



INTERIM FINANCIAL STATEMENTS

From April 1, 2007
to September 30, 2007

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.

Operation Results

(1) Analysis of operating results

① Operating results of the interim term

Speaking of the Japanese economy during this interim term for our consolidated accounting, the business climate has moved in a gradual expansion trend as the capital expenditure maintained an increase supported by the improvement of corporate gains under the improvement of the employment environment, though effects by the high increase of the crude oil and raw material prices are concerned. Although uncertainty has increased in the world economy due to concern of the decelerating U.S. economy affected by the subprime lending issues, it has generally moved in a robust condition as the Asian and European economy has continued growth.

Under such an environment mentioned in the above, our group has promoted reinforcement of the marketing and service system as well as renovation of the development and manufacturing linkage process in addition to the continued input of the leading edge products that meet customer needs to the marketplace simultaneously promoting differentiation from competitors to survive in the severe market.

To be specific, we have deepened “high precision and high speed mounting technology, precision processing technology” which are the core competence of our group, and have input the new differentiated products such as XPF (high speed multi-mounting machine) and the high precision module M6SP to be mounted on the NXT (high speed placing machine with multi function in module type) so that we may differentiate our products from competitors improving the product composition to cope with diversified customer needs. Speaking of the sales, we have enhanced increase of customer satisfaction through enrichment of the customer service support system increasing the number of servicemen including dealers providing the customer oriented comprehensive solution. We have also tried to expand the market share through the exploitation of the market in the newly emerging countries and sales promotion to the customers in Japan and overseas. As for thing-making, we have promoted fosterage of human resources who support thing-making in addition to promotion of strategic VA and CD for reinforcement of cost competitiveness. We have also promoted construction of the optimal purchasing system and the highly efficient production system to flexibly meet demand fluctuation. We have been trying to further increase the corporate value through improvement of the internal control system and aggressive measures to respond to the corporate social responsibility (CSR) strengthening the corporate governance.

In the situation marked by these, we have achieved orders of 62,705 million yen (increase by 15.1% against the same period in the previous year), sales of 58,870 million yen (increase by 2.1% against the same period in the previous year), operating income of 13,028 million yen (increase by 14.1% against the same period in the previous year), and ordinary income of 13,172 million yen (increase by 14.2% against the same period in the previous year), with the net income for this interim period reaching 8,011 million yen (increase by 14.3% against the same period in the previous year).

Business results by segment

1) PCB Assembly Machinery

Under the expansion of the electronics market like the cell-phone, the laptop and the flat-screen TV, the demand of NXT which is our major product has increased in the Asian region including China and Taiwan, and the sale of NXT has been

successful backed up by the active demand for the capital expenditure of the major cell-phone manufacturers which are our major customers, major EMS (Electronic Manufacturing Service) and ODM (Original Design Manufacturer). The sales amount was 51,027 million yen (increase by 11.9% against the same period in the previous year) and the operating income was 14,271 million yen (increase by 26.9% against the same period in the previous year).

2) Machine Tools

Although the demand of the capital expenditure in the industry as a whole has maintained the high level mainly by the foreign demands, the capital expenditure of the automotive industry which is our major customer was sluggish than our initial forecast. As a result, the sales amount was 7,364 million yen (decrease by 23.6% against the same period in the previous year) and the operating loss was 321 million yen (operating gain in the same period of the previous year was 987 million yen).

② Outlook for the Full Fiscal Year

Speaking of the business environment, although uncertainty is increasing in the futures world economy due to the continuing increase of the crude oil and raw material prices and concern of the decelerating U.S. economy affected by the subprime lending issues as well as concern of currency exchange movement, we predict the business in general will move in a robust condition by the increase of demands from domestic firms backed up by the high corporate gains and the expansion of business by the high economic growth in China and Asia.

We anticipate that the capital expenditure in the Electronics Assembly Equipment Business field will generally continue to be strong by the stable expansion of the electronics market such as the cell-phone, the laptop and the flat-screen TV as well as the further popularization of the car-electronics system. We will try to further expand our market share gaining customer satisfaction through differentiated products and reinforcement of the sales and service system as well as pursuit of cost reduction and high quality to increase our competitiveness.

It is predicted that the capital expenditure in the Machine Tools industry as a whole will keep the high level mainly by the overseas demand. Since the capital expenditure in the automotive industry is predicted to be strong in terms of the intermediate and long terms due to the temporary saturation, we will do our best to realize a constitution to gain stable profit by the exploitation of the overseas market and new market, improvement of the sales and service support system through enrichment of the dealer network in Japan and overseas, promotion of standardization of design drawings, purchased parts and production processes through selection and integration of the product models as well as promotion of streamlining, cost reduction and quality improvement.

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

(Millions of yen)

Consolidated	Sales	Operating income	Ordinary income	Net income
Forecast at the beginning of this fiscal year	102,000	16,000	16,400	9,500
Revised forecast	107,000	20,400	20,500	12,100
Increase or decrease	5,000	4,400	4,100	2,600
Ratio of increase or decrease	4.9%	27.5%	25.0%	27.4%
Non-consolidated	Sales	Operating income	Ordinary income	Net income
Forecast at the beginning of this fiscal year	96,000	15,000	15,000	8,700
Revised forecast	100,000	18,600	18,300	10,800
Increase or decrease	4,000	3,600	3,300	2,100
Ratio of increase or decrease	4.2%	24.0%	22.0%	24.1%

(2) Analysis of financial condition

The total consolidated assets for this period, due to increases in Cash on hand and in bank and Accounts receivable were 137,278 million yen, which was 6,796 million yen more than the previous consolidated fiscal year. Additionally, our consolidated liabilities for this period totaled 34,737 million yen, which was 333 million yen more than the previous consolidated fiscal year due to increases in Accounts payable.

