



# Semiannual Report

Six months ended September 30, 2005

# Consolidated Financial Highlights

Fujitec Co., Ltd. and Consolidated Subsidiaries  
Six-month periods ended September 30, 2005 and 2004

	Millions of yen		Thousands of U.S. Dollars	Percent change
	2005	2004	2005	2005/2004
<b>For each period:</b>				
Net sales .....	¥ 39,506	¥ 41,637	\$ 349,611	-5.1%
Domestic .....	18,486	20,722	163,593	-10.8%
Overseas .....	21,020	20,915	186,018	+0.5%
Operating income .....	1,022	1,220	9,044	-16.2%
Net income .....	264	513	2,336	-48.5%
<b>At the end of each period:</b>				
Total assets .....	¥ 107,202	¥ 101,315	\$ 948,690	+5.8%
Shareholders' equity .....	56,626	53,772	501,115	+5.3%
<b>Per share of common stock:</b>				
Net income .....	¥ 2.82	¥ 5.48	\$ 0.02	-48.5%
Interim cash dividends .....	5.00	5.00	0.04	+0.0%

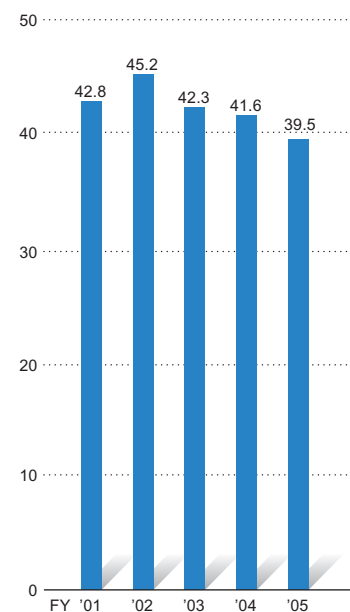
Notes: 1. U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥113 to U.S. \$ 1.

2. Net income per share amounts are computed based on the weighted average number of shares outstanding during each period.

3. The amounts of total assets and shareholders' equity in 2004 in the Consolidated Financial Highlights differ from those in the Consolidated Balance Sheets on pages 9 and 10, because the figures in the Consolidated Financial Highlights represent amounts as they stood as of September 30, 2004, while those in the Consolidated Balance Sheets are as of March 31, 2005.

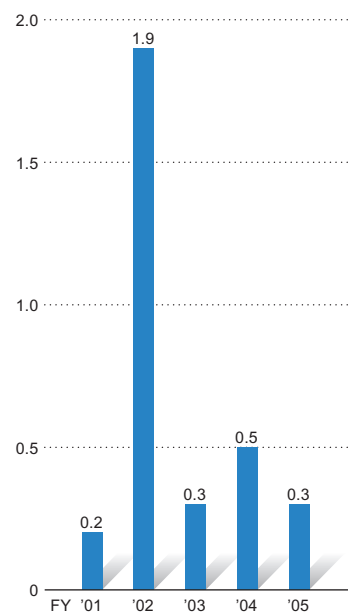
## Net sales

(Billion ¥)



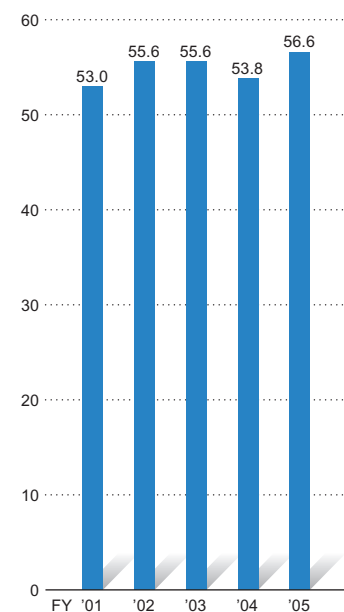
## Net income

(Billion ¥)



## Shareholders' equity

(Billion ¥)



(Six-month periods ended September 30)

# To Our Shareholders

This report outlines our business activities and financial results for the interim period ended September 30, 2005.

During the interim period, the global economy grew stronger overall, backed by solid economic conditions in the U.S., expansion of the regional Asian economy driven forward by sustained high growth in China, and the gradual recovery of the European economy. The Japanese economy enjoyed a period of mild recovery, though it is still not exceptionally strong.

Within this wider context, the elevator- and escalator-related industry faced a challenging environment. Although demand from both the office and residential sectors in the North American market showed improvement, profitability was severely affected by soaring oil and raw material prices. Meanwhile in Asia, demand in the Chinese market, mainly led by the residential sector, continued to be strong. In other Asian regions, however, recovery of the economy failed to translate into demand for elevators, escalators and related products. Likewise, conditions in Japan remained severe, although there were signs of a recovery in the demand from high-rise residential buildings and large-scale commercial facilities.

Against this backdrop, Fujitec committed itself to proactive sales activities on a global scale. However, due to intensified sales competition, the consolidated total value of orders received during the interim period declined to ¥45,626 million, down 3.8% from the same period of the previous year, and the consolidated net sales were reduced by 5.1% from one year earlier to ¥39,506 million.

On the profit front, consolidated operating income fell 16.2% from the same period of the previous year to ¥1,022 million, due to rising raw material prices and intensifying price competition. Consolidated ordinary profit decreased by 15.0% to ¥1,313 million, due to a decline in foreign exchange profit, despite improvement in the financial account balance.

In this interim period, we began to apply accounting standards for impairment loss of fixed assets. As a result of the posting of a ¥118-million impairment loss, net income in the interim period was reduced by 48.5% from the previous year to ¥264 million.

