



FINANCIAL STATEMENTS

From April 1, 2001
to March 31, 2002

Consolidated Subsidiaries

Domestic:

Makoto Industry Co., Ltd.

Linsey System Co., Ltd.

Edec Co., Ltd.

Astro Co., Ltd.

Overseas:

Fuji America Corporation

Fuji Machine America Corporation

Management Policy

(1) Basic Management Policy

In order to provide our customers throughout the world with the highest technology and services, and to maintain our status as a worthy corporation for our customers, shareholders and employees, the Fuji Machine Manufacturing Group continues to make our every effort to realize our basic management policy, which is “Structurally reform existing businesses while moving forward on new business initiatives, realizing corporate and professional innovation with a heightened sense of the moment as the driving force.

(2) Basic Policy for the Appropriation of Profits

It is Fuji’s policy to set dividend levels based on profitability, and while every attempt is made to maintain dividend levels, in view of the rapidly changing nature of our businesses, the dividend level must be set with an over-riding view to stabilizing the management base and strengthening the company’s financial position.

Retained earnings are applied to the development of products focused on market needs, technology development, and effective investment in production facilities with a view towards strengthening our business structure that will ensure profits in the future for our shareholders.

(3) Medium-and-Long Strategy and Necessary Assignment

For the last two years ago, Information Technology (IT) and its related industries has encountered enormous changes, thus every company has struggled with its own fate within the electronics assembly equipment industry. The machine tool industry is also being affected by global supply and demand. Our medium to long term outlook for, electronic assembly equipment industry, our main business, has not changed and we expect that its prospects for high growth remain. This is due to the demand for electronic parts which are required in digital network equipment and mobile communication equipment that is expected to expand as we move towards the “Broadband Age.”

As for the machine tool industry, it is our conviction that the prospects for investment will result from a transition to energy-saving, global environment protection investment and a rationalization of investments. Looking to the future, we will continue to develop or our proprietary technology while shortening the development lead-time, reassignment of personnel as necessary and make cost reductions, all to ensure that we construct a company that has the energy to outpace the international competition. Additionally, in order to improve our business structure and to encourage a new approach to the future, we will re-configure our organization into three business divisions: the SMT business division, machine tool division, and new business promotion division, and pursue aggressive strategies for each of these new organizations.

Business Summary and Financial Condition

(1) Outline for the fiscal period

The economical conditions of the consolidated fiscal period have been set back even further with the terrorist attacks in September of last year as well as recent new threats of new US terrorist attacks. The American IT market recession that was responsible for the global recession continues to worsen with no clear visibility for an upturn in sight. Domestically, a decrease in exports coupled with little or no growth in personal consumption has put the economy on a backwards pace.

In the assembly machine industry, we find ourselves in the middle of a global IT recession as the capacity utilization such as PCs and mobile phones in the electronic equipment assembly industry worsens and demand has radically dropped. Despite that some improvement was seen in China and Taiwan but still lacks the burst needed to raise the industry as a whole. Meanwhile, in the machine tool industry, the sluggish global environment hovers around and continues to influence both domestic and overseas supply and demand with a tendency towards a reduction in investments excluding one part of the domestic automotive manufacturers that continue to invest in environmental and energy saving equipment.

Against this background, our group has aggressively invested in research and development, endeavored to develop the world's fastest high-speed chip mounter, the CP-7 series chip placing machines, the modular type, multi-function QP-3 series component placing machines, the compact XP series component placing machines, the energy saving compact NX-20T lathe and the compact, dual spindle horizontal PMD-20T lathe and executed expanding sales and production activities which will permit us to rapidly respond to variations in the market. Despite the concerted cost cutting measures we implemented to combat the current situation, we ended up recording a loss as the bottom dropped out of the market, decimating sales further.

Results for this consolidated fiscal period were total sales of 32,586 million yen for assembly machines, 10,484 million yen for machine tools, and 569 million yen attributable to other business activities, for a combined total of 43,639 million yen.

Earnings, order and profits were sluggish due in part to intensified price competition. Operating losses were 11,706 yen and ordinary losses were 10,695 million yen, with a consolidated fiscal period net loss amounting to 7,091 million yen.

(2) Prospects of the next period

As for the prospects for the next period, it is believed that the global economy has basically turned and is on the way to recover as a whole. As for the electronics assembly equipment market we expect that its capacity utilization will gradually ascend and the demand for new equipment investment will grow primarily in East Asia customers as demand shifts in that direction.

