



FINANCIAL STATEMENTS

From April 1, 2007

To March 31, 2008

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.

Fuji Machine China Co., Ltd.

Operation Results

(1) Analysis of operating results

① Outline of this fiscal year

The corporate earnings in Japan generally maintained the high level during this consolidated accounting term supported by improvement of the employment environment and solid move of capital investment and personal consumption, even though effects of sharp increase of the crude oil price and raw material costs combined with drastic fluctuation of the currency exchange rate were concerned, and the economy of our country continued to keep a moderate expansion trend in general. Although uncertainty of the world economy for the future was accelerated by the slow down of the U.S. economy started from the subprime lending issues and uncertainty in the financial market, the world economy also continued the moderate expansion trend in general supported by high growth of the economy in China and India as well as firm strength of the European economy.

Under such an environment mentioned in the above, our group has tried to improve product competitiveness by differentiation of our products from those of competitors and cost reduction and improvement of quality, and we have also tried to improve our business earnings through the timely supply of products that have high added values as well as reinforcement of the sales and service systems.

To be specific, we have deepened “high precision and high speed mounting technology, precision processing technology” which is the core competence of our group, and tried to increase our product competitiveness inputting the high precision module M6SP that may be mounted on the new products XPF (high speed multi-mounting machine) and NXT (high speed placing machine with multi function in module type) to differentiate us from other competitors through improvement of salable product composition to meet diversified customer needs along with pursuit of cost reduction and high quality.

Speaking of the sales, we have enhanced increase of customer satisfaction through improvement of the sales and service system by the increase of the distributor network and the number of overseas servicemen and the supply of comprehensive solution through close contact with customers, and have also tried to expand our market shares through the development of the new markets in newly rising countries and new markets as well as the sales expansion to the new customers in Japan and overseas countries. As for thing-making, we have tried to strengthen cost competitiveness through standardization of design drawings, purchased parts and production processes by the selection and concentration of the sales models along with the promotion of the strategic VA and CD, and have tried to construct the optimum purchasing system and the highly efficient production system to flexibly respond to the demand fluctuation as well as fosterage of human resources that support thing-making. As for reinforcement of the corporate governance, we have established the internal control system and are trying to further increase the corporate governance through positive response to the corporate social responsibility (CSR).

In the situation marked by these, we have achieved orders of 109,242 million yen (12.6% increase against the previous term), sales of 106,665 million yen (4.7% increase against the previous term), operating profits of 21,917 million yen (19.0% increase against the previous term), and ordinary profits of 21,830 million yen (16.2% increase against the previous term), with the net profits for this period reaching 12,953 million yen (13.0% increase against the previous term).

Business results by segment

1) Electronics Assembly Equipment

With the expansion of electronics markets such as cellular phones, notebook PC's, and digital home appliances, our flagship model of the NXT 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 88,120 million yen (7.6% increase against the previous term). Operating profits climbed to 24,114 million yen (30.7% increase against the previous term), reflecting the effects of cost reduction etc. by means of efficiency improvement in production.

2) Machine Tools

Although the machine tools industry as a whole maintained the high level both in Japan and overseas countries, the sales were 17,559 million yen (6.1% decrease against the previous term) and the operating profit/loss was a loss of 504 million yen (operating profit of previous term: 1,449 million yen), due to the slow capital investment of the automotive industry which is a major customer for us.

(Note) Since the business kind segmentation was changed from this consolidated accounting term, the comparison with the previous term is performed by changing the segments of the previous term to the current segmentation.

② Outlook for the next fiscal year

We predict that firm capital investment demands may be expected in general backed up by the high economic growth of the markets in newly rising countries, even though uncertainty for the futures is accelerated by sharp increase of the crude oil price and raw material costs combined with fluctuation of the currency exchange rate, and uncertainty in the financial market started from the subprime lending issues.

