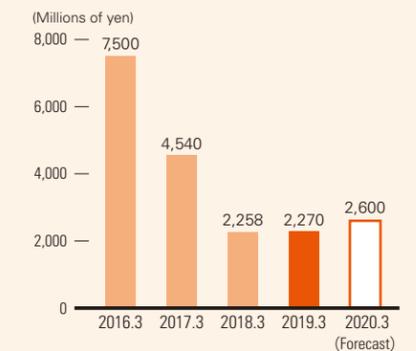
Hong Kong, Taiwan and South Korea

- Mature markets. Centered on after-sales
- Strong needs for high-value-added new installations

Net Sales



Operating Income



In East Asia, although demand for new installations remained steady in China, the world's largest market, new orders decreased significantly due to ongoing severe price competition. Net sales increased in China and Taiwan but decreased in Hong Kong and South Korea, resulting in a 1.6% year-on-year decrease overall. Operating income increased 0.5% from the previous fiscal year due to the improved profitability of new installations in China, although the profitability of exports decreased in South Korea.

Under the new mid-term management plan, we will work to simultaneously increase the number of new orders and improve profitability in the new installation business by further enhancing the price competitiveness of the global standard

elevator models ZEXIA (with machine room) and REXIA (without machine room). These models are our main products in China, the world's largest market for elevators and escalators. In Hong Kong, Taiwan, and South Korea, we will focus on the after-sales market business, mainly for modernization projects.

For the fiscal year ending March 31, 2020, we aim to increase orders received in China despite the persistent severe price competition. Net sales are expected to decrease due to the large decline in orders in China in the previous fiscal year. We expect an increase in operating income as a result of profits on par with the previous fiscal year in China, improved profitability in South Korea and stable performance in Hong Kong and Taiwan.

Highlight

Joint Research with Shiga University

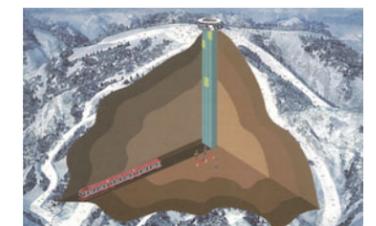
Fujitec and Shiga University Faculty of Data Science are conducting joint research into the development of a risk forecasting model. This model is based on the analysis of elevator operation log information. The purpose is to detect elevator problems, identify any correlations, and eliminate future operating risks at the detection stage. We intend to use the research results to provide society with safe, reliable and comfortable products.



Highlight

Building an Elevator with the World's Longest Travel

Huasheng Fujitec Elevator Co., Ltd., a Group company in China, received an order in March 2018 for three elevators that, when complete, will have the world's longest travel – 638 meters through a mountain. The elevators will be installed in Zhangjiakou (Hebei), one of the venues for the 2022 Beijing Winter Olympics and Paralympics. They will travel at the ultra-high speed of 720 meters per minute. Drilling work through the mountain is steadily proceeding, after which construction will commence.



Artist's rendition of shaft inside the mountain

South Asia



One Raffles Place (Singapore)

Prestige High Fields (India)

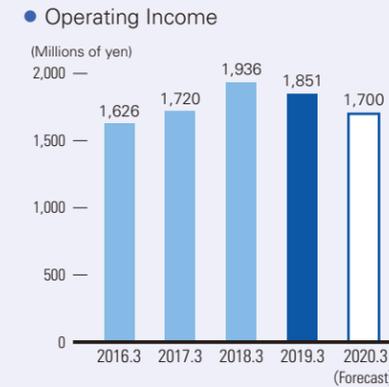
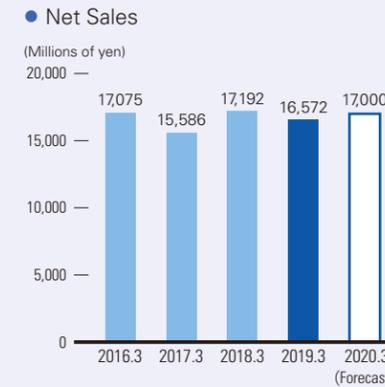
Market Characteristics >>

Singapore

- The mature market requires high service quality

India, Vietnam, Thailand and Indonesia

- South Asia is developing as a new base for reaching new markets, centered on India
- The market is growing, but growth speed differs by country
- Susceptible to political factors, including economic stagnation and currency depreciation in each country



In South Asia, demand in the Singapore/ASEAN region is consistent and strong. Orders received increased substantially, particularly in India, where demand for new installations bounced back after a drop in the previous fiscal year when the Goods and Services Tax came into effect. New installations increased in India but decreased in Singapore due to a slump in demand. Overall, net sales decreased 3.6% compared with the previous fiscal year. Operating income increased in Malaysia and Indonesia but decreased in Singapore due to worsening profitability for new installations. Although sales increased in India, expenses also increased and the break-even point remained on par with the previous fiscal year.

Under the new mid-term management plan, we will continue to invest management resources in the ASEAN

region, including the Mekong River Basin, and India. We strengthened our product supply system with the development of a supply chain centered in India, enabling us to expand sales in India as well as to increase exports from India to the rest of the region. We will use the Experience Centre, an employee training facility that opened in June 2019 in Singapore, to promote and expand the Fujitec brand based on safety and reliability.

For the fiscal year ending March 31, 2020, sales are expected to decrease in Singapore, but to increase significantly in India due to growth in orders, with improvement in income expected as well. Operating income is forecast to decrease due to higher labor costs resulting from our plan to increase maintenance department staff in Singapore.

Highlight

Opening of the Experience Centre in Singapore

Fujitec Singapore Corpn. Ltd., the hub of our operations in South Asia, opened the Experience Centre, an employee training facility, in June 2019. The facility includes a training area for engineers to polish their skills, in addition to a showroom for customers and employees to learn about Fujitec's history and products, and to deepen understanding of Fujitec. In the future, we plan to invite customers and employees from neighboring countries with the aim of building trust and enhancing the skills of employees.



North America & Europe



Madison Square Park Tower (U.S.)

610 Lexington Avenue (U.S.)

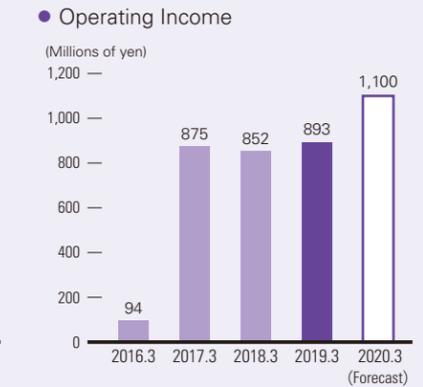
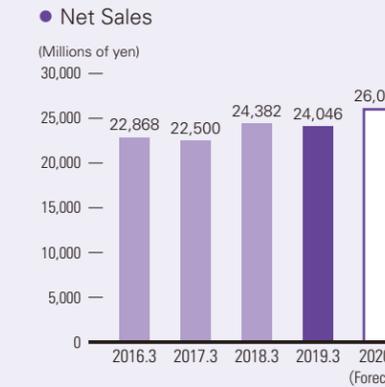
Market Characteristics >>

North America

- In the United States, trends in U.S.-China trade friction remain unclear, making global supply chain adaptability important
- In Canada, new installation demand is firm, mainly in major cities and for infrastructure such as airports

Europe

- Economic outlook is unclear due to the impact of the withdrawal of the United Kingdom from the European Union



Note: The figures prior to the fiscal year ended March 31, 2019 represent the sum of the North America and Europe segments (before the segments were consolidated).

In North America, due in part to economic expansion, demand remained steady and orders received increased, particularly in Canada, where we received an order for a total of 22 airport terminal elevators, escalators and moving walks in connection with the expansion of Vancouver International Airport. Net sales in North America decreased in the new installation business, but increased in the after-sales market business. Both net sales and operating income were on par with the previous fiscal year. In Europe, sales decreased due to the sell-off of a German subsidiary in the previous fiscal year. In the United Kingdom, new installation business sales were weak and did not achieve profitability.

Under the new mid-term management plan, we will work in North America to expand orders for new installations and

modernization projects, and reinforce our maintenance infrastructure to improve profitability. In Europe, we will focus on the new installation and modernization businesses.

For the fiscal year ending March 31, 2020, we expect firm performance in both North America and Europe, and an increase in profits, mainly in the after-sales market business. In North America, we plan on increases in net sales and operating income in the new installation and modernization businesses in both the United States and Canada. In Europe, we aim to break even, starting by improving profitability in the United Kingdom. We will work to achieve increases in net sales and operating income for the segment overall.

Highlight

Large-Scale Modernization Projects in the U.S.

In the United States, demand is increasing for modernization projects to update existing elevators. Fujitec America, Inc. has benefited from this demand through an increase in orders for modernization projects. The company worked on 1400 Smith Street, a landmark of the city of Houston, and carried out an elevator modernization project, including a double-deck elevator, in the Bank of America Plaza in Dallas. Fujitec America will continue working to capture new orders backed by stable demand.



Bank of America Plaza (Dallas) skyscraper standing at 317 meters

Foundations for Growth

Initiatives for Safety and Reliability

The Fujitec Group's management places the highest priority on safety and reliability. In working to provide elevators and escalators that people can use with peace of mind, we maintain total commitment to developing technologies that support safety and to ensuring the safety of everyone associated with the company. We also promote safety awareness throughout our operations on a daily basis.

We work to ensure the safety of customers, including users, as well as Fujitec Group employees. Measures include maintenance to ensure the quality of elevators and escalators in operation; expansion and improvement of safety functions that mitigate risks; and operation of an emergency response system and the Safe Net Center, a center that remotely monitors elevators and escalators 24 hours a day, 365 days a year.

At the same time, measures to ensure the safety of employees include conducting educational programs to promote awareness of safety and behavior; producing and disseminating manuals and videos that prescribe procedures for safety in the field; and use of telematics in all company cars to prevent traffic accidents. Our business encompasses a wide range of jobs in areas from research and development to sales, manufacturing, installation and maintenance, and the risks vary significantly. Accordingly, we tailor safety awareness education to the type of work done by each division. Safety and reliability will remain the highest priority as the Fujitec Group expands its business.

Ensuring the Safety of Customers



Maintenance work



Safe Net Center

Ensuring the Safety of Employees



Safety awareness training

Training with Original Educational Videos

To enhance safety awareness, the Safety Control HQ created videos covering safe operating procedures (an installation version and maintenance version). The videos target employees in the Installation Division and the Maintenance Division. In addition to reinforcing basic tasks, the videos comprehensively and clearly explain important safety procedures. Questions are posed at several points in the videos to confirm understanding. The videos are widely used for new employee training and other purposes.



Safe operating procedure videos

Human Resource Development

The rationale behind Fujitec's commitment to human resource development is reflected in the Fujitec Philosophy of Human Resource Management, which states: "The people at Fujitec cultivate their character as members of society, improve their capabilities as members of the company, deepen their insights as citizens of the world, and work toward the company's lasting growth and prosperity while achieving self-fulfillment with open-minded communication and vigorous energy." To develop our human resources based on this philosophy, we have established various training curriculums, which we implement on an ongoing basis.

We focus in particular on field engineers, the cornerstone of our business, and use a dedicated training facility to conduct detailed training according to years of experience. Employee training also takes place at dedicated training facilities at core

sales and manufacturing bases in Japan and regions around the world, where engineers work every day to develop the necessary skills for providing Japan-level high-quality service to customers globally. Moreover, our training programs are not limited to those for field engineers – we offer a wide range of training options to other employees, including those in sales and management operations.

As part of our human resource development, a competition that tests the skills of field engineers is held in Japan every year. Similar competitions are held overseas, helping to raise the skill level of each engineer. We will continue to enhance the content of our training programs to better fit current needs and develop employees that live up to the ideals of our management and personnel philosophy.

