



INTERIM FINANCIAL STATEMENTS

From April 1, 2002
to September 30, 2002

Consolidated Subsidiaries

Domestic:

Makoto Industry Co., Ltd.

Linsey System Co., Ltd.

Edec Co., Ltd.

Astro Co., Ltd.

Overseas:

Fuji America Corporation

Fuji Machine America Corporation

Management Policy

(1) Basic Management Policy

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

(2) Basic Policy for the Appropriation of Profits

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

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

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

Information Technology (IT) and its related industries are have yet to recover their growth, and the survival race has been intensified by adjusting excessive inventory. As for electronics assembly machine industry, the Fuji Machine Manufacturing Group’s core business, we been experiencing acute competition, primarily in Chinese market, which has become the world’s manufacturing factory. The industry still has prospects for high growth as demand for electronic equipment such as digital household appliances, personal computers and cellular phones are expanding. Also, in the machine tool industry, automotive manufactures have commenced with overseas investments based on rationalization and environmental investments.

By having separate technology developments, product development mainly in software service, global purchasing and service enhancement, staff assignment, and high quality to overcome cost competition, the Fuji Machine Manufacturing Group will strengthen its corporate structure. We will seek to enhance new business areas as well as structural reforms of existing business, and not only in liquid crystal and semiconductor manufacturing equipment sector, but we will also develop an engineering enterprise, using as its base our core technology, to support customer manufacturing requirements.

Business Summary

(1) Outline for the fiscal period

The economic conditions for this interim fiscal period are that of a rapidly expanding, yet cloudy feeling which shadows the future business state, influenced by an American economy that continues to decelerate and the global drop in stock prices leading to a process of slow recovery for the global economy. Additionally, the grave circumstances of the Japanese economy continue due to sluggish consumer spending and public investments.

Against this background, in the electronics assembly machine industry, inventory adjustments progress and the expansion of Chinese market seems to indicate a gradual recovery from the long-standing recession. However, with personal computer demand sluggish, the market conditions are again on a backward pace and we face continued severe price competition.

In the machine tool industry, the stagnant global economic state, which is reflected both in terms of domestic and foreign demand remains sluggish, except for one section of domestic automotive manufacturers continues to make environmental and overseas investments.

In the midst of this severely downward market environment, by reforming the structure of existing enterprises the Fuji Machine Manufacturing Group will be able to recover its earnings power as we make advances in new business development that will be the nucleus of new growth. We will also continue the nurture "speedy" management as a result of our reorganization that is based on a system of responsibility and continue to make our every effort to recover.

Concerning the electronics assembly machine division, our chief objectives are sales in the Chinese market, improvements in our service support system together with cost reductions, and reasonable inventory levels with next term's main objective being the launch of new product developments.

Concerning the machine tool division, we will introduce new products that conceptualize energy consumption, high productivity, and high accuracy and we will make our every effort to expand into new markets using Fuji's proprietary "know-how" as a base for proposed business model.

In our New Business Development section, we have already begun to accept orders for the development of production equipment related to the manufacturing of liquid crystal displays (LCD) in this growth industry.

The expansion of these enterprises, together with essential personnel cost reductions and continued pressure to cut expenses, we have been making our earnest effort to recover our previous achievements but with anticipated market deterioration and a decrease in orders and sales as well as price competition intensification, we had rather severe performance results

Results for this consolidated fiscal period were total sales of 15,898 million yen for assembly machines, 4,606 million yen for machine tools, and 341 million yen attributable to other business activities, for a combined total of 20,847 million yen.

Earnings, order and profits were sluggish due in part to intensified price competition. Operating losses were 6,535 yen and ordinary losses were 6,278 million yen, with a interim fiscal period net loss amounting to 3,883 million yen.

