



FINANCIAL STATEMENTS

From April 1, 2003

To March 31, 2004

Consolidated Subsidiaries

Domestic:

Makoto Industry Co., Ltd.

Edeclinsey System Co., Ltd.

Astro Co., Ltd.

Overseas:

Fuji America Corporation

Fuji Machine America Corporation

Fuji Machine Mfg. (Europe) GmbH

Management Plan

(1) Corporate Management Principle

Fuji Machinery Manufacturing Group is to provide customers throughout the world the state of the art technology and professional services, and endeavor to assist in furtherance of corporate values to the benefits of users, stockholders, trading partners and their employees. Our objective is also to promote business growth through profitability improvement of the existing businesses, and development and expansion of new business projects.

(2) Dividend Policy

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) Mid-term and long-term Marketing Strategy

It is expected that both industries of Electronics Appliance and Automobile will continue to grow on a global scale, and the marketing environment for the products of Fuji Machinery Group will follow the trend on both mid and long term business cycle.

However, with the upsurge of much shorter life cycle of products and lower production costs, Fuji Machinery Group today directly faces the issues of excessive business competition, which will be the key factor for successful business operations in the future.

We are determined to revitalize existing businesses through constant technological innovation, and develop new business projects through aggressive entrepreneurship in order to continuously increase revenues. In achieving this objective, we will further refine own technology and incorporate the state of the art engineering and vigorous attempt to reduce production costs throughout the entire Fuji organization in order to enhance new product development, which will enable us to introduce highly competitive products into the market and increase business activities and profitability.

(4) Basic Policy of Corporate Governance

Having made authority and responsibility clear, one of the important managerial objectives is to establish a managerial organization that can respond quickly to changes in the market.

Further to the regular monthly meeting of the board of directors, an additional meeting of the board may be held when necessary to oversee regulations established by law, important management decisions, and other executive duties. Current system holds 7 executives.

Three out of our 4 auditors are external auditors, who attend the regular monthly meeting of the board of directors, and at other times when necessary, to supervise the management and lawfulness of the execution of duties by our directors.

Report of executive operational duties and decision of policy are executed at weekly regular management meeting and extra management meeting by introducing an executive board system in order to separate the decision making and executive function of management, to speed up the management decision making process, and to clarify

responsibility by transferring authority and forcing executive officer to take responsibility for their operational duties. Currently there are 12 executives, of whom 6 hold the post of director.

Group management meeting including representing director of group corporations is also held periodically to confirm management condition and to make effort to strengthen cooperate governance.

Current Status of Business Operations

(1)Current Status

Throughout this past fiscal year it was anticipated that the worldwide economy would further deteriorate due to the war situation in Iraq and negative impact of SARS. However, Consumer Index which was improved through the large scale tax-cut effect of the United States of America, and favorable economic condition in Asia, especially China, actually contributed toward steadfast economic recovery worldwide. Despite prolonged price deflation and strong Yen, the domestic economy of Japan also gained a gradual recovery owing to favorable results of export and improvement of corporate profitability.

During this period, in the PCB assembly machinery industry the PC market has recovered, and the market has expanded for digital appliances such as multi-function mobile phones, digital cameras, DVD, and flat-screen TVs. This market demand helped for a gradual promotion of capital investment especially by major Asian EMS manufacturers. This new market conditions have helped to ride out the prolonged recession and turn the economy around.

In the Machine Tool industry, domestically capital expenditures to streamline production process to strengthen competitiveness of Automobile Industry worldwide, and overseas investment and also investment to meet environment protection requirements, coupled with increased outlay to enhance production capability of IT industry, all contributed for the business improvement. In the overseas, transplant of parts supply chain for automobiles in Asia, Eastern Europe bloc and new region has also led into market expansion.

In the new business area of LCD assembly machinery, with much increased demand for digital appliances such as flat-screen TVs, camera-equipped mobile phones, digital cameras, mobile PCs, capital outlay by LCD manufacturers both domestic and overseas has been on the rise.

