



THIRD QUARTER FINANCIAL STATEMENTS

From April 1, 2008
To December 31, 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

Confusion in the financial market started from the financial crisis in U.S.A. has rapidly spread over the world real economy in the 3rd quarter (For the nine months ended December 31, 2008) and the business environment has become further severer than ever as the business climate entered in the recessive scene.

Under the above mentioned environment, our group has promoted speedy business management to firmly secure business expansion in the demand recovery stage, and we have pursued realization of the highly profitable corporate strength that enables continued business growth through seek of new engineering of the next generation and promotion of the development of highly marketable products that meet customer needs without delay along with reinforcement of the marketing and service system and thorough pursuit of Q (quality), C (cost) D (delivery) and S (service) improving measures for issues of the environment, energy, safety and health.

Under the circumstances mentioned in the above, our sale were 64,455 million yen (22.6% decrease against the same term in the preceding year), operating profit was 9,145 million yen (48.9% decrease against the same term in the preceding year), ordinary profit was 9,834 million yen (45.5% decrease against the same term in the preceding year) and net profit was 2,473 million yen (77.5% decrease against the same term in the preceding year).

Business results by segment

(Electronics Assembly Equipment)

Under the effect of freezing capital investment plans by the major mobile phone manufacturers and major EMS (Electronics Manufacturing Service) which are our major customers due to the drastic decrease in demands of the electronics products including the mobile phones, laptop computers and flat-screen TV, the sales amount was 53,502 million yen (24.1% decrease against the same term in the preceding year) and the operating profit was 12,340 million yen (37.4% decrease against the same term in the preceding year) as a result of drastic decrease of the customer orders.

(Machine Tools)

As the demand for capital investments has decreased due to the significant production adjustment of the automotive industry that is the major customer of our group in addition to the drastic suppression of capital investment as a whole industry in both of the domestic and overseas markets, the sales amount was 10,402 million yen (13.6% decrease against the same term in the preceding year) and the operating profit/loss was a loss of 1,659 million yen (the same term in the preceding year: 488 million yen of operating loss).

(The rate of increase/decrease against the same term in the preceding year and the amount of the same term in the preceding year in the above description are inserted for the reference.)

2. Qualitative information concerning financial condition

The total consolidated assets for this period, due to increases in accounts receivable, were 126,565 million yen, which was 7,831 million yen less than the previous consolidated fiscal year. Additionally, our consolidated liabilities for this period totaled 27,120 million yen, which was 5,170 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 46,126 million yen, which was 2,869 million yen more than the previous consolidated fiscal period. This was attributable to the total of increased cash flow from business operations and financing activities exceeding decreased cash flow from investment activities.

As for cash flow from business operations, cash which was obtained as a result of the operations was 5,906 million yen. This was mainly attributable to positive factors such as increases in income before income tax and decreases in accounts receivable 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 4,279 million yen. This was attributable mainly from additions of tangible fixed assets.

As for cash flow from financing activities, cash which was obtained as a result of the activities was 2,378 million yen. This was principally due to issuance of bonds.

3. Qualitative information about consolidated result prediction

We predict that the future of the economy in Japan and overseas countries will continue to be severe as the worldwide financial crisis makes deep impact on the real economy and the environment surrounding the business management.

The business for the electronics assembly equipment in our group is predicted to continue to be in the sluggish trend as freezing or deferment of the capital investment plans of the major mobile phone manufacturers and major EMS (Electronics Manufacturing Service) customers that are our major customers under drastic decrease of the demand for final products. As for the machine tools business, we predict that the capital investment will also move in the low level because of drastic production adjustment by the automotive industry which is our major customer. Since we posted 1,856 million yen as a loss on valuation investment in securities during the third quarter, we will change the 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)	83,000	8,600	8,800	4,800	98.19
Revised forecast March 31,2009 (B)	70,000	4,500	5,400	-1,000	-20.46
Difference (B-A)	-13,000	-4,100	-3,400	-5,800	—
Change (%)	-15.7	-47.7	-38.6	—	—
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.
By this change, the Operating profit, ordinary profit and net profit before the taxes of the quarter have decreased by 592 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	
	Third quarter ended December 31, 2008	Year ended March 31, 2008
Current assets		
Cash on hand and in bank	31,203	33,964
Notes and accounts receivable – trade	14,205	25,234
Marketable securities	15,800	10,000
Finished goods	4,263	5,005
Raw materials	18,412	14,988
Work in process	7,870	7,454
Other inventories	145	154
Other current assets	4,005	5,413
Less-Allowance for doubtful receivable	(9)	(14)
Total current assets	95,898	102,200
Fixed assets		
Property, plant and equipment	17,642	16,860
Intangible assets	1,955	1,550
Investments and other assets:		
Investment securities	9,255	12,734
Others	1,815	1,051
Total investments and other assets	11,070	13,785
Total fixed assets	30,667	32,196
Total assets	126,565	134,396

