



INTERIM FINANCIAL STATEMENTS

From April 1, 2003
to September 30, 2003

Consolidated Subsidiaries

Domestic:

Makoto Industry Co., Ltd.

Edeclinsey System 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-term Strategy and Necessary Assignment

Long period prolonged Information Technology (IT) depression was gradually ceased and IT related investment has commenced to trace medium-long term growing way again toward ubiquitous information society. Also it is presumed that the automobile related capacity investment is also progressing at high level under globally spreading vehicle society.

Thus market environment of our company expects continuing expansion, however such condition changes as development of high functioned, small-size-light-weight product, and shortened lifecycle including price revolution due to shifting of market and production key point to China will be promoted more rapidly.

In order to attain a full victory under such competitive market where violence is growing, high level own technology, reduced term for development• production, and providing highly qualified service including strengthening cost competitiveness became more important subjects of our company.

Our company has decided not only to improve profit earning power of existing business by development of innovative modular type electronics part assembly machine, development of high productivity• space saving• high accuracy machine tools and innovation of cost structure but also aggressively to promote research and development• market open-up of new business field putting importance on liquid crystal display related manufacturing equipment aiming new growth in future.

(4) Basic Policy of Corporate Governance

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

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

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

Report of executive operational duties and decision of policy are executed at weekly regular management meeting and extra management meeting by introducing an executive board system in order to separate the decision making and executive function of management, to speed up the management decision making process, and to clarify responsibility by transferring authority and forcing executive officer to take responsibility for their operational duties. Currently there are 12 executives, of whom 6 hold the post of director.

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

Business Summary

(1) Outline for the fiscal period

Although global recession was concerned by Iraq War at beginning of this fiscal period and influence of Severe Acute Respiratory Syndrome (SARS), generally global economy has started tracing recovery line by convergence of these problem since summer and improvement of consumer mind by large scale tax reduction effect in America as well as favorableness of Asian economy. Also recovery tendency in market becomes observable by increase of export and improvement of business profit although there is no change in deflation keynote.

During this time electronic equipment industry shows rise of operation rate of equipment by demand recovery of personal computers and expanded demand for such digital equipment as high function portable cellular phones, digital cameras, DVD, and slim type TV, etc. and upsurge of investment desire centered on major EMS (electronic equipment entrusted manufacturing enterprise).

On the other hand, in machine tool industry, rationalization investment and overseas strategic investment for strengthening of international competitiveness in automobile industry has moved briskly and also investment of IT related industry has recovered gradually. Although severe market is still continuing due to lowered corporate profit in U.S.A. and West Europe but market expanding is still continuing due to progress of production localization for automobile parts manufacturers in Asia and East Europe.

Newly entered liquid crystal display related industry has been spread rapidly into LCD panel demand used for such commodity as slim type TV, cellular phones with camera, and mobile personal computers, etc. with the result aggressive facility investment for production capacity increase has been promoted home and Asian district.

Under such business environment, our company has been intended to construct foundation for new growth of new business (LCD related manufacturing equipment, etc.) together with intending improvement of profit earning power by strongly promoting structure reforming of existing business (electronics assembly machine and machine tool) to achieve profit in black.

As for the achievement of interim fiscal period, consolidated received amount order was 31,357 million yen (43.7% increase comparing with the same period in previous year), consolidated sales amount was 29,915 million yen (43.5% increase comparing with the same period in previous year), consolidated operation losses were 387 million yen, and consolidated ordinary losses were 245 million yen with consolidated interim net loss amounting to 64 million yen.

Achievement of classified business segment are as following.

Electronics assembly machine business

Although temporary confusion was occurred by SARS from the beginning of this period, after this summer market recovery tempo of Asian district, primarily at Chinese market, was accelerated, and consolidated sales amount at first half was 20,188 million yen (27.0% increase comparing with the same period in previous year). Also operating profit was achieved 355 million yen recovery in black by recovery of sales amount and cost reduction effect.

Machine tool business

Consolidated sales amount at first half was achieved 7,537 million yen (63.6% increase comparing with the same period in previous year) by briskly moved large-scale investment of home automobile manufacturers as well as related manufacturers inside and outside

country and finding new manufacturers in overseas. Also operating profit was achieved 252 million yen recovery in black by increase of sales amount and operation innovation activities through integration of sales, engineering, and manufacturing.