Under these business circumstances, Fuji Machinery Group's utmost goal had been targeted to turn around the business to generate profits. In order to achieve this, we endeavored to construct an infrastructure whereby we could expect further business growth by structural innovation of the existing business (PCB Assembly Machinery, Machine Tools) to improve profitability, and aggressive development of new business projects (LCD Assembly Machinery, etc.).

Despite the initial delay of new product development and anticipated negative impact on sales and profit projection, this fiscal year ended in 60,472 million yen of new orders on a consolidated basis (26.3% increase compared to previous year), and the sales resulted in 61,081 million yen on a consolidated basis (43.2% increase compared to previous year). The consolidated operating profit resulted in 1,161 million yen, and ordinary profit resulted in 1,346 million yen. This finally has turned around operating losses for last three years.

As for consolidated net profit, deferred taxes accounted for 2,425 million yen of loss.

Business activities in segments:

1.PCB Assembly Machinery

Although SARS problems were put under control, and the market demand in the Asian region, especially China increased as digital appliance market gained its recovery, much expected NXT (Module type high-speed chip shooter) was delayed for full-scale production into market. As a result consolidated sales was stagnant in the second half of the fiscal year resulting in 38,924 million yen (24.7% increase compared to previous year). Consolidated operating profit resulted in 1,814 million yen.

2.Machine Tools

Top automobile manufacturers in Japan and parts suppliers sustained continued capital investment both in Japan and overseas. Along with this new accounts with US automobile industry related companies were added to result in consolidated sales of 17,508 million yen (73.8% increase compared to previous year), and consolidated operating income of 1,180 million yen through the concerted renovation efforts of sales, technology, and production.

3.LCD Assembly Machinery

LCD business which started in July, 2002, as the key area in new business projects, concentrated the efforts to develop new products and market for top LCD manufacturer inside Japan and rapidly growing LCD industry. Consolidated sales ended in 3,517 million yen which was significantly below the initial projection (441.8% increase compared to previous year) resulting from FO (general-purpose LCD assembly) development being delayed, and postponement of sales to LCD makers overseas. Consolidated operating profit resulted in operating losses of 225 million yen due to development costs and marketing costs.

(2) Projection of upcoming fiscal year

Although negative effects from continued instability in the Middle East, and rising interest rate in the United States are expected, it is hoped that Electronics Industry which suffered much prolonged IT industry recession, will benefit from global demand for diversified digital appliances and refined technology. It is also expected that capital investment for PCB assembly machinery and LCD assembly machinery will continue to increase, and likewise automobile industry will continue its outlay for capital equipment to strengthen the competitive edge in the global market and to meet the environment protection regulations which should sustain steadfast demand for machine tools.

In this market environment, Fuji Machinery Group has incorporated full-scale production plan of NXT and FO lines which are projected to generate consolidated sales of 82,000 million yen (34.2% increase), consolidated operating profit of 3,500 million yen (201.4% increase compared to previous year) and 3,700 million yen of consolidated ordinary profit (174.7% increase compared to previous year). The projection of net operating profit on a consolidated basis is 3,300 million yen.

(3) Financial Condition

The total consolidated assets for this period, due to increases in Notes and accounts receivable, were 99,762 million yen, which was 8,188 million yen more than the previous consolidated fiscal period. Additionally, our consolidated liability for this fiscal year totaled 29,801 million yen, which was 11,176 million yen more than the previous consolidated fiscal period due to an increase in borrowings.

As for the cash flow, consolidated cash and cash equivalents for this fiscal year were 13,329 million yen, which was 481 million yen more than the previous consolidated fiscal period. This was attributable to the total of increased cash flow from financing activities exceeding decreased cash flow from business operations and investment activities.

As for cash flow from business operations, cash which was obtained as a result of operations was 1,607 million yen (the previous consolidated fiscal period 8,091 million yen). This was mainly attributable to negative factors such as increases in depreciation expenses and purchase debt exceeding positive factors such as increases in trade receivables and inventories.