It is expected that global inter-enterprise competition will increasingly intensify in the elevator- and escalator-related markets, which will therefore face further challenging circumstances. Given such business conditions, we at Fujitec will follow the course set by our mid-term business plan "Change & Charge." A main pillar of that plan is the completion of



Big Wing, our new R&D and production base currently under construction within the premises of the Shiga Plant. By concentrating our management resources and improving our management efficiency, we aim to stabilize a solid foundation for earnings to ensure the Company's further business growth.

We hope that our shareholders continue to provide the Company with their earnest support.

December 2005

Takakazu Uchiyama  
President and Chief Executive Officer

# Outline of Major Activities

## Japan

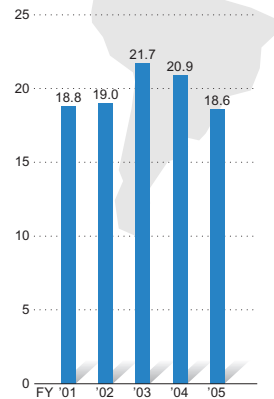
August 2005 saw the opening of the Tsukuba Express, a rapid-transit railway line traveling through the Tokyo metropolitan area between Akihabara, Tokyo and Tsukuba, Ibaraki. A total of 36 Fujitec elevators and escalators are in operation at major stations along the Tsukuba Express. In addition, the Bio-IT Research Building of the National Institute of Advanced Industrial Science and Technology (AIST) was completed in the Omi district of the new Tokyo waterfront subcenter. Fujitec delivered four advanced elevators, which are suitable for this state-of-the-art facility.



The Bio-IT Research Building

In Osaka, the second phase of the Namba Parks construction project is underway, with an opening planned for spring 2007. Fujitec received an order for 16 escalators for a commercial facility to be occupied by various shops and a cinema complex, which will be one of the largest of its kind in Osaka.

Sales in Japan  
(Billion ¥)



## South Asia

In Singapore, Fujitec Singapore received a bulk order from the Housing Development Board (HDB) of Singapore for some 400 elevators for the 18th Housing Development Project. Thus far, the HDB has contracted with Fujitec Singapore for some 19,000 elevators in total.

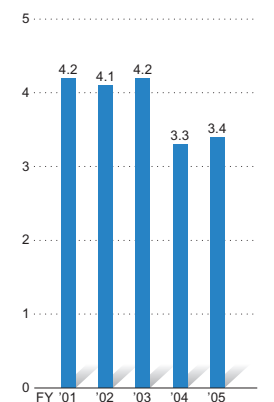
The HDB presented Fujitec Singapore with the Excellent Quality Award. This prestigious award was given in recognition of Fujitec Singapore's contribution in delivering high-performance, high-quality elevators to the HDB for over 30 years.

In Malaysia, the KLCC Convention Center, an international exhibition facility, was completed. This Center is equipped with a total of 49 of our escalators and elevators, including innovative, circular observation model elevators. Moreover, 72 Fujitec elevators and escalators are in service at The Curve, a large complex facility.



The KLCC Convention Center

Sales in South Asia  
(Billion ¥)





# East Asia

In Hong Kong, we received an order for a total of 32 high-speed elevators and escalators for the Union Square, a 72-story high-rise complex building.

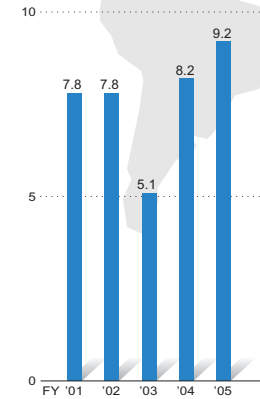
In Taiwan, the Shin Kong Mitsukoshi Hsinyi New Life Square A4, which opened in Taipei, is equipped with 46 of our elevators and escalators.

Furthermore, in South Korea we received a collective order from the Korea National Housing Corporation (KNHC) for 170 elevators to be installed in apartment buildings to be newly constructed by the KNHC.



The Shin Kong Mitsukoshi Hsinyi New Life Square A4

Sales in East Asia (Billion ¥)



Outline of Major Activities

# The Americas

In Chicago, United States, a luxury condominium called “Heritage at Millennium Park” has been completed. This 58-story building is served by ten of our elevators, including super



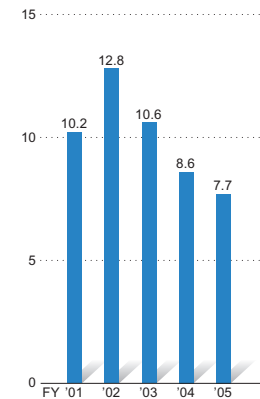
Heritage at Millennium Park

high-speed models that travel up to 360 meters per minute.

In Vancouver, Canada, a complex building comprising a world-renowned Shangri-La Hotel and luxury condominiums is under construction. This complex will be equipped with 13 high-speed Fujitec elevators.

Meanwhile, in Buenos Aires, Argentina, 12 high-speed Fujitec elevators are operating in the El Faro, 48-story twin condominium buildings.

Sales in the Americas (Billion ¥)



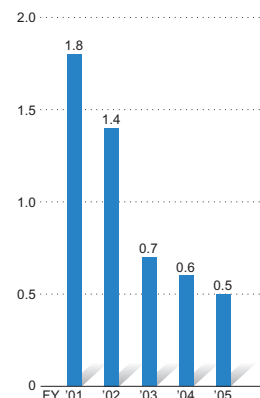
# Europe

In London, United Kingdom, a recently completed high-class office building named the “St. James” is served by five Fujitec elevators, including luxurious observation models. In Germany, we delivered ten escalators of stylish design to the Allianz Arena, which will be a venue for the Football World Cup 2006.