In a situations such as this, we will try our best to build a corporate system, which can cope with the changes of the time while ascertaining the tide of technology and market change as we move toward an advanced information age.

The forecast for the next fiscal year's sales are expected to be 57,000 million yen, an operating loss of 6,900 million yen, an ordinary loss of 5,300 million yen, and a net loss for the period of 3,300 million yen.

(3) Financial Condition

The total consolidated assets for this period are 98,007 million yen, which is 20,106 million yen less than the last consolidated fiscal period. This was due to the deduction of receivable notes, accounts receivables and inventories. Additionally, our consolidated liability for this fiscal year totaled 14,744 million yen, which is 12,802 million yen less than the last

consolidated fiscal period, since the debt of acceptance payable and accounts payable has declined while reducing our production scale.

As for cash flow, consolidated cash and cash equivalents for this fiscal period were 9,246 million yen, which is 561 million yen more than the last consolidated fiscal period. This is attributable to an increase cash flow activity from business operations and financing activities exceeded the loss of cash flow from investing activities.

As for cash flow from business operations, cash which was obtained as a result of operations was 4,547 million yen, which was 10,322 million yen more than the last consolidated fiscal period. This is attributable mainly to positive factors such as depreciation and declines in accounts receivables and inventories exceeding negative factors such as the declines in net loss prior to adjustments for taxes as well as accounts payables.

As for cash flow from investing activities, cash which was used as a result of the activities was 9,391 million yen, which was 628 million yen less than the last consolidated fiscal period. This is attributable mainly from expenditures such as factory expansion, investment activities from tangible and intangible assets and time deposits.

As for cash flow from financing activities, cash which was obtained as a result of these activities was 5,161 million yen and which was 6,409 million yen more than the last consolidated fiscal period. This was principally from a syndicated loan that was held in the current period.

CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries
As of March 31, 2002 and 2001

ASSETS	Millions of yen	
	2002	2001
Current assets		
Cash on hand and in bank	12,483	9,327
Notes and accounts receivable – trade	10,667	22,058
Inventories	35,867	50,745
Deferred taxes	1,973	2,882
Other current assets	1,776	3,619
Less-allowance for doubtful receivable	119	165
Total current assets	62,649	88,468
Fixed assets		
Property, plant and equipment:		
Building and structures	11,262	10,377
Machinery/equipment and vehicles	5,798	5,216
Tools, furniture and fixtures	1,267	1,629
Land	3,960	3,915
Construction in progress	8	620
Total property, plant and equipment	22,298	21,759
Intangible assets:		
Software	2,684	2,433
Other intangible assets	23	24
Total intangible assets	2,707	2,458
Investments and other assets:		
Investment securities	4,131	4,216
Deferred taxes	5,505	521
Others	715	690
Total investments and other assets	10,352	5,428
Total fixed assets	35,358	29,645
Total assets	98,007	118,114

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2002	2001
Liabilities		
Current liabilities:		
Notes and accounts payable	3,236	15,991
Accrued income taxes	108	2,133
Accrued expenses	1,794	3,878
Accrued warranty	790	1,670
Others	1,049	2,605
Total current liabilities	6,980	26,280
Long term liabilities:		
Long-term borrowings	6,400	-
Accrued retirement benefits	1,290	1,043
Consolidation adjustments	74	222
Total long term liabilities	7,764	1,266
Total liabilities	14,744	27,546
Shareholders' equity		
Capital stock	5,878	5,878
Capital reserve	5,413	5,413
Retained earnings	67,815	76,214
Unrealized gain on available for-sale securities, net of taxes	203	158
Translation adjustment	3,953	2,902
Treasury stock	1	0
Total shareholders' equity	83,263	90,567
Total liabilities and shareholders' equity	98,007	118,114

CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries
For the years ended March 31, 2002 and 2001

	Millions of yen	
	2002	2001
Net sales	43,639	114,590
Cost of sales	40,917	82,359
Selling, general and administrative expenses	14,428	22,163
Operating income (loss)	11,706	10,066
Non-operating revenue:		
Interest and dividend income	173	505
Exchange gain	32	774
Others	886	487
Non-operating expenses:		
Interest expense	35	0
Others	45	22
Ordinary income (loss)	10,695	11,812
Extraordinary gain	191	168
Extraordinary loss	1,616	2,153
Income (loss) before income taxes and minority interest	12,120	9,826
Income taxes:		
Corporate, inhabitant's and enterprise taxes	39	5,375
Tax credits	641	-
Operating loss carryforwards of subsidiaries	379	-
Adjustment for corporate taxes	4,048	1,364
Minority interest in consolidated subsidiaries	-	159
Net income (loss)	7,091	5,656
Notes:		
Depreciation expense	2,984	2,583
Amortization expense	1,128	745