Under such an environment mentioned in the above, the electronics assembly equipment business is predicted to go down due to reduction of the capital investment by a fear for the slump of the industry, even though the stable growth of the electronics market including the mobile phones, laptop computers and flat-screen TV sets coupled with the development of the car electronics systems is expected and demands will increase in the growing markets in newly rising countries. We will try further increase our market penetration through the development of products that have high marketability and timely input of them to the market. Speaking of the machine tools business, the industry as a whole both in Japan and overseas countries is predicted to continue to move in a high level supported by the large capital investments. We predict that the capital investments in the automotive industry will move in a slow recovering pace due to their measures to the environmental issues and expansion of production bases. We will try to build a business constitution to secure stable business profits further focusing on the automotive related markets and by the development of overseas markets as well as construction machine, energy and environmental industries.

The forecast through the next financial year of the consolidated account and non-consolidated business is as follows:

(Millions of yen)

Consolidated	Sales	Operating income	Ordinary income	Net income
Second quarter September 30, 2008	57,000	10,400	10,500	6,200
Year ending March 31,2009	103,000	16,400	16,700	9,800
Non-consolidated	Sales	Operating income	Ordinary income	Net income
Second quarter September 30, 2008	54,000	9,500	9,700	5,700
Year ending March 31,2009	97,000	15,000	15,300	9,000

(2) Analysis of financial condition

The total consolidated assets for this period, due to increases in Cash on hand and in bank, were 134,396 million yen, which was 3,915 million yen more than the previous consolidated fiscal year. Additionally, our consolidated liabilities for this fiscal year totaled 32,290 million yen, which was 2,113 million yen less than the previous consolidated fiscal year due to decreases in borrowings.

As for the cash flow, consolidated cash and cash equivalents for this fiscal year were 43,256 million yen, which was 11,011 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 22,682 million yen (the previous consolidated fiscal period 20,298 million yen). This was mainly attributable to positive factors such as increases in income before income tax and decreases in inventories exceeding negative factors such as increases in payments of income taxes.

As for cash flow from investing activities, cash which was used as a result of the activities was 6,421 million yen (the previous consolidated fiscal period Δ 4,670 million yen). This was attributable mainly from Additions of investment securities.

As for cash flow from financing activities, cash which was used as a result of these activities was 3,711 million yen (the previous consolidated fiscal period Δ 6,565 million yen). This was principally due to return of long-term borrowings.

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

	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)	Consolidated Accounting Period (March 31 st 2008)
Shareholders' Equity Ratio (%)	70.1	67.6	69.9	73.6	76.0
Shareholder's Equity Ratio (based on market price) (%)	66.7	49.1	85.6	71.7	75.5
The number of years of debt redemption (Years)	—	3.7	3.7	0.8	0.6
Interest Coverage Ratio	—	32.7	35.7	99.0	125.7

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 20 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 40 yen by an increase of 15 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 40 yen per share.

(4) Risk of business

Since no new risk has been revealed from the latest financial statement report (disclosed on May 15, 2007), disclosure of business risk is omitted.

Management Policies

(1) Basic management policy of the Company、 (2) Mid-and-long term management strategies of the Company

As there is no material change in the contents from the accounts settlement report of March 2007 (disclosed on May 15, 2007), its disclosure is omitted.

The applicable accounts settlement report may be found from the following URL.

(Fuji Machine Mfg.Co.,Ltd)

<http://www.fuji.co.jp/e/index.html>

(Nagoya Stock Exchange,Inc.)

<http://www.nse.or.jp/e/index.html>

(3) Issues we need to solve

The business environment surrounding our group has been severer than ever by diversification of customer requirements under progress of technical innovation and market globalization as well as escalation of price competition and fluctuation of capital investment demands.

Under such a circumstance mentioned in the above, we will try to promote the development of the products with high marketability coping with customer needs without delay simultaneously promoting speedy management and pursuit of technology for the following generation. We will also promote reinforcement of the sales and service systems and thorough pursuits of quality (Q), cost (C), delivery (D) and service (S), and further improve activities for solution of the environment and energy issues, and improve our safety/health system to realize the highly profitable business constitution that enables continuous business growth. We will continue to increase the sustainable corporate value by positive accomplishment of the social responsibility and the internal control.

CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

ASSETS	Millions of yen	
	2007	2008
Current assets		
Cash on hand and in bank	32,700	33,964
Notes and accounts receivable – trade	26,521	25,234
Marketable securities	–	10,000
Inventories	31,375	27,602
Deferred taxes	3,038	3,125
Other current assets	2,717	2,287
Less-Allowance for doubtful receivable	△ 15	△ 14
Total current assets	96,337	102,200
Fixed assets		
Property, plant and equipment:		
Building and structures	8,547	8,119
Machinery/equipment and vehicles	3,848	3,320
Tools, furniture and fixtures	865	897
Land	4,147	4,107
Construction in progress	6	416
Total property, plant and equipment	17,415	16,860
Intangible assets:		
Software	2,413	1,529
Other intangible assets	20	20
Total intangible assets	2,434	1,550
Investments and other assets:		
Investment securities	13,700	12,734
Deferred taxes	22	522
Others	1,088	528
Less-Allowance for doubtful receivable	△ 517	–
Total investments and other assets	14,294	13,785
Total fixed assets	34,144	32,196
Total assets	130,481	134,396

LIABILITIES AND NET ASSETS	Millions of yen	
	2007	2008
Liabilities		
Current liabilities:		
Notes and accounts payable	3,204	4,413
Return planned long-term borrowings for less than 1 year	2,114	5,114
Accrued expenses	3,860	3,932
Accrued income tax	5,509	5,905
Accrued warranty	1,931	1,960
Others	2,758	2,927
Total current liabilities	19,378	24,254
Long term liabilities:		
Bonds	5,000	5,000
Long-term borrowings	8,114	3,000
Deferred tax liabilities	1,814	-
Accrued retirement benefits	97	36
Total long term liabilities	15,025	8,036
Total liabilities	34,404	32,290
Net assets		
Shareholders' equity		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	78,066	89,431
Treasury stock	△ 30	△ 37
Total shareholders' equity	89,329	100,687
Valuation and translation adjustments		
Unrealized gain on available for-sale securities, net of taxes	4,372	1,247
Translation adjustment	2,375	171
Total valuation and translation adjustments	6,747	1,418
Total net assets	96,077	102,106
Total liabilities and net assets	130,481	134,396

CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	2007	2008
Net sales	101,892	106,665
Cost of sales	65,315	67,070
Selling, general and administrative expenses	18,159	17,677
Operating Income	18,417	21,917
Non-operating revenue:		
Interest and dividend income	561	712
Others	220	112
Non-operating expenses:		
Interest expense	203	178
Exchange loss	44	533
Others	171	200
Ordinary Income	18,779	21,830
Extraordinary gain		
Gain on disposal of fixed assets	61	93
Reversal of allowance for doubtful accounts	14	0
Others	4	1
Extraordinary loss		
Loss on disposal of fixed assets	233	436
Loss on valuation of investments in securities	-	241
Retirement benefits for directors	386	-
Others	17	40
Income before income taxes and minority interest	18,222	21,208
Income taxes:		
Corporate, inhabitant's and enterprise taxes	5,758	8,688
Adjustment for corporate taxes	996	△ 433
Net Income	11,467	12,953
Notes:		
Depreciation expense	1,736	1,756
Amortization expense	2,363	1,375

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Fuji Machine Mfg. Co., Ltd. and subsidiaries

Previous 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

This consolidated accounting period (April 1, 2007 to March 31, 2008)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Earnings surplus	Treasury stock	Total shareholders' equity
Balance at March 31,2007	5, 878	5, 413	78, 066	△ 30	89, 329
Increase(Decrease)during the term:					
Cash dividends	-	-	△ 1, 588	-	△ 1, 588
Net income	-	-	12, 953	-	12, 953
Acquisition of treasury stocks	-	-	-	△ 6	△ 6
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-
Total	-	-	11, 364	△ 6	11, 357
Balance at March 31,2008	5, 878	5, 413	89, 431	△ 37	100, 687

	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 31,2007	4, 372	2, 375	6, 747	96, 077
Increase(Decrease)during the term:				
Cash dividends	-	-	-	△ 1, 588
Net income	-	-	-	12, 953
Acquisition of treasury stocks	-	-	-	△ 6
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 3, 125	△ 2, 203	△ 5, 329	△ 5, 329
Total	△ 3, 125	△ 2, 203	△ 5, 329	6, 028
Balance at March 31,2008	1, 247	171	1, 418	102, 106

CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	2007	2008
Operating activities		
Income before income taxes and minority interest	18,222	21,208
Depreciation and amortization	4,099	3,132
Decrease in allowance for doubtful accounts	△ 14	△ 501
Increase in accrued warranty	357	51
Decrease in accrued retirement benefits	△ 1,048	△ 61
Interest and dividend income	△ 561	△ 712
Interest expense	203	178
Gain on disposition of fixed assets	△ 61	△ 93
Loss on disposition of fixed assets	233	436
Loss on valuation of investments in securities	-	241
Decrease in accounts receivable	5,686	880
Increase or decrease in inventories	△ 4,506	3,253
Increase or decrease in trade payable	△ 1,270	1,583
Increase or decrease in accrued consumption taxes	△ 917	281
Others	511	577
Sub total	20,933	30,457
Interest and dividend received	561	712
Interest paid	△ 205	△ 180
Payments of income taxes	△ 991	△ 8,307
Net cash provided by operating activities	20,298	22,682
Investing activities		
Additions of tangible and intangible fixed assets	△ 2,815	△ 2,072
Proceeds from sales of tangible and intangible fixed assets	287	364
Additions of investment securities	△ 1,951	△ 4,449
Investment in time deposit	△ 438	△ 378
Proceeds on maturity of time deposit	332	126
Expenditures for long-term prepaid expenses	△ 77	△ 6
Others	△ 7	△ 3
Net cash used in investing activities	△ 4,670	△ 6,421
Financing activities		
Expenditures for return of long-term borrowings	△ 5,458	△ 2,117
Dividends paid	△ 1,098	△ 1,587
Others	△ 7	△ 6
Net cash (used in) provided by financing activities	△ 6,565	△ 3,711
Effect of exchange rate changes on cash and cash equivalents	107	△ 1,538
Increase in cash and cash equivalents	9,170	11,011
Cash and cash equivalents at beginning of year	23,074	32,245
Cash and cash equivalents at end of the period	32,245	43,256

IMPORTANT AND FUNDAMENTAL MATTERS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(Changes of accounting policies)

Our company have changed the depreciation method of the tangible fixed assets that were acquired on and after April 1, 2007 to the method based on the revised corporate tax law from this accounting term due to the revision of the corporate tax law.

As a result, the operating income, current income and the net income before tax has decreased by 50 million yen respectively compared with those based on the same method used in the previous accounting term. Effect that influences on the segment information is noted on the applicable item.

(Additional information)

Due to the revision of the corporate tax law, our company depreciate the tangible fixed assets acquired on and before March 31, 2007 in the method to equally depreciate in 5 years from the following year of the year when the depreciation to the possible limit was completed from this accounting term.

As a result, the operating income, current income and the net income before tax has decreased by 65 million yen respectively compared with those based on the same method used in the previous accounting term.

We have omitted disclosure of particulars other than those stated in the above, as they are not materially changed from the statements described in the latest financial statements (disclosed on May 15, 2007).

NOTES :

(On consolidated balance sheet)

(Millions of yen)

	March 31, 2007	March 31, 2008
1. Accumulated depreciation of tangible fixed assets	23, 134	23, 438
2. 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.)**Previous 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. 30, 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

Current consolidated accounting period (April 1, 2007 - March 31, 2008)

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)	20	2	-	23
Total	20	2	-	23

(Note) The increase in the number of common treasury stocks, 2,000 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. 28, 2007 Annual Meeting of Shareholders	Common stock	611	12.50	Mar. 31, 2007	Jun. 29, 2007
Nov. 14, 2007 Board of Directors Meeting	Common stock	977	20.00	Sep. 30, 2007	Dec. 10, 2007

(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. 27, 2008 Annual Meeting of Shareholders	Common stock	977	Earnings surplus	20.00	Mar. 31, 2008	Jun. 30, 2008

(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, 2007	(Millions of yen) March 31, 2008
Cash and deposit accounts	32,700	33,964
Marketable securities (Negotiable Certificates of Deposit)	-	10,000
Time deposits whose deposit terms exceed three months	△ 454	△ 707
Cash and cash equivalents at end of the period	32,245	43,256

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

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

(Millions of yen)

	Electronics Assembly Equipment	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

This consolidated accounting period (April 1, 2007 to March 31, 2008)

(Millions of yen)