Technology Training

- New employees**
 - Safety training/department introduction training
 - Strict compliance with "Pointing and calling" method and Safety and Hygiene Standards
 - Hands-on training to promote the idea of "understanding before knowing and doing"
- 2nd year**
 - Basic training for improving safety and technical skills
 - Reconfirm safe operating procedures
 - Hands-on training for elevator safety
- 4th year**
 - Training for Certified Supervisor qualification
 - Inspection supervisor practical training
 - Take on responsibility of ensuring safety
- 10th year**
 - Advanced training for improving safety and technical skills
 - Safe operating procedure knowledge, technical skill and capability
 - Techniques for handling problems



Field engineer training at Big Fit (Osaka)

Upgrading the Skills of Engineers

Our field engineers are responsible for the installation, repair and improvement, and maintenance of our elevators and escalators. Every year, we hold a national technical skills competition that alternates between the themes of "installation/renovation" (National Installation/Renovation Technique Competition) and "maintenance" (National Maintenance Technique Competition), the two main tasks of field engineers. In addition to checking the skills of field engineers, the event provides an opportunity for technical exchanges among engineers and for improving individual skills.



Ninth National Maintenance Technique Competition

Environmental Initiatives

Fujitec regards its interaction with the environment and the development of a sustainable society as a key management issue, and strives for harmony between its business and the environment as a good corporate citizen. Our Environmental Policy comprises seven action guidelines for interacting with the environment.

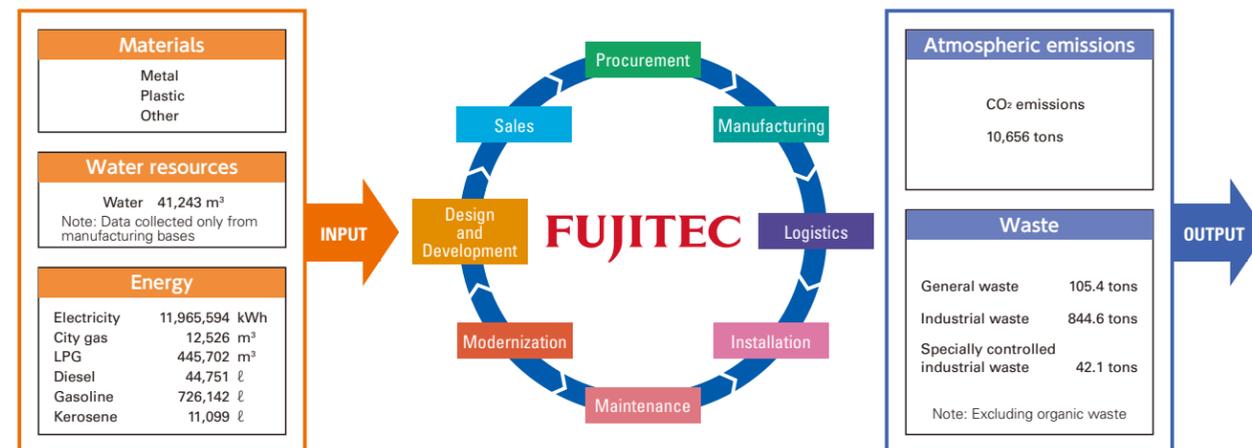
By continuously implementing these seven action guidelines, we will achieve better harmony between our business and the environment. As one initiative in line with this policy, we are developing modernization options that retain the existing trusses (the steel structure that supports the weight and load of the escalator) when carrying out upgrades.

● Environmental Policy (Action Guidelines)

1. We will establish and review environmental objectives and goals based on an accurate understanding of the environmental impact of our products, as well as the development, design, manufacture and field service of our elevators and escalators.
2. All employees should understand the Environmental Policy, conduct environmental protection activities, make continuous improvements, and work to prevent pollution.
3. We will comply with environment-related laws, regulations, ordinances and other requirements.
4. In our business activities, we will (1) promote conservation of energy and resources; (2) promote recycling and reducing waste materials; (3) promote green procurement; and (4) control and reduce hazardous materials.
5. We will develop and commercialize environmentally friendly products.
6. We will provide education and guidance in the environmental protection activities of Group companies and cooperating organizations.
7. We will publicly release our Environmental Policy.

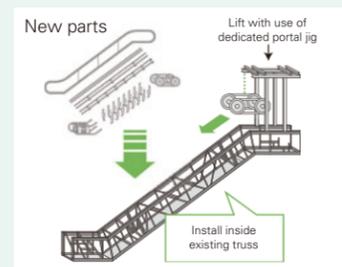
● Overall Environmental Load (Fiscal Year Ended March 31, 2019)

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



Escalator Modernization Using Existing Trusses

In conventional escalator modernization projects, the truss was typically replaced. Fujitec developed an original “unit-in-truss method,” which enables retrofitting a new escalator into an existing truss. Retaining the existing truss reduces industrial waste. This method reduces environmental burden. We are offering this product overseas as well as in Japan, and it is attracting interest in Hong Kong and Singapore in particular.



○ Social Contribution Activities

Safety Classes Held around the World

Safety classes to teach children how to ride elevators and escalators safely are conducted by Fujitec Group companies. The classes are primarily aimed at students in the early elementary grades. Since many accidents involving children occur around the doors of elevators and when getting on and off escalators, the class focuses on teaching children what to watch out for. In 2018, the class was held a total of 52 times in China and Japan.



The Gift That Saves Lives

Fujitec Group companies continue to participate in blood donation activities, often called “the gift that saves lives.” Every October, the Japanese Red Cross Society visits Big Wing, Fujitec’s main elevator manufacturing base, to conduct a blood donation drive. In Hong Kong, Fujitec has designated a volunteer blood donation day in June and December each year.



Lake Biwa Environmental Activities

As an initiative of the Head Office in Shiga Prefecture, Fujitec has participated in reed cutting around Lake Biwa, the largest lake in Japan, since 2014. Reeds, a perennial grass species, play an important part in purifying the water and preserving the biodiversity of the lake. By cutting reeds that grew in winter, the new reeds can grow stronger. We participate in these volunteer activities every February and December, and plan to continue this initiative.



Corporate Governance

Basic Policy

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

Management Structure

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

The business execution framework of the Company and its subsidiaries is the subject of the important conferences of the Global Executive Committee, which meets on a quarterly basis to deliberate on important issues in Group management, including business promotion in Japan and abroad, and the Operating Officer Meeting, which is held on a monthly basis to deliberate on important issues regarding business in Japan. All operating officers

serving concurrently as directors attend the Global Executive Committee, including the standing Audit & Supervisory Board members. At the Operating Officer Meeting, all directors in Japan concurrently serving as operating officers attend. In addition, the proceedings and results of these important conferences are reported to outside directors following each meeting.

Response to Corporate Governance Code

The Company has been responding to the principles of Japan's Corporate Governance Code issued by the Tokyo Stock Exchange. We have not implemented the following principles at present, but we will consider implementation in the future as necessary.

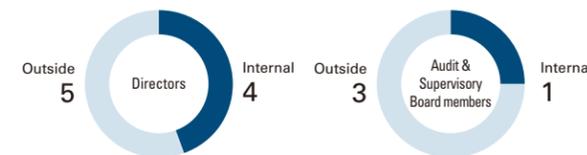
Principle 4.1 Roles and Responsibilities of the Board (1)

Supplementary Principle 4-1-3

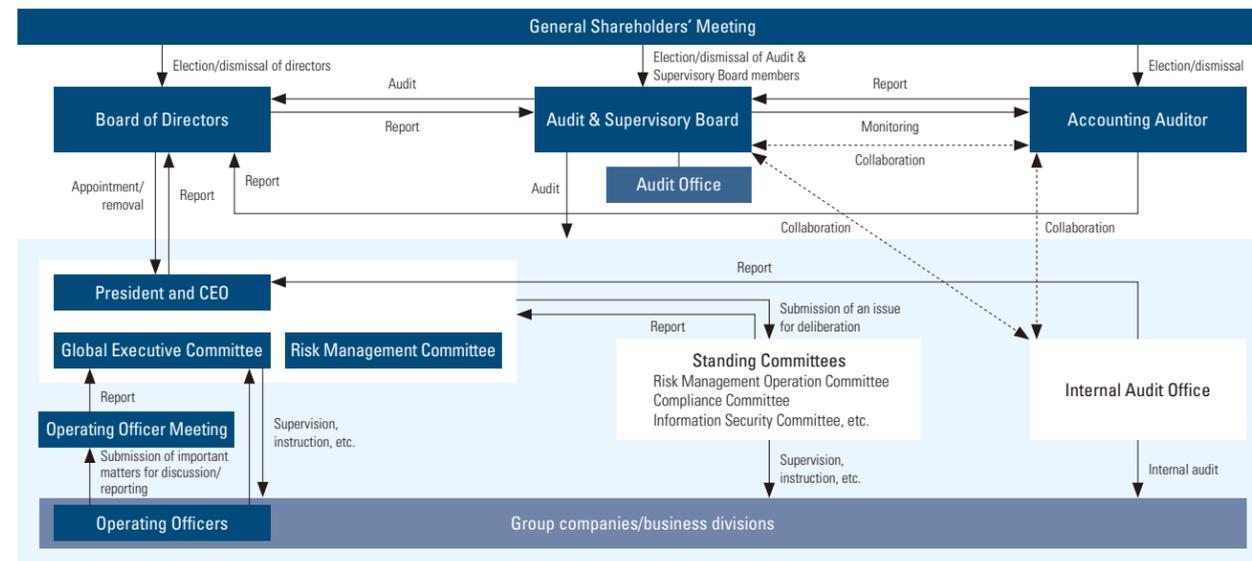
Based on a proposal by the president and consultation with independent outside directors and others designated by the Board of Directors, the Board of Directors shall discuss and, by resolution of the Board, determine and review succession planning for the president. When the president resigns or leaves office, the Board of Directors shall determine candidates for successor based on the succession planning set forth above.

Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

In the new mid-term management plan, we set targets for net sales, operating income, operating margin and ROE. We have posted these targets on our website and in other media. In addition, we are currently continuing to consider specific plans for achieving the targets, including allocation of resources.



Corporate Governance Structure



Composition of Directors

Experience and Expertise of Directors

Name	Position	Independence (outside directors only)	Experience in corporate management and expertise (main points)					
			Corporate management		Expertise, etc.			
			Japan business	Global business	Economic policies	Finance/accounting	Corporate legal affairs	IR
Takakazu Uchiyama	Representative Director, President and CEO		●	●				●
Takao Okada	Senior Executive Operating Officer		●	●				
Yoshiichi Kato	Senior Executive Operating Officer			●		●		●
Takashi Asano	Senior Executive Operating Officer		●	●				
Terumichi Saeki	Director	●	●		●		●	
Nobuki Sugita	Director	●			●			
Shigeru Yamazoe	Director	●	●	●		●		
Kunio Endo	Director	●	●	●		●		
Keiko Yamahira	Director	●	●					●

Compensation for Executives

Policy Regarding the Determination of Compensation for Executives

A performance-based compensation system has been established for the remuneration of directors (excluding outside directors) in order to promote management awareness of and motivation for better performance. To enhance motivation for better performance in the short- to medium-term, the total amount of bonuses is calculated by adding to or subtracting from the amount paid in the previous fiscal year depending on the attainment level of the index set based on operating income. In addition, to enhance motivation for better performance on a sustainable basis, stock options are issued as stock compensation, and in the event the Company achieves its operating income target, the total amount of the issue price of such stock options is determined according to the degree of achievement.

Basic compensation and bonuses (subject to performance-based compensation) for each director (excluding outside directors) is calculated by adding to or subtracting from the amount of basic compensation and

bonuses paid in the previous fiscal year depending on the results of the domestic and international businesses or other operations in their charge, their contribution to the Company, and other factors. For outside directors, the amount of compensation is determined by taking into account the compensation and bonus levels of other companies, as well as their experience, insight, business activities, and other factors. A portion of the basic compensation paid to directors (excluding outside directors) is contributed to the Director Shareholding Association.*

For Audit & Supervisory Board members, the annual compensation limit is determined by resolution at the General Shareholders' Meeting. The amount of compensation is deliberated by Audit & Supervisory Board members taking in account factors such as whether or not he/she is a standing Audit & Supervisory Board member and distribution of duties.

* The policy for determining the ratio of performance-based compensation to other forms of compensation and the policy for determining the amount of executive compensation or the computation method based on position have not been set.

