



INTERIM FINANCIAL STATEMENTS

From April 1, 2004
to September 30, 2004

Consolidated Subsidiaries

Domestic:

Makoto Industry Co., Ltd.

Edeclinsey System Co., Ltd.

Astro Co., Ltd.

Overseas:

Fuji America Corporation

Fuji Machine America Corporation

Fuji Machine Mfg. (Europe) GmbH

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

Management Policy

(1) Basic Management Policy

Fuji Machinery Manufacturing Group is to provide customers throughout the world the state of the art technology and professional services, and endeavor to assist in furtherance of corporate values to the benefits of users, stockholders, trading partners and their employees. Our objective is also to promote business growth through profitability improvement of the existing businesses, and development and expansion of LCD Assembly machinery business.

(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) Mid to Long-term Marketing Strategy

"Expanding profitability with innovative minds" is the fundamental philosophy behind the Fuji Machine Mfg. Group and we remain committed to proactively compete within extremely diversified global market conditions.

" High-speed, high-precision SMD and machining technology " has been the catalyst which has enabled us to quickly respond to customers needs, with particular emphasis focused on technology, quick product turnaround and cost reduction strategies.

As an effective means to execute the aforementioned objectives, a Research and Development Center was newly created in July to continuously deliver advanced technological products to the market through the integrated cross development of high-speed, high-precision core technologies, and implementation of a streamlined production plan for marketing.

As an innovative measure for "manufacturing", we are committed to the promotion of high-precision machining technology by integrating the Fuji Parts Machining Group with affiliated companies enabling us to manufacture products which are responsive to customer needs heading toward streamlined processing. With this objective in mind, we enhanced our manufacturing capability to improve quality, reduce production costs, and initiated improved staff training. A project team was formed to reduce material supply lead-time and bring manufacturing costs under tighter control.

As an innovative measure for "Production", a New Product Production Control System was created to promptly meet rapidly changing market conditions and diversified end-user needs. This will be achieved by reducing product lead-time, creating quicker turnaround times through the integration of manufacturing, sales and technology.

We are further committed to promoting our business activities specifically within the China, Brazil and India markets, which we fully expect will further increase Fuji Mfg. Group's market share.

(4) Basic Policy of Corporate Governance

Our company adopts the audit systems.

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 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 10 executives, of whom 4 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 strength corporate governance.

Business Summary

(1) Business Performance

Throughout the first half of this fiscal year, the US economy was largely affected by the war in Iraq and a tighter monetary policy adopted by the Chinese Government. These factors have contributed to economic uncertainty within the marketplace. However, market conditions have shifted from a recovery to a growth oriented state as observed by increased demand for products within the digital equipment and appliance industries. This has resulted in higher corporate profitability and capital investment.

For our SMD business, there had been a significant increase in demand for PCB Electronic components within the Asian market, especially in China, Taiwan and Korea, toward the end of last year through August of this year.

Increased demand for PCs, mobile phones, digital cameras, and flat-screen TVs, etc., has driven capital investment steadily higher through August. However, this trend has slowed somewhat since September.

For our Machine Tool business, conditions in both the domestic and overseas markets had been favorable, primarily due to capital investment within the Automobile industry, resulting in global economic growth and continued domestic demand.

For our LCD business, the market has been favorable primarily due to active capital investment within Japan, China and Taiwan, and increased demand for color-display mobile phones, monitors for PCs, notebook type PCs and flat-screen TVs, etc.

In this diversified business environment, Fuji Machine Mfg. group has made strident efforts in reducing production costs by strengthening development and production planning, which is intended to offer a quick-response to market changes and reengineer profit-generating business activities.

Consolidated financial statements for this interim reported new orders in the amount of 39,182 million yen (25.0% increase compared with the first-half of last year), and sales resulting in 38,988 million yen. (30.3% increase as compared with the first-half of last year) Operating profits resulted in 1,496 million yen, and an ordinary profit of 1,738 million yen. Semi-annual net profits resulted in 1,573 million yen.

