



FIRST QUARTER FINANCIAL STATEMENTS

From April 1, 2008

To June 30, 2008

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 China Co., Ltd.

[Qualitative information and financial statements, etc.]

1. Qualitative information concerning consolidated management results

The Japanese economy in this 1st quarter moved in the decelerating basis represented by the slowdown of capital expenditure caused by shrink of corporate earnings and sluggish growth of consumer spending due to the affect of drastic increase in the crude oil price and raw material costs. Speaking of the world economy, uncertainty of its future has increased due to the slowdown of the U.S. economy started from the subprime lending issues and uncertainty in the financial market as well as increase of worries about a worldwide inflation, and the risk for downturn of economy has increased as seen in the dullness of economy in the newly rising countries and decelerated economy in Europe.

Under the environment stated in the above, our group has promoted pursuit of technology for the next generation and the product development that meet customer needs under the philosophy of speedy management, and tried to realize highly profitable constitution to secure continuous business growth by reinforcement of the sales and service systems and improvement of Q (quality), C (cost), D (delivery) and S (service) along with improvement of measures for the issues of environment and energy as well as safety and health issues.

Under the circumstances mentioned in the above, our sale were 28,822 million yen (3.0% increase against the same term of the preceding year), operating profit was 5,573 million yen (4.9% decrease against the same term of the preceding year), ordinary profit was 5,895 million yen (4.6% decrease against the same term of the preceding year) and net profit for the quarter was 3,371 million yen (9.1% decrease against the same term of the preceding year).

Business results by segment

(Electronics Assembly Equipment)

The capital expenditure demand from the electronics market including the mobile phones, laptop computers and flat-screen TV sets moved in a weakened pace, and operating profit was 6,822 million yen (5.2% increase against the same term of the preceding year) supported by the cost reduction, even though sales were 24,662 million yen (1.2% decrease against the same term of the preceding year).

(Machine Tools)

Speaking of the machine tools business, the trend of the industry as a whole was moving under steady tone for the export but was sluggish for the domestic market. Although the sales were 3,934 million yen (42.3% increase against the same term of the preceding year), the operating loss was 669 million yen (loss in the same term of the preceding year: 143 million yen) due to products price decrease caused by escalated competition owing to demand decrease from the automotive industry which is the major customer of our group and sharp increase of raw material costs.

2. Qualitative information concerning financial condition

The total consolidated assets for this period, due to increases in Accounts receivable, were 138,941 million yen, which was 4,544 million yen more than the previous consolidated fiscal year. Additionally, our consolidated liabilities for this period totaled 32,199 million yen, which was 90 million yen less than the previous consolidated fiscal year due to decreases in Accrued income tax.

As for the cash flow, consolidated cash and cash equivalents for this fiscal period

were 43,195 million yen, which was 61 million yen less than the previous consolidated fiscal period. This was attributable to the total of increased cash flow from business operations falling below 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 705 million yen. This was mainly attributable to positive factors such as increases in income before income tax and decreases in receivable consumption taxes exceeding negative factors such as increases in payments of income taxes and increases in Accounts receivable.

As for cash flow from investing activities, cash which was used as a result of the activities was 474 million yen. This was attributable mainly from Additions of tangible fixed assets.

As for cash flow from financing activities, cash which was used as a result of these activities was 923 million yen. This was principally due to Dividends paid.

3. Qualitative information about consolidated result prediction

The economic environment for the future is predicted to be a severe one because of increased uncertainty in the world economy due to sharp rise of the crude oil price and raw material costs combined with aggravated financial crisis in the U.S.A.

Speaking of the electronics assembly equipment business, the orders from the end users to the major EMS (Electronic Manufacturing Service) firms are slightly stalled and the capital expenditure from the electronics industry is predicted to be decelerated due to adjustment of the demand and supply balance in the electronics market such as mobile phones. Speaking of the machine tools business, the downward demand for capital expenditure is predicted to be intensified caused by a rapid adjustment of the car production in the automotive industry which is our major customer. Based on these circumstances mentioned in the above, we will change our prediction of consolidated financial statements for the accumulated terms to the 2nd quarter and annual term as follows:

(2nd quarter)

	Sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Forecast at the beginning of this fiscal year (A)	57,000	10,400	10,500	6,200	126.82
Revised forecast September 30, 2008 (B)	52,000	8,600	9,100	5,300	108.41
Increase or decrease (B-A)	△5,000	△1,800	△1,400	△900	—
Ratio of increase or decrease (%)	△8.8	△17.3	△13.3	△14.5	—
Second quarter September 30, 2007	58,870	13,028	13,172	8,011	163.86