Compensation of Directors and Audit & Supervisory Board Members in the Fiscal Year Ended March 31, 2019

Position	Total remuneration (Millions of yen)	Compensation by type (Millions of yen)			Eligible officers
		Fixed compensation	Performance-based compensation	Stock options	
Directors (excluding outside directors)	224	156	67	-	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	14	14	-	-	1
Outside officers	50	50	-	-	7

Internal Control

The Fujitec Group has established and maintains the necessary internal control system to ensure sound management and to meet the expectations and earn the trust of its stakeholders. The Fujitec Group has enacted the Basic Policy on Internal Control by a resolution of the Board of Directors based on the Global Mission Statement, the Fujitec Philosophy of Human Resource Management and the Fujitec Corporate Action Rules. Based on this policy, Fujitec has established an Internal Control Department to promote related activities. This department also responds to evaluations and audits of the internal control system by working to understand the operation processes of each business execution division and upgrading the internal control system.

We have also established dedicated committees for compliance, risk management and information management systems, and these committees provide the necessary guidance and management for effective business execution.

Risk Management

To reduce various operating risks, the Company has established the Risk Management Committee, chaired by the CEO. The committee works to promote compliance, including risk management at all Group companies, and information security measures, as well as to achieve early detection of risk factors that could have a major social impact, such as ensuring product safety, and countermeasures for those factors. Underneath the committee there are standing committees that investigate and study each risk factor.

The Risk Management Operation Committee collects information swiftly and accurately and ensures proper direction and the management of business execution to ensure that risk management functions effectively throughout the Company.

Compliance

The Compliance Committee promotes compliance with the laws, regulations and corporate ethics necessary for promoting appropriate corporate activities, and disseminates these to Group employees and other concerned persons as cohesively as possible. The Committee formulates the Compliance Action Plan every year and promotes compliance activities. As part of these activities, in addition to Group training for all employees or on-demand education through e-learning, the Company holds seminars, etc., for employees according to their position and department as necessary to ensure that laws and regulations are made known to employees together with the implementation of activities to raise employee awareness.

The Company has also established an internal reporting system to curb fraud. This includes a Compliance Consultation Desk as an internal reporting mechanism related to compliance that allows all employees to consult directly regardless of organizational lines. It also receives employee reports.

Information Management (Information Security)

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

Auditing System

Internal Auditing

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

Auditing by Audit & Supervisory Board Members

Audit & Supervisory Board members determine audit standards, policies and plans at Audit & Supervisory Board meetings. Standing Audit & Supervisory Board members properly audit the execution of business duties by directors by attending the Global Executive Committee, which convenes each quarter and deliberates on important matters concerning management and the implementation of businesses in Japan and overseas, as well as by reviewing reports on the status of the execution of business duties.

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

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

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

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

Directors, Audit & Supervisory Board Members and Operating Officers (As of June 30, 2019)

Directors



Takakazu Uchiyama

Representative Director, President and CEO
General Manager of Global Business HQ; General Manager of Japan Business HQ; In charge of North America and East Asia
Apr. 1976 Joined the Company
Jun. 2002 Representative Director and President (current)
Jul. 2005 Chief Executive Officer (current)



Terumichi Saeki

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



Takao Okada

Director
Deputy General Manager of Global Business HQ; General Manager of Global Operations; In charge of China; Deputy General Manager of Japan Business HQ
Apr. 1976 Joined the Company
Apr. 2012 Senior Executive Operating Officer (current)
Jun. 2012 Director of the Company (current)



Nobuki Sugita

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



Yoshiichi Kato

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



Shigeru Yamazoe

Outside Director
Apr. 1978 Joined Marubeni Corporation
Apr. 2012 Senior Managing Executive Officer of Marubeni Corporation
Apr. 2015 Senior Executive Vice President of Marubeni Corporation
Jun. 2018 Vice Chairman of Marubeni Corporation (current)
Director of the Company (current)
April 2019 Outside Audit & Supervisory Board Member of Mizuho Capital Partners Co., Ltd. (current)



Takashi Asano

Director
General Manager of Product Development HQ;
President of Fujitec Shanghai Technologies Co., Ltd.
Apr. 1977 Joined the Company
Oct. 2012 General Manager of Product Development HQ, Global Business HQ (current)
Apr. 2017 Senior Executive Operating Officer (current)
Jun. 2017 Director of the Company (current)



Kunio Endo

Outside Director
Apr. 1981 Joined Honda Motor Co., Ltd.
Nov. 2010 President and Director of American Honda Finance Corporation
President and Director of Honda Canada Finance Inc.
Jun. 2013 Full-time Audit & Supervisory Board Member of Honda Motor Co., Ltd.
Jun. 2019 Director of the Company (current)



Keiko Yamahira

Outside Director
Apr. 1983 Joined Kubota House Co., Ltd. (now Sanyo Homes Corporation)
Jun. 2015 President and Director of Sanyo Homes Corporation
Apr. 2017 Chairman and Representative Director of Sanyo Homes Community Corporation
Jun. 2019 Outside Director of Joshin Denki Co., Ltd. (current)
Director of the Company (current)

Audit & Supervisory Board Members

Haruo Inoue Audit & Supervisory Board Member (Standing)
Apr. 1976 Joined the Company
Apr. 2009 Operating Officer of the Company
Jun. 2016 Audit & Supervisory Board Member of the Company (current)

Kenichi Ishikawa Outside Audit & Supervisory Board Member (Standing)
Apr. 1985 Joined Daiwa Bank, Ltd. (now Resona Bank, Ltd.)
Jun. 2014 Audit & Supervisory Board Member of the Company (current)

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

Satoshi Hiramitsu Outside Audit & Supervisory Board Member
Apr. 1990 Joined Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
Nov. 1993 Joined Chuo Audit Corporation
Jun. 2012 Outside Audit & Supervisory Board Member of ARATA CORPORATION (current)
Nov. 2014 Representative Member of Tax Accounting Corporation, TAS (current)
Jun. 2019 Audit & Supervisory Board Member of the Company (current)

Operating Officers

President and CEO
Takakazu Uchiyama*
Senior Executive Operating Officer
Takao Okada*
Senior Executive Operating Officer
Yoshiichi Kato*
Senior Executive Operating Officer
Takashi Asano*
Executive Operating Officer
Keiji Tsuyama
Executive Operating Officer
Yasuo Utsunomiya
Executive Operating Officer
Masayoshi Harada
Executive Operating Officer
Masashi Tsuchihata
Executive Operating Officer
Kenji Tomooka
Executive Operating Officer
Hiroshi Maruyama

Operating Officer
Kunihiko Tsutsui
Operating Officer
Asami Araki
Operating Officer
Yasuhiko Kimura
Operating Officer
Tadahisa Nakayama
Operating Officer
Ikuo Masuda
Operating Officer
Shiro Adachi
Operating Officer
Masayoshi Nakao
Operating Officer
Hiroki Tokunami
Operating Officer
Yusuke Uchiyama

* Concurrently serving as a director

Financial Information

Management Discussion and Analysis

Operating Results

Net Sales

Consolidated net sales for the fiscal year ended March 31, 2019 were ¥170,759 million, an increase of 1.2% compared with the previous fiscal year. Domestic net sales were ¥69,050 million, an increase of 6.3% compared with the previous fiscal year, and overseas net sales were ¥101,709 million, a decrease of 2.1% compared with the previous fiscal year. The effect of foreign exchange fluctuations on overseas sales was insignificant.

Order Backlogs

In Japan, order backlogs were ¥65,856 million, an increase of 9.0% compared with the end of the previous fiscal year. Overseas, order backlogs were ¥142,327 million, up 2.3% compared with the end of the previous fiscal year, because of an increase in North America. As a result, the total amount of order backlogs was ¥208,183 million, an increase of 4.3% compared with the level at the end of the previous fiscal year. Excluding the effect of foreign exchange fluctuations, the percentage increase in total order backlogs overseas was 2.1%.

Operating Income and Profit Attributable to Owners of Parent

Operating income was ¥10,313 million, a decrease of 3.3% compared with the previous fiscal year, due to a decrease in Japan. Ordinary income was ¥11,922 million, an increase of 0.1% compared with the previous fiscal year. Profit before income taxes was ¥12,524 million, an increase of 6.0% compared with the previous fiscal year, due to gain on sales of investment securities and other factors. Profit attributable to owners of parent was ¥9,220 million, an increase of 4.1% compared with the previous fiscal year.

Financial Position

Assets, Liabilities and Net Assets

Total assets at March 31, 2019 were ¥184,690 million, an increase of ¥2,187 million compared with the end of the previous fiscal year. This was due mainly to increases in cash and deposits and in trade notes and accounts receivable, offset by sales of investment securities and a decrease in the fair value of investment securities due to lower stock prices.

Total liabilities were ¥70,767 million, an increase of ¥86 million compared with the end of the previous fiscal year. The increase was due mainly to increases in electronically recorded obligations and net defined benefit liability, which were partially offset by a decrease in provision for losses on construction contracts.

Net assets were ¥113,923 million, an increase of ¥2,101 million compared with the end of the previous fiscal year. This was due mainly to an increase in retained earnings of ¥1,706 million due to profit attributable to owners of parent, payment of cash dividends and cancellation of treasury stock, partially offset by a ¥1,015 million

decrease in net unrealized gains on securities and a ¥2,719 million decrease in foreign currency translation adjustments.

Treasury stock and retained earnings each decreased ¥4,283 million due to cancellation of treasury stock carried out on May 18, 2018. The shareholders' equity ratio at March 31, 2019 was 55.7%, an increase of 0.7 percentage points compared with the end of the previous fiscal year, and net assets per share were ¥1,271.28, an increase of ¥278.2 compared with the end of the previous fiscal year.

Cash Flows

Cash and cash equivalents at March 31, 2019 were ¥25,902 million, an increase of ¥1,859 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥9,589 million, a decrease of ¥2,281 million compared with the previous fiscal year. The decrease was mainly attributable to an increase in trade notes and accounts receivable and payment of income taxes, while profit before income taxes was ¥12,524 million and depreciation and amortization was ¥3,055 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥2,160 million, a decrease in expenditures of ¥3,186 million compared with the previous fiscal year. The decrease was attributable mainly to an increase in time deposits, net of ¥1,228 million and acquisitions of property, plant and equipment of ¥2,848 million, offset by factors including sales of investment securities and interest and dividend income received.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥4,199 million, an increase in expenditures of ¥341 million compared with the previous fiscal year, due mainly to repayment of long-term debt and cash dividends paid.

Capital Investment

Total capital investment during the fiscal year ended March 31, 2019 was ¥2,721 million. Of that total, capital investment in Japan was ¥1,983 million, mainly for additional facilities for elevator development and manufacturing bases as well as after-sales service bases. Overseas, the Fujitec Group made capital investment of ¥738 million for manufacturing bases in South Asia and East Asia.

R&D Expenses

Total R&D expenses during the fiscal year ended March 31, 2019 were ¥2,425 million. Of that total, R&D expenses in Japan amounted to ¥2,279 million, and overseas R&D expenses were ¥146 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, operating results and financial position could be significantly and adversely affected by any risk factors 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 over 20 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, and therefore 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 operating results.

Development of New Products

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

Under such conditions, not being able to adequately forecast industry and market changes and develop appealing new products could lower the Fujitec Group's future growth and profitability and have an adverse impact on its financial position and operating 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, the trend toward business dominance by increasing market share is expected to continue. 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 position and operating 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 an incident resulting in equipment damage 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 position and operating 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 good 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 position and operating 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 operating 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 operating 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 position. 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 operating results.

Exchange Rate Fluctuations

The Fujitec Group operates 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 operating results. However, an unexpectedly rapid and large fluctuation in exchange rates could have an adverse impact on the Fujitec Group's financial position and operating 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 position.

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 position and operating results.

Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries (As of March 31, 2019 and 2018)

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	(Note 1)
Current assets:			
Cash and deposits (Note 15)	¥ 52,244	¥ 49,856	\$ 470,667
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	1,177	912	10,603
Other	53,504	52,499	482,018
Allowance for doubtful accounts	(2,039)	(2,102)	(18,369)
	52,642	51,309	474,252
Inventories:			
Finished goods and semi-finished goods	5,891	5,554	53,072
Work in process	6,169	7,976	55,577
Raw materials and supplies	9,232	8,335	83,171
	21,292	21,865	191,820
Other current assets	5,004	4,501	45,081
Total current assets	131,182	127,531	1,181,820
Investments and long-term loans:			
Investment securities in unconsolidated subsidiaries	1,155	1,161	10,405
Investment securities (Note 4)	7,641	9,408	68,838
Long-term loans	3	216	27
Total investments and long-term loans	8,799	10,785	79,270
Property, plant and equipment, at cost (Note 7):			
Buildings and structures	35,276	35,485	317,802
Machinery, vehicles, tools, furniture and fixtures	19,837	19,702	178,712
Lease assets (Note 8)	429	15	3,865
	55,542	55,202	500,379
Accumulated depreciation	(28,912)	(28,052)	(260,469)
	26,630	27,150	239,910
Land	6,921	6,939	62,351
Construction in progress	397	300	3,577
Total property, plant and equipment, at cost	33,948	34,389	305,838
Other assets:			
Deferred tax assets (Note 5)	3,390	2,715	30,541
Goodwill	213	320	1,919
Intangible assets	3,662	3,710	32,991
Retirement benefit asset	473	—	4,261
Investments in capital of unconsolidated subsidiaries	690	603	6,216
Allowance for doubtful accounts	(113)	(125)	(1,018)
Other	2,446	2,575	22,036
Total	¥184,690	¥182,503	\$1,663,874

The accompanying notes are an integral part of these statements.

LIABILITIES	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	(Note 1)
Current liabilities:			
Short-term debt (Note 7)	¥ 3,299	¥ 3,452	\$ 29,721
Current portion of long-term debt (Note 7)	256	525	2,306
Lease obligations (Note 8)	88	2	793
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	16	37	144
Other	15,995	16,114	144,099
Electronically recorded obligations	5,386	4,714	48,522
Advances from customers	21,176	21,841	190,775
Accrued income taxes (Note 5)	1,849	1,403	16,658
Provision for bonuses to employees	2,513	2,471	22,640
Provision for bonuses to directors	82	83	739
Provision for losses on construction contracts	4,696	5,957	42,306
Provision for warranties for completed construction	759	919	6,838
Other current liabilities	10,127	9,304	91,234
Total current liabilities	66,242	66,822	596,775
Non-current liabilities:			
Long-term debt (Note 7)	222	435	2,000
Lease obligations (Note 8)	251	8	2,261
Deferred tax liabilities (Note 5)	66	69	595
Net defined benefit liability (Note 10)	3,782	3,145	34,072
Long-term other accounts payable	181	179	1,631
Asset retirement obligation	23	22	207
Other non-current liabilities	0	1	0
Total non-current liabilities	4,525	3,859	40,766
Total liabilities	70,767	70,681	637,541
NET ASSETS			
Net assets:			
Shareholders' equity (Note 9):			
Common stock:			
Authorized: 300,000,000 shares			
Issued: 90,067,000 shares at March 31, 2019 and 93,767,317 shares at March 31, 2018	12,534	12,534	112,919
Capital surplus	14,569	14,569	131,252
Retained earnings	96,087	94,381	865,649
Treasury stock, at cost: 9,198,282 shares at March 31, 2019 and 13,053,197 shares at March 31, 2018	(10,631)	(15,083)	(95,775)
Total shareholders' equity	112,559	106,401	1,014,045
Accumulated other comprehensive income:			
Net unrealized gains on securities	2,200	3,215	19,820
Deferred gains or losses on hedges	(1)	(26)	(9)
Foreign currency translation adjustments	(11,000)	(8,281)	(99,099)
Remeasurements of defined benefit plans	(951)	(944)	(8,568)
Total accumulated other comprehensive income	(9,752)	(6,036)	(87,856)
Stock acquisition rights (Note 19)	40	61	360
Non-controlling interests	11,076	11,396	99,784
Total net assets	113,923	111,822	1,026,333
Total	¥184,690	¥182,503	\$1,663,874

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries (Years ended March 31, 2019 and 2018)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Net sales	¥170,759	¥168,795	\$1,538,369
Operating costs and expenses:			
Cost of sales (Note 11 and 12)	134,793	133,361	1,214,351
Selling, general and administrative expenses (Note 11 and 13)	25,653	24,769	231,108
Total operating costs and expenses	160,446	158,130	1,445,459
Operating income	10,313	10,665	92,910
Other income (expenses):			
Interest and dividend income	1,301	1,138	11,720
Interest expense	(144)	(77)	(1,297)
Rent income	157	154	1,414
Loss on abandonment of inventories	—	(117)	—
Litigation expenses	(1)	(104)	(9)
Foreign currency exchange gain, net	206	78	1,856
Other, net	90	174	811
Total other income (expenses)	1,609	1,246	14,495
Ordinary income	11,922	11,911	107,405
Special items:			
Gain on sales of property, plant and equipment (Note 14)	23	8	207
Gain on sales of investment securities	810	47	7,297
Gain on sales of investments in capital of subsidiaries and affiliates	—	46	—
Subsidy income	57	—	514
Loss on sales and disposal of property, plant and equipment (Note 14)	(122)	(80)	(1,099)
Impairment loss	—	(10)	—
Loss on sales of investment securities	(1)	—	(9)
Office transfer expenses	(165)	(111)	(1,486)
Total special items	602	(100)	5,424
Profit before income taxes	12,524	11,811	112,829
Income taxes (Note 5):			
Current	2,869	2,688	25,847
Deferred	(328)	(200)	(2,955)
Total income taxes	2,541	2,488	22,892
Profit	9,983	9,323	89,937
Profit attributable to non-controlling interests	763	466	6,874
Profit attributable to owners of parent	¥ 9,220	¥ 8,857	\$ 83,063
Per share information (Note 21):	Yen		U.S. Dollars (Note 1)
Net income per share	¥ 114.14	¥ 109.82	\$ 1.03
Diluted net income per share	114.07	109.73	1.03
Cash dividends applicable to the year	45.00	35.00	0.41

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, 2019 and 2018)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Profit	¥ 9,983	¥ 9,323	\$ 89,937
Other comprehensive income (Note 3):			
Net unrealized gains on securities	(1,015)	736	(9,144)
Deferred gains or losses on hedges	30	(134)	270
Foreign currency translation adjustments	(3,434)	650	(30,937)
Remeasurements of defined benefit plans	(7)	332	(63)
Other comprehensive income, net	(4,426)	1,584	(39,874)
Comprehensive income	¥ 5,557	¥10,907	\$ 50,063
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥ 5,504	¥10,114	\$ 49,586
Comprehensive income attributable to non-controlling interests	53	793	477

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Fujitec Co., Ltd. and Consolidated Subsidiaries (Years ended March 31, 2019 and 2018)

	Thousands	Millions of Yen				
	Number of shares of common stock issued	Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2017	93,767	¥12,534	¥14,568	¥87,955	¥(15,200)	¥ 99,857
Change in treasury shares of parent arising from transactions with non-controlling shareholders			1			1
Cash dividends				(2,431)		(2,431)
Profit attributable to owners of parent				8,857		8,857
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock					117	117
Net change of items other than shareholders' equity						
Balance at April 1, 2018	93,767	12,534	14,569	94,381	(15,083)	106,401
Cumulative effects of changes in accounting policies				10		10
Restated balance		12,534	14,569	94,391	(15,083)	106,411
Change in treasury shares of parent arising from transactions with non-controlling shareholders			0			0
Cash dividends				(3,242)		(3,242)
Change in scope of consolidation				6		6
Profit attributable to owners of parent				9,220		9,220
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock				(5)	169	164
Cancellation of treasury stock	(3,700)			(4,283)	4,283	—
Net change of items other than shareholders' equity						
Balance at March 31, 2019	90,067	¥12,534	¥14,569	¥96,087	¥(10,631)	¥112,559

	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, 2017	¥ 2,479	¥ 86	¥ (8,582)	¥(1,276)	¥(7,293)	¥ 61	¥11,222	¥103,847
Change in treasury shares of parent arising from transactions with non-controlling shareholders								1
Cash dividends								(2,431)
Profit attributable to owners of parent								8,857
Purchase of treasury stock								(0)
Disposal of treasury stock								117
Net change of items other than shareholders' equity	736	(112)	301	332	1,257	—	174	1,431
Balance at April 1, 2018	3,215	(26)	(8,281)	(944)	(6,036)	61	11,396	111,822
Cumulative effects of changes in accounting policies								10
Restated balance	3,215	(26)	(8,281)	(944)	(6,036)	61	11,396	111,832
Change in treasury shares of parent arising from transactions with non-controlling shareholders								0
Cash dividends								(3,242)
Change in scope of consolidation								6
Profit attributable to owners of parent								9,220
Purchase of treasury stock								(0)
Disposal of treasury stock								164
Cancellation of treasury stock								—
Net change of items other than shareholders' equity	(1,015)	25	(2,719)	(7)	(3,716)	(21)	(320)	(4,057)
Balance at March 31, 2019	¥ 2,200	¥ (1)	¥(11,000)	¥ (951)	¥(9,752)	¥ 40	¥11,076	¥113,923

	Thousands	Thousands of U.S. Dollars (Note 1)				
	Number of shares of common stock issued	Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2018	93,767	\$112,919	\$131,252	\$850,279	\$(135,883)	\$ 958,567
Cumulative effects of changes in accounting policies				90		90
Restated balance		112,919	131,252	850,369	(135,883)	958,657
Change in treasury shares of parent arising from transactions with non-controlling shareholders			0			0
Cash dividends				(29,207)		(29,207)
Change in scope of consolidation				54		54
Profit attributable to owners of parent				83,063		83,063
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock				(45)	1,523	1,478
Cancellation of treasury stock	(3,700)			(38,585)	38,585	—
Net change of items other than shareholders' equity						
Balance at March 31, 2019	90,067	\$112,919	\$131,252	\$865,649	\$(95,775)	\$1,014,045

	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, 2018	\$28,964	\$(233)	\$(74,604)	\$(8,505)	\$(54,378)	\$ 550	\$102,667	\$1,007,406
Cumulative effects of changes in accounting policies								90
Restated balance	28,964	(233)	(74,604)	(8,505)	(54,378)	550	102,667	1,007,496
Change in treasury shares of parent arising from transactions with non-controlling shareholders								0
Cash dividends								(29,207)
Change in scope of consolidation								54
Profit attributable to owners of parent								83,063
Purchase of treasury stock								(0)
Disposal of treasury stock								1,478
Cancellation of treasury stock								—
Net change of items other than shareholders' equity	(9,144)	224	(24,495)	(63)	(33,478)	(190)	(2,883)	(36,551)
Balance at March 31, 2019	\$19,820	\$(9)	\$(99,099)	\$(8,568)	\$(87,856)	\$ 360	\$ 99,784	\$1,026,333