(2) Prospects of the next period

As for the prospects for the full fiscal period, in both the global and Japanese economy, corporate equipment investment will continue to be strained in this increasing unclear outlook. However, electronics assembly machine business is seen to be improving as the operation rate in electronics equipment manufactures has increased and demand is forecasted to improve in the beginning of next year. The machine tool business is expected to see demand expand its with a focus on strategic investment to strengthen international competitiveness in the automotive industry. As for the new business division, liquid crystal related manufacturing equipment business, which commenced in full swing from this term, we will make an aggressive sales promotion as one of our core operation.

The forecast for the consolidated fiscal year are total sales of 33,500 million yen for assembly machines, 11,300 million yen for machine tools, and 1,200 million yen attributable to other business activities, for a combined total of 46,000 million yen.

As for profits or lack thereof, we expect operating losses of 10,200 yen and ordinary losses were 8,300 million yen, with a consolidated fiscal period net loss amounting to 6,300 million yen.

(3) Financial Condition

The total consolidated assets for this period, due to deductions from inventories, were 93,468 million yen, which was 4,538 million yen less than the previous consolidated fiscal period. Additionally, our consolidated liability for this fiscal year totaled 16,040 million yen, which was 1,295 million yen less than the previous consolidated fiscal period, since Notes and accounts payable has declined while reducing the scale of our production.

As for cash flow, consolidated cash and cash equivalents for this fiscal period were 14,151 million yen, which was 4,059 million yen more than the previous consolidated fiscal period. This was attributable to the total of increased cash flow from business operations and increased cash flow from investment activities exceeding the decrease cash flow from financing activities.

As for cash flow from business operations, cash which was obtained as a result of operations was 4,844 million yen (the previous consolidated fiscal period 168 million yen). This was mainly attributable to positive factors such as declines in inventories and increase in purchase debt exceeding negative factors such as interim net loss prior to adjustments for taxes.

As for cash flow from investing activities, cash which was used as a result of the activities was 697 million yen, (the previous consolidated fiscal period 4,994 million yen). This was mainly attributable to reserves such as repayment of fixed deposits exceeding expenditures as well as investments in tangible and intangible fixed assets.

As for cash flow from financing activities, cash which was obtained as a result of these activities was 370 million yen (the previous consolidated fiscal period 6,374 million yen). This was principally due to the payment of dividends to shareholders.

CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

ASSETS	Millions of yen		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Current assets			
Cash on hand and in bank	14,496	12,232	12,483
Notes and accounts receivable – trade	10,702	11,226	10,667
Inventories	28,528	45,783	35,867
Deferred taxes	1,497	1,656	1,973
Other current assets	1,004	975	1,776
Less-Allowance for doubtful receivable	101	91	119
Total current assets	56,128	71,783	62,649
Fixed assets			
Property, plant and equipment:			
Building and structures	10,747	11,437	11,262
Machinery/equipment and vehicles	5,398	5,592	5,798
Tools, furniture and fixtures	1,186	1,600	1,267
Land	3,932	3,896	3,960
Construction in progress	5	19	8
Total property, plant and equipment	21,269	22,546	22,298
Intangible assets:			
Software	2,442	2,603	2,684
Other intangible assets	22	23	23
Total intangible assets	2,465	2,627	2,707
Investments and other assets:			
Investment securities	4,358	3,387	4,131
Deferred taxes	8,492	3,020	5,505
Others	754	729	715
Total investments and other assets	13,605	7,138	10,352
Total fixed assets	37,340	32,312	35,358
Total assets	93,468	104,095	98,007