	Electronics Assembly Equipment	Machine Tools	Others	Total	Elimination or all company	Consolidated
I. Sales and operating expenses						
Sales						
1. Sales to third parties	88,120	17,559	985	106,665	-	106,665
2. Interarea sales or transfers	0	-	1,537	1,538	△1,538	-
Total	88,121	17,559	2,523	108,204	△1,538	106,665
Operating expenses	64,007	18,063	2,354	84,425	322	84,748
Operating income	24,114	△ 504	168	23,778	△1,861	21,917
II. Asset, depreciation and capital expenditure						
Asset	74,718	20,374	2,144	97,237	37,158	134,396
Depreciation	2,496	455	79	3,031	101	3,132
Capital expenditure	1,686	762	60	2,510	127	2,637

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) Electronics Assembly Equipment: 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

3. LCD related production equipment was represented as LCD Assembly Machinery business in the past. Since the sales ratio of its business has decreased and is predicted to keep declining, we have decided to include LCD Assembly Machinery business in the Electronics Assembly Equipment business from this term. "Total of Sales" of LCD Assembly Machinery business in this consolidated accounting term was 1,549 million yen, "the operating expense" was 1,386 million yen and "the operating income" was 163 million yen and "Asset" was 1,747 million yen and "Depreciation" was 188 million yen and "Capital expenditure" was 6 million yen.

4. As described in “important and fundamental matters for preparation of consolidated financial statements (Changes of accounting policies),” our company and our domestic consolidated subsidiaries have changed the depreciation method of the tangible fixed assets that were acquired on and after April 1, 2007 to the method based on the revised corporate tax law from this consolidated accounting term due to the revision of the corporate tax law. As a result, the operating expense has increased by 31 million yen in “Electronics Assembly Equipment” and by 13 million yen at “Machine Tools” and by 1 million yen at “Others” and by 4 million yen at “Elimination or all company” respectively, and the operating income has decreased by the same amount respectively compared with the previous method.

Due to the revision of the corporate tax law as described in (Additional information), our company and our domestic consolidated subsidiaries depreciate the tangible fixed assets acquired on and before March 31, 2007 in the method to equally depreciate in 5 years from the following year of the year when the depreciation to the possible limit was completed from this consolidated accounting term. As a result, the operating expense has increased by 31 million yen in “Electronics Assembly Equipment” and by 30 million yen at “Machine Tools” and by 1 million yen at “Others” and by 2 million yen at “Elimination or all company” respectively, and the operating income has decreased by the same amount respectively compared with the previous method.

2. Geographical segment information

Previous 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

This consolidated accounting period (April 1, 2007 to March 31, 2008)

(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	82,886	16,512	7,217	49	106,665	-	106,665
2. Interarea sales or transfers	17,791	42	100	5	17,939	△17,939	-
Total	100,677	16,555	7,317	55	124,605	△17,939	106,665
Operating expenses	78,345	15,753	6,587	67	100,754	△16,006	84,748
Operating income	22,331	801	729	△ 12	23,850	△ 1,933	21,917
II. Asset	81,762	16,042	3,789	114	101,708	32,688	134,396

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. As described in “important and fundamental matters for preparation of consolidated financial statements (Changes of accounting policies),” our company and our domestic consolidated subsidiaries have changed the depreciation method of the tangible fixed assets that were acquired on and after April 1, 2007 to the method based on the revised corporate tax law from this interim consolidated accounting term due to the revision of the corporate tax law. As a result, the operating expense has increased by 45 million yen in “Japan” and by 4 million yen at “elimination or all company” respectively, and the operating income has decreased by the same amount respectively compared with the previous method.

Due to the revision of the corporate tax law as described in (Additional information), our company and our domestic consolidated subsidiaries depreciate the tangible fixed assets acquired on and before March 31, 2007 in the method to equally depreciate in 5 years from the following year of the year when the depreciation to the possible limit was completed from this consolidated accounting term. As a result, the operating expense has increased by 63 million yen in “Japan” and by 2 million yen at “elimination or all company” respectively, and the operating income has decreased by the same amount respectively compared with the previous method.