St. James

Sales in Europe (Billion ¥)



## Completion Ceremony Held for the Shanghai R&D Center; Groundbreaking Ceremony Held for the New Escalator Plant

A new building has been recently completed for Fujitec Shanghai Technologies Co., Ltd. (Shanghai R&D Center), which will serve as a new base for our research and development activities in China. Moreover, Shanghai Huasheng Fujitec Escalator Co., Ltd. has decided to construct a new plant on a vast site of approximately 150,000 m<sup>2</sup> in Shanghai's Songjiang Industrial District, where the Shanghai R&D Center is also located, in order to increase escalator production. On November 15, completion and groundbreaking ceremonies for both these facilities were held on a large scale. Approximately 400 people attended, including a delegate from the Songjiang government, a representative of the China Elevator Association, Chairman Zhao Boya of Chinatex Corporation (which is our Chinese venture partner), Fujitec President and Chief Executive Officer Takakazu Uchiyama, and the presidents of Fujitec group companies.

We aim to further expand our share in China, whose elevator and escalator market is the largest in the world, by strengthening our technological capabilities to achieve innovation, while speedily responding to market needs by integrating product development and manufacturing.



Groundbreaking Ceremony for new Shanghai Huasheng Fujitec Escalator Co., Ltd. plant



Completed "Shanghai R&D Center"

## Construction of “Big Wing” Progressing Smoothly for Completion Next Spring

In Shiga Prefecture, as a major project of the mid-term business plan “Change & Charge,” Fujitec is constructing the “Big Wing,” which will serve as a center for the development of cutting-edge technologies and as an additional production base. Since the groundbreaking ceremony on May 9, 2005, construction has been progressing smoothly.

To build the 170-meter high elevator research tower, the tallest of its kind in the world, foundation piles were driven approximately 50 meters into the ground. Having completed construction of the huge foundation, we have commenced building upper portions of the tower.

Regarding the series of buildings that will house product development, experiment and common service facilities, the structural frames have been completed. We are now working on the exterior walls of these buildings.

Furthermore, as the Second Plant roof and exterior wall construction nears completion, passersby can now see how the building will look like when completed. Upon its completion, the Second Plant, in combination with the original plant, will enable us to produce 5,000 elevators annually.

The “Big Wing” will be our core facility for integrated manufacturing, from product development and design through production. Construction is advancing at a rapid pace, for further expansion and development of Fujitec’s business operations.



Progress of construction



Rendering of “Big Wing”

# Financial Section

## Consolidated Financial Review

### Operating Results

Consolidated orders received during the interim period ended September 30, 2005 showed, compared to the same period of the previous year, increase in some areas, notably South Asia and East Asia. However, with a 12.1% decrease posted in domestic orders received, the overall figure edged down 3.8% from one year earlier to ¥45,626 million (U.S. \$404 million). Consolidated net sales also declined 5.1% to ¥39,506 million (U.S. \$350 million), due to a 10.8% drop in domestic sales. Orders in hand at the end of the period stood at ¥88,233 million (U.S. \$781 million), a 7.1% increase from the fiscal year end of March 2005.

Looking at the consolidated profit and loss, operating income fell 16.2% year on year to ¥1,022 million (U.S. \$9 million), owing to intensified competition and the effects of higher raw material prices, both of which led to lower operating incomes in Japan and South Asia and a higher loss in North America. Smaller foreign exchange gains caused ordinary income to decline 15.0% to ¥1,313 million (U.S. \$12 million), even though improvements were seen in net financial income (expenses). Finally, an impairment loss of ¥118 million (U.S. \$1 million) was posted since new accounting standards were applied to compute impairment losses on fixed assets for the period under review.

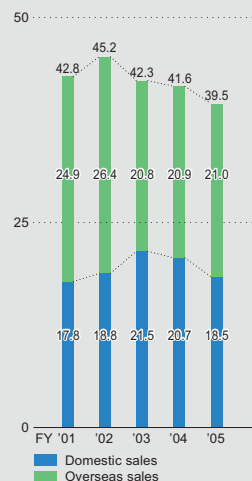
As a result of the above, net income for the period under review shrank 48.5% to ¥264 million (U.S. \$2 million).

### Financial Position

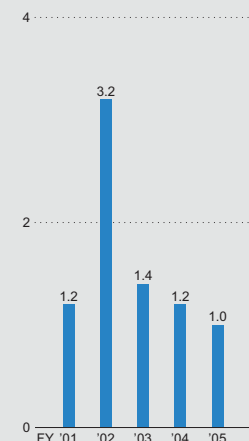
Total assets at the end of the interim period stood at ¥107,202 million (U.S. \$949 million), an increase of ¥5,235 million compared to the fiscal year end of March 2005. This was mainly attributable to an increase of ¥1,577 million in current assets due to larger inventories and ¥2,627 million in construction in progress for building a Product Development Center and a Second Plant within the premises of the Shiga Plant. Total liabilities were ¥46,763 million (U.S. \$414 million), a rise of ¥3,144 million. Major contributing factors were an increase of ¥2,325 million in trade notes payable for facilities and ¥2,044 million in advances from customers.

Shareholders' equity amounted to ¥56,626 million (U.S. \$501 million), a rise of ¥2,086 million from the previous fiscal year end. This figure reflects the depreciation of the Japanese yen, which lowered the amount deducted for adjustment arising from translation of foreign subsidiaries' accounts, as well as a higher amount posted for unrealized gains on securities. The equity ratio slid by 0.7 of a percentage point to 52.8%. Finally, shareholders' equity per share grew ¥22.36 from the previous fiscal year end to ¥604.73 (U.S. \$5.35).