As for the cash flow, consolidated cash and cash equivalents for this fiscal period were 45,581 million yen, which was 12,276 million yen more than the same period in the previous year. This was attributable to the total of increased cash flow from business operations exceeding decreased cash flow from investment activities and financing activities.

As for cash flow from business operations, cash which was obtained as a result of operations was 16,728 million yen (the same period in the previous year 16,806 million yen). This was mainly attributable to positive factors such as increases in income before income tax and decreases in inventories exceeding negative factors such as increases in accounts receivable and payments of income taxes.

As for cash flow from investing activities, cash which was used as a result of the activities was 1,477 million yen (the same period in the previous year \triangle 1,592 million yen). This was attributable mainly from expenditure such as additions of investment securities.

As for cash flow from financing activities, cash which was used as a result of these activities was 1,674 million yen (the same period in the previous year \triangle 5,070 million yen). This was principally due to a decrease in Long-term borrowings.

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

	Consolidated Accounting Period (March 31 st 2004)	Consolidated Accounting Period (March 31 st 2005)	Consolidated Accounting Period (March 31 st 2006)	Consolidated Accounting Period (March 31 st 2007)	Consolidated Accounting Period (September 30 th 2007)
Shareholders' Equity Ratio (%)	70.1	67.6	69.9	73.6	74.7
Shareholder's Equity Ratio (based on market price) (%)	66.7	49.1	85.6	71.7	79.6
The number of years of debt redemption (Years)	—	3.7	3.7	0.8	0.8
Interest Coverage Ratio	—	32.7	35.7	99.0	181.6

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, 2004, the debt redemption and interest coverage ratio are omitted for that period.

(3) Basic policy covering profit distribution and dividends for this fiscal year

As the basic policy for profit sharing, the Company is hoping to maintain stable dividend and continually return profits to customers while attempting to strengthen the management foundation with the aims to improve profitability and to achieve a good balance between profit distribution to shareholders and reinforcement of financial strengths.

The internal reserves are planned to be utilized to develop products in line with market needs and invest in the streamlining of facilities so that the business foundation will be improved and reinforced.

The interim dividends for this term are 20 yen per share which is an increase by 7.50 yen as planned in the beginning based on the basic policy of the profit distribution.

As for the year end dividends, we plan to set the rate at 20 yen per share and 40 yen per annum, increase by 15 yen per share.

(4) Risk of business

Since no new risk has been revealed from the latest financial statement report (submitted on June 28, 2007), disclosure of business risk is omitted.

Management Policies

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

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

(Fuji Machine Mfg.Co.,Ltd)

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

(Nagoya Stock Exchange,Inc.)

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

CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

ASSETS	Millions of yen		
	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
Current assets			
Cash on hand and in bank	33,696	33,412	32,700
Notes and accounts receivable – trade	28,998	29,641	26,521
Marketable securities	–	12,800	–
Inventories	29,061	24,369	31,375
Deferred taxes	2,710	2,982	3,038
Other current assets	1,710	1,404	2,717
Less-Allowance for doubtful receivable	△ 23	△ 23	△ 15
Total current assets	96,154	104,587	96,337
Fixed assets			
Property, plant and equipment:			
Building and structures	8,783	8,396	8,547
Machinery/equipment and vehicles	3,718	3,381	3,848
Tools, furniture and fixtures	935	843	865
Land	3,938	4,141	4,147
Construction in progress	5	24	6
Total property, plant and equipment	17,382	16,786	17,415
Intangible assets:			
Software	3,363	1,827	2,413
Other intangible assets	21	20	20
Total intangible assets	3,384	1,848	2,434
Investments and other assets:			
Investment securities	12,027	13,481	13,700
Deferred taxes	18	61	22
Others	1,151	1,018	1,088
Less-Allowance for doubtful receivable	△ 516	△ 505	△ 517
Total investments and other assets	12,682	14,055	14,294
Total fixed assets	33,449	32,690	34,144
Total assets	129,603	137,278	130,481

LIABILITIES AND NET ASSETS	Millions of yen		
	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
Liabilities			
Current liabilities:			
Notes and accounts payable	5,877	4,612	3,204
Return planned long-term borrowings for less than 1 year	1,933	3,618	2,114
Accrued expenses	3,658	3,781	3,860
Accrued income tax	2,737	5,209	5,509
Accrued warranty	1,829	2,021	1,931
Others	4,666	3,650	2,758
Total current liabilities	20,703	22,894	19,378
Long term liabilities:			
Bonds	5,000	5,000	5,000
Long-term borrowings	9,162	5,559	8,114
Deferred tax liabilities	1,860	1,257	1,814
Accrued retirement benefits	679	26	97
Total long term liabilities	16,703	11,842	15,025
Total liabilities	37,406	34,737	34,404
Net assets			
Shareholders' equity			
Capital stock	5,878	5,878	5,878
Capital surplus	5,413	5,413	5,413
Earnings surplus	74,218	85,466	78,066
Treasury stock	△ 26	△ 34	△ 30
Total shareholders' equity	85,484	96,724	89,329
Valuation and translation adjustments			
Unrealized gain on available for-sale securities, net of taxes	4,395	3,698	4,372
Translation adjustment	2,316	2,117	2,375
Total valuation and translation adjustments	6,712	5,816	6,747
Total net assets	92,196	102,540	96,077
Total liabilities and net assets	129,603	137,278	130,481

CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
Net sales	57,641	58,870	101,892
Cost of sales	36,927	36,771	65,315
Selling, general and administrative expenses	9,291	9,069	18,159
Operating Income	11,422	13,028	18,417
Non-operating revenue:			
Interest and dividend income	249	381	561
Others	139	66	220
Non-operating expenses:			
Interest expense	110	92	203
Exchange loss	14	158	44
Others	151	53	171
Ordinary Income	11,535	13,172	18,779
Extraordinary gain:			
Gain on disposal of fixed assets	27	73	61
Reversal of allowance for doubtful accounts	6	-	14
Others	1	-	4
Extraordinary loss:			
Loss on disposal of fixed assets	113	178	233
Retirement benefits for directors	386	-	386
Others	9	-	17
Income before income taxes and minority interest	11,060	13,066	18,222
Income taxes:			
Corporate, inhabitant's and enterprise taxes	2,710	5,167	5,758
Adjustment for corporate taxes	1,341	△ 111	996
Net Income	7,008	8,011	11,467
Notes:			
Depreciation expense	825	848	1,736
Amortization expense	1,213	805	2,363

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Fuji Machine Mfg. Co., Ltd. and subsidiaries

Previous interim consolidated accounting period (April 1, 2006 to September 30, 2006)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Earnings surplus	Treasury stock	Total shareholders' equity
Balance at March 31,2006	5,878	5,413	67,759	△ 22	79,029
Increase(Decrease)during the term:					
Cash dividends	-	-	△ 488	-	△ 488
Bonuses to director corporate auditors	-	-	△ 60	-	△ 60
Net income	-	-	7,008	-	7,008
Acquisition of treasury Stocks	-	-	-	△ 4	△ 4
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-
Total	-	-	6,459	△ 4	6,455
Balance at September 30, 2006	5,878	5,413	74,218	△ 26	85,484

	Valuation and translation adjustments			Total net assets
	Unrealized gain on available for-sale securities, net of taxes	Translation adjustment	Total valuation and translation adjustments	
Balance at March 31,2006	5,284	2,229	7,514	86,543
Increase(Decrease)during the term:				
Cash dividends	-	-	-	△ 488
Bonuses to director corporate auditors	-	-	-	△ 60
Net income	-	-	-	7,008
Acquisition of treasury stocks	-	-	-	△ 4
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 889	87	△ 801	△ 801
Total	△ 889	87	△ 801	5,653
Balance at September 30, 2006	4,395	2,316	6,712	92,196

This interim consolidated accounting period (April 1, 2007 to September 30, 2007)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Earnings surplus	Treasury stock	Total shareholders' equity
Balance at March 31,2007	5,878	5,413	78,066	△ 30	89,329
Increase(Decrease)during the term:					
Cash dividends	-	-	△ 611	-	△ 611
Net income	-	-	8,011	-	8,011
Acquisition of treasury stocks	-	-	-	△ 4	△ 4
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-
Total	-	-	7,399	△ 4	7,395
Balance at September 30, 2007	5,878	5,413	85,466	△ 34	96,724

	Valuation and translation adjustments			Total net assets
	Unrealized gain on available for-sale securities, net of taxes	Translation adjustment	Total valuation and translation adjustments	
Balance at March 31,2007	4,372	2,375	6,747	96,077
Increase(Decrease)during the term:				
Cash dividends	-	-	-	△ 611
Net income	-	-	-	8,011
Acquisition of treasury stocks	-	-	-	△ 4
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 673	△ 258	△ 931	△ 931
Total	△ 673	△ 258	△ 931	6,463
Balance at September 30, 2007	3,698	2,117	5,816	102,540

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

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Earnings surplus	Treasury stock	Total shareholders' equity
Balance at March 31,2006	5,878	5,413	67,759	△ 22	79,029
Increase(Decrease)during the term:					
Cash dividends	-	-	△ 1,100	-	△ 1,100
Bonuses to director corporate auditors	-	-	△ 60	-	△ 60
Net income	-	-	11,467	-	11,467
Acquisition of treasury stocks	-	-	-	△ 7	△ 7
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-
Total	-	-	10,307	△ 7	10,299
Balance at March 31,2007	5,878	5,413	78,066	△ 30	89,329

	Valuation and translation adjustments			Total net assets
	Unrealized gain on available for-sale securities, net of taxes	Translation adjustment	Total valuation and translation adjustments	
Balance at March 31,2006	5,284	2,229	7,514	86,543
Increase(Decrease)during the term:				
Cash dividends	-	-	-	△ 1,100
Bonuses to director corporate auditors	-	-	-	△ 60
Net income	-	-	-	11,467
Acquisition of treasury stocks	-	-	-	△ 7
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 912	145	△ 766	△ 766
Total	△ 912	145	△ 766	9,533
Balance at March 31,2007	4,372	2,375	6,747	96,077

CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen		
	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
Operating activities			
Income before income taxes and minority interest	11,060	13,066	18,222
Depreciation and amortization	2,038	1,654	4,099
Increase in accrued warranty	258	91	357
Decrease in accrued retirement benefits	△ 466	△ 94	△ 1,048
Interest and dividend income	△ 249	△ 381	△ 561
Interest expense	110	92	203
Gain on disposition of fixed assets	△ 27	△ 73	△ 61
Loss on disposition of fixed assets	113	178	233
Increase or decrease in accounts receivable	3,161	△ 3,107	5,686
Increase or decrease in inventories	△ 2,235	6,943	△ 4,506
Decrease in trade payable	1,424	1,474	△ 1,270
Increase or decrease in accrued consumption taxes	△ 136	1,091	△ 917
Others	2,222	877	496
Sub total	17,275	21,814	20,933
Interest and dividend received	249	381	561
Interest paid	△ 110	△ 92	△ 205
Payments of income taxes	△ 606	△ 5,374	△ 991
Net cash provided by operating activities	16,806	16,728	20,298
Investing activities			
Additions of tangible and intangible fixed assets	△ 1,315	△ 635	△ 2,815
Proceeds from sales of tangible and intangible fixed assets	64	226	287
Additions of investment securities	△ 217	△ 899	△ 1,951
Proceeds from sales of investment securities	3	-	12
Investment in time deposit	△ 141	△ 254	△ 438
Proceeds on maturity of time deposit	99	79	332
Expenditures for long-term prepaid expenses	△ 77	△ 6	△ 77
Others	△ 7	12	△ 20
Net cash used in investing activities	△ 1,592	△ 1,477	△ 4,670
Financing activities			
Expenditures for return of long-term borrowings	△ 4,577	△ 1,058	△ 5,458
Dividends paid	△ 487	△ 610	△ 1,098
Others	△ 4	△ 4	△ 7
Net cash (used in) provided by financing activities	△ 5,070	△ 1,674	△ 6,565
Effect of exchange rate changes on cash and cash equivalents	86	△ 240	107
Increase or decrease in cash and cash equivalents	10,230	13,336	9,170
Cash and cash equivalents at beginning of year	23,074	32,245	23,074
Cash and cash equivalents at end of the period	33,305	45,581	32,245

IMPORTANT AND FUNDAMENTAL MATTERS FOR PREPARATION OF INTERIM CONSOLIDATED FINANCIAL 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 name of affiliated company to which the equity method is not applied:

Fuji do Brasil Maquinas Industrials Ltda.

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

Securities

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 net assets and the sale cost is calculated by the moving average method.)

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

Inventories

Determined mainly by final purchase cost method and periodic 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 based on the estimated amount of the debt set aside for retirement benefit and pension assets at the end of the 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.

CHANGES IN IMPORTANT AND FUNDAMENTAL MATTERS FOR PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Change of the depreciation method for the tangible fixed assets)

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

As a result, the operating income, current income and the interim net income before tax has decreased by 11 million yen respectively compared with those based on the same method used in the previous interim consolidated accounting term. Effect that influences on the segment information is noted on the applicable item.

(Additional information)

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

As a result, the operating income, current income and the interim net income before tax has decreased by 33 million yen respectively compared with those based on the same method used in the previous interim consolidated accounting term. Effect that influences on the segment information is noted on the applicable item.

NOTES :

(On interim consolidated balance sheet)

(Millions of yen)

	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
1. Accumulated depreciation of tangible fixed assets	22,944	23,207	23,134
2. 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	157	243	557

(Data relating to the calculation of fluctuations in interim consolidated stockholders' equity etc.)

Previous interim consolidated accounting period (April 1, 2006 - September 30, 2006)

1. Matters relating to the kinds and total number of issued stocks & kinds and number of treasury stocks

	Stocks at the end of the previous consolidated fiscal year (Unit: 1,000 stocks)	Increased stocks in the current interim consolidated period (Unit: 1,000 stocks)	Decreased stocks in the current interim consolidated period (Unit: 1,000 stocks)	Stocks at the end of the current interim consolidated period (Unit: 1,000 stocks)
Issued stocks				
Common stocks	48,911	-	-	48,911
Total	48,911	-	-	48,911
Treasury stocks				
Common stocks (Note)	17	1	-	19
Total	17	1	-	19

(Note) The increase in the number of common treasury stocks, 1,000 stocks, was attributed to the purchase of odd stocks.

2. Matters relating to dividends

(1) Amount of dividends paid

Resolution	Kind of stock	Dividend total (Unit: 1 mil. yen)	Dividend per stock (Unit: 1 yen)	Reference date	Effective date
Jun. 29, 2006 Annual Meeting of Shareholders	Common stock	488	10.00	Mar. 31, 2006	Jun. 30, 2006

(2) Of the dividends for which the reference dates fall upon this interim consolidated period, those which will become effective after the end of this interim period

Resolution	Kind of stock	Dividend total (Unit: 1 mil. yen)	Dividend resource	Dividend per stock (Unit: 1 yen)	Reference date	Effective date
Nov. 16, 2006 Board of Directors Meeting	Common stock	611	Earnings surplus	12.50	Sept. 30, 2006	Dec. 8, 2006

Current interim consolidated accounting period (April 1, 2007 - September 30, 2007)

1. Matters relating to the kinds and total number of issued stocks & kinds and number of treasury stocks

	Stocks at the end of the previous consolidated fiscal year (Unit: 1,000 stocks)	Increased stocks in the current interim consolidated period (Unit: 1,000 stocks)	Decreased stocks in the current interim consolidated period (Unit: 1,000 stocks)	Stocks at the end of the current interim consolidated period (Unit: 1,000 stocks)
Issued stocks				
Common stocks	48,911	-	-	48,911
Total	48,911	-	-	48,911
Treasury stocks				
Common stocks (Note)	20	1	-	22
Total	20	1	-	22

(Note) The increase in the number of common treasury stocks, 1,000 stocks, was attributed to the purchase of odd stocks.

