



## SECOND QUARTER FINANCIAL STATEMENTS

From April 1, 2008  
To September 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 decelerating trend of the economy in our country during the 2nd quarter (For the six months ended September 30, 2008) of the consolidated accounting was intensified as seen in the decrease of capital investment and slump of consumer spending under deterioration of business environments due to high rising price of energy and raw materials along with the effect of drastic fluctuation of the exchange rate. Speaking of the world economy, the downward risk of the economy has escalated as the decelerating economy in the U.S. and Europe as well as dull growth of the economy in the newly emerging countries became clearer due to the stress of the global financial market caused by the bankruptcy of the major security company in the U.S. and worldwide hovering of the high inflation rate.

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 52,744 million yen (10.4% decrease against the same term of the preceding year), operating profit was 9,373 million yen (28.1% decrease against the same term of the preceding year), ordinary profit was 9,870 million yen (25.1% decrease against the same term of the preceding year) and net profit was 5,643 million yen (29.6% decrease against the same term of the preceding year).

#### Business results by segment

##### (Electronics Assembly Equipment)

As the environment surrounding the electronics business market including the mobile phones, laptop computers and flat-screen TVs has been severer than the past, the sales amount was 44,231 million yen due to the demand by our major customers of EMS (Electronics Manufacturing Service) was decreased (13.3% increase against the same term of the preceding year) attributed to reexamination or freezing of their capital investments. The operating profit was 11,474 million yen (19.6% decrease against the same term of the preceding year) due to slackened growth of the sales despite of our efforts in cost reduction increasing production efficiency.

##### (Machine Tools)

As the demands from both of the domestic and overseas markets moved in a decelerating trend as a whole industry, the operating profit/loss was a loss of 1,111 million yen (the same term of the preceding year: 321 million yen of operating loss) due to aggravated price competition caused by the reduced demand for capital investments of mainly automotive industries which are the major customer of our group along with decrease of product prices and sharp increase of material prices, even though the sales amount was 8,101 million yen (10.0% increase against the same term of the preceding year).

## **2. Qualitative information concerning financial condition**

The total consolidated assets for this period, due to increases in inventories, were 134,635 million yen, which was 238 million yen more than the previous consolidated fiscal year. Additionally, our consolidated liabilities for this period totaled 28,064 million yen, which was 4,226 million yen less than the previous consolidated fiscal year due to return of long-term borrowings.

As for the cash flow, consolidated cash and cash equivalents for this fiscal period were 42,666 million yen, which was 590 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 5,779 million yen. This was mainly attributable to positive factors such as increases in income before income tax and depreciation and amortization exceeding negative factors such as increases in payments of income taxes and increase in inventories.

As for cash flow from investing activities, cash which was used as a result of the activities was 3,047 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 3,539 million yen. This was principally due to return of long-term borrowings.

## **3. Qualitative information about consolidated result prediction**

We predict that the environment surrounding the business management will continue to be severer than ever as fear for the sluggish business activities throughout the world will be accelerated due to the expanded worldwide financial crisis and hovering of material prices coupled with drastic fluctuation of the exchange rate.

The demand for the electronics assembly equipment business in our group is predicted to move under the downward trend as the capital investment plans of the major EMS (Electronics Manufacturing Service) customers will be more prudent because of the sluggish demands for their final products. As for the machine tools business, we predict that the capital investment demands will move under the decreasing trend because of expanded production adjustment by the automotive industry which is our major customer. Under such circumstances mentioned in the above, we will change prediction of our business performance for the full financial year as follows:

	Sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast March 31,2009 (A)	91,000	11,900	12,500	7,300	149.32
Revised forecast March 31,2009 (B)	83,000	8,600	8,800	4,800	98.19
Difference (B-A)	-8,000	-3,300	-3,700	-2,500	—
Change (%)	-8.8	-27.7	-29.6	-34.2	—
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 Operating profit, ordinary profit and net profit before the taxes of the quarter have decreased by 524 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

ASSETS	Millions of yen	
	Second quarter ended September 30, 2008	Year ended March 31, 2008
<b>Current assets</b>		
Cash on hand and in bank	32,330	33,964
Notes and accounts receivable – trade	24,163	25,234
Marketable securities	11,200	10,000
Finished goods	4,918	5,005
Raw materials	17,282	14,988
Work in process	6,472	7,454
Other inventories	141	154
Other current assets	4,633	5,413
Less-Allowance for doubtful receivable	(17)	(14)
Total current assets	101,125	102,200
<b>Fixed assets</b>		
Property, plant and equipment	17,788	16,860
Intangible assets	1,730	1,550
<b>Investments and other assets:</b>		
Investment securities	12,606	12,734
Others	1,384	1,051
Total investments and other assets	13,991	13,785
Total fixed assets	33,510	32,196
Total assets	134,635	134,396