As for cash flow from investing activities, cash which was used as a result of the activities was 3,198 million yen (the previous consolidated fiscal period 3,368 million yen). This was attributable mainly from expenditure such as tangible and intangible fixed assets.

As for cash flow from financing activities, cash which was obtained as a result of these activities was 6,254 million yen (the previous consolidated fiscal period 744 million yen). This was principally due to an increase in borrowings.

Furthermore, trends in the cash flow index were as follows:

	Consolidated Accounting Period (March 31 st 2000)	Consolidated Accounting Period (March 31 st 2001)	Consolidated Accounting Period (March 31 st 2002)	Consolidated Accounting Period (March 31 st 2003)	Consolidated Accounting Period (March 31 st 2004)
Shareholders' Equity Ratio (%)	73.1	76.7	85.0	79.7	70.1
Shareholder's Equity Ratio (based on market price) %	328.1	131.7	113.3	48.1	66.7
The number of years of debt redemption (Years)	0.0		1.4	0.8	
Interest Coverage Ratio	506.5		129.2	122.8	

Notes:

1. The indexes above are calculated using the following formulas:

Shareholders' Equity Ratio: shareholders' equity/total assets.

Shareholders' Equity Ratio (based on market price): total sum of the market price for stock/total assets.

The number of years of debt redemption: liabilities with interest/cash flow from operating activities.

Interest Coverage Ratio: cash flow from operating activities/interest payments

2. Each index is calculated according to the consolidated financial value.

3. The total sum of the market price for stock is calculated as the closing price of the end of term stocks × the number of stocks issued at the end of term (after deduction of treasury stocks).

4. "Cash flow from operating activities" refers to the cash flow from operating activities in the statement of consolidated cash flow. "Liabilities with interest" refers to all interest paying debts on the consolidated balance sheet. "Interest Payments" refers to the interest payments in the statement of consolidated cash flow. Moreover, because there was an outflow of cash from operating activities in the consolidated accounting period ending March 31st, 2001, the debt redemption and interest coverage ratio are omitted for that period.

CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries
As of March 31, 2004 and 2003

ASSETS	Millions of yen	
	2004	2003
Current assets		
Cash on hand and in bank	13,692	13,266
Notes and accounts receivable – trade	19,087	12,745
Inventories	29,327	25,069
Deferred taxes	2,501	2,252
Other current assets	1,635	1,379
Less-allowance for doubtful receivable	136	63
Total current assets	66,108	54,651
Fixed assets		
Property, plant and equipment:		
Building and structures	9,540	10,312
Machinery/equipment and vehicles	4,482	5,244
Tools, furniture and fixtures	1,061	1,043
Land	3,840	3,873
Construction in progress	7	77
Total property, plant and equipment	18,932	20,550
Intangible assets:		
Software	5,554	4,759
Other intangible assets	21	22
Total intangible assets	5,575	4,781
Investments and other assets:		
Investment securities	6,451	3,569
Deferred taxes	1,801	7,434
Others	893	586
Total investments and other assets	9,145	11,590
Total fixed assets	33,654	36,923
Total assets	99,762	91,574

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2004	2003
Liabilities		
Current liabilities:		
Notes and accounts payable	9,107	6,911
Short-term borrowings	3,000	10
Accrued expenses	2,487	2,053
Accrued warranty	686	513
Others	1,648	1,293
Total current liabilities	16,930	10,781
Long term liabilities:		
Long-term borrowings	10,812	6,400
Accrued retirement benefits	2,027	1,442
Consolidation adjustments	31	-
Total long term liabilities	12,870	7,842
Total liabilities	29,801	18,624
Shareholders' equity		
Capital stock	5,878	5,878
Capital reserve	5,413	5,413
Earnings surplus	56,306	59,464
Unrealized gain on available for-sale securities, net of taxes	1,500	305
Translation adjustment	877	2,510
Treasury stock	13	11
Total shareholders' equity	69,961	72,950
Total liabilities and shareholders' equity	99,762	91,574

CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries
For the years ended March 31, 2004 and 2003

	Millions of yen	
	2004	2003
Net sales	61,081	42,663
Cost of sales	46,652	40,043
Selling, general and administrative expenses	13,267	12,248
Operating Income	1,161	9,627
Non-operating revenue:		
Interest and dividend income	124	160
Others	521	971
Non-operating expenses:		
Interest expense	87	65
Exchange loss	266	157
Others	105	61
Ordinary Income	1,346	8,780
Extraordinary gain	615	112
Extraordinary loss	172	1,198
Income before income taxes and minority interest	1,790	9,866
Income taxes:		
Corporate, inhabitant's and enterprise taxes	132	55
Tax credits	-	621
Amount of corporation tax paid in previous financial year	-	256
Adjustment for corporate taxes	4,083	1,940
Net loss	2,425	7,616
Notes:		
Depreciation expense	2,261	2,566
Amortization expense	1,729	1,544

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Fuji Machine Mfg. Co., Ltd. and subsidiaries
For the years ended March 31, 2004 and 2003

	Millions of yen	
	2004	2003
Capital surplus:		
Beginning balance of capital surplus	5,413	5,413
Ending balance of capital surplus	5,413	5,413
Earnings surplus:		
Beginning balance of earning surplus	59,464	67,815
Decrease		
Cash dividends	733	733
Net loss	2,425	7,616
Ending balance of earning surplus	56,306	59,464

CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries
For the years ended March 31, 2004 and 2003

	Millions of yen	
	2004	2003
Operating activities		
Income before income taxes and minority interest	1,790	9,866
Depreciation and amortization	3,990	4,111
Increase or Decrease in accrued warranty	175	267
Increase in accrued retirement benefit	585	152
Interest and dividend income	124	160
Interest expense	87	65
Gain on disposition of fixed assets	41	94
Loss on disposition of fixed assets	75	373
Gain on sale of investment securities	647	-
Devaluation of investment securities	54	693
Capital loss on appraisal	-	118
Increase in accounts receivable	6,399	2,199
Increase or Decrease in inventories	4,106	10,412
Increase in trade payable	2,185	3,755
Others	95	382
Sub total	2,278	7,476
Interest and dividend received	124	160
Interest paid	83	65
Net income tax refund amount	629	520
Net cash (used in) provided by operating activities	1,607	8,091
Investing activities		
Additions of tangible and intangible fixed assets	3,976	5,728
Proceeds from sales of tangible and intangible fixed assets	664	845
Additions of investment securities	391	999
Proceeds from sales of investment securities	971	-
Investment in time deposit	257	295
Proceeds on maturity of time deposit	328	2,866
Expenditures for investment in subsidiaries	89	-
Expenditures for long term prepaid expenses	428	1
Others	18	54
Net cash used for investing activities	3,198	3,368
Financing activities		
Increase in short-term borrowings	2,568	-
Proceeds on long-term borrowings	4,421	-
Dividends paid	733	733
Others	2	10
Net cash (used in) provided by financing activities	6,254	744
Effect of exchange rate changes on cash and cash equivalents	966	377
Increase in cash and cash equivalents	481	3,601
Cash and cash equivalents at beginning of year	12,847	9,246
Cash and cash equivalents at end of the year	13,329	12,847

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. Edeclinsey System Co., Ltd. Astro Co., Ltd.
Fuji America Corporation Fuji Machine America Corporation
Fuji Machine Mfg. (Europe) GmbH

2. Applicability under the holdings law

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

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. Calculational discrepancies are included in the consolidated fiscal accounting period's calculations as a lump-sum expense.

(4) Method of important hedge account

Hedge account method:

In regard to interest rate swap, we adopt special exemption as we meet the necessary conditions.