2. Matters relating to dividends

(1) Amount of dividends paid

Resolution	Kind of stock	Dividend total (Unit: 1 mil. yen)	Dividend per stock (Unit: 1 yen)	Reference date	Effective date
Jun. 28, 2007 Annual Meeting of Shareholders	Common stock	611	12.50	Mar. 31, 2007	Jun. 29, 2007

(2) Of the dividends for which the reference dates fall upon this interim consolidated period, those which will become effective after the end of this interim period

Resolution	Kind of stock	Dividend total (Unit: 1 mil. yen)	Dividend resource	Dividend per stock (Unit: 1 yen)	Reference date	Effective date
Nov. 14, 2007 Board of Directors Meeting	Common stock	977	Earnings surplus	20.00	Sept. 30, 2007	Dec. 10, 2007

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

1. Matters relating to the kinds and total number of issued stocks & kinds and number of treasury stocks

	Stocks at the end of the previous consolidated fiscal year (Unit: 1,000 stocks)	Increased stocks in the current consolidated period (Unit: 1,000 stocks)	Decreased stocks in the current consolidated period (Unit: 1,000 stocks)	Stocks at the end of the current consolidated period (Unit: 1,000 stocks)
Issued stocks				
Common stocks	48,911	-	-	48,911
Total	48,911	-	-	48,911
Treasury stocks				
Common stocks (Note)	17	3	-	20
Total	17	3	-	20

(Note) The increase in the number of common treasury stocks, 3,000 stocks, was attributed to the purchase of odd stocks.

2. Matters relating to dividends

(1) Amount of dividends paid

Resolution	Kind of stock	Dividend total (Unit: 1 mil. yen)	Dividend per stock (Unit: 1 yen)	Reference date	Effective date
Jun. 29, 2006 Annual Meeting of Shareholders	Common stock	488	10.00	Mar. 31, 2006	Jun. 30, 2006
Nov. 16, 2006 Board of Directors Meeting	Common stock	611	12.50	Sept. 30, 2006	Dec. 8, 2006

(2) Of the dividends for which the reference dates fall upon this consolidated period, those which will become effective after the end of this period

Resolution	Kind of stock	Dividend total (Unit: 1 mil. yen)	Dividend resource	Dividend per stock (Unit: 1 yen)	Reference date	Effective date
Jun. 28, 2007 Annual Meeting of Shareholders	Common stock	611	Earnings surplus	12.50	Mar. 31, 2007	Jun. 29, 2007

(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

	First half ended September 30, 2006	First half ended September 30, 2007	(Millions of yen) Year ended March 31, 2007
Cash and deposit accounts	33,696	33,412	32,700
Marketable securities (Negotiable Certificates of Deposit)	-	12,800	-
Time deposits whose deposit terms exceed three months	△ 390	△ 630	△ 454
Cash and cash equivalents at end of the period	33,305	45,581	32,245

(On consolidated marketable securities)

(Previous interim consolidated accounting period) (September 30, 2006)

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	4,556	11,635	7,079
Bonds	-	-	-
Others	211	312	100
Total	4,768	11,947	7,179

2. Principal negotiable securities which lack a market value (Millions of yen)

Category	Price on interim consolidated balance sheet
Other marketable securities	
Unlisted stocks	73
Equity interests in limited liability partnership	6
Total	80

(This interim consolidated accounting period) (September 30, 2007)

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	7,187	13,093	5,905
Bonds	-	-	-
Others	211	312	100
Total	7,399	13,405	6,006

2. Principal negotiable securities which lack a market value (Millions of yen)

Category	Price on interim consolidated balance sheet
Other marketable securities	
Unlisted stocks	75
Negotiable Certificates of Deposit(Domestic)	12,800
Total	12,875

(Previous consolidated accounting period) (March 31,2007)

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	6,290	13,290	6,999
Bonds	-	-	-
Others	211	335	123
Total	6,502	13,625	7,123

2. Principal negotiable securities which lack a market value (Millions of yen)

Category	Price on consolidated balance sheet
Other marketable securities	
Unlisted stocks	75
Total	75

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

Previous interim consolidated accounting period (April 1, 2006 to September 30, 2006) (Millions of yen)

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	Others	Total	Elimination or all company	Consolidated
I. Sales and operating expenses							
Sales							
1. Sales to third parties	45,601	9,633	1,640	765	57,641	-	57,641
2. Interarea sales or transfers	0	-	-	806	806	△ 806	-
Total	45,601	9,633	1,640	1,571	58,448	△ 806	57,641
Operating expenses	34,353	8,646	1,639	1,428	46,068	150	46,218
Operating income	11,248	987	1	142	12,379	△ 956	11,422
II. Asset, depreciation and capital expenditure							
Asset	73,517	20,363	4,071	2,397	100,349	29,254	129,603
Depreciation	1,531	190	239	40	2,001	36	2,038
Capital expenditure	1,042	278	10	66	1,398	24	1,422

This interim consolidated accounting period (April 1, 2007 to September 30, 2007) (Millions of yen)

	PCB Assembly Machinery	Machine Tools	Others	Total	Elimination or all company	Consolidated
I. Sales and operating expenses						
Sales						
1. Sales to third parties	51,027	7,364	478	58,870	-	58,870
2. Interarea sales or transfers	0	-	650	651	△ 651	-
Total	51,027	7,364	1,129	59,521	△ 651	58,870
Operating expenses	36,755	7,685	1,093	45,534	306	45,841
Operating income	14,271	△ 321	36	13,986	△ 957	13,028
II. Asset, depreciation and capital expenditure						
Asset	72,606	21,355	2,168	96,129	41,148	137,278
Depreciation	1,354	212	39	1,606	47	1,654
Capital expenditure	615	129	13	758	45	804

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

(Millions of yen)