<b>LIABILITIES AND NET ASSETS</b>	Millions of yen	
	Second quarter ended September 30, 2008	Year ended March 31, 2008
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	3,779	4,413
Return planned long-term borrowings for less than 1 year	4,054	5,114
Accrued income tax	4,004	5,905
Accrued warranty	1,931	1,960
Others	7,146	6,859
Total current liabilities	20,915	24,254
<b>Long term liabilities:</b>		
Bonds	5,000	5,000
Long-term borrowings	1,500	3,000
Accrued retirement benefits	648	36
Total long term liabilities	7,148	8,036
Total liabilities	28,064	32,290
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	94,097	89,431
Treasury stock	(40)	(37)
Total shareholders' equity	105,349	100,687
<b>Valuation and translation adjustments</b>		
Unrealized gain on available for-sale securities, net of taxes	891	1,247
Translation adjustment	330	171
Total valuation and translation adjustments	1,222	1,418
Total net assets	106,571	102,106
Total liabilities and net assets	134,635	134,396

## (2) CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen
	Second quarter April 1~September 30, 2008
Net sales	52,744
Cost of sales	34,285
<b>Gross profit on sales</b>	<b>18,459</b>
Selling, general and administrative expenses	9,085
<b>Operating Income</b>	<b>9,373</b>
<b>Non-operating revenue:</b>	
Interest earned	193
Dividends earned	154
Rents earned	144
Exchange gain	56
Others	71
<b>Non-operating expenses:</b>	
Interest expense	78
Commission fee	41
Others	3
<b>Ordinary Income</b>	<b>9,870</b>
<b>Extraordinary gain:</b>	
Gain on disposal of fixed assets	36
<b>Extraordinary loss:</b>	
Loss on disposal of fixed assets	236
Loss on valuation of investments in securities	310
Others	4
<b>Income before income taxes and minority interest</b>	<b>9,355</b>
<b>Income taxes:</b>	
Corporate, inhabitant's and enterprise taxes	4,106
Adjustment for corporate taxes	(394)
<b>Net Income</b>	<b>5,643</b>

### (3) CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. And subsidiaries

	Millions of yen
	Second quarter April 1~September 30, 2008
<b>Operating activities</b>	
Income before income taxes and minority interest	9,355
Depreciation and amortization	1,248
Increase in accrued retirement benefits	726
Interest and dividend income	(348)
Interest expense	78
Loss on disposal of fixed assets	199
Loss on valuation of investments in securities	310
Decrease in accounts receivable	905
Increase in inventories	(1,161)
Decrease in trade payable	(589)
Decrease in receivable consumption taxes	610
Others	89
<b>Sub total</b>	<b>11,425</b>
Interest and dividend received	348
Interest paid	(80)
Payments of income taxes	(5,912)
<b>Net cash provided by operating activities</b>	<b>5,779</b>
<b>Investing activities</b>	
Additions of tangible and intangible fixed assets	(2,194)
Proceeds from sales of tangible and intangible fixed assets	72
Additions of investments in securities	(772)
Investment in time deposit	(254)
Proceeds on maturity of time deposit	97
Others	3
<b>Net cash used in investing activities</b>	<b>(3,047)</b>
<b>Financing activities</b>	
Expenditures for return of long-term borrowings	(2,558)
Dividends paid	(976)
Others	(3)
<b>Net cash (used in) provided by financing activities</b>	<b>(3,539)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>216</b>
<b>Decrease in cash and cash equivalents</b>	<b>(590)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>43,256</b>
<b>Cash and cash equivalents at end of the period</b>	<b>42,666</b>

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 September 30, 2008)

( Millions of yen )

	Electronics Assembly Equipment	Machine Tools	Others	Total	Elimination or all company	Consolidated
Sales						
1. Sales to third parties	44,231	8,101	412	52,744	-	52,744
2. Interarea sales or transfers	0	-	930	930	(930)	-
<b>Total</b>	44,231	8,101	1,342	53,675	(930)	52,744
Operating income or loss	11,474	(1,111)	92	10,455	(1,081)	9,373