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, 2019 and 2018)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Cash flows from operating activities:			
Profit before income taxes	¥12,524	¥11,811	\$112,829
Depreciation and amortization	3,055	2,915	27,523
Increase (decrease) in allowance for doubtful accounts	57	243	513
Increase (decrease) in provision for bonuses to employees	75	(374)	676
Increase (decrease) in provision for losses on construction contracts	(1,410)	(1,254)	(12,703)
Interest and dividend income	(1,300)	(1,138)	(11,712)
Interest expense	144	77	1,297
Decrease (increase) in trade notes and accounts receivable	(3,541)	(2,088)	(31,901)
Decrease (increase) in inventories	(699)	(734)	(6,297)
Increase (decrease) in trade notes and accounts payable	1,793	691	16,153
Loss (gain) on sales of investment securities	(809)	(47)	(7,288)
Increase (decrease) in advances from customers	1,028	2,538	9,261
Loss (gain) on sales and retirement of property, plant and equipment	99	72	892
Increase (decrease) in net defined benefit liability	230	325	2,072
Other, net	763	1,956	6,874
Sub-total	12,009	14,993	108,189
Payment of income taxes	(2,420)	(3,123)	(21,802)
Net cash provided by operating activities	9,589	11,870	86,387
Cash flows from investing activities:			
Decrease (increase) in time deposits, net	(1,228)	(1,288)	(11,063)
Acquisitions of property, plant and equipment	(2,848)	(2,973)	(25,658)
Proceeds from sales of property, plant and equipment	31	18	279
Purchase of investment securities	(1)	(1,233)	(9)
Proceeds from sales of investment securities	991	87	8,928
Purchase of intangible assets	(184)	(541)	(1,658)
Collection of loans receivable	156	142	1,405
Interest and dividend income received	1,198	1,159	10,793
Payments for sales of investments in capital of subsidiaries resulting in change in scope of consolidation	—	(48)	—
Other, net	(275)	(669)	(2,477)
Net cash used in investing activities	(2,160)	(5,346)	(19,460)
Cash flows from financing activities:			
Increase (decrease) in short-term debt, net	(76)	(400)	(685)
Proceeds from long-term debt	227	—	2,045
Repayment of long-term debt	(748)	(505)	(6,739)
Purchase of treasury stock	(0)	(0)	(0)
Payment of interest	(86)	(69)	(775)
Cash dividends paid	(3,242)	(2,432)	(29,207)
Cash dividends paid to non-controlling interests	(358)	(609)	(3,225)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3)	(6)	(27)
Other, net	87	163	784
Net cash used in financing activities	(4,199)	(3,858)	(37,829)
Effect of exchange rate changes on cash and cash equivalents	(1,371)	467	(12,351)
Net increase in cash and cash equivalents	1,859	3,133	16,747
Cash and cash equivalents at beginning of year	24,043	20,910	216,604
Cash and cash equivalents at end of year (Note 15)	¥25,902	¥24,043	\$233,351

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, 2019 and 2018)

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 ¥111=\$1, the prevailing exchange rate as of March 31, 2019. 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, 2019 and 2018 include the accounts of the Company and the following 18 significant subsidiaries (together the "Companies").

Fujitec America, Inc. (U.S.A.)
Fujitec Canada, Inc. (Canada)
Fujitec UK Ltd. (United Kingdom)
Fujitec Singapore Corpn. Ltd. (Singapore)
FSP Pte. Ltd. (Singapore)
P.T. Fujitec Indonesia (Indonesia)
Fujitec (Malaysia) 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)
Shanghai Tecky Trading 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)

From the fiscal year ended March 31, 2019, Fujitec Holdings Sdn. Bhd. (Malaysia) was removed from the consolidation due to liquidation in December 2018 and Shanghai Tecky Trading Co., Ltd. (China) was newly included in the consolidation.

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.

Realized gains and losses on the sale of other securities are computed using 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 account receivables 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. Hedge accounting is not applied to foreign currency forward contracts of some consolidated subsidiaries.

(3) Hedging instruments and hedged items

(Hedging instruments)

Foreign currency forward contracts

(Hedged items)

Forecasted transaction 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 semi-annually and assesses the effectiveness of hedges based on the amounts of variation in both cases.

(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 2018 financial statements to conform to the presentation in 2019.

(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

The consolidated subsidiaries that apply IFRS adopted IFRS 15 (Revenue from Contract with Customers) from the beginning of the consolidated fiscal year ended March 31, 2019.

As a result, the impact on net sales, operating income, ordinary income and profit before income taxes for the consolidated fiscal year ended March 31, 2019 is immaterial.

Some consolidated subsidiaries that apply IFRS adopted IFRS 16 (Lease) from the beginning of the consolidated fiscal year ended March 31, 2019. As a result, the impact on total assets for the consolidated fiscal year ended March 31, 2019 is immaterial.

(U) Accounting standards issued but not yet effective Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 30, 2018) and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 issued on March 30, 2018)

(1) Summary

Accounting Standard is the comprehensive accounting standards on revenue recognition. Revenue recognition is applied using the following five steps:

- 1) Identify the contracts with customer
- 2) Identify the performance obligations in the contract
- 3) Determine the transaction price
- 4) Allocate the transaction price to the performance obligations in the contract
- 5) Recognize revenue when (or as) the entity satisfies a

performance obligation

(2) Effective dates

The Company intends to adopt this accounting standard and guidance from the beginning of the consolidated fiscal year ending March 31, 2022.

(3) Impact of adoption of the standard and guidance

The impact of adopting this accounting standard and guidance is currently under evaluation.

(V) Changes in presentation

Consolidated statements of cash flows

In the fiscal year under review, "Loss (gain) on sales of investment securities," which was included in "Other, net" under "Cash flows from operating activities," is separately presented due to its increased significance. Items in the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation.

Consequently, ¥1,909 million that was presented in "Other, net" under "Cash flows from operating activities" in the previous fiscal year has been reclassified to "Loss (gain) on sales of investment securities" of minus ¥47 million and "Other, net" of ¥1,956 million.

In the fiscal year under review, "Proceeds from sales of investment securities," which was included in "Other, net" under "Cash flows from investing activities," is separately presented due to its increased significance. Items in the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation.

Consequently, minus ¥582 million that was presented in "Other, net" under "Cash flows from investing activities" in the previous fiscal year has been reclassified to "Proceeds from sales of investment securities" of ¥87 million and "Other, net" of minus ¥669 million.

Application of Partial Amendments to Accounting Standard on Tax Effect Accounting

The Company has adopted "Partial Amendments to Accounting Standard on Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the consolidated fiscal year ended March 31, 2019. Accordingly, deferred tax assets and deferred tax liabilities are presented under other assets and non-current liabilities, respectively and the note for income taxes (Note 5) is changed.

Consequently, in the consolidated balance sheet as of March 31, 2018, "Deferred tax assets" of ¥3,325 million previously included in "Current assets" and "Deferred tax liabilities" of ¥715 million previously included in "Non-current liabilities" are included in "Deferred tax assets" of ¥2,715 million under "Other assets" and "Deferred tax liabilities" of "Non-current liabilities" is changed to ¥69 million.

In addition, notes on Accounting Standard on Tax Effect Accounting (No. 8 of annotations) (excluding total of valuation allowance) and (No. 9 of annotations) provided in Items 3 to 5 of the Partial Changes to Accounting Standard for Tax Effect Accounting have been added to the note for income taxes (Note 5).

(W) Additional information

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, 2019 and 2018 were ¥230 million (US\$2,072 thousand) and 213 thousand shares, and ¥373 million and 346 thousand shares, respectively.

(3) The book value of loans recorded using the gross price method as of March 31, 2019 and 2018 was ¥31 million (US\$279 thousand) and ¥220 million, respectively.

3. Other Comprehensive Income

Reclassification adjustments and tax effect of each component of other comprehensive income for the years ended March 31, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Net unrealized gains on securities:			
Arising during the fiscal year	¥ (613)	¥1,103	\$ (5,523)
Reclassification adjustment	(810)	(47)	(7,297)
Sub-total, before tax	(1,423)	1,056	(12,820)
Tax effect	408	(320)	3,676
Net unrealized gains on securities	(1,015)	736	(9,144)
Deferred gains or losses on hedges:			
Arising during the fiscal year	29	(133)	261
Reclassification adjustment	1	(1)	9
Sub-total, before tax	30	(134)	270
Tax effect	—	—	—
Deferred gains or losses on hedges	30	(134)	270
Foreign currency translation adjustments:			
Arising during the fiscal year	(3,434)	607	(30,937)
Reclassification adjustment	—	43	—
Sub-total, before tax	(3,434)	650	(30,937)
Tax effect	—	—	—
Foreign currency translation adjustments	(3,434)	650	(30,937)
Remeasurements of defined benefit plans:			
Arising during the fiscal year	(272)	110	(2,450)
Reclassification adjustment	261	369	2,351
Sub-total, before tax	(11)	479	(99)
Tax effect	4	(147)	36
Remeasurements of defined benefit plans	(7)	332	(63)
Total other comprehensive income	¥(4,426)	¥1,584	\$(39,874)

4. Investment Securities

(1) Available-for-sale securities at March 31, 2019 and 2018 are summarized as follows:

	Millions of Yen					
	2019			2018		
	Book value (Estimated fair value)	Acquisition cost	Gross unrealized gains (losses)	Book value (Estimated fair value)	Acquisition cost	Gross unrealized gains (losses)
Securities whose book value exceeds their acquisition cost:						
Equity securities	¥6,585	¥3,373	¥3,212	¥9,116	¥4,513	¥4,603
Sub-total	6,585	3,373	3,212	9,116	4,513	4,603
Securities whose book value does not exceed their acquisition cost:						
Equity securities	943	997	(54)	79	101	(22)
Other	—	—	—	100	100	0
Sub-total	943	997	(54)	179	201	(22)
Total	¥7,528	¥4,370	¥3,158	¥9,295	¥4,714	¥4,581

	Thousands of U.S. Dollars (Note 1)		
	2019		
	Book value (Estimated fair value)	Acquisition cost	Gross unrealized gains (losses)
Securities whose book value exceeds their acquisition cost:			
Equity securities	\$59,324	\$30,387	\$28,937
Sub-total	59,324	30,387	28,937
Securities whose book value does not exceed their acquisition cost:			
Equity securities	8,496	8,982	(486)
Other	—	—	—
Sub-total	8,496	8,982	(486)
Total	\$67,820	\$39,369	\$28,451

The carrying amounts of equity securities whose fair value is not readily determinable are ¥113 million (US\$1,018 thousand) and ¥113 million for the years ended March 31, 2019 and 2018, respectively.

(2) Available-for-sale securities sold for the years ended March 31, 2019 and 2018 are summarized as follows:

	Millions of Yen					
	2019			2018		
	Sales proceeds	Gains on sales	Losses on sales	Sales proceeds	Gains on sales	Losses on sales
Equity securities	¥1,056	¥810	¥—	¥87	¥47	¥—
Other	99	—	(1)	—	—	—
Total	¥1,155	¥810	¥(1)	¥87	¥47	¥—

	Thousands of U.S. Dollars (Note 1)		
	2019		
	Sales proceeds	Gains on sales	Losses on sales
Equity securities	\$ 9,514	\$7,297	\$—
Other	892	—	(9)
Total	\$10,406	\$7,297	\$(9)

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 30.62% and 30.86% for the years ended March 31, 2019 and 2018, respectively. Income tax rates of the consolidated foreign subsidiaries range from 16.38% to 34.00% for the years ended March 31, 2019 and 2018.

(1) The major components of deferred tax assets and liabilities at March 31, 2019 and 2018 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Deferred tax assets:			
Tax loss carryforwards ²	¥2,483	¥2,509	\$22,369
Net defined benefit liability	865	818	7,793
Provision for bonuses to employees	575	608	5,180
Provision for losses on construction contracts	1,160	1,550	10,451
Allowance for doubtful accounts	549	567	4,946
Other	1,555	1,573	14,009
Total deferred tax assets	7,187	7,625	64,748
Valuation allowance related to net tax loss carryforwards ²	(2,202)	(2,509)	(19,838)
Valuation allowance related to the total of future deductible amount, etc.	(487)	(853)	(4,387)
Less: valuation allowance ¹	(2,689)	(3,362)	(24,225)
Total deferred tax assets	4,498	4,263	40,523
Deferred tax liabilities:			
Unrealized gains on securities	(957)	(1,365)	(8,622)
Dividend income received from subsidiaries	(38)	(38)	(342)
Other	(179)	(214)	(1,613)
Total deferred tax liabilities	(1,174)	(1,617)	(10,577)
Net deferred tax assets	¥3,324	¥2,646	\$29,946

1. The main reason for a decrease in valuation allowance of ¥673 million is deemed to be recoverable for valuation allowance related to the net tax loss carryforwards in Fujitec America Inc. ¥281 million.