3. Overseas sales

Previous 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

This consolidated accounting period (April 1 2007 to March 31, 2008)

(Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	16,139	11,776	54,909	5,041	87,865
II. Consolidated sales					106,665
III. Ratio of overseas sales to consolidated sales(%)	15.1	11.1	51.5	4.7	82.4

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, etc.
 - (3) Asia: China, Taiwan, 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	2008
1. Net assets worth per share (Unit: yen)	1,965.13	2,088.56
2. Current net profits per share (Unit: yen)	234.55	264.96
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	12,953
Current net profits attributable to common shares (Unit: million yen)	11,467	12,953
Breakdown of the major amounts not attributable to common shares (Unit: million yen)	None applicable.	None applicable.
Average number of common shares during the year (Unit: stocks)	48,892,554	48,889,509

(Important subsequent events)

None applicable.

(Omission of disclosure)

Notes concerning “consolidated marketable securities”, “derivative trade”, “retirement benefits” and “tax effect accounting” are omitted as necessity of their disclosure in the accounts settlement information is not considered to be great.

BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.

ASSETS	Millions of yen	
	2007	2008
Current assets		
Cash on hand and in bank	19,823	20,348
Notes receivable	2,957	1,207
Accounts receivable	23,251	23,807
Marketable securities	-	10,000
Finished goods and work in process	11,547	9,493
Raw material and supplies	16,785	14,845
Deferred taxes	2,010	2,254
Other current assets	2,020	1,691
Total current assets	78,395	83,648
Fixed assets		
Property, plant and equipment:		
Building and structures	6,769	6,589
Machinery and equipment	3,396	2,939
Vehicles	121	110
Tools, furniture and fixtures	751	798
Land	3,221	3,221
Construction in progress	5	411
Total property, plant and equipment	14,265	14,071
Intangible assets:		
Software	2,391	1,514
Other intangible assets	18	17
Total intangible assets	2,410	1,532
Investments, etc.:		
Investment securities	13,600	12,648
Investment in related parties	1,115	1,115
Sundry investments	36	46
Sundry investments in related parties	311	402
Deferred taxes	-	463
Other investments	318	278
Total investments	15,381	14,954
Total fixed assets	32,057	30,557
Total assets	110,453	114,206

LIABILITIES AND NET ASSETS	Millions of yen	
	2007	2008
Liabilities		
Current liabilities:		
Notes payable	9	26
Accounts payable-trade	3,227	4,406
Return planned long-term borrowings for less than 1 year	2,000	5,000
Accounts payable-other	602	942
Accrued expenses	2,503	2,677
Accrued income tax	5,091	5,410
Accrued warranty	1,814	1,767
Equipment notes payable	103	203
Other current liabilities	1,816	859
Total current liabilities	17,168	21,293
Long term liabilities:		
Bonds	5,000	5,000
Long-term borrowings	8,000	3,000
Deferred tax liabilities	1,814	-
Accrued retirement benefits	71	-
Others	15	15
Total long term liabilities	14,901	8,015
Total liabilities	32,070	29,309
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	72,383
Earnings reserve	1,450	1,450
Other earnings surplus:	61,285	70,933
General reserve	46,950	55,600
Carry over	14,335	15,333
Treasury stock	△ 30	△ 37
Total shareholders' equity	73,998	83,638
Valuation and translation adjustments		
Unrealized gain on available for-sale securities, net of taxes	4,384	1,258
Total valuation and translation adjustments	4,384	1,258
Total net assets	78,383	84,896
Total liabilities and net assets	110,453	114,206

INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.

	Millions of yen	
	2007	2008
Net sales	95,242	99,531
Cost of sales	63,995	66,573
Selling, general and administrative expenses	14,343	13,169
Operating Income	16,903	19,789
Non-operating revenue:		
Interest and dividend income	200	300
Others	272	98
Non-operating expenses:		
Interest expense	189	169
Exchange loss	-	638
Others	167	198
Ordinary Income	17,019	19,181
Extraordinary gain		
Gain on disposal of fixed assets	61	56
Others	4	-
Extraordinary loss		
Loss on disposal of fixed assets	231	419
Loss on valuation of investments in securities	-	241
Retirement benefits for directors	379	-
Others	65	19
Income before income taxes	16,409	18,558
Income taxes:		
Corporate, inhabitant's and enterprise taxes	5,000	7,810
Adjustment for corporate taxes	1,463	△ 487
Net Income	9,946	11,236
Notes:		
Depreciation expense	1,481	1,536
Amortization expense	2,354	1,368

