



## **INTERIM FINANCIAL STATEMENTS**

From April 1, 2001  
to September 30, 2001

### **Consolidated Subsidiaries**

*Domestic:*

*Makoto Industry Co., Ltd.*

*Linsey System Co., Ltd.*

*Edec Co., Ltd.*

*Astro Co., Ltd.*

*Overseas:*

*Fuji America Corporation*

*Fuji Machine America Corporation*

## **Management Policy**

In order to provide our customers throughout the world with the highest technology and service, and to maintain our status as a worthy corporation for our customers, shareholders and employees, the Fuji Machine Manufacturing Group continues to make our every effort to realize our basic management policy, “Technological Innovation, Market Innovation, and Business Innovation that will lead us into Tomorrow” and to strive to contribute to the growth and development of the social economy.

More specifically we are putting our utmost efforts into strengthening our consolidated management through maximum utilization of group resources, improving the quality of our existing businesses, aggressively developing of new businesses and the realization of cost reductions through management innovation and a highly efficient corporate structure.

In order to build an even stronger trust from our customers, we continue to integrate our ISO9001 Quality Assurance System as well as our ISO14001 Environmental Management System certification system. Additionally, in June of this year we received QS9000TE certification, which is the US automotive manufacturers’ Quality Assurance System certification. All of these certifications attest to our commitment to establish a production system that delivers products and services that offer customer satisfaction, which enables us to discharge corporate responsibilities while ensuring protection for the global environmental.

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

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

## **Business Summary**

### **(1) Outline for the current period**

The economical conditions of the current interim period have been set back even further with the recent US terrorist attacks. The US Information Technology (IT) market recession that was responsible for the global recession continues to worsen with no clear visibility for an upturn in sight. Domestically, a decrease in exports coupled with little or no growth in personal consumption has put the economy on a backwards pace.

In the assembly machine industry, we find ourselves in the middle of a global IT recession as the degree of information equipment manufacturers capacity worsens as equipment supply and demand has radically dropped. Meanwhile, in the machine tool industry, the sluggish global environment hovers around and continues to influence both domestic and overseas supply and demand with a tendency towards a reduction in investments excluding one part of the domestic automotive manufacturers that continue to invest in environmental and energy saving equipment

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

Results for this interim fiscal period were total sales of 18,864 million yen for assembly machines, 4,502 million yen for machine tools, and 329 million yen attributable to other business activities, for a combined total of 23,697 million yen.

Earnings, order and profits were sluggish due in part to intensified price competition. Operating losses were 3,899 million yen and ordinary losses were 3,535 million yen, with an interim period net loss amounting to 2,185 million yen.

## (2) Prospects of the next period

As for prospects for the full fiscal period, the impact of international terrorism have created an uneasiness and fear which is forecasted to prolong the global recession which started in the US. In the electronic assembly equipment market, the global feeling is one of excess equipment and production capacity but as information technology that continues to innovate new products will have some positive pulling power, and looking at the long-term view, capital equipment investment is expected to once again reach new peaks. Similarly, the machine tool industry is anticipating a period of time before the market comes back to full strength. We are therefore redoubling our efforts to provide environmentally friendly, energy saving equipment targeted at the automotive industry. A sensible amount of investment has been applied to this end, and is expected to continue for the foreseeable future.

Hereafter, in a period of intense change, we must ascertain the tide of market change while complying with a new era's requirements, it is our intention to make our every effort to continue to earnestly manage and adapt our corporate financial system to face such changes.

The forecasts for the next fiscal year's sales are expected to be 43,000 million yen, operating loss of 9,000 million yen and ordinary loss of 8,400 million yen. The net loss of this full fiscal period is expected to be 5,000 million yen.

## (3) Allocation of Profits

In the midst of these severe market conditions, we continue to keep the same dividend for this interim period of 12.50 yen per share. Regarding the consolidated fiscal period allocation, as market remains unclear the final performance will be factored into our final calculations.

## CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

<b>ASSETS</b>	Millions of yen		
	<b>First half ended September 30, 2001</b>	First half ended September 30, 2000	Year ended March 31, 2001
<b>Current assets</b>			
Cash on hand and in bank	12,232	21,784	9,327
Notes and accounts receivable – trade	11,226	25,428	22,058
Inventories	45,783	45,274	50,745
Deferred taxes	1,656	2,017	2,882
Other current assets	975	2,270	3,619
Allowance for doubtful receivable	91	212	165
Total current assets	71,783	96,563	88,468
<b>Fixed assets</b>			
<b>Property, plant and equipment:</b>			
Building and structures	11,437	9,524	10,377
Machinery/equipment and vehicles	5,592	4,622	5,216
Tools, furniture and fixtures	1,600	1,551	1,629
Land	3,896	3,873	3,915
Construction in progress	19	766	620
Total property, plant and equipment	22,546	20,337	21,759
<b>Intangible assets:</b>			
Software	2,603	1,778	2,433
Other intangible assets	23	24	24
Total intangible assets	2,627	1,803	2,458
<b>Investments and other assets:</b>			
Investment securities	3,387	4,737	4,216
Deferred taxes	3,020	34	521
Others	729	710	690
Total investments and other assets	7,138	5,482	5,428
Total fixed assets	32,312	27,622	29,645
Total assets	104,095	124,186	118,114

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	Millions of yen		
	<b>First half ended September 30, 2001</b>	First half ended September 30, 2000	Year ended March 31, 2001
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable	3,606	24,482	15,991
Short-term borrowings	3,010	36	24
Accrued income taxes	47	2,481	2,133
Accrued expenses	2,460	5,214	3,878
Accrued warranty	1,147	728	1,670
Others	1,782	2,784	2,581
<b>Total current liabilities</b>	<b>12,054</b>	<b>35,727</b>	<b>26,280</b>
<b>Long term liabilities:</b>			
Long-term borrowings	4,000	-	-
Deferred taxes	-	76	-
Accrued retirement benefit	1,138	518	1,043
Consolidation adjustments	148	297	222
<b>Total long term liabilities</b>	<b>5,286</b>	<b>892</b>	<b>1,266</b>
<b>Total liabilities</b>	<b>17,341</b>	<b>36,620</b>	<b>27,546</b>
<b>Shareholders' equity</b>			
<b>Capital stock</b>	5,878	5,878	5,878
<b>Capital reserve</b>	5,413	5,413	5,413
<b>Retained earnings</b>	73,331	74,641	76,214
<b>Unrealized gain on available for-sale securities, net of taxes</b>	240	619	158
<b>Translation adjustment</b>	2,370	1,013	2,902
<b>Treasury stock</b>	0	0	0
<b>Total shareholders' equity</b>	<b>86,754</b>	<b>87,566</b>	<b>90,567</b>
<b>Total liabilities and shareholders' equity</b>	<b>104,095</b>	<b>124,186</b>	<b>118,114</b>

## CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2001	First half ended September 30, 2000	Year ended March 31, 2001
Net sales	23,697	60,846	114,590
Cost of sales	19,822	43,162	82,359
Selling, general and administrative expenses	7,774	10,969	22,163
<b>Operating income (loss)</b>	<b>3,899</b>	<b>6,715</b>	<b>10,066</b>
<b>Non-operating revenue:</b>			
Interest and dividend income	106	264	505
Exchange gain	-	88	774
Others	367	246	487
<b>Non-operating expenses:</b>			
Interest expense	5	0	0
Exchange loss	84	-	-
Others	18	61	22
<b>Ordinary income (loss)</b>	<b>3,535</b>	<b>7,253</b>	<b>11,812</b>
Extraordinary gain	103	77	168
Extraordinary loss	264	1,185	2,153
<b>Income (loss) before income taxes and minority interest</b>	<b>3,696</b>	<b>6,145</b>	<b>9,826</b>
<b>Income taxes:</b>			
Corporate, inhabitant's and enterprise taxes	18	2,852	5,375
Tax credits	128	-	-
Operating loss carryforwards of subsidiaries	379	-	-
Adjustment for corporate taxes	1,021	338	1,364
Minority interest in consolidated subsidiaries	-	159	159
<b>Net income (loss)</b>	<b>2,185</b>	<b>3,472</b>	<b>5,656</b>
<b>Notes:</b>			
Depreciation expense	1,401	1,136	2,583
Amortization expense	519	323	745

# CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2001	First half ended September 30, 2000	Year ended March 31, 2001
<b>Beginning balance of retained earnings</b>	76,214	71,867	71,867
<b>Decrease</b>			
Cash dividends	611	611	1,222
Directors' and statutory auditors' bonuses	85	87	87
Net income	2,185	3,472	5,656
<b>Ending balance of retained earnings</b>	73,331	74,641	76,214

# CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2001	First half ended September 30, 2000	Year ended March 31, 2001
<b>Operating activities</b>			
Income before income taxes and minority interest	3,696	6,145	9,826
Depreciation and amortization	1,921	1,459	3,328
Increase or decrease in accrued warranty	517	77	996
Increase in accrued retirement benefit	94	518	1,043
Interest and dividend income	106	264	505
Interest expense	5	0	0
Gain on disposition of fixed assets	32	63	131
Loss on disposition of fixed assets	79	315	499
Devaluation of investment securities	175	110	110
Increase or decrease in accounts receivable	10,712	1,514	2,544
Increase or decrease in inventories	4,718	8,258	12,538
Increase or decrease in trade payable	12,279	6,706	2,667
Others	712	1,705	1,228
<b>Sub total</b>	<b>1,788</b>	<b>6,938</b>	<b>1,278</b>
Interest and dividend received	106	264	505
Interest paid	5	0	0
Income taxes paid	1,720	4,651	7,559
<b>Net cash (used in) provided by operating activities</b>	<b>168</b>	<b>2,550</b>	<b>5,775</b>
<b>Investing activities</b>			
Additions of tangible and intangible fixed assets	3,515	5,167	9,336
Proceeds from sales of tangible and intangible fixed assets	148	136	288
Additions of investment securities	33	643	992
Investment in time deposit	2,049	441	954
Proceeds on maturity of time deposit	509	928	1,433
Expenditures related to additional acquisitions of Consolidated subsidiary company stocks	-	558	558
Others	53	58	99
<b>Net cash used in investing activities</b>	<b>4,994</b>	<b>5,804</b>	<b>10,020</b>
<b>Financing activities</b>			
Increase or decrease in short-term borrowings	2,986	12	24
Proceeds from long-term borrowings	4,000	-	-
Dividends paid	611	613	1,224
Others	0	0	1
<b>Net cash (used in) provided by financing activities</b>	<b>6,374</b>	<b>625</b>	<b>1,247</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>141</b>	<b>135</b>	<b>836</b>
<b>Increase or decrease in cash and cash equivalents</b>	<b>1,406</b>	<b>3,743</b>	<b>16,207</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>8,685</b>	<b>24,892</b>	<b>24,892</b>
<b>Cash and cash equivalents at end of the period</b>	<b>10,091</b>	<b>21,149</b>	<b>8,685</b>

## **BASIS FOR PREPARATION OF INTERIM CONSOLIDATED STATEMENTS**

### **1. Consolidation range**

Number of consolidated subsidiary companies: 6 companies

The names of consolidated subsidiary companies:

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

### **2. Applicability under the holdings law**

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

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

Reasons for not applying the equity method

The total amount of net profit/loss and reserves of the affiliated companies to which the equity method is not applied for this interim 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 interim 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 date of interim account settlement of the consolidated subsidiary companies is consistent with

The date of interim consolidated account settlement.

### **4. Standard Accounting Practices**

#### **( 1 ) Evaluation standards and methods for important assets**

Inventories

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

Securities

Other securities

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

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

#### **( 2 ) Depreciation methods for important assets**

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

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

#### **( 3 ) Accounting standard for important allowances**

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

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

Accrued retirement benefit: 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 current interim consolidated accounting period based on the estimated amount of the debt set aside for retirement benefit and pension assets at the end of the current consolidated annual accounting period. Computational discrepancies are included in the consolidated fiscal accounting period's calculations as a lump-sum expense.

