



FINANCIAL STATEMENTS

From April 1, 2006

To March 31, 2007

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

Fuji Machine Mfg. (Dalian) Co., Ltd.

Operation Results

(1) Analysis of operating results

① Performance of this fiscal year

During this consolidated fiscal year, the nation's economy has remained on a track for gradual expansion as a whole, driven by improved corporate profits, increased capital investments, and improved consumer spending and employment situation, although there have been concerns about the influence from the steep rise of oil and raw material prices. As for the world economy, too, the conditions were holding steady as a whole: The U.S. economy has maintained steady growth, buoyed by consumer spending despite a shadow been cast over the future of the economy, capital investments have increased due to the expansion of production bases in the Asian region, and a recovery is underway in the European economy.

In these circumstances, under the basic management policy of "Promotion of Further Reforms toward Realization of a Highly Profitable Foundation," the Group has worked to accurately grasp globalized market needs and diversified customer requests and introduce highly marketable and value-added products to the market in a timely manner for the sake of surviving the severe market competition, as well as to accomplish a management foundation that allows us to create steady profits in the face of rapidly changing investment demand and ensure the sustainable growth of business.

In the concrete terms, as a challenge towards developing products that can be accepted in globalized markets, we have put our efforts into making advances in our core competence "high-precision and high-speed mounting technology and precision processing technology" and into expanding the horizon of their applications to associated fields, in order that we can precisely meet customer needs and continually provide markets with the state-of-the-art products ahead of the time. In addition, we have been trying to heighten the level of our customer satisfaction by further enhancing our customer support system, while at the same time aiming to grow away from the machinery manufacturer as a mere hardware supplier into an integrated solution company in close touch with the needs of our customers. In the aspect of manufacturing, we have focused our efforts on establishing an efficient procurement and production system so that we can swiftly respond to changes in demand; developing human resources that underlie such a system; cultivating a corporate climate that seeks no end of creation and innovation; and improving our corporate values further by proactively committing to the corporate social responsibility (CSR) and reinforcing the corporate governance and internal control system.

In the situation marked by these, we have achieved orders of 97,049 million yen (0.02% decrease from previous), sales of 101,892 million yen (12.2% increase from previous), operating profits of 18,417 million yen (60.5% increase from previous), and ordinary profits of 18,779 million yen (60.3% increase from previous), with the net profits for this period reaching 11,467 million yen(1.8% increase from previous).

Business results by segment

1) PCB Assembly Machinery

With the expansion of electronics markets such as cellular phones, notebook PC's, and digital home appliances, our flagship model of the NXT (high-speed and multi-functional modular type placer) showed a steady increase in sales, backed by the strong investment demand from our major customers including leading cellular phone manufacturers, EMS's (Electronic Manufacturing Services), and ODM's (Original Design Manufacturers). As a result, sales amounted to 78,442 million

yen (23.3% up from the previous period). Operating profits climbed to 18,345 million yen (71.1% up from the previous period), reflecting the effects of cost reduction etc. by means of efficiency improvement in production.

2) Machine Tools

Demand growth has been rather weak, reflecting the effects of postponed equipment installation in the automobile industry that we target our products at. We took measures to counteract this, such as cost cutting and improvement of designing and production efficiency, but sales ended in 18,708 million yen (20.0% down from the previous period), with operating profits of 1,449 million yen (44.7% down from the previous period).

3) LCD Assembly Machinery

Despite our trimming down the scale of this business, the strong request from the largest domestic LCD manufacturer has boosted the demand for the existing products that serve as manufacturing facilities for mid- and small-size LCD's. This has been combined with our efficiency improvement in production and cost reduction to bring about sales of 3,483 million yen (42.7% up from the previous period) and operating profits of 97 million yen (operating loss for the same period a year earlier: 688 million yen).

② Outlook for the next fiscal year

For the prospects of the management environment, although there are some factors that could affect the management of the Groups, such as soaring oil and material prices and intensified price competition, we expect that favorable investment demand will grow as a whole against the backdrop of improvement in domestic corporate profits, pickup in the European economy, and high economic growth in China and the Asian region.

The electronic parts assembly business, despite there being some unbalance of demand among business categories or regions, is estimated to continue performing well due to constant progress of car electronics and steady growth in the electronics markets such as cellular phones, notebook PC's, and digital home appliances. The Group will make every effort to develop new markets and increase the market share by reinforcing the sales and service systems and pursuing higher quality for improved customer satisfaction.

As for the machine tools business, it is predicted that demand will continue to stay at a high level both at home and overseas, buttressed by the robust capital investments across the industry. In the automobile industry, too, the recovery trend is expected to prevail in capital investments as the expansion of production bases goes on. With these prospects, the Group will strive for further business expansion by attempting at qualitative enhancement and efficiency improvement of sales operations, reinforcement of agency network overseas, and so on.

Business projection for this fiscal year is that sales of 102 billion yen (0.1% increase from the previous) is estimated, operating profits of 16 billion yen (13.1% decrease from the previous), ordinary profits of 16.4 billion yen (12.7% decrease from the previous), and net profits of 9.5 billion yen (17.2% decrease from the previous) are estimated respectively.

(2) Analysis of financial condition

The total consolidated assets for this period, due to increases in Cash on hand and in bank and Inventories, were 130,481 million yen, which was 6,592 million yen more than the previous consolidated fiscal year. Additionally, our consolidated liabilities for this fiscal year totaled 34,404 million yen, which was 2,941 million yen less than the previous consolidated fiscal year due to decreases in Long term liabilities.