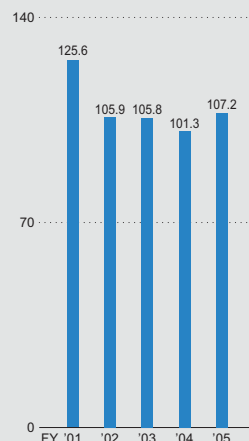
**Domestic sales and overseas sales**  
(Billion ¥)



**Operating income**  
(Billion ¥)



**Total assets**  
(Billion ¥)





## Cash Flows

Net cash used in operating activities totaled ¥820 million (U.S. \$7 million), a drop of ¥2,354 million from the same period of the previous year. This was mainly due to a rise of ¥2,429 million in the amount of increase in inventories at ¥4,104 million (U.S. \$36 million) for the interim period under review, in anticipation of a sales increase in the second half of the fiscal year. Income before income taxes and minority interest amounted to ¥1,182 million (U.S. \$10 million). Depreciation and amortization came to ¥816 million (U.S. \$7 million) and payment of income taxes to ¥1,129 million (U.S. \$10 million).

Net cash provided by investing activities was ¥4,230 million (U.S. \$37 million), which mainly comprised a net increase of ¥4,704 million (U.S. \$42 million) in time deposits (with a deposit term of more than three months). This was partially offset by ¥819 million (U.S. \$7 million) in acquisitions of property, plant, and equipment, and other payments.

Net cash used in financing activities totaled ¥455 million (U.S. \$4 million), a decline of ¥284 million from ¥739 million in the same period of the previous year. The difference was mainly attributable to an increase in short-term debt, which was outweighed by cash dividends paid and others.

After accounting for the effect of exchange rate changes on cash and cash equivalents and the items outlined above, cash and cash equivalents at the end of the interim period stood at ¥20,019 million (U.S. \$177 million), an increase of ¥3,935 million from the previous fiscal year end.

# Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries  
September 30 and March 31, 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	September 30 2005	March 31 2005	September 30 2005
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents.....	¥ 20,019	¥ 16,084	\$ 177,159
Time deposits.....	117	4,752	1,035
Marketable securities .....	—	13	—
Accounts and notes receivable:			
Unconsolidated subsidiaries and affiliates .....	20	27	177
Trade .....	21,974	24,726	194,460
Allowance for doubtful accounts .....	(228)	(228)	(2,018)
	<b>21,766</b>	<b>24,525</b>	<b>192,619</b>
Inventories .....	<b>20,839</b>	16,330	<b>184,416</b>
Deferred income taxes .....	<b>647</b>	979	<b>5,726</b>
Other current assets.....	<b>1,906</b>	1,034	<b>16,868</b>
Total current assets .....	<b>65,294</b>	<b>63,717</b>	<b>577,823</b>
<b>Investments and advances:</b>			
Unconsolidated subsidiaries and affiliates .....	<b>1,177</b>	1,177	<b>10,416</b>
Investment securities .....	<b>7,406</b>	6,025	<b>65,540</b>
Advances.....	<b>4,143</b>	4,145	<b>36,663</b>
	<b>12,726</b>	<b>11,347</b>	<b>112,619</b>
<b>Property, plant and equipment, at cost :</b>			
Buildings .....	<b>15,731</b>	15,387	<b>139,212</b>
Machinery and equipment .....	<b>17,302</b>	16,702	<b>153,115</b>
	<b>33,033</b>	<b>32,089</b>	<b>292,327</b>
Accumulated depreciation .....	<b>(20,655)</b>	(19,721)	<b>(182,787)</b>
	<b>12,378</b>	<b>12,368</b>	<b>109,540</b>
Land.....	<b>6,979</b>	6,965	<b>61,761</b>
Construction in progress.....	<b>3,094</b>	467	<b>27,381</b>
	<b>22,451</b>	<b>19,800</b>	<b>198,682</b>
<b>Other assets:</b>			
Deferred income taxes .....	<b>808</b>	1,220	<b>7,150</b>
Intangible assets .....	<b>3,710</b>	3,642	<b>32,832</b>
Other.....	<b>2,213</b>	2,241	<b>19,584</b>
	<b>¥107,202</b>	<b>¥101,967</b>	<b>\$ 948,690</b>

The accompanying notes are an integral part of these statements.

# Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries  
September 30 and March 31, 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	September 30 2005	March 31 2005	September 30 2005
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term debt .....	¥ 10,894	¥ 10,100	\$ 96,407
Current portion of long-term debt .....	—	4	—
Accounts and notes payable:			
Unconsolidated subsidiaries and affiliates .....	65	49	575
Trade .....	9,653	10,183	85,425
Advances from customers .....	7,684	5,640	68,000
Accrued income taxes .....	894	1,570	7,912
Accrued bonuses .....	414	1,288	3,663
Provision for losses on contracts .....	1,510	1,168	13,363
Other current liabilities .....	6,721	5,045	59,478
Total current liabilities .....	37,835	35,047	334,823
<b>Long-term debt</b> .....	2,908	2,909	25,735
<b>Deferred income taxes</b> .....	67	58	593
<b>Accrued pension and severance payments</b> .....	5,953	5,605	52,681
Total liabilities .....	46,763	43,619	413,832
<b>Minority interest in consolidated subsidiaries</b> .....	3,813	3,808	33,743
<b>Contingent liabilities</b> (Note 3)			
<b>Shareholders' equity :</b>			
Common stock, no par value;			
Authorized 300,000,000 shares at September 30, 2005 and 200,000,000 shares at March 31, 2005			
Issued and outstanding: 93,767,317 shares at september 30, 2005 and at March 31, 2005 .....	12,534	12,534	110,920
Additional paid-in capital .....	14,566	14,566	128,903
Retained earnings	41,055	41,233	363,319
Net unrealized gains on securities	2,091	1,277	18,504
Adjustment arising from translation			
of foreign subsidiaries' accounts .....	(13,532)	(14,986)	(119,752)
	56,714	54,624	501,894
Treasury stock at cost: 129,012 shares at September 30, 2005 and 121,991 shares at March 31, 2005 .....	(88)	(84)	(779)
Total shareholders' equity .....	56,626	54,540	501,115
	¥107,202	¥101,967	\$ 948,690