Liquid crystal display business

Consolidated sales amount at first half was achieved 1,669 million yen by aggressive development of manufacturing development and market finding of liquid crystal display related manufacturing equipment that addressing has started last July as new business. As for profit we reckoned 130 million yen as operation losses by product development expenditure and burden of market open up cost.

(2) Prospects of the next period

We assume that world economy will trace expanding basic condition as a whole due to steady growing power of Asian economy and recovering indication of U.S. and European economy although uncertain factors required warning such as prolonged Iraq War, fear of reoccurrence of SARS, and movement of high exchange rate of yen, etc. in future economy tendency.

IT industry and automobile industry that are main market place of our company are promoting their capacity investment aggressively to change over into new commodity and to expand their production system.

As prospect of our sales achievement through entire period under such economy condition, consolidated sales amount of 69,000 million yen (61.7% increase comparing the same period in previous year), consolidated operating profit of 1,600 million yen, consolidated ordinary profit of 1,900 million yen, and consolidated this fiscal period net profit of 1,700 million yen are estimated.

(3) Financial Condition

The total consolidated assets for this period, due to increases in Notes and accounts receivable, were 96,674 million yen, which was 5,100 million yen more than the previous consolidated fiscal year. Additionally, our consolidated liability for this fiscal year totaled 23,884 million yen, which was 5,260 million yen more than the previous consolidated fiscal period due to increases in Notes and accounts payable, Short-term borrowings.

As for the cash flow, consolidated cash and cash equivalents for this fiscal period were 11,743 million yen, which was 2,408 million yen less than the previous consolidated fiscal period. This was attributable to the total of decreased cash flow from investment activities exceeding increased cash flow from business operations and financing activities.

As for cash flow from business operations, cash which was obtained as a result of operations was 275 million yen (the previous consolidated fiscal period 4,844 million yen). This was mainly attributable to positive factors such as increases in depreciation expenses and purchase debt exceeding negative factors such as increases in trade receivables and inventories.

As for cash flow from investing activities, cash which was used as a result of the activities was 2,433 million yen (the previous consolidated fiscal period 697 million yen). This was attributable mainly from expenditure such as tangible and intangible fixed assets.

As for cash flow from financing activities, cash which was obtained as a result of these activities was 1,632 million yen (the previous consolidated fiscal period 370 million yen). This was principally due to an increase in Short-term borrowings.

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

	Consolidated Accounting Period (March 31 st 2000)	Consolidated Accounting Period (March 31 st 2001)	Consolidated Accounting Period (March 31 st 2002)	Consolidated Accounting Period (March 31 st 2003)	Consolidated Accounting Period (September 30 th 2003)
Shareholders' Equity Ratio (%)	73.1	76.7	85.0	79.7	75.3
Shareholder's Equity Ratio (based on market price) %	328.1	131.7	113.3	48.1	64.2
The number of years of debt redemption (Years)	0.0		1.4	0.8	30.6
Interest Coverage Ratio	506.5		129.2	122.8	7.4

Notes:

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

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

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

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

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

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

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

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

CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

ASSETS	Millions of yen		
	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
Current assets			
Cash on hand and in bank	12,195	14,496	13,266
Notes and accounts receivable – trade	16,840	10,702	12,745
Inventories	25,676	28,528	25,069
Deferred taxes	2,932	1,497	2,252
Other current assets	1,760	1,004	1,379
Less-Allowance for doubtful receivable	46	101	63
Total current assets	59,359	56,128	54,651
Fixed assets			
Property, plant and equipment:			
Building and structures	9,878	10,747	10,312
Machinery/equipment and vehicles	5,227	5,398	5,244
Tools, furniture and fixtures	1,077	1,186	1,043
Land	3,852	3,932	3,873
Construction in progress	18	5	77
Total property, plant and equipment	20,054	21,269	20,550
Intangible assets:			
Software	5,143	2,442	4,759
Other intangible assets	21	22	22
Total intangible assets	5,165	2,465	4,781
Investments and other assets:			
Investment securities	5,435	4,358	3,569
Deferred taxes	5,772	8,492	7,434
Others	887	754	586
Total investments and other assets	12,094	13,605	11,590
Total fixed assets	37,315	37,340	36,923
Total assets	96,674	93,468	91,574