As for the cash flow, consolidated cash and cash equivalents for this fiscal year were 32,245 million yen, which was 9,170 million yen more than the previous consolidated fiscal period. This was attributable to the total of increased cash flow from business operations exceeding decreased cash flow from investment activities and financing activities.

As for cash flow from business operations, cash which was obtained as a result of operations was 20,298 million yen (the previous consolidated fiscal period 5,515 million yen). This was mainly attributable to positive factors such as increases in income before income tax and decreases in accounts receivables exceeding negative factors such as increases in inventories.

As for cash flow from investing activities, cash which was used as a result of the activities was 4,670 million yen (the previous consolidated fiscal period Δ 2,398 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 used as a result of these activities was 6,565 million yen (the previous consolidated fiscal period 3,022 million yen). This was principally due to a decrease in Long-term borrowings.

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

	Consolidated Accounting Period (March 31 st 2003)	Consolidated Accounting Period (March 31 st 2004)	Consolidated Accounting Period (March 31 st 2005)	Consolidated Accounting Period (March 31 st 2006)	Consolidated Accounting Period (March 31 st 2007)
Shareholders' Equity Ratio (%)	79.7	70.1	67.6	69.9	73.6
Shareholder's Equity Ratio (based on market price) (%)	48.1	66.7	49.1	85.6	71.7
The number of years of debt redemption (Years)	0.8	—	3.7	3.7	0.8
Interest Coverage Ratio	122.8	—	32.7	35.7	99.0

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 \times 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, 2004, the debt redemption and interest coverage ratio are omitted for that period.

(3) Basic policy for profit sharing & Dividends in the current and next fiscal years

As the basic policy for profit sharing, the Company is hoping to maintain stable dividend and continually return profits to customers while attempting to strengthen the management foundation with the aims to improve profitability and to achieve a good balance between profit distribution to shareholders and reinforcement of financial strengths.

The internal reserves are planned to be utilized to develop products in line with market needs and invest in the streamlining of facilities so that the business foundation will be improved and reinforced.

As for the dividend at fiscal year-end, we would like it to be 12.50 yen per share under the basic policy for profit sharing. It follows that the annual dividend in the current fiscal year, together with the interim dividend, rises to 25 yen by an increase of 7.50 yen per share compared with the previous fiscal year.

The dividend in the next fiscal year is planned to be 20 yen per share respectively for the interim dividend and the year-end dividend, with the annual dividend increasing to 40 yen by an increase of 15 yen per share.

(4) Business risk

Following are main business risks which are considered to affect our financial position and business operations significantly.

① Market fluctuation

The market conditions for electronic component assembly related business which is the primary market for Fuji Machine Mfg. could be affected by sales conditions of digital equipment. Although the trends of steady growth are estimated to prevail focusing on cell phones and notebook PC's, our operating performance could possibly be affected by adverse economic conditions caused by economic fluctuations in the areas of industry to which our customers belong, as suggested by the past example of IT recession and demand-and-supply unbalance that gave rise to a sudden drop in demand for electronic parts assemblers and other devices.

② Currency exchange rate fluctuation

As our customers progressively shifted their manufacturing sites to Asia, particularly China and Taiwan, 79.1% of our total sales is overseas market. The key currency for our export business is yen to avert exchange rate risk except for sales to our subsidiaries in the US, Germany and China. Although we hedge against currency fluctuation, a steep fluctuation of currency market could incur currency risk.

③ Product price competition

We have been able to provide products manufactured with much refined technology in order to prevail in market competition, and successfully expanded sales. However, we anticipate that price competition will be further accelerated not only by technical advancement of cellular phones, notebook PC's, digital equipment with high-function, multi-function features, but also price deflation of electronics equipment. This could cause heated price competition with our competitors as our customers would try to reduce production costs and purchase machinery at lower costs.

④ Technology advancement

We have been able to maintain a major market share in the electronic component assembly business (SMT) by incorporating customer requirements into our far advance technology, high-precision, high-speed, high precision assembly technology, and by active and continuous investment for technology advancement. However, as customer requirements and electronic products become further diversified and sophisticated, much advanced machines must be launched into the market timely. This market timing could affect our business performance.

⑤ Product quality

We have actively incorporated superb proprietary technology and much advanced technology into new products and launched them into market timely. We have acquired ISO 9001 to establish quality assurance, and reinforced customer service/support program to assure customer satisfaction. As we incorporate far advanced technology into our products, however, we could anticipate unexpected technical troubles from unknown area of new technology.

⑥ Market expansion in China

As manufacturing sites of digital equipment products have become concentrated in China, our sales to Chinese market expanded to a large extent. This condition, we anticipate, will continue. We have been able to increase sales primarily to EMS and ODM makers in china and Taiwan backed by a strong business alliance which has been realized as a result of customer satisfaction with our superb technology products. It is also expected that automobile industry will continuously expand production volume, and machine tool business will be accelerated. The Chinese economy is expected to continue expanding, but the reevaluation of the yuan, the political tensions between China and our country, or the outbreak of infectious diseases could affect our operating showings.

⑦ A steep rise of raw materials

We have applied VA, CD in order to evaluate and analyze customer requirements and provide high value products timely, but a steep price rise of crude oil and raw materials will cause price increase of steel, cast iron, electric components and so forth, which are main materials to manufacture our products. This could adversely affect our business.