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Fuji Machine Mfg. Co., Ltd. and subsidiaries
For the years ended March 31, 2002 and 2001

	Millions of yen	
	2002	2001
Beginning balance of retained earnings	76,214	71,867
Decrease		
Cash dividends	1,222	1,222
Directors' and statutory auditors' bonuses	85	87
Net income	7,091	5,656
Ending balance of retained earnings	67,815	76,214

CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries
For the years ended March 31, 2002 and 2001

	Millions of yen	
	2002	2001
Operating activities		
Income before income taxes and minority interest	12,120	9,826
Depreciation and amortization	4,112	3,328
Increase or decrease in accrued warranty	888	996
Increase in accrued retirement benefit	246	1,043
Interest and dividend income	173	505
Interest expense	35	0
Gain on disposition of fixed assets	142	131
Loss on disposition of fixed assets	307	499
Devaluation of investment securities	1,089	110
Decrease in accounts receivable	11,520	2,544
Increase or decrease in inventories	15,219	12,538
Decrease in trade payable	12,863	2,667
Others	132	1,228
Sub total	6,211	1,278
Interest and dividend received	174	505
Interest paid	35	0
Income taxes paid	1,803	7,559
Net cash from operating activities	4,547	5,775
Investing activities		
Additions of tangible and intangible fixed assets	6,165	9,336
Proceeds from sales of tangible and intangible fixed assets	367	288
Additions of investment securities	1,113	992
Investment in time deposit	3,078	954
Proceeds on maturity of time deposit	661	1,433
Expenditures related to additional acquisitions of consolidated subsidiary company stocks	-	558
Others	63	99
Net cash used for investing activities	9,391	10,020
Financing activities		
Decrease in short term borrowings	14	24
Proceeds on long term borrowings	6,400	-
Dividends paid	1,222	1,224
Others	1	1
Net cash used for financing activities	5,161	1,247
Effect of exchange rate changes on cash and cash equivalents	244	836
Increase or decrease in cash and cash equivalents	561	16,207
Cash and cash equivalents at beginning of year	8,685	24,892
Cash and cash equivalents at end of the year	9,246	8,685

BASIS FOR PREPARATION OF CONSOLIDATED STATEMENTS

1. Consolidation range

Number of consolidated subsidiary companies: 6 companies

The names of consolidated subsidiary companies:

Makoto Industry Co., Ltd. Linsey System Co., Ltd. Edec Co., Ltd. Astro Co., Ltd.
Fuji America Corporation Fuji Machine America Corporation

2. Applicability under the holdings law

The names of affiliated companies to which the equity method is not applied:

Fuji Machine Mfg. (Europe) GmbH Fuji do Brasil Maquinas Industrials Ltda.
Fuji Machine Philippines, Inc.

Reasons for not applying the equity method

The total amount of net profit/loss and reserves of the affiliated companies to which the equity method is not applied for this consolidated term, and the total amount equivalents for holdings were so insignificant as to have any affect on the net profit/loss and the reserves of the consolidated company during this term, and are therefore deemed not to be of consequence from the view of the entity as a whole. Therefore, the Holdings Law does not apply.

3. Consolidated Subsidiary Company Business Periods

The business period of the consolidated subsidiary companies is consistent with the business period of this consolidated accounting period.

4. Standard Accounting Practices

(1) Evaluation standards and methods for important assets

Inventories

Determined mainly by final purchase cost method and periodic average method.

Securities

Other securities

Securities with market value: The market value method based on the market price as of the date of account settlement (The difference in evaluation is fully treated according to the method to be directly incorporated in the capital and the sale cost is calculated by the moving average method.)

Securities without market value: Determined by the moving average method.

(2) Depreciation methods for important assets

Tangible fixed assets are depreciated mainly using the declining balance method, except for buildings (excluding attached facilities) acquired in Japan subsequent to March 31, 1998 are depreciated according to the straight-line method.

Intangible fixed assets are depreciated using the straight-line method. However, as for software used for sales, the straight-line method is applied based on the estimated term of usefulness. As to software for our company uses, the straight-line method is based on the estimated usable term.