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Liabilities			
Current liabilities:			
Notes and accounts payable	4,685	3,606	3,236
Short-term borrowings	10	3,010	10
Accrued expenses	1,757	2,460	1,794
Accrued warranty	561	1,147	790
Others	1,245	1,829	1,147
Total current liabilities	8,259	12,054	6,980
Long term liabilities:			
Long-term borrowings	6,400	4,000	6,400
Accrued retirement benefits	1,380	1,138	1,290
Consolidation adjustments	-	148	74
Total long term liabilities	7,780	5,286	7,764
Total liabilities	16,040	17,341	14,744
Shareholders' equity			
Capital stock	5,878	5,878	5,878
Capital surplus	5,413	5,413	5,413
Earnings surplus	63,564	73,331	67,815
Unrealized gain on available for-sale securities, net of taxes	231	240	203
Translation adjustment	2,807	2,370	3,953
Treasury stock	4	0	1
Total shareholders' equity	77,428	86,754	83,263
Total liabilities and shareholders' equity	93,468	104,095	98,007

CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Net sales	20,847	23,697	43,639
Cost of sales	19,963	19,822	40,917
Selling, general and administrative expenses	7,418	7,774	14,428
Operating loss	6,535	3,899	11,706
Non-operating revenue:			
Interest and dividend income	69	106	173
Others	342	367	918
Non-operating expenses:			
Interest expense	31	5	35
Exchange loss	96	84	-
Others	27	18	45
Ordinary loss	6,278	3,535	10,695
Extraordinary gain	68	103	191
Extraordinary loss	267	264	1,616
Loss before income taxes and minority interest	6,477	3,696	12,120
Income taxes:			
Corporate, inhabitant's and enterprise taxes	20	18	39
Tax credits	340	128	641
Operating loss carryforwards of subsidiaries	-	379	379
Adjustment for corporate taxes	2,273	1,021	4,048
Net loss	3,883	2,185	7,091
Notes:			
Depreciation expense	1,258	1,401	2,984
Amortization expense	642	519	1,128

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Capital surplus:			
Beginning balance of capital surplus	5,413	5,413	5,413
Ending balance of capital surplus	5,413	5,413	5,413
Earnings surplus:			
Beginning balance of earnings surplus	67,815	76,214	76,214
Decrease			
Cash dividends	366	611	1,222
Directors' and statutory auditors' bonuses	-	85	85
Net loss	3,883	2,185	7,091
Ending balance of earnings surplus	63,564	73,331	67,815

CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Operating activities			
Loss before income taxes and minority interest	6,477	3,696	12,120
Depreciation and amortization	1,900	1,921	4,112
Decrease in accrued warranty	221	517	888
Increase in accrued retirement benefits	90	94	246
Interest and dividend income	69	106	173
Interest expense	31	5	35
Gain on disposition of fixed assets	53	32	142
Loss on disposition of fixed assets	256	79	307
Devaluation of investment securities	-	175	1,089
Increase or decrease in accounts receivable	109	10,712	11,520
Decrease in inventories	7,021	4,718	15,219
Increase or decrease in trade payable	1,508	12,279	12,863
Others	203	712	132
Sub total	4,082	1,788	6,211
Interest and dividend received	69	106	174
Interest paid	31	5	35
Net income tax refund amount	723	-	-
Income tax payments amount	-	1,720	1,803
Net cash (used in) provided by operating activities	4,844	168	4,547
Investing activities			
Additions of tangible and intangible fixed assets	1,231	3,515	6,165
Proceeds from sales of tangible and intangible fixed assets	302	148	367
Additions of investment securities	977	33	1,113
Investment in time deposit	187	2,049	3,078
Proceeds on maturity of time deposit	2,857	509	661
Others	64	53	63
Net cash used in investing activities	697	4,994	9,391
Financing activities			
Increase or decrease in short-term borrowings	-	2,986	14
Proceeds from long-term borrowings	-	4,000	6,400
Dividends paid	366	611	1,222
Others	3	0	1
Net cash (used in) provided by financing activities	370	6,374	5,161
Effect of exchange rate changes on cash and cash equivalents	267	141	244
Increase in cash and cash equivalents	4,904	1,406	561
Cash and cash equivalents at beginning of year	9,246	8,685	8,685
Cash and cash equivalents at end of the period	14,151	10,091	9,246

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 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 current interim consolidated accounting period based on the estimated amount of the debt set aside for retirement benefits 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.