2. The amount of net tax loss carryforwards and amounts of deferred tax assets by carryforwards period at March 31, 2019 and 2018 is as follows:

	Millions of Yen						
	2019						
	Within 1 year	After 1 years through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Net tax loss carryforwards	¥ 47	¥ 47	¥ 55	¥ 119	¥ 50	¥ 2,165	¥ 2,483
Valuation allowance	(47)	(47)	(55)	(119)	(50)	(1,884)	(2,202)
Deferred tax assets	—	—	—	—	—	281	281

	Millions of Yen						
	2018						
	Within 1 year	After 1 years through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Net tax loss carryforwards	¥ —	¥ 53	¥ 84	¥ 62	¥ 133	¥ 2,177	¥ 2,509
Valuation allowance	—	(53)	(84)	(62)	(133)	(2,177)	(2,509)
Deferred tax assets	—	—	—	—	—	—	—

Thousands of U.S. Dollars (Note 1)

	2019						Total
	Within 1 year	After 1 years through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	
Net tax loss carryforwards	\$ 423	\$ 423	\$ 496	\$ 1,072	\$ 450	\$ 19,505	\$ 22,369
Valuation allowance	(423)	(423)	(496)	(1,072)	(450)	(16,974)	(19,838)
Deferred tax assets	—	—	—	—	—	2,531	2,531

a) The net tax loss carryforwards is an amount multiplied by the statutory tax rate.

(2) A reconciliation between the Company's statutory tax rate and the effective tax rate at March 31, 2019 and 2018 is as follows:

	2019	2018
Statutory tax rate	30.62%	30.86%
Non-deductible expenses	0.29	0.29
Valuation allowance for deferred tax assets	(5.57)	0.14
Per capita inhabitant tax	1.01	1.08
Net loss of consolidated subsidiaries	0.64	(3.64)
Effect of foreign tax rate differences	(5.65)	(6.12)
Difference of change in tax rate	0.16	(0.17)
Other	(1.21)	(1.38)
Effective tax rate	20.29%	21.06%

6. Contingent Liabilities

Contingent liabilities at March 31, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Trade notes receivable discounted	¥ —	¥135	\$ —
Guarantees of bank loan in unconsolidated subsidiary	¥ —	¥ 1	\$ —

7. Short-term Debt and Long-term Debt

(1) Short-term debt at March 31, 2019 and 2018 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Loans, mainly from banks at weighted-average interest rates of 1.41% in 2019 and 1.19% in 2018.	¥3,299	¥3,452	\$29,721

(2) Long-term debt at March 31, 2019 and 2018 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Loans, mainly from banks and insurance companies due through 2021 at weighted-average interest rates of 2.65% in 2019 and 1.99% in 2018 for current portion of long-term debt, and 3.94% in 2019 and 1.77% in 2018 for long-term debt, respectively.	¥478	¥960	\$4,306
	478	960	4,306
Less: portion due within one year	256	525	2,306
	¥222	¥435	\$2,000

(3) The aggregate annual maturities of long-term debt outstanding as of March 31, 2019 are as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2020	¥256	\$2,306
2021	222	2,000
Total	¥478	\$4,306

Note: As of March 31, 2019, the following assets and liabilities are pledged as collateral for transactions with a bank:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Building and structure (at net book value)	¥2,320	¥2,561	\$20,901
Machinery, vehicles, tools, furniture and fixtures (at net book value)	75	110	676
Land	262	280	2,360
	¥2,657	¥2,951	\$23,937
Short-term debt	¥ 36	¥ 190	\$ 324

8. Leases

(1) The amounts related to finance lease assets at March 31, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Machinery and equipment:			
Acquisition costs	¥429	¥15	\$3,865
Accumulated depreciation	(96)	(6)	(865)
Book value	¥333	¥ 9	\$3,000
Future minimum lease payments:			
Due within one year	¥ 88	¥ 2	\$ 793
Due after one year	251	8	2,261
Total	¥339	¥10	\$3,054

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, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Future minimum lease payments:			
Due within one year	¥ 917	¥ 976	\$ 8,261
Due after one year	1,736	2,538	15,640
Total	¥2,653	¥3,514	\$23,901

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, 2019 and 2018 are summarized as follows:

Type of share	Number of shares (Thousands)			
	April 1, 2018	Increase	Decrease	March 31, 2019
Common stock ¹	93,767	—	3,700	90,067

Type of share	Number of shares (Thousands)			
	April 1, 2017	Increase	Decrease	March 31, 2018
Common stock	93,767	—	—	93,767

1. The decrease in the number of shares of issued shares of 3,700 thousand shares is due to cancellation of treasury stock.

(2) Treasury stock

Increase and decrease in treasury stock for the years ended March 31, 2019 and 2018 are summarized as follows:

Type of share	Number of shares (Thousands)			
	April 1, 2018	Increase	Decrease	March 31, 2019
Common stock ¹	13,053	0	3,855	9,198

Type of share	Number of shares (Thousands)			
	April 1, 2017	Increase	Decrease	March 31, 2018
Common stock ²	13,162	0	109	13,053

1. The decreases in the number of shares of treasury stock consist of 3,700 thousand shares due to cancellation of treasury stock, 133 thousand shares due to sales of shares by the ESOP Trust supporting the employee shareholding association to the Company's employees shareholding association, and 22 thousand shares due to exercising stock acquisition rights.

2. The decrease in the number of shares of treasury stock of 109 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 acquisition rights

Increase and decrease in stock acquisition rights for the years ended March 31, 2019 and 2018 are summarized as follows:

			2019					
			Number of shares (Thousands)			Millions of Yen	Thousands of U.S. Dollars (Note1)	
Company name	Breakdown	Type of share	April 1, 2018	Increase	Decrease	March 31, 2019	Ended balance	Ended balance
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Board of Directors' meeting on November 8, 2013	—	—	—	—	—	¥21	\$189
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Board of Directors' meeting on August 7, 2014	—	—	—	—	—	¥16	\$144
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Board of Directors' meeting on August 7, 2015	—	—	—	—	—	¥ 3	\$ 27
Total			—	—	—	—	¥40	\$360

			2018				
			Number of shares (Thousands)			Millions of Yen	
Company name	Breakdown	Type of share	April 1, 2017	Increase	Decrease	March 31, 2018	Ended balance
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Board of Directors' meeting on November 8, 2013	—	—	—	—	—	¥36
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Board of Directors' meeting on August 7, 2014	—	—	—	—	—	¥20
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Board of Directors' meeting on August 7, 2015	—	—	—	—	—	¥ 5
Total			—	—	—	—	¥61

(4) Dividends

(A) Dividends paid for the years ended March 31, 2019 and 2018 are as follows:

2019							
Resolution	Type of share	Total dividends		Dividends per share		Recorded date	Effective date
		Millions of Yen	Thousands of U.S. Dollars (Note 1)	Yen	U.S. Dollars (Note 1)		
Annual Meeting of Shareholders on June 22, 2018 ^{1,2}	Common stock	¥1,621	\$14,604	¥20.00	\$0.18	March 31, 2018	June 25, 2018
Board of Directors' Meeting on November 9, 2018 ³	Common stock	¥1,621	\$14,604	¥20.00	\$0.18	September 30, 2018	December 3, 2018

1. Total dividends resolved at Annual Meeting of Shareholders on June 22, 2018 includes dividends of ¥6 million (US\$54 thousand) on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

2. Dividends per share include the 70th anniversary dividends of ¥5.

3. Total dividends resolved at Board of Directors' Meeting on November 9, 2018 includes dividends of ¥5 million (US\$45 thousand) on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

2018					
Resolution	Type of share	Total dividends	Dividends per share	Recorded date	Effective date
		Millions of Yen	Yen		
Annual Meeting of Shareholders on June 22, 2017 ¹	Common stock	¥1,215	¥15.00	March 31, 2017	June 23, 2017
Board of Directors' Meeting on November 10, 2017 ²	Common stock	¥1,215	¥15.00	September 30, 2017	December 1, 2017

1. Total dividends resolved at Annual Meeting of Shareholders on June 22, 2017 includes dividends of ¥6 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 10, 2017 includes dividends of ¥5 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, 2019 and 2018, payable in the following fiscal year are as follows:

2019								
Resolution	Type of share	Resource of dividends	Total dividends		Dividends per share		Recorded date	Effective date
			Million of Yen	Thousand of U.S. Dollars (Note 1)	Yen	U.S. Dollars (Note 1)		
Annual Meeting of Shareholders on June 21, 2019 ¹	Common stock	Retained earnings	¥2,027	\$18,261	¥25.00	\$0.23	March 31, 2019	June 24, 2019

1. Total dividends include dividends of ¥5 million (US\$45 thousand) on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

2018						
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 22, 2018 ^{1,2}	Common stock	Retained earnings	¥1,621	¥20.00	March 31, 2018	June 25, 2018

1. Total dividends include dividends of ¥6 million on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

2. Dividends per share include the 70th anniversary dividends of ¥5.

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, 2019 and 2018 (except adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Beginning balance of retirement benefit obligations	¥14,101	¥13,776	\$127,036
Service cost	939	942	8,459
Interest cost	37	36	333
Actuarial gains and losses	224	133	2,018
Retirement benefits paid	(905)	(762)	(8,152)
Other	(5)	(24)	(45)
End balance of retirement benefit obligations	¥14,391	¥14,101	\$129,649

(2) Changes to the balance of pension assets at the beginning and end of the period as of March 31, 2019 and 2018 (except adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Beginning balance of pension assets	¥12,063	¥11,512	\$108,676
Expected return on plan assets	241	230	2,171
Actuarial gains and losses	(48)	243	(432)
Employer contribution	502	496	4,522
Retirement benefits paid	(552)	(418)	(4,973)
End balance of pension assets	¥12,206	¥12,063	\$109,964

(3) Changes to the balance of net defined benefit liability at the beginning and end of the period as of March 31, 2019 and 2018 (only adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Beginning balance of net defined benefit liability	¥1,115	¥ 951	\$10,045
Retirement benefit expenses	185	171	1,667
Retirement benefits paid	(95)	(98)	(856)
Other	(81)	91	(730)
End balance of net defined benefit liability	¥1,124	¥1,115	\$10,126

(4) Changes to the balance of retirement benefit obligations and pension assets at the end of the period as of March 31, 2019 and 2018, 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)
	2019	2018	2019
Funded retirement benefit obligations	¥ 11,733	¥ 11,439	\$ 105,703
Pension assets	(12,206)	(12,063)	(109,964)
	(473)	(624)	(4,261)
Non-funded retirement benefit obligations	3,782	3,769	34,072
Net liabilities and assets recorded in the consolidated balance sheets	3,309	3,145	29,811
Net defined benefit liability	3,782	3,145	34,072
Net defined benefit asset	(473)	—	(4,261)
Net liabilities and assets recorded in the consolidated balance sheets	¥ 3,309	¥ 3,145	\$ 29,811

(5) Retirement benefit expenses and the breakdown of amounts

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Service cost	¥ 939	¥ 942	\$ 8,459
Interest cost	37	36	333
Expected return on plan assets	(241)	(230)	(2,171)
Amortization of actuarial gains and losses	259	367	2,333
Amortization of prior service costs	2	2	18
Retirement benefit expenses calculated by the simplified accounting method	186	130	1,676
Retirement benefit expenses under defined benefit plans	¥1,182	¥1,247	\$10,648

(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, 2019 and 2018 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Prior service costs	¥ 2	¥ 2	\$ 18
Actuarial gains and losses	(13)	477	(117)
Total	¥ (11)	¥479	\$ (99)

(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, 2019 and 2018 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Unrecognized prior service costs	¥ 5	¥ 7	\$ 45
Unrecognized actuarial gains and losses	1,366	1,353	12,306
Total	¥1,371	¥1,360	\$12,351

(8) Items related to pension assets

(A) Breakdown of main items

Ratio for each main classification for total pension assets

	2019	2018
Bonds	52%	54%
Equity securities	26	27
General accounts	10	10
Other	12	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, 2019 and 2018 is as follows:

	2019	2018
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, 2019 and 2018 are ¥90 million (US\$811 thousand) and ¥93 million, respectively.

11. Research and Development Costs

Research and development costs included in manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2019 and 2018 are ¥2,425 million (US\$21,847 thousand) and ¥2,323 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, 2019 and 2018 are ¥6,128 million (US\$55,207 thousand) and ¥3,125 million, respectively.