(3) Accounting standard for important allowances

Allowance for doubtful accounts: to prepare for loss on irrecoverable debts, the estimated irrecoverable amount is appropriated by the actual rate of dead loan as for general credit, and by estimation of possibility of recovery for individual cases for specific doubtful credits that have worries of dead loan.

Accrued warranty: to prepare for outlays for defects found in manufactured goods within the warranty period, the experience rate is computed based on past record, which is then multiplied by the sales for the current term.

Accrued retirement benefits: In preparation of payment of employee retirement benefits, the forecasted amount has be appropriated based on the estimated amount of the debt set aside for retirement benefit and pension assets at the end of the current consolidated annual accounting period. Computational discrepancies are included in the consolidated fiscal accounting period's calculations as a lump-sum expense.

(4) Computation of consumption tax and other tax

Tax computed separately.

5. Subsidiary Company Assets and Loan Evaluation

The assets and loans of consolidated subsidiary companies are evaluated according to the market price method in all its aspects.

6. Amortization of Consolidated Adjustment Account

The consolidated adjustment account is depreciated evenly over two years.

7. Disposal of Profits

A consolidated surplus statement is issued based on the profit disposal having been confirmed during consolidated accounting period.

8. Capital Range of Consolidated Cash Flows Accounting Statement

The capital (cash and equivalents) in the Consolidated Cash Flows Statement consists of cash on hand, deposits receivable on demand and short-term investments with 3 month or less until due date after date of acquisition, with very little variance in value and/or can also be easily converted to cash.

NOTES :

(On consolidated balance sheet)

	March 31, 2002	(Millions of yen) March 31, 2001
1. Accumulated depreciation of tangible fixed assets	19,463	17,011
2. Balance of endorsed notes receivable	3	33
3. Treatment of matured bills at the final date of the consolidated accounting period : Matured bills are settled as of the date of bill clearing. As the final date for the current consolidated accounting period falls on a holiday of financial institutions, matured bills as of the final date for the said accounting period are included in the following account:		
Notes receivable	255	547

(On consolidated cash flow statement)

The relation between the term-end balance of cash and cash-equivalents, and the sums of the items listed on the consolidated balance sheet

	March 31, 2002	(Millions of yen) March 31, 2001
Cash and deposit accounts	12,483	9,327
Time deposits whose deposit terms exceed three months	3,237	642
Cash and cash equivalents at end of the period	9,246	8,685

(On consolidated marketable securities)

1. Other negotiable securities which currently have a market value

(Millions of yen)

Category	This consolidated accounting period (March 31, 2002)			Previous consolidated accounting period (March 31, 2001)		
	Acquisition Cost	Price on consolidated balance sheet	Net difference	Acquisition Cost	Price on consolidated balance sheet	Net difference
Items whose sums on the consolidated balance sheet exceed their acquisition costs						
Shares	907	1,371	464	1,657	2,377	720
Bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	907	1,371	464	1,657	2,377	720
Items whose sums on the consolidated balance sheet do not exceed their acquisition costs						
Shares	1,396	1,279	117	1,424	1,079	345
Bonds	-	-	-	-	-	-
Other	211	211	0	354	252	101
Subtotal	1,608	1,490	117	1,778	1,332	446
Total	2,515	2,862	346	3,436	3,710	274

Note: Acquisition cost in the table is book value after adjustment for asset impairment. The appraised value of negotiable securities for investment for the current consolidated accounting year is 1,089 million yen after adjustment for impaired assets.

2. Contents of principal negotiable securities which lack a market value, and their sums on the consolidated balance sheet

(Millions of yen)

Category	This consolidated Accounting period (March 31, 2002)	Previous consolidated accounting period (March 31, 2001)
	Price on consolidated Balance sheet	Price on consolidated Balance sheet
Other marketable securities		
Unlisted stocks (excluding over-the-counter stocks)	1,245	152
Bonds	-	330
Total	1,245	482

(On derivative transactions)

No items fall under this category.

(On retirement benefits)

1. Outline of our retirement benefits systems

We have adopted the tax-qualified pension system and the employees' pension fund system. Some of our domestic consolidated subsidiaries are equipped with the tax-qualified pension system, and some of our overseas consolidated subsidiaries are equipped with the defined contribution pension plan system.