Hedge means and subject:

The hedge means: interest rate swap

The hedge subject: loan

Hedge policy:

To decrease the risk posed by interest rate fluctuation and improve the credit situation with regard to income and expenditure.

Method of evaluating hedge validity:

As we meet the necessary conditions for special exemption, judgement on the evaluation of the settlement date is omitted.

(5) 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, 2004	(Millions of yen) March 31, 2003
1. Accumulated depreciation of tangible fixed assets	22,236	20,762
2. Guarantee obligation	-	433
3. Balance of endorsed notes receivable	0	7

(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, 2004	(Millions of yen) March 31, 2003
Cash and deposit accounts	13,692	13,266
Time deposits whose deposit terms exceed three months	362	418
Cash and cash equivalents at end of the period	13,329	12,847

(On consolidated marketable securities)

1. Other negotiable securities which currently have a market value

(Millions of yen)

Category	This consolidated accounting period (March 31, 2004)			Previous consolidated accounting period (March 31, 2003)		
	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	3,592	6,073	2,481	355	557	202
Bonds	-	-	-	-	-	-
Other	211	227	16	-	-	-
Subtotal	3,804	6,301	2,497	355	557	202
Items whose sums on the consolidated balance sheet do not exceed their acquisition costs						
Shares	9	9	0	3,311	2,654	657
Bonds	-	-	-	-	-	-
Other	-	-	-	211	157	53
Subtotal	9	9	0	3,523	2,812	711
Total	3,814	6,311	2,497	3,878	3,369	509

Note: Acquisition cost price in the table is the account book price after allowances for loss. We made allowances for loss in previous consolidated fiscal period, and appropriated loss on revaluation of investments in negotiable securities of 693 million yen.

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, 2004)	Previous consolidated accounting period (March 31, 2003)
	Price on consolidated Balance sheet	Price on consolidated Balance sheet
Other marketable securities Unlisted stocks (excluding over-the-counter stocks)	115	175
Total	115	175

(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

	(Millions of yen)	
	March 31, 2004	March 31, 2003
Retirement benefits liabilities	7,198	6,741
Pension assets	5,438	4,576
Unreserved retirement benefits liabilities	1,760	2,165
Variances due to unrecognized calculative reasons	266	722
Accrued retirement benefits	2,027	1,442

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

3. Items related to retirement benefits expenses

	(Millions of yen)	
	March 31, 2004	March 31, 2003
Service costs	388	379
Interest costs	187	193
Expected investment returns	127	145
Disposed amount of variances due to calculative reasons	722	359
Expenses for retirement benefits	1,172	787

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, 2004	March 31, 2003
Allotment method of the estimated sum of retirement benefits for each period	Fixed amount standard	Fixed amount standard
Discount rate	2.5 %	2.8 %
Expected rate for investment profits	2.8 %	3.0 %
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.

(On tax effect accounting)

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

(Millions of yen)

	March 31, 2004	March 31, 2003
(Deferred tax assets)		
Carryforward of operating loss	7,297	7,831
Accrued retirement benefits	808	575
Accrued expenses	485	319
Inventories	480	754
Investment securities	386	796
Accrued warranty	271	210
Unrealized gain on available for-sale securities, net of taxes	-	203
Others	93	177
Subtotal deferred tax assets	<u>9,823</u>	<u>10,868</u>
Sum of valuation allowance	<u>4,522</u>	<u>1,181</u>
Total deferred tax assets	<u>5,300</u>	<u>9,687</u>
(Deferred tax liabilities)		
Unrealized gain on available for-sale securities, net of taxes	995	-
Disposition of the allowance for doubtful debts resulting from the elimination of credits and debts	<u>2</u>	<u>0</u>
Total deferred tax liabilities	<u>998</u>	<u>0</u>
Net of deferred tax assets	<u>4,302</u>	<u>9,686</u>

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

This consolidated accounting period (April 1, 2003 to March 31, 2004)

(Millions of yen)