(Annual term)

	Sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Forecast at the beginning of this fiscal year (A)	103,000	16,400	16,700	9,800	200.46
Revised forecast March 31,2009 (B)	91,000	11,900	12,500	7,300	149.32
Increase or decrease (B-A)	△12,000	△4,500	△4,200	△2,500	—
Ratio of increase or decrease (%)	△11.7	△27.4	△25.1	△25.5	—
Year ending March 31,2008	106,665	21,917	21,830	12,953	264.96

4. Others

- (1) There is no change in the major subsidiaries in this term (change of specific subsidiaries with change of the consolidation scope).
- (2) Nothing is applicable to the simplified account processing and formation of the consolidated quarterly financial statements.
- (3) Changes in the account processing principles, procedures and presentation method related to formation of the consolidated quarterly financial statements
 - ① Application of the accounting standard to quarterly financial statements
The “Accounting Standard for Quarterly Financial Reporting” (Accounting Standard - ASBJ Statement No.12 issued as of March 14, 2007) and the “Implementation Guidance of Accounting Standard for Quarterly Financial Reporting” (Implementation Guidance - ASBJ Guidance No. 14 issued as of March 14, 2007) are applied from this consolidated accounting year. The quarterly financial statements are prepared according to the “Rules for Quarterly Consolidated Financial Reporting.”
 - ② Application of accounting standard to measurement of inventories
We apply the “Accounting Standard for Measurement of Inventories” (Accounting Standard - ASBJ Statement No. 9 issued as of July 5, 2006) from this 1st quarter consolidated financial statements, and the measurement method was changed from the cost method to the lower-of-cost-or-market method (cut-down of the book value by downturn of profitability).
The gross profit on sales, operating profit, ordinary profit and net profit before the taxes of the quarter have decreased by 370 million yen respectively compared with the previous method.
Effects to the segment information are described on the applicable items.
 - ③ Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements
Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18 issued as of May 17, 2006) is applied from this 1st quarter consolidated accounting term, and corrections necessary for the consolidated accounting are made.
Effects to profit and loss by these changes are minor.

5. (1) CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	First quarter ended June 30, 2008	Year ended March 31, 2008
ASSETS		
Current assets		
Cash on hand and in bank	33,441	33,964
Notes and accounts receivable – trade	28,674	25,234
Marketable securities	10,500	10,000
Finished goods	5,162	5,005
Raw materials	16,517	14,988
Work in process	6,246	7,454
Other inventories	150	154
Other current assets	4,487	5,413
Less-Allowance for doubtful receivable	△15	△14
Total current assets	105,164	102,200
Fixed assets		
Property, plant and equipment	17,041	16,860
Intangible assets	1,546	1,550
Investments and other assets:		
Investment securities	14,733	12,734
Others	454	1,051
Total investments and other assets	15,188	13,785
Total fixed assets	33,777	32,196
Total assets	138,941	134,396

LIABILITIES AND NET ASSETS	Millions of yen	
	First quarter ended June 30, 2008	Year ended March 31, 2008
Liabilities		
Current liabilities:		
Notes and accounts payable	5,289	4,413
Return planned long-term borrowings for less than 1 year	5,091	5,114
Accrued income tax	2,999	5,905
Accrued warranty	1,971	1,960
Others	8,315	6,859
Total current liabilities	23,668	24,254
Long term liabilities:		
Bonds	5,000	5,000
Long-term borrowings	3,000	3,000
Accrued retirement benefits	289	36
Others	241	-
Total long term liabilities	8,531	8,036
Total liabilities	32,199	32,290
Net assets		
Shareholders' equity		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	91,825	89,431
Treasury stock	△38	△37
Total shareholders' equity	103,079	100,687
Valuation and translation adjustments		
Unrealized gain on available for-sale securities, net of taxes	2,595	1,247
Translation adjustment	1,067	171
Total valuation and translation adjustments	3,662	1,418
Total net assets	106,741	102,106
Total liabilities and net assets	138,941	134,396

(2) CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen
	First quarter April 1~June 30, 2008
Net sales	28,822
Cost of sales	18,783
Gross profit on sales	10,039
Selling, general and administrative expenses	4,466
Operating Income	5,573
Non-operating revenue:	
Interest earned	98
Dividends earned	120
Exchange gain	118
Others	50
Non-operating expenses:	
Interest expense	40
Commission fee	23
Others	2
Ordinary Income	5,895
Extraordinary gain:	
Gain on disposal of fixed assets	23
Extraordinary loss:	
Loss on disposal of fixed assets	39
Loss on valuation of investments in securities	223
Others	4
Income before income taxes and minority interest	5,650
Income taxes:	
Corporate, inhabitant's and enterprise taxes	2,925
Adjustment for corporate taxes	△646
Net Income	3,371