Segment Performance

1.SMD

Through the introduction of our NXT model (Modular type high-speed chip-shooter) which was fully launched into the market, along with sales of CP series, (the premium products of Fuji Machine Mfg.,) and XP series, (medium-sized chip shooter), orders from top EMS makers in China and Taiwan have remained steady, resulting in sales of 26,183 million yen. (29.7% increase as compared with the first-half of last year) Operating profits resulted in 1,910 million yen.

2.Machine Tools

The Automobile industry continues with steady growth and has invested in capital equipment for unit production, which is designed to increase production efficiency by medium and small manufacturers. Sales resulted in 8,008 million yen (6.2% increase as compared with the first-half of last year). Operating profits resulted in 430 million yen.

3.LCD

Increased demand (especially by the top LCD manufacturer in Japan) for equipment to process downstream manufacturing for medium and small sized LCD products such as mobile phones, digital cameras, game machines, car navigation system, etc., have resulted in sales of 4,245 million yen. (154.2% increase as compared with the first-half of last year) Operating profits resulted in 111 million yen.

(2) Financial Condition

The total consolidated assets for this period, due to increases in accounts receivable, were 105,713 million yen, which was 5,950 million yen more than the previous consolidated fiscal year. Additionally, our consolidated liability for this fiscal year totaled 33,716 million yen, which was 3,915 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 14,755 million yen, which was 3,012 million yen more than the previous consolidated fiscal period. This was attributable to the total of increased cash flow from business operations and financing activities exceeding of decreased cash flow from investment activities

As for cash flow from business operations, cash which was obtained as a result of operations was 2,794 million yen (the previous consolidated fiscal period 275 million yen). This was mainly attributable to positive factors such as decreases in depreciation expenses, inventories and increase in purchase debt exceeding negative factors such as increases in trade receivables.

As for cash flow from investing activities, cash which was used as a result of the activities was 2,375 million yen (the previous consolidated fiscal period 2,433 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 611 million yen (the previous consolidated fiscal period 1,632 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 2001)	Consolidated Accounting Period (March 31 st 2002)	Consolidated Accounting Period (March 31 st 2003)	Consolidated Accounting Period (March 31 st 2004)	Consolidated Accounting Period (September 30 th 2004)
Shareholders' Equity Ratio (%)	76.7	85.0	79.7	70.1	68.1
Shareholder's Equity Ratio (based on market price) %	131.7	113.3	48.1	66.7	47.6
The number of years of debt redemption (Years)		1.4	0.8		5.3
Interest Coverage Ratio		129.2	122.8		39.1

Notes:

- 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
- Each index is calculated according to the consolidated financial value.
- 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).
- “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 and the previous consolidated fiscal period, the debt redemption and interest coverage ratio are omitted for that period.**

(3) Business Outlook for the fiscal year

It is expected that capital investment for SMD and LCD machinery will continue to remain steady for the remainder of this year in both the domestic and overseas markets. However, production targets may be adjusted lower for mobile phones, digital cameras, flat-screen TVs, and notebook PCs, which initially boosted digital equipment sales. This adjustment is expected to slow short-term business activities. In contrast to this outlook, it is projected that there is a good chance of growth for high performance mobile phones, which include color displays, built-in cameras, and flat-screen displays, especially within the Chinese market due to increasing demand.

The Machine Tools business is expected to have high demand especially from the Automobile industry, which has been trying to meet environmental restrictions, and forecasts favorable business conditions in both domestic and overseas markets.

Under these circumstances, total sales on a consolidation basis is expected to result in 78,000 million yen (27.7% increase as compared with last year), Operating profits of 3,400 million yen, Ordinary profits at 3,500 million yen (159.9% increase as compared with last year), and Net profits of 3,300 million yen, respectively.

CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

ASSETS	Millions of yen		
	First half ended September 30, 2004	First half ended September 30, 2003	Year ended March 31, 2004
Current assets			
Cash on hand and in bank	15,017	12,195	13,692
Notes and accounts receivable – trade	25,864	16,840	19,087
Inventories	27,027	25,676	29,327
Deferred taxes	3,757	2,932	2,501
Other current assets	977	1,760	1,635
Less-Allowance for doubtful receivable	16	46	136
Total current assets	72,628	59,359	66,108
Fixed assets			
Property, plant and equipment:			
Building and structures	9,437	9,878	9,540
Machinery/equipment and vehicles	4,284	5,227	4,482
Tools, furniture and fixtures	1,044	1,077	1,061
Land	3,923	3,852	3,840
Construction in progress	28	18	7
Total property, plant and equipment	18,718	20,054	18,932
Intangible assets:			
Software	5,763	5,143	5,554
Other intangible assets	21	21	21
Total intangible assets	5,784	5,165	5,575
Investments and other assets:			
Investment securities	7,291	5,435	6,451
Deferred taxes	403	5,772	1,801
Others	887	887	893
Total investments and other assets	8,581	12,094	9,145
Total fixed assets	33,085	37,315	33,654
Total assets	105,713	96,674	99,762

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		
	First half ended September 30, 2004	First half ended September 30, 2003	Year ended March 31, 2004
Liabilities			
Current liabilities:			
Notes and accounts payable	11,921	9,691	9,107
Short-term borrowings	4,000	2,010	3,000
Return planned long-term borrowings for less than 1 year	595	-	-
Accrued expenses	2,689	1,867	2,487
Accrued warranty	807	629	686
Others	1,678	1,569	1,648
Total current liabilities	21,692	15,767	16,930
Long term liabilities:			
Long-term borrowings	10,222	6,400	10,812
Accrued retirement benefits	1,780	1,716	2,027
Consolidation adjustments	20	-	31
Total long term liabilities	12,023	8,116	12,870
Total liabilities	33,716	23,884	29,801
Shareholders' equity			
Capital stock	5,878	5,878	5,878
Capital surplus	5,413	5,413	5,413
Earnings surplus	57,512	59,033	56,306
Unrealized gain on available for-sale securities, net of taxes	1,719	924	1,500
Translation adjustment	1,488	1,552	877
Treasury stock	15	12	13
Total shareholders' equity	71,996	72,790	69,961
Total liabilities and shareholders' equity	105,713	96,674	99,762

CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2004	First half ended September 30, 2003	Year ended March 31, 2004
Net sales	38,988	29,915	61,081
Cost of sales	30,152	23,995	46,652
Selling, general and administrative expenses	7,339	6,307	13,267
Operating Income	1,496	387	1,161
Non-operating revenue:			
Interest and dividend income	102	72	124
Exchange gain	78	-	-
Others	198	226	521
Non-operating expenses:			
Interest expense	72	36	87
Exchange loss	-	98	266
Others	65	21	105
Ordinary Income	1,738	245	1,346
Extraordinary gain	107	296	615
Extraordinary loss	84	34	172
Income before income taxes and minority interest	1,761	16	1,790
Income taxes:			
Corporate, inhabitant's and enterprise taxes	176	51	132
Adjustment for corporate taxes	12	30	4,083
Net Income	1,573	64	2,425
Notes:			
Depreciation expense	990	1,139	2,261
Amortization expense	1,026	921	1,729

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2004	First half ended September 30, 2003	Year ended March 31, 2004
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	56,306	59,464	59,464
Increase			
Net Income	1,573	-	-
Decrease			
Cash dividends	366	366	733
Net loss	-	64	2,425
Ending balance of earnings surplus	57,512	59,033	56,306

CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2004	First half ended September 30, 2003	Year ended March 31, 2004
Operating activities			
Income before income taxes and minority interest	1,761	16	1,790
Depreciation and amortization	2,017	2,060	3,990
Increase in accrued warranty	117	119	175
Increase or decrease in accrued retirement benefits	247	274	585
Interest and dividend income	102	72	124
Interest expense	72	36	87
Gain on disposition of fixed assets	11	137	41
Loss on disposition of fixed assets	68	15	75
Gain on sale of investment securities	7	142	647
Devaluation of investment securities	-	-	54
Increase in accounts receivable	6,639	4,151	6,399
Increase or decrease in inventories	2,453	826	4,106
Increase in trade payable	2,712	2,881	2,185
Increase or decrease in accrued consumption taxes	443	38	502
Others	531	166	597
Sub total	3,171	281	2,278
Interest and dividend received	102	72	124
Interest paid	71	36	83
Payments or refund of income taxes	407	41	629
Net cash (used in) provided by operating activities	2,794	275	1,607
Investing activities			
Additions of tangible and intangible fixed assets	2,134	2,327	3,976
Proceeds from sales of tangible and intangible fixed assets	113	386	664
Additions of investment securities	468	-	391
Proceeds from sales of investment securities	114	304	971
Investment in time deposit	120	137	257
Proceeds on maturity of time deposit	221	103	328
Expenditures for long-term prepaid expenses	139	222	428
Expenditure by loan	-	414	-
Others	37	126	107
Net cash used in investing activities	2,375	2,433	3,198
Financing activities			
Increase or decrease in short-term borrowings	1,000	2,000	2,568
Proceeds on long-term borrowings	-	-	4,421
Expenditures for return of long-term borrowings	19	-	-
Dividends paid	366	366	733
Others	1	0	2
Net cash (used in) provided by financing activities	611	1,632	6,254
Effect of exchange rate changes on cash and cash equivalents	395	578	966
Increase or decrease in cash and cash equivalents	1,426	1,104	481
Cash and cash equivalents at beginning of year	13,329	12,847	12,847
Cash and cash equivalents at end of the period	14,755	11,743	13,329

BASIS FOR PREPARATION OF INTERIM CONSOLIDATED STATEMENTS

1. Consolidation range

Number of consolidated subsidiary companies: 7 companies

The names of consolidated subsidiary companies:

Makoto Industry Co., Ltd. Edeclinsey System Co., Ltd. Astro Co., Ltd.
Fuji America Corporation Fuji Machine America Corporation
Fuji Machine Mfg. (Europe) GmbH Fuji Machine Mfg. (Dalian) Co., Ltd.

2. Applicability under the holdings law

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

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 closing date for the interim financial report for Fuji Machine Mfg. Limited (Dalian) is June 30. Financial reports from subsidiaries are based on pro forma statements at the time of consolidation, in order to report consolidated interim financial statements.

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. Calculational 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, 2004	First half ended September 30, 2003	Year ended March 31, 2004
1. Accumulated depreciation of tangible fixed assets	22,972	21,351	22,236
2. Balance of endorsed notes receivable	2	5	0

(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, 2004	First half ended September 30, 2003	Year ended March 31, 2004
Cash and deposit accounts	15,017	12,195	13,692
Time deposits whose deposit terms exceed three months	262	452	362
Cash and cash equivalents at end of the period	14,755	11,743	13,329

(On consolidated marketable securities)

(This interim consolidated accounting period) (September 30, 2004)

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	4,076	6,935	2,858
Bonds	-	-	-
Others	211	214	2
Total	4,288	7,150	2,861

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)	116
Total	116

(Previous 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 consolidated accounting period) (March 31,2004)

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	3,602	6,083	2,481
Bonds	-	-	-
Others	211	227	16
Total	3,814	6,311	2,497

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)	115
Total	115

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

This interim consolidated accounting period (April 1, 2004 to September 30, 2004) (Millions of yen)

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	Others	Total	Elimination or all company	Consolidated
. Sales and operating expenses							
Sales							
1. Sales to third parties	26,183	8,008	4,245	551	38,988	-	38,988
2. Interarea sales or transfers	0	-	-	401	401	401	-
Total	26,183	8,008	4,245	952	39,389	401	38,988
Operating expenses	24,273	7,577	4,134	997	36,982	509	37,492
Operating income	1,910	430	111	44	2,407	911	1,496
. Asset, depreciation and capital expenditure							
Asset	68,339	17,739	7,909	2,125	96,112	9,601	105,713
Depreciation	1,525	209	156	61	1,952	65	2,017
Capital expenditure	1,599	163	295	55	2,113	13	2,126

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

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	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 consolidated accounting period (April 1, 2003 to March 31, 2004)

(Millions of yen)