⑧ Influences of a large-scale disaster

The domestic production bases of the Group are concentrated in Aichi Prefecture. Should a large-scale disaster take place in this district, it could materially affect their production capacity in different ways, which include damage to the production facilities, paralysis of the physical distribution function, and closedown of the production bases.

Management Policies

(1) Basic management policy of the Company

Under the Company's motto of "We will provide the best technologies to repay the customer's trust through untiring efforts in research and development," the Group has set up the basic management philosophy and is making efforts to create higher corporate values equally for shareholders, customers, business partners, and employees. The specific principles to this end are as follows:

- ① We comply with laws, social norms, the articles of corporation, and office regulations in every aspect of operations.
- ② With continuous technology development and quality improvement, we provide products and services that contribute to the creation of a more convenient and comfortable society.
- ③ We respect individuals and create a bright work environment that helps to foster teamwork.
- ④ We seek to develop new business fields for the future through global and innovative management.
- ⑤ We carry out environmentally-conscious corporate activities, recognizing that the protection of the earth's environment is the common issue for all humanity.

(2) Mid-and-long term management strategies of the Company

As the mid-and-long term management strategies, the Group will implement measures to further improve product competitiveness and ensure sustainable growth of business so that we can continuously supply customers with the high-value-added products based on reliable and established technology and quality while responding nimbly and flexibly to changes in the business environment and market needs. The specific measures will be focused on the following:

① Enhancement of research and development capabilities

By sophisticating the elemental technology, processing technology, and simulation technology based on the core of "high-precision and high-speed mounting technology and precision processing technology," we will not only create new values one step ahead of the market demands and swiftly make them a commercial reality, but we will also proactively improve the safety and environmental performance of products.

② Enhancement of cost competitiveness

We will seek to thoroughly improve the processes from designing and procurement to manufacturing and sales and promote cost cutting through value engineering (VA) in the stages of designing and development. At the same time, we will strive for efficient improvement in production by constructing a just-in-time material supply system for reduced lead time of material procurement. Also, by attempting at functional integrity of the organization, we will work to drastically improve the efficiency of indirect operations on a company-wide basis to enhance our cost competitiveness further.

③ Enhancement of marketing and sales capabilities

The continued release of leading-edge products that suit customer needs will be sought by identifying the target markets for each line of business and by strengthening and improving the marketing function. Also, as the means to enhance the sales function, we will reinforce the service support system and provide comprehensive customer-focused solutions for greater customer satisfaction, aiming to acquire new customers and expand the market share.

④ Development and use of human resources

In order to foster human resources underlying manufacturing, we will refurbish the human resource and training system to expedite the process of handing techniques and skills down to younger generations while at the same time pursuing the right-person-in-the-right-place policy.

⑤ Enhancement of corporate governance

As a premise for business activities, we will proactively put our efforts into reinforcing the internal control through not only improvement of product values but also strict compliance and promotion of the risk management system. We will also try to continuously improve corporate values for a harmonious coexistence with society by promoting social action programs or environmental conservation activities.

(3) Challenges to be addressed by the Company

We consider that the business environment surrounding the Group presents significant challenges for us to address, which include responding to the globalization of markets and diversification of customer requests spurred by rapid progress of technological innovation, as well as coping with the severe price competition of final products or sharp changes in investment demand due to production adjustments made by customers.

Under these circumstances, as we are proceeding with management with emphasis placed on speediness, we will be trying to differentiate ourselves from competitors by continually launching leading-edge products that satisfy customer needs and by implementing cost reduction to keep competitive in the market. In the meantime, we will be tackling the matter of fostering a highly profitable foundation that ensures the sustainable growth of business. To this end, we will strive for reinforcement of the sales and service systems and reformation of the linkage process between development and manufacturing. Additionally, we will continue to seek after sustained improvement of corporate values through proactive commitment to social responsibility and internal control.

CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

ASSETS	Millions of yen	
	2007	2006
Current assets		
Cash on hand and in bank	32,700	23,423
Notes and accounts receivable – trade	26,521	32,110
Inventories	31,375	26,790
Deferred taxes	3,038	4,322
Other current assets	2,717	1,679
Less-Allowance for doubtful receivable	△ 15	△ 29
Total current assets	96,337	88,297
Fixed assets		
Property, plant and equipment:		
Building and structures	8,547	8,768
Machinery/equipment and vehicles	3,848	3,522
Tools, furniture and fixtures	865	878
Land	4,147	3,938
Construction in progress	6	10
Total property, plant and equipment	17,415	17,117
Intangible assets:		
Software	2,413	4,463
Other intangible assets	20	21
Total intangible assets	2,434	4,484
Investments and other assets:		
Investment securities	13,700	13,335
Deferred taxes	22	5
Others	1,088	1,163
Less-Allowance for doubtful receivable	△ 517	△ 514
Total investments and other assets	14,294	13,989
Total fixed assets	34,144	35,591
Total assets	130,481	123,889