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	Others	Total	Elimination or all company	Consolidated
. Sales and operating expenses							
Sales							
1. Sales to third parties	38,924	17,508	3,517	1,131	61,081	-	61,081
2. Interarea sales or transfers	1	0	-	488	490	490	-
Total	38,925	17,508	3,517	1,619	61,571	490	61,081
Operating expenses	37,111	16,328	3,743	1,677	58,860	1,059	59,919
Operating income	1,814	1,180	225	58	2,711	1,549	1,161
. Asset, depreciation and capital expenditure							
Asset	64,715	19,931	4,381	2,289	91,317	8,445	99,762
Depreciation	3,135	466	96	135	3,833	156	3,990
Capital expenditure	3,132	156	603	95	3,987	98	4,086

Previous consolidated accounting period (April 1, 2002 to March 31, 2003)

(Millions of yen)

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	Others	Total	Elimination or all company	Consolidated
. Sales and operating expenses							
Sales							
1. Sales to third parties	31,221	10,073	649	720	42,663	-	42,663
2. Interarea sales or transfers	2	-	-	171	173	173	-
Total	31,223	10,073	649	891	42,837	173	42,663
Operating expenses	38,095	10,436	871	1,085	50,489	1,801	52,291
Operating loss	6,871	363	222	193	7,652	1,975	9,627
. Asset, depreciation and capital expenditure							
Asset	61,885	17,557	1,722	2,180	83,345	8,228	91,574
Depreciation	3,156	571	60	124	3,913	198	4,111
Capital expenditure	4,831	304	206	388	5,731	112	5,844

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) PCB Assembly Machinery: SMT assembly machines

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

(3) LCD Assembly Machinery : LCD related production equipment.

(4) Others : Control hardware, PCB Contract Manufacturing, Software development, Insurance brokerage

2. Geographical segment information

This consolidated accounting period (April 1, 2003 to March 31, 2004)

(Millions of yen)

	Japan	North America	Europe	Total	Elimination or all company	Consolidated
. Sales and operating expenses						
Sales						
1. Sales to third parties	51,533	8,598	949	61,081	-	61,081
2. Interarea sales or transfers	5,773	25	14	5,814	5,814	-
Total	57,307	8,624	964	66,895	5,814	61,081
Operating expenses	54,314	8,607	952	63,874	3,954	59,919
Operating income	2,993	16	11	3,021	1,860	1,161
. Asset	78,680	13,952	1,151	93,784	5,978	99,762

Previous consolidated accounting period (April 1, 2002 to March 31, 2003)

(Millions of yen)

	Japan	North America	Total	Elimination or all company	Consolidated
. Sales and operating expenses					
Sales					
1. Sales to third parties	36,403	6,259	42,663	-	42,663
2. Interarea sales or transfers	4,023	62	4,086	4,086	-
Total	40,427	6,322	46,750	4,086	42,663
Operating expenses	46,919	7,454	54,374	2,082	52,291
Operating loss	6,491	1,131	7,623	2,003	9,627
. Asset	70,071	14,653	84,725	6,848	91,574

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
 - (2)Europe: Germany

3. Overseas sales

This consolidated accounting period (April 1 2003 to March 31, 2004)

(Millions of yen)

	North America	Europe	Asia	Others	Total
. Overseas sales	9,135	3,422	29,882	1,324	43,765
. Consolidated sales					61,081
. Ratio of overseas sales to consolidated sales(%)	15.0	5.6	48.9	2.2	71.7

Previous consolidated accounting period (April 1 2002 to March 31, 2003)

(Millions of yen)

	North America	Europe	Asia	Others	Total
. Overseas sales	7,435	1,415	21,296	209	30,357
. Consolidated sales					42,663
. Ratio of overseas sales to consolidated sales(%)	17.5	3.3	49.9	0.5	71.2

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, etc
 - (2) Europe: Poland, Germany, Finland, etc
 - (3) Asia: China, Taiwan, Thailand, 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, 2003 to March 31, 2004)