13. Selling, General and Administrative Expenses

Primary selling, general and administrative expenses for the years ended March 31, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Salaries and allowances	¥9,629	¥9,242	\$86,748
Provision for bonuses	1,310	1,142	11,802
Provision for directors' bonuses	82	83	739
Retirement benefit expenses	539	588	4,856
Provision of allowance for doubtful accounts	176	223	1,586

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, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Machinery and vehicles	¥22	¥3	\$198
Tools, furniture and fixtures	1	5	9
Total	¥23	¥8	\$207

(2) Details of loss on sales of property, plant and equipment for the years ended March 31, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Machinery and vehicles	¥1	¥0	\$9
Tools, furniture and fixtures	0	0	0
Intangible assets	0	—	0
Total	¥1	¥0	\$9

(3) Details of loss on disposal of property, plant and equipment for the years ended March 31, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Buildings and structures	¥ 68	¥53	\$ 613
Machinery and vehicles	13	19	117
Tools, furniture and fixtures	12	7	108
Construction in progress	2	—	18
Intangible assets	26	1	234
Total	¥121	¥80	\$1,090

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, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Cash and deposits	¥ 52,244	¥ 49,856	\$ 470,667
Time deposits with original maturities exceeding three months	(26,342)	(25,813)	(237,316)
Cash and cash equivalents	¥ 25,902	¥ 24,043	\$ 233,351

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, 2019 and 2018 is summarized as follows:

	Millions of Yen							
	2019							
	Reporting Segment						Reconciliations	Consolidated
Japan	North America	Europe	South Asia	East Asia	Total			
Sales to customers	¥69,431	¥23,663	¥310	¥16,554	¥60,801	¥170,759	¥ —	¥170,759
Intersegment sales	3,054	59	14	18	8,507	11,652	(11,652)	—
Total sales	72,485	23,722	324	16,572	69,308	182,411	(11,652)	170,759
Segment expenses	67,279	22,786	367	14,721	67,038	172,191	(11,745)	160,446
Segment profit (loss)	5,206	936	(43)	1,851	2,270	10,220	93	10,313
Segment assets	85,431	12,078	77	18,198	90,652	206,436	(21,746)	184,690
Other items:								
Depreciation and amortization	1,775	191	0	142	947	3,055	—	3,055
Amortization of goodwill	—	97	—	—	—	97	—	97
Increase in property, plant and equipment and intangible assets	2,160	51	—	304	577	3,092	—	3,092

	Millions of Yen							
	2018							
	Reporting Segment						Reconciliations	Consolidated
Japan	North America	Europe	South Asia	East Asia	Total			
Sales to customers	¥65,213	¥23,847	¥498	¥17,192	¥62,045	¥168,795	¥ —	¥168,795
Intersegment sales	2,433	24	13	0	8,397	10,867	(10,867)	—
Total sales	67,646	23,871	511	17,192	70,442	179,662	(10,867)	168,795
Segment expenses	61,918	22,951	579	15,256	68,184	168,888	(10,758)	158,130
Segment profit (loss)	5,728	920	(68)	1,936	2,258	10,774	(109)	10,665
Segment assets	81,439	10,517	133	19,377	92,885	204,351	(21,848)	182,503
Other items:								
Depreciation and amortization	1,753	95	4	139	924	2,915	—	2,915
Amortization of goodwill	—	100	—	—	—	100	—	100
Increase in property, plant and equipment and intangible assets	1,182	60	0	360	1,112	2,714	—	2,714

	Thousands of U.S. Dollars (Note 1)							
	2019							
	Reporting Segment						Reconciliations	Consolidated
Japan	North America	Europe	South Asia	East Asia	Total			
Sales to customers	\$625,504	\$213,180	\$2,793	\$149,135	\$547,757	\$1,538,369	\$ —	\$1,538,369
Intersegment sales	27,514	532	126	162	76,640	104,974	(104,974)	—
Total sales	653,018	213,712	2,919	149,297	624,397	1,643,343	(104,974)	1,538,369
Segment expenses	606,117	205,280	3,306	132,622	603,946	1,551,271	(105,812)	1,445,459
Segment profit (loss)	46,901	8,432	(387)	16,675	20,451	92,072	838	92,910
Segment assets	769,649	108,811	694	163,946	816,684	1,859,784	(195,910)	1,663,874
Other items:								
Depreciation and amortization	15,991	1,721	0	1,279	8,532	27,523	—	27,523
Amortization of goodwill	—	874	—	—	—	874	—	874
Increase in property, plant and equipment and intangible assets	19,459	459	—	2,739	5,198	27,855	—	27,855

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

- Reconciliations of segment profit (loss) for the years ended March 31, 2019 and 2018 were ¥93 million (US\$838 thousand) and minus ¥109 million, respectively, consisting of intersegment transaction eliminations of ¥0 million (US\$0 thousand) and minus ¥0 million, and adjustment of inventories of ¥93 million (US\$838 thousand) and minus ¥109 million, respectively.
 - Reconciliations of segment assets for the years ended March 31, 2019 and 2018 were minus ¥21,746 million (minus US\$195,910 thousand) and minus ¥21,848 million, respectively, consisting of intersegment transaction eliminations of minus ¥21,613 million (minus US\$194,712 thousand) and minus ¥21,630 million, and adjustment of inventories of minus ¥133 million (minus US\$1,198 thousand) and minus ¥218 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					
	2019					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	¥69,050	¥24,714	¥17,715	¥56,614	¥2,666	¥170,759

	Millions of Yen					
	2018					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	¥64,935	¥24,178	¥18,239	¥57,709	¥3,734	¥168,795

	Thousands of U.S. Dollars (Note 1)					
	2019					
	Japan	The Americas	South Asia	East Asia	Others	Total
Sales to customers	\$622,072	\$222,649	\$159,594	\$510,036	\$24,018	\$1,538,369

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					
	2019					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	¥23,204	¥525	¥1,146	¥9,073	¥0	¥33,948

	Millions of Yen					
	2018					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	¥22,847	¥258	¥1,128	¥10,156	¥0	¥34,389

	Thousands of U.S. Dollars (Note 1)					
	2019					
	Japan	North America	South Asia	East Asia	Europe	Total
Property, plant and equipment	\$209,045	\$4,730	\$10,324	\$81,739	\$0	\$305,838

(5) Impairment loss on fixed assets by reporting segment is as follows:

Millions of Yen								
2019								
Reporting Segment								
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Impairment loss on fixed assets	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—

Millions of Yen								
2018								
Reporting Segment								
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Impairment loss on fixed assets	¥10	¥—	¥—	¥—	¥—	¥10	¥—	¥10

Thousands of U.S. Dollars (Note 1)								
2019								
Reporting Segment								
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Impairment loss on fixed assets	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—

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

Millions of Yen								
2019								
Reporting Segment								
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Goodwill	¥—	¥ 213	¥—	¥—	¥—	¥ 213	¥—	¥ 213

Millions of Yen								
2018								
Reporting Segment								
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Goodwill	¥—	¥ 320	¥—	¥—	¥—	¥ 320	¥—	¥ 320

Thousands of U.S. Dollars (Note 1)								
2019								
Reporting Segment								
	Japan	North America	Europe	South Asia	East Asia	Total	Reconciliations	Consolidated
Goodwill	\$—	\$ 1,919	\$—	\$—	\$—	\$ 1,919	\$—	\$ 1,919

Note: Information on amortization of goodwill is omitted as similar information is provided "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. Some long-term debts are exposed to the interest rate fluctuation risk due to variable interest rates and are hedged using interest rate swap contracts as necessary.

Derivatives consist of foreign currency forward contracts used to manage the market risk of fluctuations in foreign currency exchange 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					
	2019			2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets:						
Cash and deposits	¥ 52,244	¥ 52,244	¥ —	¥ 49,856	¥ 49,856	¥ —
Trade notes and accounts receivable	54,681	52,734	(1,947)	53,411	51,899	(1,512)
Investment securities	7,528	7,528	—	9,295	9,295	—
Long-term loans	3	3	(0)	216	220	4
Total	¥114,456	¥112,509	¥(1,947)	¥112,778	¥111,270	¥(1,508)
Liabilities:						
Trade notes and accounts payable	¥ 16,011	¥ 16,011	¥ —	¥ 16,151	¥ 16,151	¥ —
Electronically recorded obligations	5,386	5,386	—	4,714	4,714	—
Short-term debt	3,299	3,299	—	3,452	3,452	—
Long-term debt ¹	478	470	(8)	960	960	(0)
Total	¥ 25,174	¥ 25,166	¥ (8)	¥ 25,277	¥ 25,277	¥ (0)
Derivatives²:						
Derivatives without hedge accounting	¥ 31	¥ 31	¥ —	¥ 34	¥ 34	¥ —
Derivatives with hedge accounting	(1)	(1)	—	(31)	(31)	—
Total	¥ 30	¥ 30	¥ —	¥ 3	¥ 3	¥ —

	Thousands of U.S. Dollars (Note 1)		
	2019		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	\$ 470,667	\$ 470,667	\$ —
Trade notes and accounts receivable	492,621	475,081	(17,540)
Investment securities	67,820	67,820	—
Long-term loans	27	27	(0)
Total	\$1,031,135	\$1,013,595	\$(17,540)
Liabilities:			
Trade notes and accounts payable	\$ 144,243	\$ 144,243	\$ —
Electronically recorded obligations	48,522	48,522	—
Short-term debt	29,721	29,721	—
Long-term debt ¹	4,306	4,234	(72)
Total	\$ 226,792	\$ 226,720	\$ (72)
Derivatives²:			
Derivatives without hedge accounting	\$ 279	\$ 279	\$ —
Derivatives with hedge accounting	(9)	(9)	—
Total	\$ 270	\$ 270	\$ —

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, 2019 and 2018 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Investment securities:			
Unlisted stocks	¥ 113	¥ 113	\$ 1,018
Investment in unconsolidated subsidiaries and affiliates	¥1,155	¥1,161	\$10,405

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, 2019 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	¥ 52,244	¥ —	¥ —
Trade notes and accounts receivable	50,711	3,101	869
Long-term loans	0	3	—
Total	¥102,955	¥3,104	¥869

	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	\$470,667	\$ —	\$ —
Trade notes and accounts receivable	456,856	27,937	7,828
Long-term loans	0	27	—
Total	\$927,523	\$27,964	\$7,828

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, 2019 and 2018 are as follows:

	2019				2018			
	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								
U.S. dollars	¥5,105	¥1,318	¥31	¥31	¥8,005	¥3,862	¥34	¥34
Total	¥5,105	¥1,318	¥31	¥31	¥8,005	¥3,862	¥34	¥34

	Thousands of U.S. Dollars (Note 1)			
	2019			
	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts:				
Buying				
U.S. dollars	\$45,991	\$11,874	\$279	\$279
Total	\$45,991	\$11,874	\$279	\$279

Notes:

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

2. The above foreign currency forward contracts were concluded for the purpose of hedging the market risk of fluctuations in foreign currency exchange rates for deposits.

(2) Derivative transactions, to which hedge accounting is applied, at March 31, 2019 and 2018 are as follows:

Millions of Yen						
	2019			2018		
	Contract amount	Due after one year	Fair value	Contract amount	Due after one year	Fair value
Foreign currency forward contracts:						
Buying						
U.S. dollars	¥ 627	¥ —	¥ 4	¥1,075	¥153	¥(32)
Chinese yuan	400	63	(5)	147	—	1
Total	¥1,027	¥63	¥(1)	¥1,222	¥153	¥(31)

Thousands of U.S. Dollars (Note1)			
	2019		
	Contract amount	Due after one year	Fair value
Foreign currency forward contracts:			
Buying			
U.S. dollars	\$5,649	\$ —	\$ 36
Chinese yuan	3,604	568	(45)
Total	\$9,252	\$568	\$ (9)

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

Millions of Yen						
	2019			2018		
	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	¥ —	¥ —	¥ —	¥295	¥ —	¥ —

Thousands of U.S. Dollars (Note1)			
	2019		
	Contract amount	Due after one year	Fair value
Interest rate swap contracts:			
Variable interest received, fixed interest paid	\$ —	\$ —	\$ —

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) 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, 2019 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.