Additional Information

(Treasury stock and legal reserves reversal accounting)

From this interim consolidated accounting period, we shall apply "Accounting Standards for the Reversal of Treasury Stock and Legal Reserves" (as noted in Corporate Accounting Standards, Section 1). However, this change will have no effect on profits and/or losses for this interim consolidated accounting period.

Due to the amendment of regulations for the interim consolidated financial statements, shareholder's equity on the interim consolidated balance sheet and interim consolidated surplus accounts sheet during this interim consolidated accounting period are made using the revised regulations for the interim consolidated financial statements.

NOTES :

(On interim consolidated balance sheet)

(Millions of yen)

	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
1. Accumulated depreciation of tangible fixed assets	19,914	18,038	19,463
2. Guarantee obligation	462	-	-
3. Balance of endorsed notes receivable	1	10	3
4. 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 previous 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	255

(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)

	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Cash and deposit accounts	14,496	12,232	12,483
Time deposits whose deposit terms exceed three months	345	2,140	3,237
Cash and cash equivalents at end of the period	14,151	10,091	9,246

(On consolidated marketable securities)

(This interim consolidated accounting period) (September 30, 2002)

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	4,341	3,975	365
Bonds	-	-	-
Others	211	183	28
Total	4,552	4,158	394

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)	176
Total	176

(Previous 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 consolidated accounting period) (March 31,2002)

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	2,303	2,650	346
Bonds	-	-	-
Others	211	211	-
Total	2,515	2,862	346

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

2. 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)	1,245
Total	1,245

(On derivative transactions)

No items fall under this category.

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

This interim consolidated accounting period (April 1, 2002 to September 30, 2002) (Millions of yen)

	Assembly Machines	Machine Tools	Others	Total	Elimination or all company	Consolidated
. Sales and operating expenses						
Sales						
1. Sales to third parties	15,898	4,606	341	20,847	-	20,847
2. Interarea sales or transfers	1	-	54	56	56	-
Total	15,900	4,606	396	20,903	56	20,847
Operating expenses	20,588	5,033	652	26,274	1,107	27,382
Operating loss	4,687	427	255	5,370	1,164	6,535
. Asset, depreciation and capital expenditure						
Asset	65,353	15,154	2,223	82,730	10,738	93,468
Depreciation	1,457	275	67	1,801	99	1,900
Capital expenditure	1,028	64	171	1,264	107	1,372

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

	Assembly Machines	Machine Tools	Others	Total	Elimination or all company	Consolidated
. Sales and operating expenses						
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 loss	2,211	719	13	2,945	954	3,899
. Asset, depreciation and capital expenditure						
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 consolidated accounting period (April 1, 2001 to March 31, 2002)

(Millions of yen)

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

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: Liquid crystal related manufacturing equipment, Control hardware, Software development, Insurance brokerage
3. Unallocable operating expenses included in elimination or all companies items amounted to 1,171 million yen for this interim consolidated accounting period, 957 million yen for the previous interim consolidated accounting period , and 1,879 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 10,741 million yen for this interim consolidated accounting period, 7,987 million yen for the previous interim consolidated accounting period , and 9,086 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, 2002 to September 30, 2002) (Millions of yen)

	Japan	North America	Total	Elimination or all company	Consolidated
. Sales and operating expenses					
Sales					
1. Sales to third parties	17,715	3,131	20,847	-	20,847
2. Interarea sales or transfers	1,563	33	1,597	1,597	-
Total	19,279	3,165	22,444	1,597	20,847
Operating expenses	23,919	3,905	27,825	443	27,382
Operating loss	4,640	740	5,380	1,154	6,535
. Asset	68,916	14,890	83,807	9,661	93,468