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries  
Six-month periods ended September 30, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
<b>Net sales</b> .....	<b>¥ 39,506</b>	¥ 41,637	<b>\$ 349,611</b>
<b>Cost and expenses:</b>			
Cost of sales .....	<b>31,157</b>	32,448	<b>275,726</b>
Selling, general and administrative.....	<b>7,327</b>	7,969	<b>64,841</b>
	<b>38,484</b>	40,417	<b>340,567</b>
Operating income .....	<b>1,022</b>	1,220	<b>9,044</b>
<b>Other income (expenses):</b>			
Interest and dividend income.....	<b>350</b>	163	<b>3,097</b>
Interest expense .....	<b>(129)</b>	(83)	<b>(1,142)</b>
Foreign currency exchange gain (loss).....	<b>53</b>	135	<b>469</b>
Other, net.....	<b>18</b>	111	<b>160</b>
	<b>292</b>	326	<b>2,584</b>
<b>Extraordinary items:</b>			
Gain on sales of property, plant and equipment .....	<b>7</b>	3	<b>62</b>
Loss on disposal and sales of property, plant and equipment.....	<b>(21)</b>	(26)	<b>(186)</b>
Write-down of investment securities .....	<b>—</b>	(15)	<b>—</b>
Other, net.....	<b>(118)</b>	(4)	<b>(1,044)</b>
	<b>(132)</b>	(42)	<b>(1,168)</b>
Income before income taxes and minority interest .....	<b>1,182</b>	1,504	<b>10,460</b>
<b>Income taxes:</b>			
Current .....	<b>524</b>	501	<b>4,637</b>
Deferred .....	<b>192</b>	313	<b>1,699</b>
	<b>716</b>	814	<b>6,336</b>
Income before minority interest.....	<b>466</b>	690	<b>4,124</b>
<b>Minority interest in income of consolidated subsidiaries</b>	<b>202</b>	177	<b>1,788</b>
Net income.....	<b>¥ 264</b>	¥ 513	<b>\$ 2,336</b>
<b>Per share:</b>			
	Yen		U.S. Dollars (Note 1)
Net income, based on the weighted average number of shares outstanding .....	<b>¥ 2.82</b>	¥ 5.48	<b>\$ 0.02</b>
Interim cash dividends.....	<b>5.00</b>	5.00	<b>0.04</b>

The accompanying notes are an integral part of these statements.



# Consolidated Statements of Shareholders' Equity

Fujitec Co., Ltd. and Consolidated Subsidiaries  
Six-month periods ended September 30, 2005 and 2004

	Thousands		Millions of Yen				
	Number of shares of common stock issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains(losses) on securities	Adjustment arising from translation of foreign subsidiaries' accounts	Treasury stock, at cost
<b>Balance at March 31, 2004</b> .....	93,767	¥ 12,534	¥ 14,566	¥ 40,323	¥ 1,037	¥(14,525)	¥ (69)
Net income.....	—	—	—	513	—	—	—
Cash dividends.....	—	—	—	(468)	—	—	—
Bonuses to directors and corporate auditors.....	—	—	—	(44)	—	—	—
Staff and workers' bonus and welfare fund.....	—	—	—	(6)	—	—	—
Change in adjustment arising from translation of foreign subsidiaries' accounts.....	—	—	—	—	—	218	—
Change in net unrealized losses on securities.....	—	—	—	—	(302)	—	—
Treasury stock acquired, net.....	—	—	—	—	—	—	(5)
<b>Balance at September 30, 2004</b> .....	<b>93,767</b>	<b>¥ 12,534</b>	<b>¥ 14,566</b>	<b>¥ 40,318</b>	<b>¥ 735</b>	<b>¥(14,307)</b>	<b>¥ (74)</b>
<b>Balance at March 31, 2005</b> .....	93,767	¥ 12,534	¥ 14,566	¥ 41,233	¥ 1,277	¥(14,986)	¥ (84)
Net income.....	—	—	—	264	—	—	—
Cash dividends.....	—	—	—	(468)	—	—	—
Bonuses to directors and corporate auditors.....	—	—	—	—	—	—	—
Staff and workers' bonus and welfare fund.....	—	—	—	(4)	—	—	—
Change in adjustment arising from translation of foreign subsidiaries' accounts.....	—	—	—	30	—	1,454	—
Change in net unrealized gains on securities.....	—	—	—	—	814	—	—
Treasury stock acquired, net.....	—	—	—	—	—	—	(4)
<b>Balance at September 30, 2005</b> .....	<b>93,767</b>	<b>¥ 12,534</b>	<b>¥ 14,566</b>	<b>¥ 41,055</b>	<b>¥ 2,091</b>	<b>¥(13,532)</b>	<b>¥ (88)</b>