LIABILITIES AND NET ASSETS	Millions of yen	
	2007	2006
Liabilities		
Current liabilities:		
Notes and accounts payable	3,204	4,377
Return planned long-term borrowings for less than 1 year	2,114	5,453
Accrued expenses	3,860	3,698
Accrued income tax	5,509	649
Accrued warranty	1,931	1,570
Others	2,758	2,490
Total current liabilities	19,378	18,239
Long term liabilities:		
Bonds	5,000	5,000
Long-term borrowings	8,114	10,207
Deferred tax liabilities	1,814	2,752
Accrued retirement benefits	97	1,145
Total long term liabilities	15,025	19,105
Total liabilities	34,404	37,345
Net assets		
Shareholders' equity		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	78,066	67,759
Treasury stock	△ 30	△ 22
Total shareholders' equity	89,329	79,029
Valuation and translation adjustments		
Unrealized gain on available for-sale securities, net of taxes	4,372	5,284
Translation adjustment	2,375	2,229
Total valuation and translation adjustments	6,747	7,514
Total net assets	96,077	86,543
Total liabilities and net assets	130,481	123,889

CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	2007	2006
Net sales	101,892	90,792
Cost of sales	65,315	63,121
Selling, general and administrative expenses	18,159	16,197
Operating Income	18,417	11,473
Non-operating revenue:		
Interest and dividend income	561	300
Exchange gain	-	186
Others	220	189
Non-operating expenses:		
Interest expense	203	171
Others	216	266
Ordinary Income	18,779	11,711
Extraordinary gain	81	517
Extraordinary loss	637	1,241
Income before income taxes and minority interest	18,222	10,987
Income taxes:		
Corporate, inhabitant's and enterprise taxes	5,758	944
Adjustment for corporate taxes	996	△ 1,221
Net Income	11,467	11,264
Notes:		
Depreciation expense	1,736	1,683
Amortization expense	2,363	2,546

	Millions of yen
	2006
Capital surplus:	
Beginning balance of capital surplus	5,413
Ending balance of capital surplus	5,413
Earnings surplus:	
Beginning balance of earnings surplus	57,228
Increase	
Net Income	11,264
Decrease	
Cash dividends	733
Ending balance of earnings surplus	67,759

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Fuji Machine Mfg. Co., Ltd. and subsidiaries

This consolidated accounting period (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Earnings surplus	Treasury stock	Total shareholders' equity
Balance at March 31,2006	5, 878	5, 413	67, 759	△ 22	79, 029
Increase(Decrease)during the term:					
Cash dividends	-	-	△ 1, 100	-	△ 1, 100
Bonuses to director corporate auditors	-	-	△ 60	-	△ 60
Net income	-	-	11, 467	-	11, 467
Acquisition of treasury stocks	-	-	-	△ 7	△ 7
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-
Total	-	-	10, 307	△ 7	10, 299
Balance at March 31,2007	5, 878	5, 413	78, 066	△ 30	89, 329

	Valuation and translation adjustments			Total net assets
	Unrealized gain on available for-sale securities, net of taxes	Translation adjustment	Total valuation and translation adjustments	
Balance at March 31,2006	5, 284	2, 229	7, 514	86, 543
Increase(Decrease)during the term:				
Cash dividends	-	-	-	△ 1, 100
Bonuses to director corporate auditors	-	-	-	△ 60
Net income	-	-	-	11, 467
Acquisition of treasury stocks	-	-	-	△ 7
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 912	145	△ 766	△ 766
Total	△ 912	145	△ 766	9, 533
Balance at March 31,2007	4, 372	2, 375	6, 747	96, 077

CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	2007	2006
Operating activities		
Income before income taxes and minority interest	18,222	10,987
Depreciation and amortization	4,099	4,229
Increase in accrued warranty	357	782
Decrease in accrued retirement benefits	△ 1,048	△ 336
Interest and dividend income	△ 561	△ 300
Interest expense	203	171
Gain on disposition of fixed assets	△ 61	△ 147
Loss on disposition of fixed assets	233	694
Gain on sale of investment securities	△ 2	△ 330
Increase or decrease in accounts receivable	5,686	△ 10,245
Increase or decrease in inventories	△ 4,506	3,388
Decrease in trade payable	△ 1,270	△ 5,510
Increase or decrease in accrued consumption taxes	△ 917	290
Others	499	2,181
Sub total	20,933	5,852
Interest and dividend received	561	336
Interest paid	△ 205	△ 154
Payments of income taxes	△ 991	△ 519
Net cash provided by operating activities	20,298	5,515
Investing activities		
Additions of tangible and intangible fixed assets	△ 2,815	△ 3,404
Proceeds from sales of tangible and intangible fixed assets	287	690
Additions of investment securities	△ 1,951	△ 82
Proceeds from sales of investment securities	12	427
Investment in time deposit	△ 438	△ 243
Proceeds on maturity of time deposit	332	159
Expenditures for long-term prepaid expenses	△ 77	△ 2
Others	△ 20	57
Net cash used in investing activities	△ 4,670	△ 2,398
Financing activities		
Expenditures for return of long-term borrowings	△ 5,458	△ 1,149
Proceeds from issue of bonds	-	4,911
Dividends paid	△ 1,098	△ 733
Others	△ 7	△ 5
Net cash (used in) provided by financing activities	△ 6,565	3,022
Effect of exchange rate changes on cash and cash equivalents	107	785
Increase or decrease in cash and cash equivalents	9,170	6,924
Cash and cash equivalents at beginning of year	23,074	16,150
Cash and cash equivalents at end of the period	32,245	23,074

IMPORTANT AND FUNDAMENTAL MATTERS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidation range

Number of consolidated subsidiary companies: 7 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 Fuji Machine Mfg. (Dalian) Co., Ltd.

2. Applicability under the holdings law

The name of affiliated company to which the equity method is not applied:

Fuji do Brasil Maquinas Industrials Ltda.