	PCB Assembly Machinery	Machine Tools	LCD Assembly Machinery	Others	Total	Elimination or all company	Consolidated
I. Sales and operating expenses							
Sales							
1. Sales to third parties	78,442	18,708	3,483	1,257	101,892	-	101,892
2. Interarea sales or transfers	0	-	-	1,510	1,510	△1,510	-
Total	78,443	18,708	3,483	2,768	103,403	△1,510	101,892
Operating expenses	60,097	17,258	3,385	2,523	83,265	209	83,475
Operating income	18,345	1,449	97	244	20,137	△1,720	18,417
II. Asset, depreciation and capital expenditure							
Asset	72,733	21,135	3,661	2,127	99,658	30,823	130,481
Depreciation	3,073	413	449	80	4,017	82	4,099
Capital expenditure	1,915	584	60	167	2,729	72	2,801

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: SMT assembly machines

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

(3) LCD Assembly Machinery : LCD related production equipment

(4) Others : Control hardware, PCB Contract Manufacturing, Software development

3. LCD related production equipment was represented as LCD Assembly Machinery business in the past. Since the sales ratio of its business has decreased and is predicted to keep declining, we have decided to include LCD Assembly Machinery business in the PCB Assembly Machinery business from this term. "The sales amount" of LCD Assembly Machinery business in this interim consolidated accounting term was 1,297 million yen, "the operating expense" was 914 million yen and "the operating income" was 383 million yen.

4. As described in "Change in the important items which are the basis for formulation of the interim consolidated financial statements (Change of the depreciation method for the tangible fixed assets)," our company and our domestic consolidated subsidiaries have changed the depreciation method of the tangible fixed assets that were acquired on and after April 1, 2007 to the method based on the revised corporate tax law from this interim consolidated accounting term due to the revision of the corporate tax law. As a result, the operating expense has increased by 7 million yen in "PCB Assembly Machinery" and by 2 million yen at "Machine Tools" and by 0 million yen at "Others" and by 1 million yen at "Elimination or all company" respectively, and the operating income has decreased by the same amount respectively compared with the previous method.

Due to the revision of the corporate tax law as described in (Additional information), our company and our domestic consolidated subsidiaries depreciate the tangible fixed assets acquired on and before March 31, 2007 in the method to equally depreciate in 5 years from the following year of the year when the depreciation to the possible limit was completed from this interim consolidated accounting term. As a result, the operating expense has increased by 15 million yen in "PCB Assembly Machinery" and by 16 million yen at "Machine Tools" and by 0 million yen at "Others" and by 1 million yen at "Elimination or all company" respectively, and the operating income has decreased by the same amount respectively compared with the previous method.

2. Geographical segment information

Previous interim consolidated accounting period (April 1, 2006 to September 30, 2006) (Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
I. Sales and operating expenses							
Sales							
1. Sales to third parties	46,580	5,803	5,158	100	57,641	-	57,641
2. Interarea sales or transfers	7,979	40	10	3	8,033	△ 8,033	-
Total	54,559	5,843	5,168	103	65,675	△ 8,033	57,641
Operating expenses	42,838	5,618	4,814	110	53,382	△ 7,163	46,218
Operating income	11,721	224	353	△ 6	12,293	△ 870	11,422
II. Asset	85,010	16,368	3,962	77	105,419	24,184	129,603

This interim consolidated accounting period (April 1, 2007 to September 30, 2007) (Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
I. Sales and operating expenses							
Sales							
1. Sales to third parties	46,997	7,745	4,084	42	58,870	-	58,870
2. Interarea sales or transfers	9,066	28	21	-	9,116	△ 9,116	-
Total	56,063	7,774	4,106	42	67,986	△ 9,116	58,870
Operating expenses	42,948	7,369	3,684	53	54,056	△ 8,215	45,841
Operating income	13,114	405	421	△ 11	13,930	△ 901	13,028
II. Asset	79,560	18,832	3,945	99	102,437	34,840	137,278

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

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
I . Sales and operating expenses							
Sales							
1. Sales to third parties	82,134	10,799	8,783	175	101,892	-	101,892
2. Interarea sales or transfers	14,071	80	44	8	14,205	△14,205	-
Total	96,205	10,879	8,828	184	116,097	△14,205	101,892
Operating expenses	77,020	10,450	8,226	207	95,905	△12,430	83,475
Operating income	19,184	429	601	△ 23	20,192	△ 1,774	18,417
II . Asset	83,962	16,175	3,040	145	103,324	27,157	130,481

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. As described in “Change in the important items which are the basis for formulation of the interim consolidated financial statements (Change of the depreciation method for the tangible fixed assets),” our company and our domestic consolidated subsidiaries have changed the depreciation method of the tangible fixed assets that were acquired on and after April 1, 2007 to the method based on the revised corporate tax law from this interim consolidated accounting term due to the revision of the corporate tax law. As a result, the operating expense has increased by 10 million yen in “Japan” and by 1 million yen at “elimination or all company” respectively, and the operating income has decreased by the same amount respectively compared with the previous method.

Due to the revision of the corporate tax law as described in (Additional information), our company and our domestic consolidated subsidiaries depreciate the tangible fixed assets acquired on and before March 31, 2007 in the method to equally depreciate in 5 years from the following year of the year when the depreciation to the possible limit was completed from this interim consolidated accounting term. As a result, the operating expense has increased by 32 million yen in “Japan” and by 1 million yen at “elimination or all company” respectively, and the operating income has decreased by the same amount respectively compared with the previous method.