#### **( 4 ) Computation of consumption tax and other tax**

Tax computed separately.

## 5. Capital Range of Interim Consolidated Cash Flows Accounting Statement

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

### NOTES :

#### (On interim consolidated balance sheet)

(Millions of yen)

	<b>First half ended September 30, 2001</b>	First half ended September 30, 2000	Year ended March 31, 2001
1. Accumulated depreciation of tangible fixed assets	18,038	15,994	17,011
2. Balance of endorsed notes receivable	10	46	33
3. Treatment of matured bills at the final date of the interim consolidated accounting period : Matured bills are settled as of the date of bill clearing. As the final date for the current interim 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	467	157	547

#### (On interim 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 interim consolidated balance sheet

(Millions of yen)

	<b>First half ended September 30, 2001</b>	First half ended September 30, 2000	Year ended March 31, 2001
Cash and deposit accounts	12,232	21,784	9,327
Time deposits whose deposit terms exceed three months	2,140	634	642
Cash and cash equivalents at end of the period	10,091	21,149	8,685

**(On consolidated marketable securities)**

(This interim consolidated accounting period) (September 30, 2001)

## 1. Other negotiable securities which currently have a market value

( Millions of yen )

Category	Acquisition cost	Price on interim consolidated balance sheet	Net difference
Other negotiable securities			
Shares	3,083	2,674	408
Bonds	-	-	-
Others	202	202	-
Total	3,286	2,877	408

## 2. Principal negotiable securities which lack a market value

( Millions of yen )

Category	Price on interim consolidated balance sheet
Other marketable securities	
Unlisted stocks (excluding over-the-counter stocks)	155
Bonds	330
Total	485

(Previous interim consolidated accounting period) (September 30, 2000)

## 1. Other negotiable securities which currently have a market value

( Millions of yen )

Category	Acquisition cost	Price on interim consolidated balance sheet	Net difference
Other negotiable securities			
Shares	2,748	3,902	1,154
Bonds	-	-	-
Others	455	356	99
Total	3,203	4,258	1,055

## 2. Principal negotiable securities which lack a market value

( Millions of yen )

Category	Price on interim consolidated balance sheet
Other marketable securities	
Unlisted stocks (excluding over-the-counter stocks)	124
Bonds	330
Total	454

(Previous consolidated accounting period) (March 31,2001)

1. Other negotiable securities which currently have a market value

( Millions of yen )

Category	Acquisition cost	Price on consolidated balance sheet	Net difference
Other negotiable securities			
Shares	3,082	3,457	375
Bonds	-	-	-
Others	354	252	101
Total	3,436	3,710	274

2. Principal negotiable securities which lack a market value

( Millions of yen )

Category	Price on consolidated balance sheet
Other marketable securities	
Unlisted stocks (excluding over-the-counter stocks)	152
Bonds	330
Total	482

**(On derivative transactions)**

No items fall under this category.

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

This interim consolidated accounting period (April 1, 2001 to September 30, 2001) (Millions of yen)

	Assembly Machines	Machine Tools	Others	Total	Elimination or all company	Consolidate d
<b>. Sales and operating expenses</b>						
Sales						
1. Sales to third parties	18,864	4,502	329	23,697	-	23,697
2. Interarea sales or transfers	1	-	0	2	2	-
Total	18,865	4,502	330	23,699	2	23,697
Operating expenses	21,077	5,222	344	26,644	952	27,597
Operating income (loss)	2,211	719	13	2,945	954	3,899
<b>. Asset, depreciation and capital expenditure</b>						
Asset	80,594	14,341	1,178	96,114	7,981	104,095
Depreciation	1,518	279	7	1,804	116	1,921
Capital expenditure	2,960	191	3	3,155	22	3,178