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	Others	Total	Elimination or all company	Consolidated
. Sales and operating expenses							
Sales							
1. Sales to third parties	38,924	17,508	3,517	1,131	61,081	-	61,081
2. Interarea sales or transfers	1	0	-	488	490	490	-
Total	38,925	17,508	3,517	1,619	61,571	490	61,081
Operating expenses	37,111	16,328	3,743	1,677	58,860	1,059	59,919
Operating income	1,814	1,180	225	58	2,711	1,549	1,161
. Asset, depreciation and capital expenditure							
Asset	64,715	19,931	4,381	2,289	91,317	8,445	99,762
Depreciation	3,135	466	96	135	3,833	156	3,990
Capital expenditure	3,132	156	603	95	3,987	98	4,086

Notes:

1. Method of segmentation by type of business

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

2. Main products of each business unit.

(1) PCB assembly machinery business: SMT assembly machines

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

(3) LCD assembly machinery business: LCD related production equipment

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

2. Geographical segment information

This interim consolidated accounting period (April 1, 2004 to September 30, 2004) (Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
. Sales and operating expenses							
Sales							
1. Sales to third parties	31,984	5,840	1,164	-	38,988	-	38,988
2. Interarea sales or transfers	4,189	12	39	-	4,241	4,241	-
Total	36,173	5,852	1,203	-	43,230	4,241	38,988
Operating expenses	34,047	5,682	1,179	-	40,909	3,417	37,492
Operating income	2,126	170	23	-	2,320	824	1,496
. Asset	82,802	15,183	1,218	93	99,297	6,416	105,713

Previous 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 consolidated accounting period (April 1, 2003 to March 31, 2004) (Millions of yen)

	Japan	North America	Europe	Total	Elimination or all company	Consolidated
. Sales and operating expenses						
Sales						
1. Sales to third parties	51,533	8,598	949	61,081	-	61,081
2. Interarea sales or transfers	5,773	25	14	5,814	5,814	-
Total	57,307	8,624	964	66,895	5,814	61,081
Operating expenses	54,314	8,607	952	63,874	3,954	59,919
Operating income	2,993	16	11	3,021	1,860	1,161
. Asset	78,680	13,952	1,151	93,784	5,978	99,762

Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division
 - (1) North America: The United States of America
 - (2) Europe: Germany
 - (3) Asia: China

3. Overseas sales

This interim consolidated accounting period (April 1, 2004 to September 30, 2004) (Millions of yen)

	North America	Europe	Asia	Other	Total
. Overseas sales	5,971	2,201	19,944	2,289	30,406
. Consolidated sales					38,988
. Ratio of overseas sales to consolidated sales(%)	15.3	5.6	51.2	5.9	78.0

Previous 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 consolidated accounting period (April 1, 2003 to March 31, 2004) (Millions of yen)

	North America	Europe	Asia	Other	Total
. Overseas sales	9,135	3,422	29,882	1,324	43,765
. Consolidated sales					61,081
. Ratio of overseas sales to consolidated sales(%)	15.0	5.6	48.9	2.2	71.7

Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division
 - (1) North America: The United States of America, Canada, etc.
 - (2) Europe: Germany, Italy, France, etc.
 - (3) Asia: China, Taiwan, 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, 2004 to September 30, 2004)

(Millions of yen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
PCB assembly machinery business	27,283 (69.6)	26,183 (67.2)	5,908 (50.1)
Machine tools business	8,278 (21.1)	8,008 (20.5)	5,664 (48.0)
LCD assembly machinery business	3,071 (7.9)	4,245 (10.9)	152 (1.3)
Other businesses	548 (1.4)	551 (1.4)	72 (0.6)
Total	39,182 (100.0)	38,988 (100.0)	11,796 (100.0)

(Previous 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 (%)
PCB assembly machinery 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)
LCD assembly machinery 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 consolidated accounting period) (April 1, 2003 to March 31, 2004)

(Millions of yen)

Business divided into Market segment type	Sales orders (%)	Sales (%)	Back orders (%)
PCB assembly machinery business	38,339 (63.4)	38,924 (63.7)	4,808 (41.4)
Machine tools business	17,313 (28.6)	17,508 (28.7)	5,393 (46.5)
LCD assembly machinery business	3,646 (6.0)	3,517 (5.8)	1,326 (11.4)
Other businesses	1,173 (2.0)	1,131 (1.8)	74 (0.7)
Total	60,472 (100.0)	61,081 (100.0)	11,603 (100.0)

BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.