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		
	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
Liabilities			
Current liabilities:			
Notes and accounts payable	9,691	4,685	6,911
Short-term borrowings	2,010	10	10
Accrued expenses	1,867	1,757	2,053
Accrued warranty	629	561	513
Others	1,569	1,245	1,293
Total current liabilities	15,767	8,259	10,781
Long term liabilities:			
Long-term borrowings	6,400	6,400	6,400
Accrued retirement benefits	1,716	1,380	1,442
Total long term liabilities	8,116	7,780	7,842
Total liabilities	23,884	16,040	18,624
Shareholders' equity			
Capital stock	5,878	5,878	5,878
Capital surplus	5,413	5,413	5,413
Earnings surplus	59,033	63,564	59,464
Unrealized gain on available for-sale securities, net of taxes	924	231	305
Translation adjustment	1,552	2,807	2,510
Treasury stock	12	4	11
Total shareholders' equity	72,790	77,428	72,950
Total liabilities and shareholders' equity	96,674	93,468	91,574

CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
Net sales	29,915	20,847	42,663
Cost of sales	23,995	19,963	40,043
Selling, general and administrative expenses	6,307	7,418	12,248
Operating Income	387	6,535	9,627
Non-operating revenue:			
Interest and dividend income	72	69	160
Others	226	342	971
Non-operating expenses:			
Interest expense	36	31	65
Exchange loss	98	96	157
Others	21	27	61
Ordinary Income	245	6,278	8,780
Extraordinary gain	296	68	112
Extraordinary loss	34	267	1,198
Income before income taxes and minority interest	16	6,477	9,866
Income taxes:			
Corporate, inhabitant's and enterprise taxes	51	20	55
Tax credits	-	340	621
Amount of corporation tax paid in previous financial year	-	-	256
Adjustment for corporate taxes	30	2,273	1,940
Net Income	64	3,883	7,616
Notes:			
Depreciation expense	1,139	1,258	2,566
Amortization expense	921	642	1,544

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
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	59,464	67,815	67,815
Decrease			
Cash dividends	366	366	733
Net loss	64	3,883	7,616
Ending balance of earnings surplus	59,033	63,564	59,464

CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
Operating activities			
Income before income taxes and minority interest	16	6,477	9,866
Depreciation and amortization	2,060	1,900	4,111
Increase or decrease in accrued warranty	119	221	267
Increase in accrued retirement benefits	274	90	152
Interest and dividend income	72	69	160
Interest expense	36	31	65
Gain on disposition of fixed assets	137	53	94
Loss on disposition of fixed assets	15	256	373
Gain on sale of investment securities	142	-	-
Devaluation of investment securities	-	-	693
Capital loss on appraisal	-	-	118
Increase in accounts receivable	4,151	109	2,199
Increase or decrease in inventories	826	7,021	10,412
Increase in trade payable	2,881	1,508	3,755
Others	205	203	382
Sub total	281	4,082	7,476
Interest and dividend received	72	69	160
Interest paid	36	31	65
Net income tax refund amount	-	723	520
Income tax payments amount	41	-	-
Net cash (used in) provided by operating activities	275	4,844	8,091
Investing activities			
Additions of tangible and intangible fixed assets	2,327	1,231	5,728
Proceeds from sales of tangible and intangible fixed assets	386	302	845
Additions of investment securities	-	977	999
Proceeds from sales of investment securities	304	-	-
Investment in time deposit	137	187	295
Proceeds on maturity of time deposit	103	2,857	2,866
Expenditure by loan	414	-	-
Others	348	64	56
Net cash used in investing activities	2,433	697	3,368
Financing activities			
Increase or decrease in short-term borrowings	2,000	-	-
Dividends paid	366	366	733
Others	0	3	10
Net cash (used in) provided by financing activities	1,632	370	744
Effect of exchange rate changes on cash and cash equivalents	578	267	377
Increase or decrease in cash and cash equivalents	1,104	4,904	3,601
Cash and cash equivalents at beginning of year	12,847	9,246	9,246
Cash and cash equivalents at end of the period	11,743	14,151	12,847

BASIS FOR PREPARATION OF INTERIM CONSOLIDATED STATEMENTS

1. Consolidation range

Number of consolidated subsidiary companies: 5 companies

The names of consolidated subsidiary companies:

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

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) Method of important hedge account
Hedge account method:
In regard to interest rate swap, we adopt special exemption as we meet the necessary conditions.
Hedge means and subject:
The hedge means: interest rate swap
The hedge subject: loan
Hedge policy:
To decrease the risk posed by interest rate fluctuation and improve the credit situation with regard to income and expenditure.
Method of evaluating hedge validity:
As we meet the necessary conditions for special exemption, judgment on the evaluation of the settlement date is omitted.
- (5) Computation of consumption tax and other tax
Tax computed separately.