Previous interim consolidated accounting period (April 1, 2000 to September 30, 2000) (Millions of yen)

	Assembly Machines	Machine Tools	Others	Total	Elimination or all company	Consolidate d
<b>. Sales and operating expenses</b>						
Sales						
1. Sales to third parties	54,488	5,717	641	60,846	-	60,846
2. Interarea sales or transfers	4	-	0	4	4	-
Total	54,492	5,717	641	60,851	4	60,846
Operating expenses	46,553	6,032	505	53,091	1,039	54,131
Operating income (loss)	7,939	315	135	7,759	1,044	6,715
<b>. Asset, depreciation and capital expenditure</b>						
Asset	93,392	14,446	752	108,591	15,595	124,186
Depreciation	1,091	245	4	1,341	118	1,459
Capital expenditure	4,985	194	3	5,183	187	5,371

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

(Millions of yen)

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

Notes:

1. Method of segmentation by type of business  
Segmentation has been performed by the type and nature of the products.
2. Main products of each business unit.
  - ( 1 ) Assembly machine business: SMT assembly machines
  - ( 2 ) Machine tools business: Automatic lathe, Special-purpose machines
  - ( 3 ) Other businesses: Control hardware, Software development, Insurance brokerage
3. Unallocable operating expenses included in elimination or all companies items amounted to 957 million yen for this interim consolidated accounting period, 1,044 million yen for the previous interim consolidated accounting period , and 2,000 million yen for the previous consolidated accounting period with the majority being expenses related to administrative divisions and technical research.
4. Company assets included in elimination or all companies items amounted to 7,987 million yen for this interim consolidated accounting period, 15,855 million yen for the previous interim consolidated accounting period , and 6,211 million yen for the previous consolidated accounting period with the majority being expenses related to surplus operating capital of the parent company (cash), long-term investments (investment securities), assets related to administrative division and technical research.

## 2. Geographical segment information

This interim consolidated accounting period ( April 1, 2001 to September 30, 2001 ) ( Millions of yen )

	Japan	North America	Total	Elimination or all company	Consolidated
<b>. Sales and operating expenses</b>					
Sales					
1. Sales to third parties	16,286	7,410	23,697	-	23,697
2. Interarea sales or transfers	1,495	46	1,542	1,542	-
Total	17,782	7,457	25,239	1,542	23,697
Operating expenses	21,218	8,459	29,678	2,081	27,597
Operating income (loss)	3,436	1,002	4,438	539	3,899
<b>. Asset</b>	81,463	15,604	97,067	7,027	104,095

Previous interim consolidated accounting period ( April 1, 2000 to September 30, 2000 ) ( Millions of yen )

	Japan	North America	Total	Elimination or all company	Consolidated
<b>. Sales and operating expenses</b>					
Sales					
1. Sales to third parties	40,617	20,229	60,846	-	60,846
2. Interarea sales or transfers	16,836	403	17,239	17,239	-
Total	57,453	20,633	78,086	17,239	60,846
Operating expenses	50,572	19,648	70,220	16,089	54,131
Operating income	6,880	984	7,865	1,150	6,715
<b>. Asset</b>	93,964	26,422	120,387	3,799	124,186

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

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

### Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division  
North America: The United States of America
3. Unallocable operating expenses included in elimination or all companies items amounted to 957 million yen for this interim consolidated accounting period, 1,044 million yen for the previous interim consolidated accounting period, and 2,000 million yen for the previous consolidated accounting period with the majority being expenses related to administrative divisions and technical research.
4. Company assets included in elimination or all companies items amounted to 7,987 million yen for this interim consolidated accounting period, 15,855 million yen for the previous interim consolidated accounting period, and 6,211 million yen for the previous consolidated accounting period with the majority being expenses related to surplus operating capital of the parent company (cash), long-term investments (investment securities), assets related to administrative division and technical research.