3. Overseas sales

Previous interim consolidated accounting period (April 1 2006 to September 30, 2006) (Millions of yen)

	North America	Europe	Asia	Others	Total
I . Overseas sales	6, 701	7, 770	31, 413	1, 006	46, 890
II . Consolidated sales					57, 641
III . Ratio of overseas sales to consolidated sales(%)	11. 6	13. 5	54. 5	1. 7	81. 3

This interim consolidated accounting period (April 1 2007 to September 30, 2007) (Millions of yen)

	North America	Europe	Asia	Others	Total
I . Overseas sales	7, 858	6, 218	33, 829	2, 159	50, 064
II . Consolidated sales					58, 870
III . Ratio of overseas sales to consolidated sales(%)	13. 3	10. 5	57. 5	3. 7	85. 0

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

	North America	Europe	Asia	Others	Total
I . Overseas sales	11, 254	13, 651	54, 041	1, 698	80, 645
II . Consolidated sales					101, 892
III . Ratio of overseas sales to consolidated sales(%)	11. 0	13. 4	53. 0	1. 7	79. 1

Notes:

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

(Per share information)

Item	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
1. Net assets worth per share (Unit: yen)	1, 885. 70	2, 097. 41	1, 965. 13
2. Current net income per share (Unit: yen)	143. 34	163. 86	234. 55
3. Diluted current net income per share	Not shown due to absence of residual shares.	Not shown due to absence of residual shares.	Not shown due to absence of residual shares.
4. Bases for calculation of current net income per share			
Current net income as reflected in the consolidated income and loss account (Unit: million yen)	7, 008	8, 011	11, 467
Current net income attributable to common shares (Unit: million yen)	7, 008	8, 011	11, 467
Breakdown of the major amounts not attributable to common shares (Unit: million yen)	None applicable.	None applicable.	None applicable.
Average number of common shares during the year (Unit: stocks)	48, 893, 320	48, 890, 203	48, 892, 554

(Important subsequent events)

None applicable.

(Omission of disclosure)

Notes concerning “derivative trade” are omitted as necessity of their disclosure in the interim accounts settlement information is not considered to be great.

BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd.

ASSETS	Millions of yen		
	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
Current assets			
Cash on hand and in bank	20,666	18,652	19,823
Notes receivable	1,981	3,220	2,957
Accounts receivable	26,559	27,641	23,251
Marketable securities	-	12,800	-
Finished goods and work in process	9,768	7,507	11,547
Raw material and supplies	16,282	12,912	16,785
Deferred taxes	1,811	1,959	2,010
Other current assets	1,300	880	2,020
Total current assets	78,371	85,575	78,395
Fixed assets			
Property, plant and equipment:			
Building and structures	6,958	6,667	6,769
Machinery and equipment	3,273	2,936	3,396
Vehicles	107	118	121
Tools, furniture and fixtures	810	738	751
Land	3,211	3,221	3,221
Construction in progress	5	19	5
Total property, plant and equipment	14,366	13,701	14,265
Intangible assets:			
Software	3,340	1,810	2,391
Other intangible assets	18	17	18
Total intangible assets	3,358	1,828	2,410
Investments, etc.:			
Investment securities	11,911	13,398	13,600
Investment in related parties	1,115	1,115	1,115
Sundry investments	36	36	36
Sundry investments in related parties	372	305	311
Other investments	389	273	318
Total investments	13,826	15,129	15,381
Total fixed assets	31,551	30,659	32,057
Total assets	109,922	116,234	110,453

LIABILITIES AND NET ASSETS	Millions of yen		
	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
Liabilities			
Current liabilities:			
Notes payable	3	11	9
Accounts payable-trade	5,739	4,569	3,227
Return planned long-term borrowings for less than 1 year	1,825	3,500	2,000
Accounts payable-other	560	392	602
Accrued expenses	2,597	2,628	2,503
Accrued income tax	2,475	4,734	5,091
Accrued warranty	1,746	1,863	1,814
Equipment notes payable	269	331	103
Other current liabilities	3,136	2,200	1,816
Total current liabilities	18,353	20,232	17,168
Long term liabilities:			
Bonds	5,000	5,000	5,000
Long-term borrowings	9,000	5,500	8,000
Deferred tax liabilities	1,860	1,256	1,814
Accrued retirement benefits	649	-	71
Others	15	15	15
Total long term liabilities	16,525	11,771	14,901
Total liabilities	34,879	32,004	32,070
Net assets			
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:	59,378	69,251	62,735
Earnings reserve	1,450	1,450	1,450
Other earnings surplus:	57,928	67,801	61,285
General reserve	46,950	55,600	46,950
Carry over	10,978	12,201	14,335
Treasury stock	△ 26	△ 34	△ 30
Total shareholders' equity	70,644	80,509	73,998
Valuation and translation adjustments			
Unrealized gain on available for-sale securities, net of taxes	4,398	3,720	4,384
Total valuation and translation adjustments	4,398	3,720	4,384
Total net assets	75,043	84,230	78,383
Total liabilities and net assets	109,922	116,234	110,453

INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd.

	Millions of yen		
	First half ended September 30, 2006	First half ended September 30, 2007	Year ended March 31, 2007
Net sales	54,053	55,539	95,242
Cost of sales	36,230	36,796	63,995
Selling, general and administrative expenses	7,396	6,852	14,343
Operating Income	10,426	11,890	16,903
Non-operating revenue:			
Interest and dividend income	95	151	200
Others	129	55	272
Non-operating expenses:			
Interest expense	103	86	189
Exchange loss	-	132	-
Others	121	51	167
Ordinary Income	10,427	11,826	17,019
Extraordinary gain:			
Gain on disposal of fixed assets	27	45	61
Others	1	-	4
Extraordinary loss:			
Loss on disposal of fixed assets	112	178	231
Retirement benefits for directors	379	-	379
Others	4	6	65
Income before income taxes	9,960	11,687	16,409
Income taxes:			
Corporate, inhabitant's and enterprise taxes	2,300	4,630	5,000
Adjustment for corporate taxes	1,682	△ 70	1,463
Net Income	5,977	7,127	9,946
Notes:			
Depreciation expense	698	734	1,481
Amortization expense	1,209	800	2,354