5. 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)

	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
1. Accumulated depreciation of tangible fixed assets	21,351	19,914	20,762
2. Guarantee obligation	-	462	433
3. Balance of endorsed notes receivable	5	1	7

(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, 2003	First half ended September 30, 2002	Year ended March 31, 2003
Cash and deposit accounts	12,195	14,496	13,266
Time deposits whose deposit terms exceed three months	452	345	418
Cash and cash equivalents at end of the period	11,743	14,151	12,847

(On consolidated marketable securities)

(This interim consolidated accounting period) (September 30, 2003)

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	3,485	5,038	1,552
Bonds	-	-	-
Others	211	199	12
Total	3,697	5,237	1,539

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)	174
Total	174

(Previous 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 consolidated accounting period) (March 31,2003)

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	3,667	3,211	455
Bonds	-	-	-
Others	211	157	53
Total	3,878	3,369	509

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 693 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)	175
Total	175

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

This interim consolidated accounting period (April 1, 2003 to September 30, 2003) (Millions of yen)

	Electronics Assembly Machines	Machine Tools	Liquid crystal display related	Others	Total	Elimination or all company	Consolidated
. Sales and operating expenses							
Sales							
1. Sales to third parties	20,188	7,537	1,669	519	29,915	-	29,915
2. Interarea sales or transfers	1	0	-	201	204	204	-
Total	20,190	7,537	1,669	721	30,119	204	29,915
Operating expenses	19,834	7,284	1,800	773	29,693	609	30,302
Operating Income	355	252	130	51	426	813	387
. Asset, depreciation and capital expenditure							
Asset	63,810	17,554	4,875	2,292	88,532	8,142	96,674
Depreciation	1,620	237	43	70	1,972	88	2,060
Capital expenditure	1,849	56	358	56	2,319	52	2,372

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

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

(Millions of yen)

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

Notes:

1. Method of segmentation by type of business

Segmentation has been performed by the type and nature of the products.

2. Main products of each business unit.

(1) Electronics assembly machine business: SMT assembly machines

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

(3) LCD related business: LCD related production equipment

(4) Other businesses: Control hardware, Software development, Insurance brokerage

2. Geographical segment information

This interim consolidated accounting period (April 1, 2003 to September 30, 2003) (Millions of yen)

	Japan	North America	Total	Elimination or all company	Consolidated
. Sales and operating expenses					
Sales					
1. Sales to third parties	26,965	2,950	29,915	-	29,915
2. Interarea sales or transfers	1,925	27	1,952	1,952	-
Total	28,890	2,977	31,867	1,952	29,915
Operating expenses	27,843	3,411	31,255	952	30,302
Operating Income	1,046	434	612	999	387
. Asset	76,651	13,558	90,210	6,464	96,674

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

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

Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division
North America: The United States of America

3. Overseas sales

This interim consolidated accounting period (April 1, 2003 to September 30, 2003) (Millions of yen)

	North America	Europe	Asia	Other	Total
. Overseas sales	3,153	1,909	15,960	1,066	22,089
. Consolidated sales					29,915
. Ratio of overseas sales to consolidated sales(%)	10.5	6.4	53.3	3.6	73.8

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

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

Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division
 - (1) North America: The United States of America etc.
 - (2) Europe: Poland, Finland, Italy etc.
 - (3) Asia: China, Taiwan, Thailand 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, 2003 to September 30, 2003)

(Millions of yen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
Electronics assembly machine business	19,362 (61.7)	20,188 (67.5)	4,567 (33.4)
Machine tools business	9,047 (28.9)	7,537 (25.2)	7,099 (52.0)
Liquid crystal display related business	2,449 (7.8)	1,669 (5.6)	1,977 (14.5)
Other businesses	497 (1.6)	519 (1.7)	10 (0.1)
Total	31,357 (100.0)	29,915 (100.0)	13,653 (100.0)

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

(Millions of yen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
Electronics assembly machine business	33,125 (69.2)	31,221 (73.2)	5,393 (44.2)
Machine tools business	12,170 (25.4)	10,073 (23.6)	5,588 (45.8)
Liquid crystal display related business	1,846 (3.9)	649 (1.5)	1,197 (9.8)
Other businesses	723 (1.5)	720 (1.7)	32 (0.2)
Total	47,866 (100.0)	42,663 (100.0)	12,211 (100.0)

BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.