(Millions of yen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
PCB Assembly Machinery	38,339 (63.4)	38,924 (63.7)	4,808 (41.4)
Machine tools	17,313 (28.6)	17,508 (28.7)	5,393 (46.5)
LCD Assembly Machinery	3,646 (6.0)	3,517 (5.8)	1,326 (11.4)
Others	1,173 (2.0)	1,131 (1.8)	74 (0.7)
Total	60,472 (100.0)	61,081 (100.0)	11,603 (100.0)

Previous period (April 1, 2002 to March 31, 2003)

(Millions of yen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
PCB Assembly Machinery	33,125 (69.2)	31,221 (73.2)	5,393 (44.2)
Machine tools	12,170 (25.4)	10,073 (23.6)	5,588 (45.8)
LCD Assembly Machinery	1,846 (3.9)	649 (1.5)	1,197 (9.8)
Others	723 (1.5)	720 (1.7)	32 (0.2)
Total	47,866 (100.0)	42,663 (100.0)	12,211 (100.0)

BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.
As of March 31, 2004 and 2003

ASSETS	Millions of yen	
	2004	2003
Current assets		
Cash on hand and in bank	4,333	3,701
Notes receivable	4,244	1,614
Accounts receivable	13,954	11,373
Finished goods and work in process	13,324	8,031
Raw material and supplies	12,689	13,372
Deferred taxes	2,155	1,896
Other current assets	1,514	878
Allowance for doubtful receivable	35	50
Total current assets	52,181	40,818
Fixed assets		
Property, plant and equipment:		
Building and structures	7,732	8,260
Machinery and equipment	4,211	4,630
Vehicles	56	56
Tools, furniture and fixtures	981	963
Land	3,211	3,211
Construction in progress	7	77
Total property, plant and equipment	16,201	17,200
Intangible assets:		
Software	5,532	4,730
Other intangible assets	18	18
Total intangible assets	5,550	4,748
Investments, etc.:		
Investment securities	6,296	3,449
Investment in related parties	1,140	1,140
Sundry investments	112	164
Sundry investments in related parties	287	158
Deferred taxes	1,776	7,165
Other investments	555	201
Total investments	10,168	12,279
Total fixed assets	31,920	34,228
Total assets	84,101	75,047

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen	
	2004	2003
Liabilities		
Current liabilities:		
Notes payable	6,452	4,177
Accounts payable-trade	3,033	2,753
Short-term borrowings	3,000	-
Accounts payable-other	287	222
Accrued expenses	1,854	1,598
Accrued warranty	622	468
Equipment notes payable	63	30
Other current liabilities	604	757
Total current liabilities	15,917	10,008
Long term liabilities:		
Long-term borrowings	10,400	6,400
Accrued retirement benefits	2,020	1,436
Others	15	-
Total long term liabilities	12,435	7,836
Total liabilities	28,353	17,845
Shareholders' equity		
Capital stock	5,878	5,878
Capital reserve	5,413	5,413
Legal reserve	1,450	1,450
Earnings surplus:		
General reserves	39,400	47,400
Unappropriated retained earnings	2,132	2,639
Unrealized gain on available for-sale securities, net of taxes	1,486	289
Treasury stock	13	11
Total shareholders' equity	55,747	57,202
Total liabilities and shareholders' equity	84,101	75,047

INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.
For the years ended March 31, 2004 and 2003

	Millions of yen	
	2004	2003
Net sales	56,408	39,732
Cost of sales	45,213	38,897
Selling, general and administrative expenses	10,179	9,409
Operating Income	1,015	8,574
Non-operating revenue:		
Interest and dividend income	41	57
Others	308	690
Non-operating expenses:		
Interest expense	87	65
Exchange loss	159	130
Others	103	50
Ordinary Income	1,014	8,073
Extraordinary gain	621	32
Extraordinary loss	161	1,165
Income before income taxes	1,474	9,206
Income taxes:		
Corporate, inhabitant's and enterprise taxes	18	21
Amount of corporation tax paid in previous financial Year	-	256
Adjustment for corporate taxes	3,951	2,261
Net loss	2,494	7,223
Retained earnings brought forward	4,994	4,951
Interim dividend	366	366
Unappropriated retained earnings	2,132	2,639
Notes:		
Depreciation expense	1,984	2,174
Amortization expense	1,711	1,525