STATEMENT OF SHAREHOLDERS' EQUITY

Fuji Machine Mfg. Co., Ltd

Previous 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 March 31,2007	4, 384	78, 383

This accounting period (April 1, 2007 to March 31, 2008)

(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 31,2007	5, 878	5, 413	1, 450	46, 950	14, 335	62, 735	△ 30	73, 998
Increase(Decrease)during the term:								
Cash dividends	-	-	-	-	△ 1, 588	△ 1, 588	-	△ 1, 588
General reserve	-	-	-	8, 650	△ 8, 650	-	-	-
Net income	-	-	-	-	11, 236	11, 236	-	11, 236
Acquisition of treasury stocks	-	-	-	-	-	-	△ 6	△ 6
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-	-	-	-
Total	-	-	-	8, 650	997	9, 647	△ 6	9, 640
Balance at March 31,2008	5, 878	5, 413	1, 450	55, 600	15, 333	72, 383	△ 37	83, 638

	Valuation and translation adjustments	Total net assets
	Unrealized gain on available for-sale securities, net of taxes	
Balance at March 31,2007	4, 384	78, 383
Increase(Decrease)during the term:		
Cash dividends	-	△ 1, 588
General reserve	-	-
Net income	-	11, 236
Acquisition of treasury stocks	-	△ 6
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 3, 126	△ 3, 126
Total	△ 3, 126	6, 513
Balance at March 31,2008	1, 258	84, 896

EXECUTIVE CHANGES

Assignment of new directors and officers was decided unofficially at the board of directors meeting held on May, 15th, 2008. This new assignment will become official at the shareholders meeting which is scheduled to be held on June 27th, and at the board of directors meeting to be held on June 27th.

1. Directors

① Board Members Nomination

Hiroo Ito : Director

(Currently : Executive Officer, C.O.O., Electronics Assembly Equipment Division)

Seizaburo Mishina : Director(external)

(Currently : Senior Adviser of Japan Hayes Corporation)

Motoo uemura : Director(external)

(Currently : Lawyer, Representative of “Meiwasougou” lawyer’s office, Part-time
Lecturer of School of Informatics and Sciences at Nagoya University)

② Board Members Scheduled for Retirement

Toshiaki Mitsuya : Director

(Currently : Vice President, Senior Executive Officer, C.O.O., Electronics Assembly
Equipment Division
Title after Retirement : President of Edeclinsey System Co., Ltd.)

Takeyoshi Isogai : Director

(Currently : Senior Executive Officer, C.O.O., Electronics Assembly Equipment
Division
Title after Retirement : Commission of Technical Officer)

2. Officers

① New Executives Nomination

Yoji Kato : Executive Officer

(Currently : Machine Tools Division, Manager of International Sales Department)

Shinsaku Sakagami : Executive Officer

(Currently : Manager of General Affairs)

Seigo Kodama : Executive Officer

(Currently : Electronics Assembly Equipment Division, Manager of System solution
Department)

Shinsuke Suhara : Executive Officer

(Currently : Electronics Assembly Equipment Division, Manager of Design
Engineering Department)

Takayoshi Kawai : Executive Officer

(Currently : Electronics Assembly Equipment Division, Manager of Controls
Engineering Department)

② Executives Scheduled for Promotion

Masaki Kato : Director, Senior Executive Officer

(Currently : Director, Executive Officer)

Nobuyuki Soga : Director, Senior Executive Officer

(Currently : Director, Executive Officer)

③ Executives Scheduled for Retirement

Mamoru Tsuda : Executive Officer

(Currently : C.O.O., Electronics Assembly Equipment Division, Manager of
Manufacturing Control Department
Title after Retirement : Commission of Technical Officer)

Tosuke Kawada : Executive Officer

(Currently : C.O.O., Electronics Assembly Equipment Division, Manager of Second
Design Engineering Control Department
Title after Retirement : Commission of Technical Officer)

Hisao Ito : Executive Officer

(Currently : C.O.O., Machine Tools Division, Manager of Sales Control Department
Title after Retirement : President of Makoto Industry Co., Ltd.)