2. Items related to retirement benefits liabilities

	March 31, 2002	(Millions of yen) March 31, 2001
Retirement benefits liabilities	6,538	6,256
Pension assets	4,888	4,736
Unreserved retirement benefits liabilities	1,649	1,520
Variances due to unrecognized calculative reasons	359	476
Accrued retirement benefits	1,290	1,043

Note: Some of the consolidated subsidiaries adopted a simplified calculation method to calculate retirement benefits liabilities.

3. Items related to retirement benefits expenses

	March 31, 2002	(Millions of yen) March 31, 2001
Service costs	368	373
Interest costs	185	179
Expected investment returns	140	138
Disposed amount of variances due to the change in the accounting standard	-	1,422
Disposed amount of variances due to calculative reasons	476	-
Expenses for retirement benefits	889	1,837

Note: The retirement benefits expenses of the consolidated subsidiaries which adopted a simplified method is added to the 'service costs'.

4. Basic information on the calculation of retirement benefits liabilities, etc.

	March 31, 2002	March 31, 2001
Allotment method of the estimated sum of retirement benefits for each period	Fixed amount standard	Fixed amount standard
Discount rate	3%	3%
Expected rate for investment profits	3%	3%
Number of years for the disposal of variances due to calculative reasons	A lump-sum expense disposal in the next, consolidated fiscal year.	A lump-sum expense disposal in the next, consolidated fiscal year.
Number of years for the disposal of variances due to the change in the accounting standard	-	A lump-sum expense disposal when a variance appears

(On tax effect accounting)

Breakdown of the main causes of deferred income tax on assets and liabilities

(Millions of yen)

	March 31, 2002	March 31, 2001
(Deferred tax assets)		
Carryforward of operating loss	4,404	-
Inventories	1,311	503
Investment securities	625	88
Accrued retirement benefits	532	430
Accrued warranty	322	683
Accrued expenses	259	287
Accrued enterprise taxes	-	129
Unrealized profit from inventories	-	617
Advances attributable to product warranty	-	582
Others	166	209
Total deferred tax assets	<u>7,622</u>	<u>3,531</u>
(Deferred tax liabilities)		
Unrealized gain on available for-sale securities, net of taxes	142	116
Disposition of the allowance for doubtful debts resulting from the elimination of credits and debts	<u>0</u>	<u>11</u>
Total deferred tax liabilities	<u>143</u>	<u>128</u>
Net of deferred tax assets	<u><u>7,478</u></u>	<u><u>3,403</u></u>

(On consolidated segment information)**1. Business segment information**

This consolidated accounting period (April 1, 2001 to March 31, 2002)

(Millions of yen)

	Assembly Machines	Machine Tools	Others	Total	Elimination or all company	Consolidate d
. Sales and operating expenses						
Sales						
1. Sales to third parties	32,586	10,484	569	43,639	-	43,639
2. Interarea sales or transfers	2	-	1	4	4	-
Total	32,588	10,484	571	43,644	4	43,639
Operating expenses	41,253	11,568	658	53,480	1,865	55,346
Operating income (loss)	8,664	1,084	87	9,836	1,869	11,706
. Asset, depreciation and capital expenditure						
Asset	71,979	15,762	1,182	88,924	9,083	98,007
Depreciation	3,218	645	11	3,875	237	4,112
Capital expenditure	4,855	351	3	5,211	39	5,250

Previous consolidated accounting period (April 1, 2000 to March 31, 2001)

(Millions of yen)

	Assembly Machines	Machine Tools	Others	Total	Elimination or all company	Consolidate d
. Sales and operating expenses						
Sales						
1. Sales to third parties	101,749	11,610	1,229	114,590	-	114,590
2. Interarea sales or transfers	9	-	1	10	10	-
Total	101,758	11,610	1,231	114,600	10	114,590
Operating expenses	89,087	12,395	1,050	102,533	1,989	104,523
Operating income (loss)	12,671	784	180	12,067	2,000	10,066
. Asset, depreciation and capital expenditure						
Asset	96,738	14,239	925	111,903	6,210	118,114
Depreciation	2,554	527	5	3,088	240	3,328
Capital expenditure	8,738	357	7	9,103	311	9,414

Notes:

1. Method of segmentation by type of business

Segmentation has been performed by the type and nature of the products.

2. Main products of each business unit.

(1) Assembly machine business: SMT assembly machines

(2) Machine tools business: Automatic lathe, Special-purpose machines

(3) Other businesses: Control hardware, Software development, Insurance brokerage

3. Unallocable operating expenses included in elimination or all companies items amounted to 1,879 million yen for this consolidated accounting period and 2,000 million yen for the previous year, with the majority being expenses related to administrative divisions and technical research.