(3) CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen
	First quarter April 1~June 30, 2008
Operating activities	
Income before income taxes and minority interest	5,650
Depreciation and amortization	626
Increase in accrued retirement benefits	367
Interest and dividend income	△219
Interest expense	40
Loss on valuation of investments in securities	223
Increase in accounts receivable	△3,203
Increase in inventories	△220
Increase in trade payable	645
Decrease in receivable consumption taxes	1,079
Others	1,282
Sub total	6,271
Interest and dividend received	219
Interest paid	△36
Payments of income taxes	△5,748
Net cash provided by operating activities	705
Investing activities	
Additions of tangible and intangible fixed assets	△492
Proceeds from sales of tangible and intangible fixed assets	59
Investment in time deposit	△107
Proceeds on maturity of time deposit	69
Others	△2
Net cash used in investing activities	△474
Financing activities	
Expenditures for return of long-term borrowings	△29
Dividends paid	△892
Others	△1
Net cash (used in) provided by financing activities	△923
Effect of exchange rate changes on cash and cash equivalents	630
decrease in cash and cash equivalents	△61
Cash and cash equivalents at beginning of year	43,256
Cash and cash equivalents at end of the period	43,195

The “Accounting Standard for Quarterly Financial Reporting” (Accounting Standard - ASBJ Statement No.12 issued as of March 14, 2007) and the “Implementation Guidance of Accounting Standard for Quarterly Financial Reporting” (Implementation Guidance - ASBJ Guidance No. 14 issued as of March 14, 2007) are applied from this consolidated accounting year. The quarterly financial statements are prepared according to the “Rules for Quarterly Consolidated Financial Reporting.”

(4) Notes to assumption of going concern

Not applicable.

(5) On consolidated segment information

a. Business segment information

This consolidated accounting period (April 1 to June 30, 2008)

(Millions of yen)

	Electronics Assembly Equipment	Machine Tools	Others	Total	Elimination or all company	Consolidated
Sales						
1. Sales to third parties	24,662	3,934	225	28,822	-	28,822
2. Interarea sales or transfers	0	-	436	436	△436	-
Total	24,662	3,934	662	29,259	△436	28,822
Operating income or loss	6,822	△669	42	6,194	△621	5,573

Notes: 1. Method of segmentation by type of business

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

2. Main products of each business unit.

(1) Electronics Assembly Equipment: SMT assembly machines

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

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

3. Change of account processing method

(Accounting Standard for Measurement of Inventories)

As described in the column of ② of “(3) Changes in the account processing principles, procedures and presentation method related to formation of the consolidated quarterly financial statements” in “4. Others” of [Qualitative information and financial statements, etc.], the “Accounting Standard for Measurement of Inventories” (Accounting Standard - ASBJ Statement No. 9 issued as of July 5, 2006) has been adopted from this 1st quarter consolidated financial statements. The operating profit has decreased by 67 million yen for the “Electronics Assembly Equipment Business” and 302 million yen for the “Machine Tools Business” respectively compared with the previous method.

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

As described on the column of ③ of “(3) Changes in the account processing principles, procedures and presentation method related to formation of the consolidated quarterly financial statements” in “4. Others” of [Qualitative information and financial statements, etc.], the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18 issued as of May 17, 2006) has been adopted from this 1st quarter consolidated financial statements. Effects to profit and loss by these changes are minor.

b. Geographical segment information

This consolidated accounting period (April 1 to June 30, 2008)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
Sales							
1. Sales to third parties	23,618	3,501	1,678	23	28,822	-	28,822
2. Interarea sales or transfers	4,290	0	9	34	4,335	△4,335	-
Total	27,908	3,502	1,688	58	33,158	△4,335	28,822
Operating income	6,165	71	227	3	6,469	△896	5,573

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. Change of account processing method

(Accounting Standard for Measurement of Inventories)

As described in the column of ② of “(3) Changes in the account processing principles, procedures and presentation method related to formation of the consolidated quarterly financial statements” in “4. Others” of [Qualitative information and financial statements, etc.], the “Accounting Standard for Measurement of Inventories” (Accounting Standard - ASBJ Statement No. 9 issued as of July 5, 2006) has been adopted from this 1st quarter consolidated financial statements. The operating profit has decreased by 294 million yen for the “Japan” and 57 million yen for the “North America” and 18 million yen for the “Europe” respectively compared with the previous method.