ASSETS	Millions of yen		
	First half ended September 30, 2004	First half ended September 30, 2003	Year ended March 31, 2004
Current assets			
Cash on hand and in bank	4,827	3,047	4,333
Notes receivable	3,585	1,910	4,244
Accounts receivable	21,354	15,237	13,954
Finished goods and work in process	8,286	8,736	13,324
Raw material and supplies	15,774	13,638	12,689
Deferred taxes	3,380	2,590	2,155
Other current assets	847	1,255	1,514
Allowance for doubtful receivable	-	35	35
Total current assets	58,057	46,381	52,181
Fixed assets			
Property, plant and equipment:			
Building and structures	7,547	7,973	7,732
Machinery and equipment	3,908	4,843	4,211
Vehicles	65	61	56
Tools, furniture and fixtures	947	1,001	981
Land	3,211	3,211	3,211
Construction in progress	28	18	7
Total property, plant and equipment	15,709	17,109	16,201
Intangible assets:			
Software	5,744	5,121	5,532
Other intangible assets	17	18	18
Total intangible assets	5,762	5,139	5,550
Investments, etc.:			
Investment securities	7,156	5,299	6,296
Investment in related parties	1,140	1,140	1,140
Sundry investments	82	150	112
Sundry investments in related parties	372	287	287
Deferred taxes	396	5,594	1,776
Other investments	563	390	555
Total investments	9,712	12,861	10,168
Total fixed assets	31,185	35,110	31,920
Total assets	89,242	81,491	84,101

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		
	First half ended September 30, 2004	First half ended September 30, 2003	Year ended March 31, 2004
Liabilities			
Current liabilities:			
Notes payable	8,387	6,182	6,452
Accounts payable-trade	3,843	3,499	3,033
Short-term borrowings	4,000	2,000	3,000
Return planned long-term borrowings for less than 1 year	525	-	-
Accounts payable-other	160	163	287
Accrued expenses	1,944	1,572	1,854
Accrued warranty	692	575	622
Equipment notes payable	136	98	63
Other current liabilities	1,117	1,100	604
Total current liabilities	20,807	15,191	15,917
Long term liabilities:			
Long-term borrowings	9,875	6,400	10,400
Accrued retirement benefits	1,772	1,710	2,020
Others	15	-	15
Total long term liabilities	11,662	8,110	12,435
Total liabilities	32,470	23,302	28,353
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:	43,773	45,983	42,982
Earnings reserve	1,450	1,450	1,450
Retained earnings	39,400	39,400	39,400
Unappropriated retained earnings	2,923	5,133	2,132
Unrealized gain on available for-sale securities, net of taxes	1,721	926	1,486
Treasury stock	15	12	13
Total shareholders' equity	56,772	58,189	55,747
Total liabilities and shareholders' equity	89,242	81,491	84,101

INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.

	Millions of yen		
	First half ended September 30, 2004	First half ended September 30, 2003	Year ended March 31, 2004
Net sales	35,773	28,408	56,408
Cost of sales	29,069	23,303	45,213
Selling, general and administrative expenses	5,678	5,026	10,179
Operating Income	1,025	78	1,015
Non-operating revenue:			
Interest and dividend income	122	32	41
Exchange gain	79	-	-
Others	126	105	308
Non-operating expenses:			
Interest expense	61	36	87
Exchange loss	-	82	159
Others	61	21	103
Ordinary Income	1,230	75	1,014
Extraordinary gain	17	172	621
Extraordinary loss	81	29	161
Income before income taxes	1,166	218	1,474
Income taxes:			
Corporate, inhabitant's and enterprise taxes	9	9	18
Adjustment for corporate taxes	-	70	3,951
Net Income	1,157	139	2,494
Retained earnings brought forward	1,765	4,994	4,994
Interim dividend	-	-	366
Unappropriated retained earnings	2,923	5,133	2,132
Notes:			
Depreciation expense	887	978	1,984
Amortization expense	1,021	911	1,711

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, 2004	First half ended September 30, 2003	Year ended March 31, 2004
1. Accumulated depreciation of tangible fixed assets	21,265	19,872	20,630
2. Guarantee obligation	417	-	412

(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.