4. Company assets included in elimination or all companies items amounted to 9,086 million yen for this consolidated accounting period and 6,211 million yen for the previous year, with the majority being expenses related to surplus operating capital of the parent company (cash), long-term investments (investment securities), assets related to administrative division and technical research.

2. Geographical segment information

This consolidated accounting period (April 1, 2001 to March 31, 2002)

(Millions of yen)

	Japan	North America	Total	Elimination or all company	Consolidated
. Sales and operating expenses					
Sales					
1. Sales to third parties	33,503	10,135	43,639	-	43,639
2. Interarea sales or transfers	2,949	106	3,055	3,055	-
Total	36,453	10,242	46,695	3,055	43,639
Operating expenses	45,343	12,672	58,015	2,669	55,346
Operating income (loss)	8,890	2,429	11,319	386	11,706
. Asset	73,557	16,280	89,837	8,170	98,007

Previous consolidated accounting period (April 1, 2000 to March 31, 2001)

(Millions of yen)

	Japan	North America	Total	Elimination or all company	Consolidated
. Sales and operating expenses					
Sales					
1. Sales to third parties	74,993	39,596	114,590	-	114,590
2. Interarea sales or transfers	32,468	882	33,351	33,351	-
Total	107,461	40,479	147,941	33,351	114,590
Operating expenses	96,925	38,961	135,887	31,363	104,523
Operating income (loss)	10,536	1,518	12,054	1,987	10,066
. Asset	96,071	23,433	119,505	1,390	118,114

Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division
North America: The United States of America
3. Unallocable operating expenses included in elimination or all companies items amounted to 1,879 million yen for this consolidated accounting period and 2,000 million yen for the previous year, with the majority being expenses related to administrative divisions and technical research.
4. Company assets included in elimination or all companies items amounted to 9,086 million yen for this consolidated accounting period and 6,211 million yen for the previous year, with the majority being expenses related to surplus operating capital of the parent company (cash), long-term investments (investment securities), assets related to administrative division and technical research.

3. Overseas sales

This consolidated accounting period (April 1 2001 to March 31, 2002) (Millions of yen)

	North America	Europe	Asia	Others	Total
. Overseas sales	11,188	2,478	17,792	202	31,662
. Consolidated sales					43,639
. Ratio of overseas sales to consolidated sales(%)	25.6	5.7	40.8	0.5	72.6

Previous consolidated accounting period (April 1 2000 to March 31, 2001) (Millions of yen)

	North America	Europe	Asia	Others	Total
. Overseas sales	39,984	14,399	41,439	2,891	98,714
. Consolidated sales					114,590
. Ratio of overseas sales to consolidated sales(%)	34.9	12.6	36.1	2.5	86.1

Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division
 - (1) North America: The United States of America, Canada, Mexico etc
 - (2) Europe: Italy, Germany, France, etc
 - (3) Asia: China, Taiwan, Malaysia etc
 - (4) Other: Brazil etc
3. Overseas sales is the aggregation of sales outside of Japan by the parent company and its consolidated subsidiaries.

(Negotiation with the relevant parties)

No items fall under this category.

CONSOLIDATED ORDER RECEPTION AND SALES SITUATION

Fuji Machine Mfg. Co., Ltd. and subsidiaries

This period (April 1, 2001 to March31, 2002)

(Millionsofyen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
Assembly machine business	22,059 (66.2)	32,586 (74.7)	3,489 (49.8)
Machine tools business	10,776 (32.4)	10,484 (24.0)	3,490 (49.8)
Other businesses	472 (1.4)	569 (1.3)	29 (0.4)
Total	33,307 (100.0)	43,639 (100.0)	7,008 (100.0)

Previous period (April 1, 2000 to March 31, 2001)

(Millionsofyen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
Assembly machine business	99,605 (89.6)	101,749 (88.8)	14,016 (80.8)
Machine tools business	10,372 (9.3)	11,610 (10.1)	3,199 (18.5)
Other businesses	1,255 (1.1)	1,229 (1.1)	125 (0.7)
Total	111,233 (100.0)	114,590 (100.0)	17,340 (100.0)

BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.
As of March 31, 2002 and 2001