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

As described on the column of ③ of “(3) Changes in the account processing principles, procedures and presentation method related to formation of the consolidated quarterly financial statements” in “4. Others” of [Qualitative information and financial statements, etc.], the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18 issued as of May 17, 2006) has been adopted from this 1st quarter consolidated financial statements. Effects to profit and loss by these changes are minor.

c. Overseas sales

This consolidated accounting period (April 1 to June 30, 2008)

(Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	3,867	3,835	14,573	973	23,249
II. Consolidated sales					28,822
III. Ratio of overseas sales to consolidated sales(%)	13.4	13.3	50.6	3.4	80.7

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, Mexico, etc.
 - (2) Europe: Hungary, 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.

(6) Notes to a significant change in shareholders' capital

Not applicable.

「REFERENCE DATA」

(1) CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen
	First quarter April 1~June 30, 2007
Net sales	27,977
Cost of sales	17,544
Selling, general and administrative expenses	4,575
Operating Income	5,857
Non-operating revenue	392
Non-operating expenses	71
Ordinary Income	6,178
Extraordinary gain	18
Extraordinary loss	30
Income before income taxes and minority interest	6,166
Income taxes	2,458
Net Income	3,707

(2) CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen
	First quarter April 1~June 30, 2007
Operating activities	
Income before income taxes and minority interest	6,166
Depreciation and amortization	890
Increase in accounts receivable	△1,294
Decrease in inventories	4,900
Increase in trade payable	93
Payments of income taxes	△5,143
Others	3,718
Net cash provided by operating activities	9,331
Investing activities	
Additions of tangible and intangible fixed assets	△360
Proceeds from sales of tangible and intangible fixed assets	76
Additions of investment securities	△899
Others	△23
Net cash used in investing activities	△1,206
Financing activities	
Expenditures for return of long-term borrowings	△29
Dividends paid	△521
Others	△0
Net cash (used in) provided by financing activities	△551
Effect of exchange rate changes on cash and cash equivalents	468
Increase in cash and cash equivalents	8,042
Cash and cash equivalents at beginning of year	32,245
Cash and cash equivalents at end of the period	40,287

(3) On consolidated segment information

a. Business segment information

Previous consolidated accounting period (April 1 to June 30, 2007) (Millions of yen)

	Electronics Assembly Equipment	Machine Tools	Others	Total	Elimination or all company	Consolidated
Sales						
1. Sales to third parties	24,966	2,764	246	27,977	-	27,977
2. Interarea sales or transfers	0	-	275	275	△275	-
Total	24,966	2,764	521	28,253	△275	27,977
Operating income or loss	6,482	△143	△1	6,337	△479	5,857

Notes: 1. Method of segmentation by type of business

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

2. Main products of each business unit.

(1) Electronics Assembly Equipment: SMT assembly machines

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

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

b. Geographical segment information

Previous consolidated accounting period (April 1 to June 30, 2007) (Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
Sales							
1. Sales to third parties	22,810	3,194	1,929	42	27,977	-	27,977
2. Interarea sales or transfers	3,679	-	11	-	3,690	△3,690	-
Total	26,489	3,194	1,941	42	31,668	△3,690	27,977
Operating income	5,875	259	196	△7	6,323	△465	5,857

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

(4) Situation of orders and sales

Previous consolidated accounting period (April 1 to June 30, 2007)

Division	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	31,314	88.4	24,966	89.2	14,071	58.8
Machine Tools	4,022	11.3	2,764	9.9	9,789	40.9
Others	105	0.3	246	0.9	60	0.3
Total	35,443	100.0	27,977	100.0	23,921	100.0

This consolidated accounting period (April 1 to June 30, 2008)

Division	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	24,957	88.9	24,662	85.6	11,505	62.9
Machine Tools	2,748	9.8	3,934	13.6	6,556	35.9
Others	361	1.3	225	0.8	215	1.2
Total	28,067	100.0	28,822	100.0	18,277	100.0

Previous consolidated accounting period (April 1, 2007 to March 31, 2008)

Division	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	91,606	83.9	88,120	82.6	11,209	58.9
Machine Tools	16,770	15.3	17,559	16.5	7,742	40.7
Others	865	0.8	985	0.9	79	0.4
Total	109,242	100.0	106,665	100.0	19,032	100.0