STATEMENT OF SHAREHOLDERS' EQUITY

Fuji Machine Mfg. Co., Ltd

Previous interim accounting period (April 1, 2006 to September 30, 2006)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Earnings surplus				Treasury stock	Total shareholders' equity
		Capital reserves	Earnings reserve	Other earnings surplus		Total earnings surplus		
				General reserve	Carry over			
Balance at March 31, 2006	5,878	5,413	1,450	39,400	13,099	53,949	△ 22	65,219
Increase(Decrease)during the term:								
Cash dividends	-	-	-	-	△ 488	△ 488	-	△ 488
Bonuses to director corporate auditors	-	-	-	-	△ 60	△ 60	-	△ 60
General reserve	-	-	-	7,550	△ 7,550	-	-	-
Net income	-	-	-	-	5,977	5,977	-	5,977
Acquisition of treasury stocks	-	-	-	-	-	-	△ 4	△ 4
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-	-	-	-
Total	-	-	-	7,550	△ 2,121	5,428	△ 4	5,424
Balance at September 30, 2006	5,878	5,413	1,450	46,950	10,978	59,378	△ 26	70,644

	Valuation and translation adjustments	Total net assets
	Unrealized gain on available for-sale securities, net of taxes	
Balance at March 31, 2006	5,276	70,496
Increase(Decrease)during the term:		
Cash dividends	-	△ 488
Bonuses to director corporate auditors	-	△ 60
General reserve	-	-
Net income	-	5,977
Acquisition of treasury stocks	-	△ 4
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 877	△ 877
Total	△ 877	4,546
Balance at September 30, 2006	4,398	75,043

This interim accounting period (April 1, 2007 to September 30, 2007)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Earnings surplus				Treasury stock	Total shareholders' equity
		Capital reserves	Earnings reserve	Other earnings surplus		Total earnings surplus		
				General reserve	Carry over			
Balance at March 31,2007	5,878	5,413	1,450	46,950	14,335	62,735	△ 30	73,998
Increase(Decrease)during the term:								
Cash dividends	-	-	-	-	△ 611	△ 611	-	△ 611
General reserve	-	-	-	8,650	△ 8,650	-	-	-
Net income	-	-	-	-	7,127	7,127	-	7,127
Acquisition of treasury stocks	-	-	-	-	-	-	△ 4	△ 4
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-	-	-	-
Total	-	-	-	8,650	△ 2,134	6,515	△ 4	6,511
Balance at September 30, 2007	5,878	5,413	1,450	55,600	12,201	69,251	△ 34	80,509

	Valuation and translation adjustments	Total net assets
	Unrealized gain on available for-sale securities, net of taxes	
Balance at March 31,2007	4,384	78,383
Increase(Decrease)during the term:		
Cash dividends	-	△ 611
General reserve	-	-
Net income	-	7,127
Acquisition of treasury stocks	-	△ 4
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 664	△ 664
Total	△ 664	5,847
Balance at September 30, 2007	3,720	84,230

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

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Earnings surplus				Treasury stock	Total shareholders' equity
		Capital reserves	Earnings reserve	Other earnings surplus		Total earnings surplus		
				General reserve	Carry over			
Balance at March 31,2006	5,878	5,413	1,450	39,400	13,099	53,949	△ 22	65,219
Increase(Decrease)during the term:								
Cash dividends	-	-	-	-	△ 1,100	△ 1,100	-	△ 1,100
Bonuses to director corporate auditors	-	-	-	-	△ 60	△ 60	-	△ 60
General reserve	-	-	-	7,550	△ 7,550	-	-	-
Net income	-	-	-	-	9,946	9,946	-	9,946
Acquisition of treasury stocks	-	-	-	-	-	-	△ 7	△ 7
Net increase(Decrease) during the term, except for items under Shareholders' equity	-	-	-	-	-	-	-	-
Total	-	-	-	7,550	1,236	8,786	△ 7	8,778
Balance at March 31,2007	5,878	5,413	1,450	46,950	14,335	62,735	△ 30	73,998

	Valuation and translation adjustments	Total net assets
	Unrealized gain on available-for-sale securities, net of taxes	
Balance at March 31,2006	5,276	70,496
Increase(Decrease)during the term:		
Cash dividends	-	△ 1,100
Bonuses to director corporate auditors	-	△ 60
General reserve	-	-
Net income	-	9,946
Acquisition of treasury stocks	-	△ 7
Net increase(Decrease) during the term, except for items under Shareholders' equity	△ 891	△ 891
Total	△ 891	7,886
Balance at September 30, 2006	4,384	78,383

IMPORTANT AND FUNDAMENTAL MATTERS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

1. Evaluation standards and methods for assets

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 net assets and the sale cost is calculated by the moving average method.)

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

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. Depreciation methods for assets

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.

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

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 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

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.

CHANGES IN IMPORTANT AND FUNDAMENTAL MATTERS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

(Change of the depreciation method for the tangible fixed assets)

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

As a result, the operating income, current income and the interim net income before tax has decreased by 10 million yen respectively compared with those based on the same method used in the previous interim accounting term. Effect that influences on the segment information is noted on the applicable item.

(Additional information)

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

As a result, the operating income, current income and the interim net income before tax has decreased by 32 million yen respectively compared with those based on the same method used in the previous interim accounting term.