Resolution date	Before vesting (shares)					Vested (shares)				
	At the end of March 31, 2018	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2018	Vested	Exercised	Lapsed	Unexercised
November 8, 2013	—	—	—	—	—	36,000	—	15,000	—	21,000

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

Resolution date	Before vesting (shares)					Vested (shares)				
	At the end of March 31, 2018	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2018	Vested	Exercised	Lapsed	Unexercised
August 7, 2014	—	—	—	—	—	24,000	—	4,000	—	20,000

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

Resolution date	Before vesting (shares)					Vested (shares)				
	At the end of March 31, 2018	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2018	Vested	Exercised	Lapsed	Unexercised
August 7, 2015	—	—	—	—	—	7,000	—	3,000	—	4,000

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	1,339	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	1,378	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	1,357	696

(2) Evaluation method of fair value per unit of stock options for the year ended March 31, 2019

Not applicable

(3) 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, 2019 and 2018 are summarized as follows:

2019													
Description	Name of the company or individual	Location	Paid in capital or investment in capital (Millions of Yen)	Natures of business	Ownership ratio of voting rights	Nature of relationship	Nature of transaction	Amount of transaction ¹			Balance at year ended		
								Millions of Yen	Thousands of U.S. Dollars (Note 1)	Accounts	Millions of Yen	Thousands of U.S. Dollars (Note 1)	
Company in which directors and their relatives 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 6.22%	Real estate leasing Interlocking directors	Building leasing ⁵	¥ 5	\$ 45	Lease deposits	¥ 1	\$ 9	
	Takanawa FT Investment Limited Liability Company ³	Chuo-ku, Tokyo	¥ 2	Real estate leasing and management	—	Real estate leasing	Building leasing ⁵	¥161	\$1,450	—	—	—	
	Sunto Co., Ltd. ⁴	Kita-ku, Osaka	¥10	Real estate leasing, buying and selling investment and operation for securities	Direct 1.10%	Real estate leasing	Building leasing ⁵	¥ 48	\$ 432	Lease deposits	¥45	\$405	

2018													
Description	Name of the company or individual	Location	Paid in capital or investment in capital (Millions of Yen)	Natures of business	Ownership ratio of voting rights	Nature of relationship	Nature of transaction	Amount of transaction ¹			Balance at year ended		
								Millions of Yen	Thousands of U.S. Dollars (Note 1)	Accounts	Millions of Yen	Thousands of U.S. Dollars (Note 1)	
Company in which directors and their relatives 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 6.22%	Real estate leasing Interlocking directors	Building leasing ⁵	¥ 37	\$ 322	Lease deposits	¥ 1	\$ 9	
	Takanawa FT Investment Limited Liability Company ³	Chuo-ku, Tokyo	¥ 2	Real estate leasing and management	—	Real estate leasing	Building leasing ⁵	¥176	\$1,550	—	—	—	
	Sunto Co., Ltd. ⁴	Kita-ku, Osaka	¥10	Real estate leasing, buying and selling investment and operation for securities	—	Real estate leasing	Building leasing ⁵	¥ 12	\$ 107	Lease deposits	¥45	\$405	

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, a wholly-owned subsidiary of Uchiyama International, Limited was liquidated for the year ended March 31, 2019. The amount of transaction during the period when it was a related party is presented.

4. The relative of President and Chief Executive Officer Takakazu Uchiyama directly holds 90% of the voting rights of Sunto Co., Ltd.

5. 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 year ended March 31, 2019 and 2018 are as follows:

	Yen		U.S. Dollars (Note 1)
	2019	2018	2019
Net assets per share	¥1,271.28	¥1,243.46	\$11.45
Net income per share	114.14	109.82	1.03
Diluted net income per share	114.07	109.73	1.03

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 213,500 shares and 346,200 shares for the year ended March, 31, 2019 and 2018, 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 282,680 shares and 400,840 shares for the years ended March 31, 2019 and 2018, respectively.

2. The basis for the calculation of net income per share and diluted net income per share for the year ended March 31, 2019 and 2018 are as follows:

(A) Net income per share

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Profit attributable to owners of parent	¥9,220	¥8,857	\$83,063
Amount not attributable to holder of common stock	—	—	—
Profit attributable to owners of parent for common stock	9,220	8,857	83,063

	Thousand shares	
	2019	2018
Average number of common stock issued and outstanding during the year	80,782	80,659

(B) Diluted net income per share

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Profit attributable to owners of parent adjustment	¥ —	¥ —	\$ —

	Thousand shares	
	2019	2018
Increase of common stock	50	66
Of which: stock acquisition rights	50	66

3. The basis for the calculation of net assets per share for the years ended March 31, 2019 and 2018 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Total net assets	¥113,923	¥111,822	\$1,026,333
Amount deducted from total net assets	11,116	11,457	100,144
Of which: stock acquisition rights	40	61	360
Of which: non-controlling interests	11,076	11,396	99,784
Total net assets for common stock	¥102,807	¥100,365	\$ 926,189

	Thousand shares	
	2019	2018
Number of common stock issued and outstanding at the end of fiscal year for the purpose of calculation of net assets per share	80,868	80,714

22. Quarterly Information

Quarterly information for the year ended March 31, 2019 is as follows:

(1) Cumulative period

	Millions of Yen			
	2019			
	1st quarter	2nd quarter	3rd quarter	Year ended
Net sales	¥36,312	¥77,482	¥122,331	¥170,759
Profit before income taxes	1,489	5,484	8,778	12,524
Profit attributable to owners of parent	1,061	3,935	6,119	9,220
Net income per share (Yen)	13.15	48.74	75.77	114.14

	Thousands of U.S. Dollars (Note 1)			
	2019			
	1st quarter	2nd quarter	3rd quarter	Year ended
Net sales	\$327,135	\$698,036	\$1,102,081	\$1,538,369
Profit before income taxes	13,414	49,405	79,081	112,829
Profit attributable to owners of parent	9,559	35,450	55,126	83,063
Net income per share (U.S. Dollars)	0.12	0.44	0.68	1.03

(2) Quarterly period

	Yen			
	2019			
	1st quarter	2nd quarter	3rd quarter	4th quarter
Net income per share	¥13.15	¥35.58	¥27.03	¥38.36

	U.S. Dollars (Note 1)			
	2019			
	1st quarter	2nd quarter	3rd quarter	4th quarter
Net income per share	\$0.12	\$0.32	\$0.24	\$0.35

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Fujitec Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2019, 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, 2019, 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, 2019 are presented solely for the convenience. Our audit also included the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Grant Thornton Taiyo LLC

Osaka, Japan

August 20, 2019

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Global Network (As of August 1, 2019)

Global (20 Countries and 3 Regions)

Consolidated subsidiaries: 18

Manufacturing bases: 10

Japan

Head Office and bases: 4

Divisions and offices: 5

Branch offices: 14

Japan

●● Head Office Big Wing (Hikone City, Shiga)

Elevator development and manufacturing base

● Tokyo Head Office (Minato-ku, Tokyo)

● Big Fit (Ibaraki City, Osaka)

After-sales services base

●● Big Step (Toyooka City, Hyogo)

Escalator development and manufacturing base

Divisions/Offices

● North Japan Regional Office (Sapporo City, Hokkaido)

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

● Chubu Regional Office (Nagoya City, Aichi)

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

● West Japan Regional Office (Fukuoka City, Fukuoka)

● R&D centers ● Manufacturing bases ● Sales bases ● Logistics base

East Asia

●● Fujitec (HK) Co., Ltd. (Hong Kong)

●● Fujitec Taiwan Co., Ltd. (Taiwan)

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

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

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

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

● Shanghai Tecky Trading Co., Ltd. (China)

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

South Asia

● Fujitec Singapore Corpn. Ltd. (Singapore)

● FSP Pte. Ltd. (Singapore)

● Fujitec, Inc. (Philippines)

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

● P.T. Fujitec Indonesia (Indonesia)

● Fujitec Vietnam Co., Ltd. (Vietnam)

●● Fujitec India Private Ltd. (India)

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

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

● Fujitec Myanmar Co., Ltd. (Myanmar)

The Americas, Europe and Middle East

●● Fujitec America, Inc. (U.S.A.)

● Fujitec Canada, Inc. (Canada)

● Fujitec Venezuela C.A. (Venezuela)

● Fujitec Argentina S.A. (Argentina)

● Fujitec Uruguay S.A. (Uruguay)

● Fujitec Pacific, Inc. (Guam)

● Fujitec UK Ltd. (U.K.)

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

● Fujitec Egypt Co., Ltd. (Egypt)

Shareholder Information (As of March 31, 2019)

Company Data

Company Name	Fujitec Co., Ltd.	Total Number of Issued Shares (Common Stock)	300,000,000 shares
Date of Establishment	February 9, 1948	Total Number of Issued Shares (Common Stock)	90,067,000 shares
Paid-in Capital	¥12,533,933,095	Number of Shareholders	4,378
Line of Business	Research and development, sale, manufacture, installation, maintenance and modernization of elevators, escalators, moving walks, new transportation systems, etc.	Stock Exchange Listing	First Section, Tokyo Stock Exchange (Ticker Code: 6406)
Location	Head Office (Big Wing): 591-1, Miyata-cho, Hikone, Shiga, Japan Tokyo Head Office: 1-17-3 Shirokane, Minato-ku, Tokyo	Annual Meeting of Shareholders	Held in June each year at 591-1, Miyata-cho, Hikone, Shiga, Japan
Consolidated Subsidiaries	18	Auditor	Grant Thornton Taiyo LLC
Number of Employees	10,105 (Japan: 2,982, Overseas: 7,123)	Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
		Business Office	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 4-5-33, Kitahama, Chuo-ku, Osaka, Japan

Major Shareholders

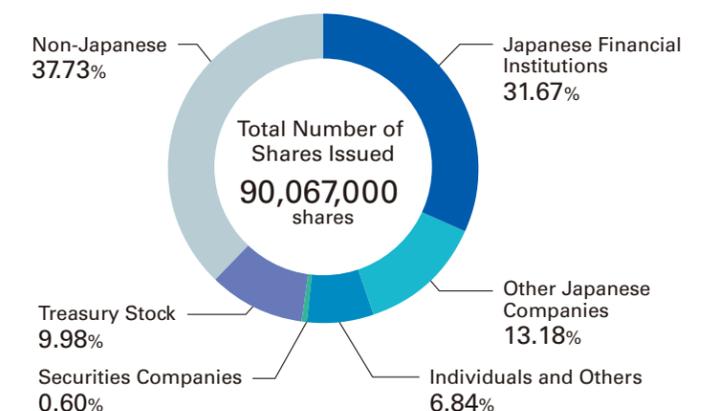
	Number of Shares Held (Hundreds)	Shareholding Ratio (%)
Uchiyama International, Limited	50,439	6.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	42,325	5.22
Resona Bank, Limited	40,516	5.00
JP Morgan Chase Bank 385632	36,490	4.50
Japan Trustee Services Bank, Ltd. (Trust Account 4)	32,062	3.95
CMB London Jasdec Non-Treaty A/C (Spec No.1 Gen)	29,825	3.68
SSBTC CLIENT OMNIBUS ACCOUNT	28,632	3.53
Japan Trustee Services Bank, Ltd. (Trust Account)	23,111	2.85
British Empire Trust plc	21,649	2.67
Mizuho Bank, Ltd.	19,892	2.45

1. The shareholding ratios are calculated based on 81,082,218 shares, being the total number of issued shares as of March 31, 2019 (90,067,000 shares) minus the number of treasury shares (8,984,782 shares) on the same date.

2. The number of shares for Japan Trustee Services Bank, Ltd. (Trust Account) includes 213,500 shares held by the ESOP Trust Supporting Employee Shareholding Association.

3. Fujitec Co., Ltd. holds 8,984,782 shares of treasury stock but is excluded from the above list.

Distribution of Shareholders



FUJITEC