### 3. Overseas sales

This interim consolidated accounting period (April 1, 2001 to September 30, 2001) (Millions of yen)

	North America	Europe	Asia	Other	Total
. Overseas sales	7,714	1,065	9,076	133	17,990
. Consolidated sales					23,697
. Ratio of overseas sales to consolidated sales(%)	32.5	4.5	38.3	0.6	75.9

Previous interim consolidated accounting period (April 1, 2000 to September 30, 2000) (Millions of yen)

	North America	Europe	Asia	Other	Total
. Overseas sales	20,071	7,429	25,129	1,490	54,120
. Consolidated sales					60,846
. Ratio of overseas sales to consolidated sales(%)	33.0	12.2	41.3	2.4	88.9

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

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

#### Notes:

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

# CONSOLIDATED ORDER RECEPTION AND SALES SITUATION

Fuji Machine Mfg. Co., Ltd. and subsidiaries

(This interim consolidated accounting period) ( April 1, 2001 to September 30, 2001 )

( Millions of yen )

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
Assembly machine business	11,048 (64.6)	18,864 (79.6)	6,200 (57.7)
Machine tools business	5,810 (34.0)	4,502 (19.0)	4,506 (42.0)
Other businesses	235 (1.4)	329 (1.4)	31 (0.3)
Total	17,094 (100.0)	23,697 (100.0)	10,738 (100.0)

(Previous interim consolidated accounting period) ( April 1, 2000 to September 30, 2000 )

( Millions of yen )

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
Assembly machine business	60,798 (91.2)	54,488 (89.5)	22,469 (84.7)
Machine tools business	5,252 (7.9)	5,717 (9.4)	3,972 (15.0)
Other businesses	625 (0.9)	641 (1.1)	84 (0.3)
Total	66,676 (100.0)	60,846 (100.0)	26,527 (100.0)

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

( Millions of yen )

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

## BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.

<b>ASSETS</b>	Millions of yen		
	First half ended September 30, 2001	First half ended September 30, 2000	Year ended March 31, 2001
<b>Current assets</b>			
Cash on hand and in bank	5,643	11,011	2,100
Notes receivable	2,422	2,583	3,397
Accounts receivable	7,049	26,820	20,039
Finished goods and work in process	20,832	16,782	19,613
Raw material and supplies	19,346	20,981	22,054
Deferred taxes	911	1,097	1,611
Other current assets	800	2,279	3,633
Allowance for doubtful receivable	24	122	99
Total current assets	56,982	81,436	72,353
<b>Fixed assets</b>			
<b>Property, plant and equipment:</b>			
Building and structures	9,082	8,126	7,907
Machinery and equipment	4,864	4,052	4,292
Vehicles	91	100	103
Tools, furniture and fixtures	1,487	1,452	1,495
Land	3,180	3,186	3,186
Construction in progress	19	38	620
Total property, plant and equipment	18,726	16,956	17,607
<b>Intangible assets:</b>			
Software	2,517	1,682	2,335
Other intangible assets	18	19	19
Total intangible assets	2,536	1,701	2,354
<b>Investments, etc.:</b>			
Investment securities	3,277	4,708	4,081
Investment in related parties	1,140	1,140	1,140
Sundry investments	407	432	413
Deferred taxes	2,914	-	453
Other investments	252	192	187
Total investments	7,992	6,473	6,276
Total fixed assets	29,254	25,132	26,238
Total assets	86,236	106,568	98,591