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

	Japan	North America	Total	Elimination or all company	Consolidated
. Sales and operating expenses					
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 loss	3,436	1,002	4,438	539	3,899
. Asset	81,463	15,604	97,067	7,027	104,095

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

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

Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division
North America: The United States of America
3. Unallocable operating expenses included in elimination or all companies items amounted to 1,171 million yen for this interim consolidated accounting period, 957 million yen for the previous interim consolidated accounting period, and 1,879 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 10,741 million yen for this interim consolidated accounting period, 7,987 million yen for the previous interim consolidated accounting period, and 9,086 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, 2002 to September 30, 2002) (Millions of yen)

	North America	Europe	Asia	Other	Total
. Overseas sales	3,434	659	10,913	99	15,107
. Consolidated sales					20,847
. Ratio of overseas sales to consolidated sales(%)	16.5	3.2	52.3	0.5	72.5

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

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

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 etc.
 - (2) Europe: Germany, Italy, France etc.
 - (3) Asia: China, Taiwan, Philippines 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, 2002 to September 30, 2002)

(Millions of yen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
Assembly machine business	15,309 (70.2)	15,898 (76.3)	2,899 (36.3)
Machine tools business	6,071 (27.8)	4,606 (22.1)	4,955 (62.1)
Other businesses	438 (2.0)	341 (1.6)	125 (1.6)
Total	21,819 (100.0)	20,847 (100.0)	7,980 (100.0)

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

(Millions of yen)

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

BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.

ASSETS	Millions of yen		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Current assets			
Cash on hand and in bank	5,662	5,643	4,671
Notes receivable	1,477	2,422	1,715
Accounts receivable	8,673	7,049	8,250
Finished goods and work in process	10,846	20,832	15,020
Raw material and supplies	14,067	19,346	16,091
Deferred taxes	976	911	1,199
Other current assets	587	800	783
Allowance for doubtful receivable	68	24	83
Total current assets	42,222	56,982	47,651
Fixed assets			
Property, plant and equipment:			
Building and structures	8,423	9,082	8,735
Machinery and equipment	4,777	4,864	5,044
Vehicles	65	91	77
Tools, furniture and fixtures	1,085	1,487	1,179
Land	3,207	3,180	3,207
Construction in progress	5	19	8
Total property, plant and equipment	17,565	18,726	18,253
Intangible assets:			
Software	2,414	2,517	2,598
Other intangible assets	18	18	18
Total intangible assets	2,432	2,536	2,617
Investments, etc.:			
Investment securities	4,268	3,277	3,967
Investment in related parties	1,140	1,140	1,140
Sundry investments	466	407	371
Deferred taxes	8,169	2,914	5,268
Other investments	225	252	273
Total investments	14,269	7,992	11,021
Total fixed assets	34,268	29,254	31,892
Total assets	76,490	86,236	79,543

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Liabilities			
Current liabilities:			
Notes payable	2,964	2,657	1,921
Accounts payable-trade	1,720	962	1,350
Short-term borrowings	-	3,000	-
Accounts payable-other	195	132	89
Accrued expenses	1,397	1,814	1,411
Accrued warranty	497	1,017	685
Equipment notes payable	51	579	32
Other current liabilities	651	901	731
Total current liabilities	7,477	11,065	6,221
Long term liabilities:			
Long-term borrowings	6,400	4,000	6,400
Accrued retirement benefits	1,351	1,110	1,262
Total long term liabilities	7,751	5,110	7,662
Total liabilities	15,229	16,176	13,884
Shareholders' equity			
Capital stock	5,878	5,878	5,878
Capital surplus:	5,413	5,413	5,413
Capital reserves	5,413	5,413	5,413
Earnings surplus:	50,169	58,988	54,168
Earnings reserve	1,450	1,450	1,450
Retained earnings	47,400	53,800	53,800
Unappropriated retained earnings	1,319	3,738	1,081
(Net loss	3,631	2,571	6,780)
Unrealized gain on available for-sale securities, net of taxes	196	220	199
Treasury stock	4	0	1
Total shareholders' equity	61,261	70,060	65,659
Total liabilities and shareholders' equity	76,490	86,236	79,543

INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.