ASSETS	Millions of yen		
	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
Current assets			
Cash on hand and in bank	3,047	5,662	3,701
Notes receivable	1,910	1,477	1,614
Accounts receivable	15,237	8,673	11,373
Finished goods and work in process	8,736	10,846	8,031
Raw material and supplies	13,638	14,067	13,372
Deferred taxes	2,590	976	1,896
Other current assets	1,255	587	878
Allowance for doubtful receivable	35	68	50
Total current assets	46,381	42,222	40,818
Fixed assets			
Property, plant and equipment:			
Building and structures	7,973	8,423	8,260
Machinery and equipment	4,843	4,777	4,630
Vehicles	61	65	56
Tools, furniture and fixtures	1,001	1,085	963
Land	3,211	3,207	3,211
Construction in progress	18	5	77
Total property, plant and equipment	17,109	17,565	17,200
Intangible assets:			
Software	5,121	2,414	4,730
Other intangible assets	18	18	18
Total intangible assets	5,139	2,432	4,748
Investments, etc.:			
Investment securities	5,299	4,268	3,449
Investment in related parties	1,140	1,140	1,140
Sundry investments	437	466	323
Deferred taxes	5,594	8,169	7,165
Other investments	390	225	201
Total investments	12,861	14,269	12,279
Total fixed assets	35,110	34,268	34,228
Total assets	81,491	76,490	75,047

	Millions of yen		
	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current liabilities:			
Notes payable	6,182	2,964	4,177
Accounts payable-trade	3,499	1,720	2,753
Short-term borrowings	2,000	-	-
Accounts payable-other	163	195	222
Accrued expenses	1,572	1,397	1,598
Accrued warranty	575	497	468
Equipment notes payable	98	51	30
Other current liabilities	1,100	651	757
Total current liabilities	15,191	7,477	10,008
Long term liabilities:			
Long-term borrowings	6,400	6,400	6,400
Accrued retirement benefits	1,710	1,351	1,436
Total long term liabilities	8,110	7,751	7,836
Total liabilities	23,302	15,229	17,845
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:	45,983	50,169	46,210
Earnings reserve	1,450	1,450	1,450
Retained earnings	39,400	47,400	47,400
Unappropriated retained earnings	5,133	1,319	2,639
(Net Income	139	3,631	7,223
Unrealized gain on available for-sale securities, net of taxes	926	196	289
Treasury stock	12	4	11
Total shareholders' equity	58,189	61,261	57,202
Total liabilities and shareholders' equity	81,491	76,490	75,047

INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.

	Millions of yen		
	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
Net sales	28,408	18,960	39,732
Cost of sales	23,303	18,905	38,897
Selling, general and administrative expenses	5,026	5,911	9,409
Operating Income	78	5,857	8,574
Non-operating revenue:			
Interest and dividend income	32	13	57
Others	105	182	690
Non-operating expenses:			
Interest expense	36	31	65
Exchange loss	82	81	130
Others	21	26	50
Ordinary Income	75	5,800	8,073
Extraordinary gain	172	18	32
Extraordinary loss	29	239	1,165
Income before income taxes	218	6,022	9,206
Income taxes:			
Corporate, inhabitant's and enterprise taxes	9	9	21
Amount of corporation tax paid in previous financial year	-	-	256
Adjustment for corporate taxes	70	2,400	2,261
Net Income	139	3,631	7,223
Retained earnings brought forward	4,994	4,951	4,951
Interim dividend	-	-	366
Unappropriated retained earnings	5,133	1,319	2,639
Notes:			
Depreciation expense	978	1,064	2,174
Amortization expense	911	633	1,525

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 Method of important hedge account

(1) Hedge account method:

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

(2) Hedge means and subject:

The hedge means: interest rate swap

The hedge subject: loan

(3) Hedge policy:

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

(4) Method of evaluating hedge validity:

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

5. Computation of consumption tax and other tax

Tax computed separately.

NOTES:

(On balance sheet)

(Millions of yen)

	First half ended September 30, 2003	First half ended September 30, 2002	Year ended March 31, 2003
1. Accumulated depreciation of tangible fixed assets	19,872	18,285	19,161
2. Guarantee obligation	-	462	433

(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.