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 88 million yen for the “Electronics Assembly Equipment Business” and 435 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 September 30, 2008)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
Sales							
1. Sales to third parties	41,204	7,559	3,932	48	52,744	-	52,744
2. Interarea sales or transfers	8,711	14	19	70	8,814	(8,814)	-
Total	49,915	7,573	3,952	118	61,559	(8,814)	52,744
Operating income	10,095	53	231	2	10,382	(1,008)	9,373

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 432 million yen for the “Japan” and 73 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 September 30, 2008)

(Millions of yen)

	North America	Europe	Asia	Others	Total
I . Overseas sales	8, 583	7, 418	24, 872	2, 171	43, 045
II . Consolidated sales					52, 744
III . Ratio of overseas sales to consolidated sales(%)	16. 3	14. 1	47. 1	4. 1	81. 6

Notes:

1. Division by country or region based on geographical proximity.
2. Major countries or regions in each division
  - (1) North America: The United States of America, 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
	Second quarter April 1~September 30, 2007
Net sales	58,870
Cost of sales	36,771
Selling, general and administrative expenses	9,069
<b>Operating Income</b>	<b>13,028</b>
<b>Non-operating revenue:</b>	
Interest and dividend income	381
Others	66
<b>Non-operating expenses:</b>	
Interest expense	92
Exchange loss	158
Others	53
<b>Ordinary Income</b>	<b>13,172</b>
<b>Extraordinary gain:</b>	
Gain on disposal of fixed assets	73
<b>Extraordinary loss:</b>	
Loss on disposal of fixed assets	178
<b>Income before income taxes and minority interest</b>	<b>13,066</b>
<b>Income taxes:</b>	
Corporate, inhabitant's and enterprise taxes	5,167
Adjustment for corporate taxes	(111)
<b>Net Income</b>	<b>8,011</b>

## (2) CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen
	Second quarter April 1~September 30, 2007
<b>Operating activities</b>	
Income before income taxes and minority interest	13,066
Depreciation and amortization	1,654
Increase in accrued warranty	91
Decrease in accrued retirement benefits	(94)
Interest and dividend income	(381)
Interest expense	92
Gain on disposition of fixed assets	(73)
Loss on disposition of fixed assets	178
Increase in accounts receivable	(3,107)
Decrease in inventories	6,943
Increase in trade payable	1,474
Decrease in receivable consumption taxes	1,091
Others	877
<b>Sub total</b>	<b>21,814</b>
Interest and dividend received	381
Interest paid	(92)
Payments of income taxes	(5,374)
<b>Net cash provided by operating activities</b>	<b>16,728</b>
<b>Investing activities</b>	
Additions of tangible and intangible fixed assets	(635)
Proceeds from sales of tangible and intangible fixed assets	226
Additions of investment securities	(899)
Investment in time deposit	(254)
Proceeds on maturity of time deposit	79
Expenditures for long-term prepaid expenses	(6)
Others	12
<b>Net cash used in investing activities</b>	<b>(1,477)</b>
<b>Financing activities</b>	
Expenditures for return of long-term borrowings	(1,058)
Dividends paid	(610)
Others	(4)
<b>Net cash (used in) provided by financing activities</b>	<b>(1,674)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(240)</b>
<b>Increase in cash and cash equivalents</b>	<b>13,336</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>32,245</b>
<b>Cash and cash equivalents at end of the period</b>	<b>45,581</b>

### (3) On consolidated segment information

#### a. Business segment information

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

(Millions of yen)

	Electronics Assembly Equipment	Machine Tools	Others	Total	Elimination or all company	Consolidated
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 income or loss	14,271	(321)	36	13,986	(957)	13,028

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 September 30, 2007)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
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 income	13,114	405	421	(11)	13,930	(901)	13,028

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

#### c. Overseas sales

Previous consolidated accounting period (April 1 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(%)	13.4	10.5	57.5	3.7	85.0

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.

**(4) Situation of orders and sales**

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

(Millions of yen)

Division	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	54,323	86.6	51,027	86.7	11,020	54.3
Machine Tools	8,013	12.8	7,364	12.5	9,181	45.3
Others	368	0.6	478	0.8	89	0.4
Total	62,705	100.0	58,870	100.0	20,291	100.0

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

(Millions of yen)

Division	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	39,666	86.7	44,231	83.8	6,644	55.3
Machine Tools	5,566	12.2	8,101	15.4	5,207	43.4
Others	487	1.1	412	0.8	154	1.3
Total	45,720	100.0	52,744	100.0	12,007	100.0

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

(Millions of yen)

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