STATEMENT OF PROPOSED APPROPRIATION OF RETAINED EARNINGS

Fuji Machine Mfg. Co., Ltd.
For the year ended March 31, 2004 and 2003

	Millions of yen	
	2004	2003
Unappropriated retained earnings	2,132	2,639
Reversal of general reserves	-	8,000
Total	2,132	5,360
Proposed to be appropriated as follows:		
Cash dividends	366	366
Accumulated profits	1,765	4,994

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. Method of important hedge account

- (1) Hedge account method:
 - In regard to interest rate swap, we adopt special exemption as we meet the necessary conditions.
- (2) Hedge means and subject:
 - The hedge means: interest rate swap
 - The hedge subject: loan
- (3) Hedge policy:
 - To decrease the risk posed by interest rate fluctuation and improve the credit situation with regard to income and expenditure.
- (4) Method of evaluating hedge validity:
 - As we meet the necessary conditions for special exemption, judgement on the evaluation of the settlement date is omitted.

5. Fundamental standards for making other consolidated financial statements.

- Computation of consumption tax and other tax
 - Tax computed separately.

NOTES:

(Millions of yen)

(On balance sheet)

	March 31, 2004	March 31, 2003
1. Accumulated depreciation of tangible fixed assets	20,630	19,161
2. Guarantee obligation	412	433

(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, 2004	March 31, 2003
Carryforward of operating loss	7,210	7,580
Accrued retirement benefits	806	573
Accrued expenses	445	294
Investment securities	386	796
Accrued warranty	248	193
Inventories	245	546
Unrealized gain on available for-sale securities, net of taxes	-	192
Others	48	66
Subtotal deferred tax assets	9,391	10,243
Sum of valuation allowance	4,472	1,181
Total deferred tax assets	4,919	9,062
(Deferred tax liabilities)		
Unrealized gain on available for-sale securities, net of taxes	986	-
Total deferred tax liabilities	986	-
Net of deferred tax assets	3,932	9,062

Assignment of officers

Assignment of new officers was decided unofficially at the board of directors meeting held on May, 20th, 2004. This new assignment will become official at the shareholders meeting which is scheduled to be held on June 29th, and at the board of directors meeting to be held at a later date.

(1)Chairman and President

Ryoyu Asai: Chairman
(Currently: President)

Masayoshi Ohara: President
(Currently: Senior Managing Director)

(2)Directors

Board Members Nomination

Takeyoshi Isogai: Director
(Currently: Officer, Divisional General Manager of LCD Assembly Machinery Division)

Norio Nakano: Director
(Currently: Officer, Divisional General Manager of Machine Tools Division)

Board Members Scheduled for Retirement

Shozo Nimura: Vice President
(Title after Retirement: President of Edeclinsey System Co., Ltd.)

Inauguration schedule to adviser of our company.

Takao Matsukura: Senior Managing Director
(Title after Retirement: President of Astro Co., Ltd
and Makoto Industry Co., Ltd.)

Inauguration schedule to adviser of our company.

Director Scheduled for Promotion

Shori Yasui: Vice President
(Currently: Senior Managing Director)

(3)Officers

New Executives Nomination

Tomoyuki Hazama: Officer
(Currently: Manager of Human Resources)

Masaki Kato: Officer
(Currently: Manager of Finance Division)

Executives Scheduled for Promotion

Senior Managing Director **Toshiaki Mitsuya** (Currently: Managing Director)

Managing Director **Masanori Aoki** (Currently: Director)

Executive Officer **Mamoru Tsuda** (Currently: Officer)

Executive Officer **Tosuke Kawada** (Currently: Officer)