	Thousands		Thousands of U.S. Dollars (Note 1)				
	Number of shares of common stock issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains(losses) on securities	Adjustment arising from translation of foreign subsidiaries' accounts	Treasury stock, at cost
<b>Balance at March 31, 2005</b> .....	93,767	\$110,920	\$128,903	\$364,894	\$ 11,301	\$(132,619)	\$ (743)
Net income.....	—	—	—	2,336	—	—	—
Cash dividends.....	—	—	—	(4,142)	—	—	—
Bonuses to directors and corporate auditors.....	—	—	—	—	—	—	—
Staff and workers' bonus and welfare fund.....	—	—	—	(35)	—	—	—
Change in adjustment arising from translation of foreign subsidiaries' accounts.....	—	—	—	266	—	12,867	—
Change in net unrealized gains on securities.....	—	—	—	—	7,203	—	—
Treasury stock acquired, net.....	—	—	—	—	—	—	(36)
<b>Balance at September 30, 2005</b> .....	<b>93,767</b>	<b>\$110,920</b>	<b>\$128,903</b>	<b>\$363,319</b>	<b>\$ 18,504</b>	<b>\$(119,752)</b>	<b>\$ (779)</b>

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Cash Flows

Fujitec Co., Ltd. and Consolidated Subsidiaries  
Six-month periods ended September 30, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interest .....	¥ 1,182	¥ 1,504	\$ 10,460
Depreciation and amortization .....	816	805	7,221
Decrease of allowance for doubtful accounts .....	(9)	(31)	(80)
Decrease of bonuses to employees .....	(877)	(1,086)	(7,760)
Provision (benefit) for losses on contracts .....	256	(184)	2,265
Interest and dividend income .....	(350)	(163)	(3,097)
Interest expense .....	129	83	1,142
Write-down of investment securities .....	—	15	—
Decrease in trade notes and accounts receivable .....	3,523	3,308	31,177
(Increase) in inventories .....	(4,104)	(1,675)	(36,319)
(Decrease) increase in trade notes and accounts payable .....	(797)	190	(7,053)
Increase in advances from customers .....	1,786	271	15,805
Bonuses paid to directors and corporate auditors .....	—	(44)	—
Other, net .....	(1,246)	(818)	(11,026)
Sub-total .....	309	2,175	2,735
Payment of income taxes .....	(1,129)	(641)	(9,992)
Net cash (used in) provided by operating activities .....	(820)	1,534	(7,257)
<b>Cash flows from investing activities:</b>			
Decrease (increase) in time deposits, net .....	4,704	(4,328)	41,628
Acquisitions of property, plant and equipment .....	(819)	(482)	(7,248)
Proceeds from sale of property, plant and equipment .....	25	8	221
Payment for purchase of investment securities .....	(8)	(4)	(70)
Proceeds from sale of investment securities .....	—	9	—
Investment in unconsolidated subsidiary .....	—	(146)	0
Payment for long-term advances .....	(6)	(2)	(53)
Collections on long-term advances .....	15	14	133
Proceeds from interest and dividend income .....	373	156	3,301
Other, net .....	(54)	39	(478)
Net cash provided by (used in) investing activities .....	4,230	(4,736)	37,434
<b>Cash flows from financing activities:</b>			
Borrowings on short-term debt, net .....	498	151	4,416
Repayment of long-term debt .....	(4)	(6)	(35)
Purchase of minority shareholders' interest .....	(29)	(9)	(257)
Payment of interest .....	(129)	(85)	(1,142)
Cash dividend paid .....	(468)	(468)	(4,151)
Cash dividend paid to minority shareholders .....	(319)	(317)	(2,823)
Other, net .....	(4)	(5)	(35)
Net cash used in financing activities .....	(455)	(739)	(4,027)
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>980</b>	<b>36</b>	<b>8,673</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>3,935</b>	<b>(3,905)</b>	<b>34,823</b>
<b>Cash and cash equivalents at beginning of period .....</b>	<b>16,084</b>	<b>15,737</b>	<b>142,336</b>
<b>Cash and cash equivalents at end of period .....</b>	<b>¥ 20,019</b>	<b>¥ 11,832</b>	<b>\$ 177,159</b>

The accompanying notes are an integral part of these statements.

# Notes to Consolidated Financial Statements

Fujitec Co., Ltd. and Consolidated Subsidiaries  
Six-month periods ended September 30, 2005 and 2004

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Fujitec Co., Ltd. (the "Company") and its consolidated subsidiaries have been prepared from the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau, as required by the Securities and Exchange Law of Japan, in conformity with accounting principles and practices generally accepted in Japan.

For the purpose of this Semiannual Report, certain reclassifications have been made to the consolidated financial statements issued domestically, in order to present these statements in a form which is more familiar to readers of these statements outside Japan. However, such reclassifications have no effect on net income or retained earnings.

The United States dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen into United States dollars on a basis of ¥113=U.S. \$1, the approximate effective rate of exchange at September 30, 2005. The inclusion of such United States dollar amounts is solely for convenience and is not intended to imply that Japanese yen, and assets and liabilities originating in Japanese yen, have been or could be readily converted, realized or settled in United States dollars at ¥113=U.S. \$1 or at any other rate.

## 2. Summary of Significant Accounting Policies

### (A) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and the following fifteen significant subsidiaries (together the "Companies").