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	Millions of yen		
	<b>First half ended September 30, 2001</b>	First half ended September 30, 2000	Year ended March 31, 2001
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes payable	2,657	16,646	11,959
Accounts payable-trade	962	7,625	4,031
Short-term borrowings	3,000	-	-
Accounts payable-other	132	658	383
Accrued income taxes	9	1,871	1,402
Accrued expenses	1,814	3,518	2,917
Accrued warranty	1,017	565	1,486
Equipment notes payable	579	596	653
Other current liabilities	892	1,270	1,023
<b>Total current liabilities</b>	<b>11,065</b>	<b>32,751</b>	<b>23,858</b>
<b>Long term liabilities:</b>			
Long-term borrowings	4,000	-	-
Deferred taxes	-	76	-
Accrued retirement benefit	1,110	507	1,017
<b>Total long term liabilities</b>	<b>5,110</b>	<b>583</b>	<b>1,017</b>
<b>Total liabilities</b>	<b>16,176</b>	<b>33,335</b>	<b>24,876</b>
<b>Shareholders' equity</b>			
<b>Capital stock</b>	5,878	5,878	5,878
<b>Capital reserve</b>	5,413	5,413	5,413
<b>Legal reserve</b>	1,450	1,310	1,371
<b>Earned surplus:</b>			
Revenue reserves	400	400	400
General reserves	53,400	51,000	51,000
Unappropriated retained earnings	3,738	8,610	9,485
(Net income	2,571	2,385	3,932)
<b>Unrealized gain on available for-sale securities, net of taxes</b>	220	619	166
<b>Treasury stock</b>	0	-	-
<b>Total shareholders' equity</b>	<b>70,060</b>	<b>73,233</b>	<b>73,715</b>
<b>Total liabilities and shareholders' equity</b>	<b>86,236</b>	<b>106,568</b>	<b>98,591</b>

# INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.

	Millions of yen		
	First half ended September 30, 2001	First half ended September 30, 2000	Year ended March 31, 2001
Net sales	17,418	56,776	106,516
Cost of sales	16,179	43,811	83,192
Selling, general and administrative expenses	5,616	8,025	16,275
<b>Operating income (loss)</b>	<b>4,378</b>	<b>4,939</b>	<b>7,048</b>
<b>Non-operating revenue:</b>			
Interest and dividend income	21	38	69
Exchange gain	-	108	1,241
Others	236	135	264
<b>Non-operating expenses:</b>			
Interest expense	5	0	0
Exchange loss	106	-	-
Others	14	61	21
<b>Ordinary income (loss)</b>	<b>4,247</b>	<b>5,161</b>	<b>8,602</b>
Extraordinary gain	79	19	66
Extraordinary loss	262	1,156	2,103
<b>Income (loss) before income taxes</b>	<b>4,430</b>	<b>4,024</b>	<b>6,565</b>
<b>Income taxes:</b>			
Corporate, inhabitant's and enterprise taxes	9	1,880	3,600
Operating loss carryforwards of subsidiaries	379	-	-
Adjustment for corporate taxes	1,488	241	967
<b>Net income (loss)</b>	<b>2,571</b>	<b>2,385</b>	<b>3,932</b>
Retained earnings brought forward	6,310	6,224	6,224
Interim dividend	-	-	611
Reserve for revenue	-	-	61
<b>Unappropriated retained earnings</b>	<b>3,738</b>	<b>8,610</b>	<b>9,485</b>
<b>Notes:</b>			
Depreciation expense	1,165	1,018	2,231
Amortization expense	509	311	721

## **ACCOUNTING POLICY**

### **1. Evaluation standards and methods for assets**

( 1 ) Appraisal method of inventories

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

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

( 2 ) Appraisal method of negotiable securities

Shares of subsidiaries and affiliated companies

Determined by the moving average method.

Other securities

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

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

### **2. Depreciation methods for assets**

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

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

### **3. Accounting standard for allowances**

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

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

( 3 ) Accrued retirement benefit: 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 current interim consolidated accounting period based on the estimated amount of the debt set aside for retirement benefit and pension assets at the end of the current consolidated annual accounting period. Computational discrepancies are included in the consolidated fiscal accounting period's calculations as a lump-sum expense..

### **4. Computation of consumption tax and other tax**

Tax computed separately.

## **ADDITIONAL INFORMATION**

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

## NOTES:

### (On balance sheet)

	(Millions of yen)		
	<b>First half ended September 30, 2001</b>	First half ended September 30, 2000	Year ended March 31, 2001
1. Accumulated depreciation of tangible fixed assets	16,623	14,954	15,695
2. Treatment of matured bills at the final date of the interim accounting period : Matured bills are settled as of the date of bill clearing. As the final date for the current interim 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	427	151	489

### (On marketable securities)

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