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 closing date for the financial report for Fuji Machine Mfg. Limited (Dalian) is December 31. Financial reports from subsidiaries are based on pro forma statements at the time of consolidation, in order to report consolidated financial statements.

4. Standard Accounting Practices

① Evaluation standards and methods for important assets

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 net assets and the sale cost is calculated by the moving average method.)

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

Inventories

Determined mainly by final purchase cost method and periodic 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 consolidated annual accounting period. Computational 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, judgment 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. 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.

CHANGES IN IMPORTANT AND FUNDAMENTAL MATTERS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(Accounting standards etc. for presentation of net assets in balance sheet)

Starting in this consolidated accounting period, we have applied the “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan (ASBJ) Statement No. 5 on Corporate Accounting Standards issued on December 9, 2005) and the “Implementation Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No. 8 on Corporate Accounting Standards issued on December 9, 2005).

The amount corresponding to the total in the conventional “Equity Section” is 96,077 million yen.

As the regulations concerning the consolidated financial statements have been revised, the financial statements for this in consolidated accounting period have been prepared in accordance with the amended regulations concerning the consolidated financial statements.

NOTES :

(On consolidated balance sheet)

(Millions of yen)

	March 31, 2007	March 31, 2006
1. Accumulated depreciation of tangible fixed assets	23,134	23,042
2. Balance of endorsed notes receivable	-	0
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 previous 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	557	-

(Data relating to the calculation of fluctuations in consolidated stockholders' equity etc.)**Current consolidated accounting period (April 1, 2006 - March 31, 2007)**

1. Matters relating to the kinds and total number of issued stocks & kinds and number of treasury stocks

	Stocks at the end of the previous consolidated fiscal year (Unit: 1,000 stocks)	Increased stocks in the current consolidated period (Unit: 1,000 stocks)	Decreased stocks in the current consolidated period (Unit: 1,000 stocks)	Stocks at the end of the current consolidated period (Unit: 1,000 stocks)
Issued stocks				
Common stocks	48,911	-	-	48,911
Total	48,911	-	-	48,911
Treasury stocks				
Common stocks (Note)	17	3	-	20
Total	17	3	-	20

(Note) The increase in the number of common treasury stocks, 3,000 stocks, was attributed to the purchase of odd stocks.

2. Matters relating to dividends

(1) Amount of dividends paid

Resolution	Kind of stock	Dividend total (Unit: mil. yen)	Dividend per stock (Unit: yen)	Reference date	Effective date
Jun. 29, 2006 Annual Meeting of Shareholders	Common stock	488	10.00	Mar. 31, 2006	Jun. 29, 2006
Nov. 16, 2006 Board of Directors Meeting	Common stock	611	12.50	Sep. 30, 2006	Dec. 8, 2006

(2) Of the dividends for which the reference dates fall upon this consolidated period, those which will become effective after the end of this period

Resolution	Kind of stock	Dividend total (Unit: mil.yen)	Dividend resource	Dividend per stock (Unit: yen)	Reference date	Effective date
Jun. 28, 2007 Annual Meeting of Shareholders	Common stock	611	Earnings surplus	12.50	Mar. 31, 2007	Jun. 29, 2007

(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

	(Millions of yen)	
	March 31, 2007	March 31, 2006
Cash and deposit accounts	32,700	23,423
Time deposits whose deposit terms exceed three months	△ 454	△ 348
Cash and cash equivalents at end of the period	32,245	23,074

(On consolidated marketable securities)

1. Other negotiable securities which currently have a market value

(Millions of yen)

Category	This consolidated accounting period (March 31, 2007)			Previous consolidated accounting period (March 31, 2006)		
	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	4,347	11,423	7,076	4,340	12,920	8,579
Bonds	-	-	-	-	-	-
Other	211	335	123	211	334	122
Subtotal	4,559	11,758	7,199	4,552	13,254	8,702
Items whose sums on the consolidated balance sheet do not exceed their acquisition costs						
Shares	1,943	1,866	△ 76	-	-	-
Bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	1,943	1,866	△ 76	-	-	-
Total	6,502	13,625	7,123	4,552	13,254	8,702

2. Principal negotiable securities which lack a market value

(Millions of yen)

Category	This consolidated Accounting period (March 31, 2007)	Previous consolidated accounting period (March 31, 2006)
	Price on consolidated Balance sheet	Price on consolidated Balance sheet
Other marketable securities		
Unlisted stocks	75	72
Equity interests in limited liability partnership	-	7
Total	75	80

(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, 2007	March 31, 2006
Retirement benefits liabilities	△ 7,648	△ 7,460
Pension assets	7,706	7,063
Unreserved retirement benefits liabilities	58	△ 397
Variances due to unrecognized calculative reasons	△ 155	△ 747
Accrued retirement benefits	△ 97	△ 1,145

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, 2007	March 31, 2006
Service costs	452	412
Interest costs	184	181
Expected investment returns	△ 196	△ 165
Disposed amount of variances due to calculative reasons	△ 747	△ 113
Expenses for retirement benefits	△ 306	314

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, 2007	March 31, 2006
① Allotment method of the estimated sum of retirement benefits for each period	Fixed amount standard	Fixed amount standard
② Discount rate	2.5 %	2.5 %
③ Expected rate for investment profits	2.8 %	2.8 %
④ 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