Fujitec America, Inc. (U.S.A.)  
Fujitec Canada, Inc. (Canada)  
Fujitec UK Ltd. (United Kingdom)  
Fujitec Deutschland GmbH (Germany)  
Fujitec Singapore Corpn. Ltd. (Singapore)  
P.T. Fujitec Indonesia (Indonesia)  
Fujitec (Malaysia) Sdn. Bhd. (Malaysia)  
FSP Elevator Private Ltd. (India)  
Fujitec Maintenance (Singapore) Pte. Ltd. (Singapore)  
Huasheng Fujitec Elevator Co., Ltd. (China)  
Shanghai Huasheng Fujitec Escalator 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)

Effective October 1, 2004, the accounts of Fujitec (Malaysia) Sdn. Bhd. were newly included in consolidation, due to the ownership of majority by Fujitec Singapore Corpn. Ltd. In addition, the accounts of FSP Elevators Private Ltd. and Fujitec Maintenance (Singapore) Pte. Ltd. were also newly included in consolidation, effective May 26, 2004 and June 8, 2004, respectively, due to the inception of corporations as subsidiaries of Fujitec Singapore Corpn. Ltd.

The interim closing date of the above consolidated subsidiaries is June 30.

In preparing the consolidated financial statements, using consolidated subsidiaries' accounts, based on their own interim closing dates, the necessary adjustments were made for the significant intercompany transactions incurred from the consolidated subsidiaries' interim 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) Accounting principles**

The semiannual consolidated financial statements are prepared in accordance with the same accounting principles as those listed in the Notes to Consolidated Financial Statements for the fiscal year ended March 31, 2005, except for the adoption of the new Japanese accounting standard "Impairment of Fixed Assets" which became effective for the year beginning on or after April 1, 2005. Due to the adoption of the above-mentioned accounting standard, income before income taxes and minority interest decreased by ¥118 million (U.S.\$1,044 thousand) compared with what would have been reported if the new accounting standard had not been applied.

**3. Contingent Liabilities**

At September 30, 2005, contingent liabilities were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Guarantees of bank loans .....	¥ 12	\$ 106
Trade notes discounted .....	¥ 173	\$ 1,531

**4. Subsequent Events**

On November 11, 2005, the Board of Directors of the Company declared interim cash dividends of ¥468 million (U.S. \$4,142 thousand), or ¥5 (U.S. \$0.04) per share, to be paid on December 7, 2005, to shareholders.

On the same day, the Board of Directors of the Company declared their intention to provide 200 employees with the opportunity to apply for early retirement.

The Company estimates that costs related to the early retirement will be approximately ¥1,800 million (U.S.\$15,929 thousand) and will be included with in extraordinary loss in the consolidated statements of Income for the year ended March 31, 2006.



## 5. Segment Information

Information by geographical area for the six-month periods ended September 30, 2005 and 2004 is summarized as follows:

### (A) Geographical segment information

#### (1) Operating income (loss):

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
<b>Japan</b>			
Net sales: Customers .....	¥ 18,644	¥ 20,863	\$ 164,991
Intersegment .....	1,852	1,879	16,389
	<b>20,496</b>	22,742	<b>181,380</b>
Operating expenses.....	<b>20,210</b>	22,325	<b>178,849</b>
Operating income .....	<b>286</b>	417	<b>2,531</b>
<b>North America</b>			
Net sales: Customers .....	7,731	8,647	68,416
Intersegment .....	3	7	27
	<b>7,734</b>	8,654	<b>68,443</b>
Operating expenses.....	<b>8,195</b>	8,721	<b>72,522</b>
Operating loss .....	<b>(461)</b>	(67)	<b>(4,079)</b>
<b>Europe</b>			
Net sales: Customers .....	463	630	4,097
Intersegment .....	6	3	53
	<b>469</b>	633	<b>4,150</b>
Operating expenses.....	<b>535</b>	795	<b>4,734</b>
Operating loss .....	<b>(66)</b>	(162)	<b>(584)</b>
<b>South Asia</b>			
Net sales: Customers .....	3,426	3,270	30,319
Intersegment .....	54	55	478
	<b>3,480</b>	3,325	<b>30,797</b>
Operating expenses.....	<b>2,977</b>	2,715	<b>26,346</b>
Operating income .....	<b>503</b>	610	<b>4,451</b>
<b>East Asia</b>			
Net sales: Customers .....	9,242	8,227	81,788
Intersegment .....	389	503	3,442
	<b>9,631</b>	8,730	<b>85,230</b>
Operating expenses.....	<b>8,882</b>	8,015	<b>78,602</b>
Operating income .....	<b>749</b>	715	<b>6,628</b>
<b>Total</b>			
Net sales: Customers .....	¥ 39,506	¥ 41,637	\$ 349,611
Intersegment .....	2,304	2,447	20,389
	<b>41,810</b>	44,084	<b>370,000</b>
Elimination .....	<b>(2,304)</b>	(2,447)	<b>(20,389)</b>
Consolidated net sales .....	<b>39,506</b>	41,637	<b>349,611</b>
Operating expenses.....	<b>40,799</b>	42,571	<b>361,053</b>
Elimination .....	<b>(2,315)</b>	(2,154)	<b>(20,486)</b>
Consolidated operating expenses .....	<b>38,484</b>	40,417	<b>340,567</b>
Operating income .....	<b>1,011</b>	1,513	<b>8,947</b>
Elimination .....	<b>11</b>	(293)	<b>97</b>
Consolidated operating income.....	<b>¥ 1,022</b>	¥ 1,220	<b>\$ 9,044</b>

Note : Each segment outside Japan represents the following nations and regions:

- (1) North America ..... U.S.A. and Canada
- (2) Europe ..... United Kingdom and Germany
- (3) South Asia ..... Singapore and Indonesia
- (4) East Asia ..... China, Hong Kong, Taiwan and Korea

(B) Overseas sales

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
The Americas .....	¥ 7,781	¥ 8,686	\$ 68,859
South Asia .....	3,511	3,338	31,071
East Asia .....	9,097	8,005	80,504
Other areas .....	631	886	5,584
Total .....	¥ 21,020	¥ 20,915	\$186,018
Percentage of overseas sales to net sales .....	53.2%	50.2%	

Notes:

1. Overseas sales are the sum of export sales of the Company and net sales of consolidated subsidiaries to each segment after elimination of all intercompany transactions.
2. Each segment outside Japan represents the following nations and regions:
  - (1) The Americas .....U.S.A., Canada, Argentina and Venezuela
  - (2) South Asia.....Singapore, Philippines and Malaysia
  - (3) East Asia.....China , Hong Kong, Taiwan and Korea
  - (4) Other areas.....United Kingdom, Germany and Middle East

# GLOBAL NETWORK

## The Americas

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### **United States**

Fujitec America, Inc.  
*R&D, manufacturing, marketing,  
installation and maintenance*

### **Canada**

Fujitec Canada, Inc.  
*Marketing, installation and  
maintenance*

### **Venezuela**

Fujitec Venezuela C.A.  
*Marketing, installation and  
maintenance*

### **Argentina**

Fujitec Argentina S.A.  
*Marketing, installation and  
maintenance*

### **Guam**

Fujitec Pacific, Inc.  
*Marketing, installation and  
maintenance*

## **Overseas Liaison Offices**

*Beijing, Jakarta, Dubai  
and Montevideo*

## Japan

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Fujitec Co., Ltd.  
*R&D, manufacturing, marketing,  
installation and maintenance*

## South Asia

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### **Singapore**

Fujitec Singapore Corpn. Ltd.  
*R&D, manufacturing, marketing,  
installation and maintenance*

Fujitec Maintenance (Singapore)  
Pet.Ltd.  
*installation and maintenance*

### **Malaysia**

Fujitec (Malaysia) Sdn. Bhd.  
*Marketing, installation and  
maintenance*

### **Indonesia**

P.T. Fujitec Indonesia  
*Manufacturing, installation and  
maintenance*

### **Vietnam**

Fujitec Vietnam Co., Ltd.  
*Marketing, installation and  
maintenance*

### **Philippines**

Fujitec, Inc.  
*Marketing, installation and  
maintenance*

### **India**

FSP Elevators Private Ltd.  
*Marketing, installation and  
maintenance*

## East Asia

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### **China**

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

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

Fujitec Shanghai Technologies Co.,  
Ltd.  
*Research and development*

### **Hong Kong**

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

### **Taiwan**

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

### **Korea**

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

## Europe

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### **Germany**

Fujitec Deutschland GmbH  
*Marketing, installation and  
maintenance*

### **United Kingdom**

Fujitec UK Ltd.  
*Marketing, installation and  
maintenance*

### **Saudi Arabia**

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

### **Egypt**

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

## Board of Directors

**Chairman** Kenji Otani

**President and Chief Executive Officer**  
Takakazu Uchiyama\*

**Directors** Akira Sumimoto  
Masakazu Kawai  
Iwataro Sekiguchi  
Katsuhiro Harada  
Kuniyasu Takeda

\*Representative director

### Corporate Auditors

Tomozo Taya  
Tomihisa Kuroishi  
Susumu Monma

(As of September 30, 2005)

## Shareholders' Information

### Fujitec Co., Ltd.

28-10, Shoh 1-chome, Ibaraki  
Osaka 567-8510, Japan  
Telephone: +81-72-622-8151  
Facsimile: +81-72-622-1654

### Date of Establishment

February 9, 1948

### Paid-in Capital

¥12,533,933,095

### Common Stock

Authorized: 300,000,000 shares  
Issued: 93,767,317 shares  
Number of shareholders: 4,935

### Major Shareholders

	Number of shares held (Thousands)	Percentage of total number of shares in issue(%)
Uchiyama International, Limited	9,056	9.65%
Mellon Bank Treaty Clients Omnibus	6,645	7.08%
The Master Trust Bank of Japan, Ltd.	5,298	5.65%
Fuji Electric Holdings Co., Ltd.	5,089	5.42%
Credit Suisse Zurich	4,500	4.79%
Resona Bank, Ltd.	4,203	4.48%
Morgan Stanley & Co. International Limited	2,901	3.09%
Matsushita Electric Industrial Co., Ltd.	2,867	3.05%
CGML-IPB Tokyo Prop Secs A/C	2,750	2.93%
Japan Trustee Services Bank, Ltd.	2,567	2.73%

### Annual Meeting of Shareholders

The annual meeting of shareholders of the Company is normally held in June each year in Ibaraki, Osaka, Japan.

### Stock Exchange Listings

Japan: Tokyo and Osaka stock exchanges

### Transfer Agent

The Chuo Mitsui Trust and Banking Company, Limited  
Stock Transfer Agency Department  
33-1, Shiba 3-chome, Minato-ku,  
Tokyo 105-8574, Japan

#### Business office :

The Chuo Mitsui Trust and Banking Company, Limited  
Osaka Branch  
Stock Transfer Agency Department  
2-21, Kitahama 2-chome, Chuo-ku,  
Osaka 541-0041, Japan  
Telephone: +81-6-6202-7361

### Auditors

Yukoh Audit Corporation

(As of September 30, 2005)