ASSETS	Millions of yen	
	2002	2001
Current assets		
Cash on hand and in bank	4,671	2,100
Notes receivable	1,715	3,397
Accounts receivable	8,250	20,039
Finished goods and work in process	15,020	19,613
Raw material and supplies	16,091	22,054
Deferred taxes	1,199	1,611
Other current assets	783	3,633
Allowance for doubtful receivable	83	99
Total current assets	47,651	72,353
Fixed assets		
Property, plant and equipment:		
Building and structures	8,735	7,907
Machinery and equipment	5,044	4,292
Vehicles	77	103
Tools, furniture and fixtures	1,179	1,495
Land	3,207	3,186
Construction in progress	8	620
Total property, plant and equipment	18,253	17,607
Intangible assets:		
Software	2,598	2,335
Other intangible assets	18	19
Total intangible assets	2,617	2,354
Investments, etc.:		
Investment securities	3,967	4,081
Investment in related parties	1,140	1,140
Sundry investments	371	413
Deferred taxes	5,268	453
Other investments	273	187
Total investments	11,021	6,276
Total fixed assets	31,892	26,238
Total assets	79,543	98,591

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2002	2001
Liabilities		
Current liabilities:		
Notes payable	1,921	11,959
Accounts payable-trade	1,350	4,031
Accounts payable-other	89	383
Accrued income taxes	9	1,402
Accrued expenses	1,411	2,917
Accrued warranty	685	1,486
Equipment notes payable	32	653
Other current liabilities	722	1,023
Total current liabilities	6,221	23,858
Long term liabilities:		
Long-term borrowings	6,400	-
Accrued retirement benefits	1,262	1,017
Total long term liabilities	7,662	1,017
Total liabilities	13,884	24,876
Shareholders' equity		
Capital stock	5,878	5,878
Capital reserve	5,413	5,413
Legal reserve	1,450	1,371
Earned surplus:		
Revenue reserves	400	400
General reserves	53,400	51,000
Unappropriated retained earnings	1,081	9,485
(Net income	6,780	3,932)
Unrealized gain on available for-sale securities, net of taxes	199	166
Treasury stock	1	-
Total shareholders' equity	65,659	73,715
Total liabilities and shareholders' equity	79,543	98,591

INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.

For the years ended March 31, 2002 and 2001

	Millions of yen	
	2002	2001
Net sales	35,822	106,516
Cost of sales	35,789	83,192
Selling, general and administrative expenses	10,628	16,275
Operating income (loss)	10,594	7,048
Non-operating revenue:		
Interest and dividend income	27	69
Exchange gain	10	1,241
Others	538	264
Non-operating expenses:		
Interest expense	35	0
Others	39	21
Ordinary income (loss)	10,092	8,602
Extraordinary gain	105	66
Extraordinary loss	1,581	2,103
Income (loss) before income taxes	11,568	6,565
Income taxes:		
Corporate, inhabitant's and enterprise taxes	18	3,600
Operating loss carryforwards of subsidiaries	379	-
Adjustment for corporate taxes	4,426	967
Net income (loss)	6,780	3,932
Retained earnings brought forward	6,310	6,224
Interim dividend	611	611
Reserve for revenue	-	61
Unappropriated retained earnings	1,081	9,485
Notes:		
Depreciation expense	2,502	2,231
Amortization expense	1,108	721

STATEMENT OF PROPOSED APPROPRIATION OF RETAINED EARNINGS

Fuji Machine Mfg. Co., Ltd.
For the year ended March 31, 2002 and 2001

	Millions of yen	
	2002	2001
Unappropriated retained earnings	1,081	9,485
Reversal of revenue reserves	400	-
Reversal of general reserves	6,000	-
Total	5,318	9,485
Proposed to be appropriated as follows:		
Legal reserves	-	78
Cash dividends	366	611
Directors' and statutory auditors' bonuses	-	85
General reserves	-	2,400
Accumulated profits	4,951	6,310

ACCOUNTING POLICY

1. Evaluation standards and methods for assets

(1) Appraisal method of inventories

Finished goods and work in process valued by average cost method.

Raw material and stores valued by last-in cost method.

(2) Appraisal method of negotiable securities

Shares of subsidiaries and affiliated companies

Determined by the moving average method.

Other securities

Securities with market value: The market value method based on the market price as of the date of account settlement (The difference in evaluation is fully treated according to the method to be directly incorporated in the capital and the sale cost is calculated by the moving average method.)

Securities without market value: Determined by the moving average method.