	Millions of yen		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
Net sales	18,960	17,418	35,822
Cost of sales	18,905	16,179	35,789
Selling, general and administrative expenses	5,911	5,616	10,628
Operating loss	5,857	4,378	10,594
Non-operating revenue:			
Interest and dividend income	13	21	27
Others	182	236	549
Non-operating expenses:			
Interest expense	31	5	35
Exchange loss	81	106	-
Others	26	14	39
Ordinary loss	5,800	4,247	10,092
Extraordinary gain	18	79	105
Extraordinary loss	239	262	1,581
Loss before income taxes	6,022	4,430	11,568
Income taxes:			
Corporate, inhabitant's and enterprise taxes	9	9	18
Operating loss carryforwards of subsidiaries	-	379	379
Adjustment for corporate taxes	2,400	1,488	4,426
Net loss	3,631	2,571	6,780
Retained earnings brought forward	4,951	6,310	6,310
Interim dividend	-	-	611
Unappropriated retained earnings	1,319	3,738	1,081
Notes:			
Depreciation expense	1,064	1,165	2,502
Amortization expense	633	509	1,108

ACCOUNTING POLICY

1. Evaluation standards and methods for assets

- (1) Appraisal method of inventories
 - Finished goods and work in process valued by average cost method.
 - Raw material and stores valued by last-in cost method.
- (2) Appraisal method of negotiable securities
 - Shares of subsidiaries and affiliated companies
 - Determined by the moving average method.
 - Other securities
 - Securities with market value: The market value method based on the market price as of the date of account settlement (The difference in evaluation is fully treated according to the method to be directly incorporated in the capital and the sale cost is calculated by the moving average method.)
 - Securities without market value: Determined by the moving average method.

2. Depreciation methods for assets

- (1) Tangible fixed assets are depreciated using the declining balance method, except for buildings (excluding attached facilities) acquired in Japan subsequent to March 31, 1998 are depreciated according to the straight-line method.
- (2) Intangible fixed assets are depreciated using the straight-line method. However, as for software used for sales, the straight-line method is applied based on the estimated term of usefulness. As to software for our company uses, the straight-line method is based on the estimated usable term.

3. Accounting standard for allowances

- (1) Allowance for doubtful accounts: to prepare for loss on irrecoverable debts, the estimated irrecoverable amount is appropriated by the actual rate of dead loan as for general credit, and by estimation of possibility of recovery for individual cases for specific doubtful credits that have worries of dead loan.
- (2) Accrued warranty: to prepare for outlays for defects found in manufactured goods within the warranty period, the experience rate is computed based on past record, which is then multiplied by the sales for the current term.
- (3) Accrued retirement benefits: In 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 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. Computation of consumption tax and other tax

Tax computed separately.

ADDITIONAL INFORMATION

(Treasury stock and legal reserves reversal accounting)

From this interim accounting period, we shall apply "Accounting Standards for the Reversal of Treasury Stock and Legal Reserves" (as noted in Corporate Accounting Standards, Section 1). However, this change will have no effect on profits and/or losses for this interim accounting period.

Due to the amendment of regulations for the interim financial statements, shareholder's equity on the interim balance sheet and interim surplus accounts sheet during this interim accounting period are made using the revised regulations for the interim financial statements.

Additionally, as for the previous interim accounting period and the previous fiscal year have been revised as indicated.

NOTES:

(On balance sheet)

	(Millions of yen)		
	First half ended September 30, 2002	First half ended September 30, 2001	Year ended March 31, 2002
1. Accumulated depreciation of tangible fixed assets	18,285	16,623	17,785
2. Guarantee obligation	462	-	-
3. 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 previous 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	254

(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.