	March 31, 2007	(Millions of yen) March 31, 2006
(Deferred tax assets)		
Accrued expense	806	704
Accrued warranty	760	630
Deferred assets	743	180
Inventories	445	483
Unrealized gain on Inventories	429	-
Accrued business tax	420	40
Less-allowance for doubtful receivable	201	198
Investment securities	195	195
Retirement benefits for directors	156	-
Accrued retirement benefits	39	464
Carryforward of operating loss	11	2,286
Others	134	113
Subtotal deferred tax assets	<u>4,346</u>	<u>5,297</u>
Sum of valuation allowance	<u>△ 347</u>	<u>△ 304</u>
Total deferred tax assets	<u>3,999</u>	<u>4,993</u>
(Deferred tax liabilities)		
Unrealized gain on available for-sale securities, net of taxes	△ 2,752	△ 3,416
Disposition of the allowance for doubtful debts resulting from the elimination of credits and debts	△ 0	△ 0
Total deferred tax liabilities	<u>△ 2,753</u>	<u>△ 3,417</u>
Net of deferred tax assets	<u><u>1,245</u></u>	<u><u>1,575</u></u>

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

This consolidated accounting period (April 1, 2006 to March 31, 2007)

(Millions of yen)

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	Others	Total	Elimination or all company	Consolidated
I. Sales and operating expenses							
Sales							
1. Sales to third parties	78,442	18,708	3,483	1,257	101,892	-	101,892
2. Interarea sales or transfers	0	-	-	1,510	1,510	△1,510	-
Total	78,443	18,708	3,483	2,768	103,403	△1,510	101,892
Operating expenses	60,097	17,258	3,385	2,523	83,265	209	83,475
Operating income	18,345	1,449	97	244	20,137	△1,720	18,417
II. Asset, depreciation and capital expenditure							
Asset	72,733	21,135	3,661	2,127	99,658	30,823	130,481
Depreciation	3,073	413	449	80	4,017	82	4,099
Capital expenditure	1,915	584	60	167	2,729	72	2,801

Previous consolidated accounting period (April 1, 2005 to March 31, 2006)

(Millions of yen)

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	Others	Total	Elimination or all company	Consolidated
I. Sales and operating expenses							
Sales							
1. Sales to third parties	63,605	23,383	2,440	1,363	90,792	-	90,792
2. Interarea sales or transfers	0	-	-	1,031	1,031	△1,031	-
Total	63,605	23,383	2,440	2,394	91,823	△1,031	90,792
Operating expenses	52,885	20,761	3,129	2,278	79,054	264	79,318
Operating loss	10,720	2,622	△ 688	115	12,769	△1,295	11,473
II. Asset, depreciation and capital expenditure							
Asset	72,252	23,479	3,554	2,265	101,551	22,337	123,889
Depreciation	3,169	444	429	98	4,141	87	4,229
Capital expenditure	2,714	418	328	35	3,497	27	3,524

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

2. Geographical segment information

This consolidated accounting period (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
I. Sales and operating expenses							
Sales							
1. Sales to third parties	82,134	10,799	8,783	175	101,892	-	101,892
2. Interarea sales or transfers	14,071	80	44	8	14,205	△14,205	-
Total	96,205	10,879	8,828	184	116,097	△14,205	101,892
Operating expenses	77,020	10,450	8,226	207	95,905	△12,430	83,475
Operating income	19,184	429	601	△ 23	20,192	△ 1,774	18,417
II. Asset	83,962	16,175	3,040	145	103,324	27,157	130,481

Previous consolidated accounting period (April 1, 2005 to March 31, 2006)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
I. Sales and operating expenses							
Sales							
1. Sales to third parties	73,383	12,673	4,510	224	90,792	-	90,792
2. Interarea sales or transfers	12,044	17	14	6	12,082	△12,082	-
Total	85,427	12,690	4,525	231	102,874	△12,082	90,792
Operating expenses	73,250	11,984	4,270	249	89,755	△10,436	79,318
Operating income	12,176	706	254	△ 18	13,119	△ 1,645	11,473
II. Asset	86,479	17,332	2,427	141	106,381	17,508	123,889

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)Asia: China

3. Overseas sales

This consolidated accounting period (April 1 2006 to March 31, 2007)

(Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	11,254	13,651	54,041	1,698	80,645
II. Consolidated sales					101,892
III. Ratio of overseas sales to consolidated sales(%)	11.0	13.4	53.0	1.7	79.1

Previous consolidated accounting period (April 1 2005 to March 31, 2006)

(Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	14,086	6,810	43,486	1,624	66,008
II. Consolidated sales					90,792
III. Ratio of overseas sales to consolidated sales(%)	15.5	7.5	47.9	1.8	72.7

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, Mexico, etc.
 - (2) Europe: Germany, Hungary, etc.
 - (3) Asia: China, India, etc.
 - (4) Other: Brazil etc.
3. Overseas sales is the aggregation of sales outside of Japan by the parent company and its consolidated subsidiaries.

(Per share information)

Item	2007	2006
1. Net assets worth per share (Unit: yen)	1,965.13	1,768.79
2. Current net profits per share (Unit: yen)	234.55	229.15
3. Diluted current net profits per share	Not shown due to absence of residual shares.	Not shown due to absence of residual shares.
4. Bases for calculation of current net profits per share		
Current net profits as reflected in the consolidated profit and loss account (Unit: million yen)	11,467	11,264
Current net profits attributable to common shares (Unit: million yen)	11,467	11,204
Breakdown of the major amounts not attributable to common shares (Unit: million yen)	None applicable.	Directors' bonuses from appropriation of profits 60
Average number of common shares during the year (Unit: stocks)	48,892,554	48,896,028

(Important subsequent events)

None applicable.

BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.

ASSETS	Millions of yen	
	2007	2006
Current assets		
Cash on hand and in bank	19,823	11,668
Notes receivable	2,957	2,780
Accounts receivable	23,251	27,805
Finished goods and work in process	11,547	9,317
Raw material and supplies	16,785	14,578
Deferred taxes	2,010	3,758
Other current assets	2,020	1,293
Total current assets	78,395	71,202
Fixed assets		
Property, plant and equipment:		
Building and structures	6,769	6,912
Machinery and equipment	3,396	3,083
Vehicles	121	84
Tools, furniture and fixtures	751	752
Land	3,221	3,211
Construction in progress	5	10
Total property, plant and equipment	14,265	14,055
Intangible assets:		
Software	2,391	4,440
Other intangible assets	18	18
Total intangible assets	2,410	4,458
Investments, etc.:		
Investment securities	13,600	13,201
Investment in related parties	1,115	1,115
Sundry investments	36	40
Sundry investments in related parties	311	372
Other investments	318	383
Total investments	15,381	15,113
Total fixed assets	32,057	33,627
Total assets	110,453	104,829

LIABILITIES AND NET ASSETS	Millions of yen	
	2007	2006
Liabilities		
Current liabilities:		
Notes payable	9	1
Accounts payable-trade	3,227	4,307
Return planned long-term borrowings for less than 1 year	2,000	5,350
Accounts payable-other	602	241
Accrued expenses	2,503	2,419
Accrued income tax	5,091	191
Accrued warranty	1,814	1,496
Equipment notes payable	103	109
Other current liabilities	1,816	1,317
Total current liabilities	17,168	15,434
Long term liabilities:		
Bonds	5,000	5,000
Long-term borrowings	8,000	10,000
Deferred tax liabilities	1,814	2,749
Accrued retirement benefits	71	1,133
Others	15	15
Total long term liabilities	14,901	18,898
Total liabilities	32,070	34,333
Net assets		
Shareholders' equity		
Capital stock	5,878	5,878
Capital surplus:	5,413	5,413
Capital reserves	5,413	5,413
Earnings surplus:	62,735	53,949
Earnings reserve	1,450	1,450
Other earnings surplus:	61,285	52,499
General reserve	46,950	39,400
Carry over	14,335	13,099
Treasury stock	△ 30	△ 22
Total shareholders' equity	73,998	65,219
Valuation and translation adjustments		
Unrealized gain on available for-sale securities, net of taxes	4,384	5,276
Total valuation and translation adjustments	4,384	5,276
Total net assets	78,383	70,496
Total liabilities and net assets	110,453	104,829

INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.

	Millions of yen	
	2007	2006
Net sales	95,242	84,344
Cost of sales	63,995	61,411
Selling, general and administrative expenses	14,343	12,485
Operating Income	16,903	10,447
Non-operating revenue:		
Interest and dividend income	200	170
Exchange gain	56	176
Others	215	151
Non-operating expenses:		
Interest expense	189	154
Others	167	191
Ordinary Income	17,019	10,599
Extraordinary gain	65	516
Extraordinary loss	675	736
Income before income taxes	16,409	10,380
Income taxes:		
Corporate, inhabitant's and enterprise taxes	5,000	112
Adjustment for corporate taxes	1,463	△ 992
Net Income	9,946	11,260
Retained earnings brought forward		2,206
Interim dividend		366
Unappropriated retained earnings		13,099
Notes:		
Depreciation expense	1,481	1,462
Amortization expense	2,354	2,537

	Millions of yen
	2006
Unappropriated retained earnings	13,099
Proposed to be appropriated as follows:	
Cash dividends	488
Directors' and statutory auditors' bonuses	60
General reserves	7,550
Accumulated profits	5,000

STATEMENT OF SHAREHOLDERS' EQUITY

Fuji Machine Mfg. Co., Ltd

This accounting period (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Earnings surplus				Treasury stock	Total shareholders' equity
		Capital reserves	Earnings reserve	Other earnings surplus		Total earnings surplus		
				General reserve	Carry over			
Balance at March 31,2006	5, 878	5, 413	1, 450	39, 400	13, 099	53, 949	△ 22	65, 219
Increase(Decrease)during the term:								
Cash dividends	-	-	-	-	△ 1, 100	△ 1, 100	-	△ 1, 100
Bonuses to director corporate auditors	-	-	-	-	△ 60	△ 60	-	△ 60
General reserve	-	-	-	7, 550	△ 7, 550	-	-	-
Net income	-	-	-	-	9, 946	9, 946	-	9, 946
Acquisition of treasury stocks	-	-	-	-	-	-	△ 7	△ 7
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-	-	-	-
Total	-	-	-	7, 550	1, 236	8, 786	△ 7	8, 778
Balance at March 31,2007	5, 878	5, 413	1, 450	46, 950	14, 335	62, 735	△ 30	73, 998

	Valuation and translation adjustments	Total net assets
	Unrealized gain on available for-sale securities, net of taxes	
Balance at March 31,2006	5, 276	70, 496
Increase(Decrease)during the term:		
Cash dividends	-	△ 1, 100
Bonuses to director corporate auditors	-	△ 60
General reserve	-	-
Net income	-	9, 946
Acquisition of treasury stocks	-	△ 7
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 891	△ 891
Total	△ 891	7, 886
Balance at September 30, 2006	4, 384	78, 383

ACCOUNTING POLICY

1. Evaluation standards and methods for assets

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 net assets and the sale cost is calculated by the moving average method.)