2. Depreciation methods for assets

(1) Tangible fixed assets are depreciated using the declining balance method, except for buildings (excluding attached facilities) acquired in Japan subsequent to March 31, 1998 are depreciated according to the straight-line method.

(2) Intangible fixed assets are depreciated using the straight-line method. However, as for software used for sales, the straight-line method is applied based on the estimated term of usefulness. As to software for our company uses, the straight-line method is based on the estimated usable term.

3. Accounting standard for allowances

(1) Allowance for doubtful accounts: to prepare for loss on irrecoverable debts, the estimated irrecoverable amount is appropriated by the actual rate of dead loan as for general credit, and by estimation of possibility of recovery for individual cases for specific doubtful credits that have worries of dead loan.

(2) Accrued warranty: to prepare for outlays for defects found in manufactured goods within the warranty period, the experience rate is computed based on past record, which is then multiplied by the sales for the current term.

(3) Accrued retirement benefits: In order to prepare for payment of employee retirement benefit, we have appropriated the amount that based on the estimated amount of the debt for payment of the retirement benefit liabilities and pension assets at the end of the current accounting period. Computational discrepancies are included in the fiscal accounting period's calculations as a lump-sum expense.

4. Computation of consumption tax and other tax

Tax computed separately.

ADDITIONAL INFORMATION

Treasury stock is included in the "others" category of current assets for the end of the previous fiscal year. It has been included as an exemption at the end of the "capital" section in this period.

NOTES:

(Millions of yen)

(On balance sheet)

March 31, 2002

March 31, 2001

1. Accumulated depreciation of tangible fixed assets 17,785 15,695
2. Treatment of matured bills at the final date of the accounting period : Matured bills are settled as of the date of bill clearing. As the final date for the current accounting period falls on a holiday of financial institutions, matured bills as of the final date for the said accounting period are included in the following account:

Notes receivable	254	489
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(On marketable securities)

For both the previous and current period, there are no current values for the stock of any affiliated companies or subsidiaries.

(On tax effect accounting)

Breakdown of the main causes of deferred income tax on assets and liabilities

(Millions of yen)

(Deferred tax assets)

March 31, 2002

March 31, 2001

Carryforward of operating loss	4,198	-
Inventories	664	79
Investment securities	625	88
Accrued retirement benefits	520	419
Accrued warranty	282	612
Accrued expenses	222	214
Advances attributable to product warranty	-	582
Accrued enterprise taxes	-	94
Others	94	90
Total deferred tax assets	6,608	2,182

(Deferred tax liabilities)

Unrealized gain on available for-sale securities, net of taxes	140	116
Total deferred tax liabilities	140	116
Net of deferred tax assets	6,468	2,065

EXECUTIVE CHANGES

- (1) Board Member Nomination and Candidacy (June 27, 2002)

Masanori Aoki: General Manager of Enterprise Planning

- (2) Retiring Board Members effective (June 27, 2002)

Teruo Ohtsuya: Chief Executive Officer and Chairman
Expected to assume the position of “Corporate Advisor.”

Kihachi Yasuda: Director of Materials Resource Organization
Expected to assume the position as “Corporate Consultant.”

- (3) Auditor Nomination and Candidacy (June 27, 2002)

Nobuo Atsuta: President of Nikkyo Corporation

Note: This nomination is in accordance with Article 18, Section 1 of the “Exceptions to the Commercial Law.”

- (4) Executive Committee

As of June 27, 2002 an Executive Committee shall be introduced. Allowing for the separation administrative and management decision-making functions from the administration of corporate affairs, and clearly defining responsibilities that ensure we are fully able to expedite management in a speedy manner.

Deputy President	Shozo Nimura	Senior Managing Director of Corporate Management and Administration
Senior Managing Director	Shori Yasui	Managing Director of Machine Tool Division
Senior Managing Director	Masayoshi Ohara	Managing Director of International Division
Senior Managing Director	Takao Matsukura	Managing Director of Domestic Sales Division
Managing Director	Tatsuo Yoshida	Director of SMT Engineering Division
Managing Director	Toshiaki Mitsuya	Director Production Division
Director	Masanori Aoki	General Manager of Enterprise Planning
Officer	Takeyoshi Isogai	Divisional General Manager of SMT Engineering
Officer	Mamoru Tsuda	Divisional General Manager of SMT Engineering
Officer	Tousuke Kawada	Divisional General Manager of SMT Engineering
Officer	Norio Nakano	Divisional General Manager of Machine Tool Division
Officer	Hiroo Itoh	General Manager of International Division