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

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. Depreciation methods for assets

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.

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

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 and is to be set aside at the end of the accounting period based on the estimated amount of the debt set aside for retirement benefits and pension assets at the end of the current annual accounting period. Computational discrepancies are included in the 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, judgment on the evaluation of the settlement date is omitted.

5. Computation of consumption tax and other tax

Tax computed separately.

Changes in Accounting Principles

(Accounting standards etc. for presentation of net assets in balance sheet)

Starting in this accounting period, we have applied the “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan (ASBJ) Statement No. 5 on Corporate Accounting Standards issued on December 9, 2005) and the “Implementation Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No. 8 on Corporate Accounting Standards issued on December 9, 2005).

The amount corresponding to the total in the conventional “Equity Section” is 78,383million yen.

As the regulations concerning the financial statements have been revised, the financial statements for this accounting period have been prepared in accordance with the amended regulations concerning the financial statements.

NOTES:

(On balance sheet)

(Millions of yen)

	March 31, 2007	March 31, 2006
1. Accumulated depreciation of tangible fixed assets	20,950	21,096
2. Guarantee obligation	243	310
3. 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 previous 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	552	-

(Data relating to the calculation of fluctuations in stockholders' equity etc.)

Current accounting period (April 1, 2006 - March 31, 2007)

1. Matters relating to the kinds and number of treasury stocks

	Stocks at the end of the previous fiscal year (Unit: 1,000 stocks)	Increased stocks in the current period (Unit: 1,000 stocks)	Decreased stocks in the current period (Unit: 1,000 stocks)	Stocks at the end of the current period (Unit: 1,000 stocks)
Treasury stocks				
Common stocks (Note)	17	3	-	20
Total	17	3	-	20

(Note) The increase in the number of common treasury stocks, 3,000 stocks, was attributed to the purchase of odd stocks.

(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

	March 31, 2007	(Millions of yen) March 31, 2006
(Deferred tax assets)		
Deferred assets	743	180
Accrued warranty	735	607
Accrued expense	718	631
Accrued business tax	405	31
Investment securities	195	195
Retirement benefits for directors	153	-
Inventories	151	215
Accrued retirement benefits	29	459
Carryforward of operating loss	-	2,273
Others	92	69
Subtotal deferred tax assets	3,225	4,663
Sum of valuation allowance	△ 268	△ 243
Total deferred tax assets	2,956	4,419
(Deferred tax liabilities)		
Unrealized gain on available for-sale securities, net of taxes	△ 2,760	△ 3,411
Total deferred tax liabilities	△ 2,760	△ 3,411
Net of deferred tax assets	196	1,008

(Per share information)

Item	2007	2006
1. Net assets worth per share (Unit: yen)	1,603.22	1,440.58
2. Current net profits per share (Unit: yen)	203.44	229.06
3. Diluted current net profits per share	Not shown due to absence of residual shares.	Not shown due to absence of residual shares.
4. Bases for calculation of current net profits per share		
Current net profits as reflected in the consolidated profit and loss account (Unit: million yen)	9,946	11,260
Current net profits attributable to common shares (Unit: million yen)	9,946	11,200
Breakdown of the major amounts not attributable to common shares (Unit: million yen)	None applicable.	Directors' bonuses from appropriation of profits 60
Average number of common shares during the year (Unit: stocks)	48,892,554	48,896,028

(Important subsequent events)

None applicable.

EXECUTIVE CHANGES

Assignment of new officers was decided unofficially at the board of directors meeting held on May, 15th, 2007. This new assignment will become official at the shareholders meeting which is scheduled to be held on June 28th, and at the board of directors meeting to be held at a later date.

1. Directors

① Board Members Nomination

Nobuyuki Soga : Director

(Currently : Manager of Management & Planning Department)

② Board Members Scheduled for Retirement

Shori Yasui : Director

[Currently : Vice President, Divisional General Manager of Machine Tools Division
Title after Retirement : Inauguration schedule to adviser of our company]

2. Auditors

① New Auditor Nomination

Tomoyuki Hazama : Full-time Auditor

(Currently : Officer, Manager of Personnel Department)

② Auditor Scheduled for Retirement

Shogo Nakamura : Full-time Auditor

3. Officers

① New Executives Nomination

Nobuyuki Soga : Officer

(Currently : Manager of Management & Planning Department)

Katsuya Sakai : Officer

(Currently : Divisional General Manager of Purchasing Division)

Sumio Kadomatsu : Officer

(Currently : Manager of Manufacturing Department)

② Executives Scheduled for Promotion

Toshiaki Mitsuya : Vice President

(Currently : Senior Managing Director)

Takeyoshi Isogai : Senior Managing Director

(Currently : Managing Director)

Norio Nakano : Managing Director

(Currently : Director)

③ Executives Scheduled for Retirement

Yukio Hahakabe : Officer

Currently : Divisional General Manager of Electronics Assembly Equipment
Division
Title after Retirement : President of Makoto Industry Co., Ltd.

Tomoyuki Hazama : Officer

(Currently : Manager of Personnel Department)