LIABILITIES AND NET ASSETS	Millions of yen	
	Third quarter ended December 31, 2008	Year ended March 31, 2008
Liabilities		
Current liabilities:		
Notes and accounts payable	1,619	4,413
Return planned long-term borrowings for less than 1 year	4,023	5,114
Accrued income tax	185	5,905
Accrued warranty	1,713	1,960
Others	5,064	6,859
Total current liabilities	12,604	24,254
Long term liabilities:		
Bonds	12,000	5,000
Long-term borrowings	1,500	3,000
Accrued retirement benefits	1,015	36
Others	0	-
Total long term liabilities	14,515	8,036
Total liabilities	27,120	32,290
Net assets		
Shareholders' equity		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	89,949	89,431
Treasury stock	(41)	(37)
Total shareholders' equity	101,200	100,687
Valuation and translation adjustments		
Unrealized gain on available for-sale securities, net of taxes	(400)	1,247
Translation adjustment	(1,354)	171
Total valuation and translation adjustments	(1,755)	1,418
Total net assets	99,445	102,106
Total liabilities and net assets	126,565	134,396

(2) CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen
	Third quarter April 1~December 31, 2008
Net sales	64,455
Cost of sales	42,247
Gross profit on sales	22,208
Selling, general and administrative expenses	13,062
Operating Income	9,145
Non-operating revenue:	
Interest earned	299
Dividends earned	231
Rents earned	229
Exchange gain	164
Others	86
Non-operating expenses:	
Interest expense	113
Bond issue expense	143
Commission fee	59
Others	6
Ordinary Income	9,834
Extraordinary gain:	
Gain on disposal of fixed assets	43
Extraordinary loss:	
Loss on disposal of fixed assets	277
Loss on valuation of investments in securities	1,856
Others	4
Income before income taxes and minority interest	7,739
Income taxes:	
Corporate, inhabitant's and enterprise taxes	2,881
Adjustment for corporate taxes	2,385
Net Income	2,473

(3) CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. And subsidiaries

	Millions of yen
	Third quarter April 1~December 31, 2008
Operating activities	
Income before income taxes and minority interest	7,739
Depreciation and amortization	1,909
Increase in accrued retirement benefits	1,092
Interest and dividend income	(530)
Interest expense	113
Loss on disposal of fixed assets	233
Loss on valuation of investments in securities	1,856
Decrease in accounts receivable	10,749
Increase in inventories	(3,449)
Decrease in trade payable	(2,537)
Decrease in receivable consumption taxes	256
Others	(1,896)
Sub total	15,537
Interest and dividend received	530
Interest paid	(116)
Payments of income taxes	(10,045)
Net cash provided by operating activities	5,906
Investing activities	
Additions of tangible and intangible fixed assets	(3,370)
Proceeds from sales of tangible and intangible fixed assets	77
Additions of investments in securities	(772)
Investment in time deposit	(317)
Proceeds on maturity of time deposit	146
Others	(42)
Net cash used in investing activities	(4,279)
Financing activities	
Expenditures for return of long-term borrowings	(2,581)
Proceeds from issuance of bonds	6,855
Dividends paid	(1,891)
Others	(4)
Net cash (used in) provided by financing activities	2,378
Effect of exchange rate changes on cash and cash equivalents	(1,136)
Increase in cash and cash equivalents	2,869
Cash and cash equivalents at beginning of year	43,256
Cash and cash equivalents at end of the period	46,126

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 December 31, 2008)

(Millions of yen)

	Electronics Assembly Equipment	Machine Tools	Others	Total	Elimination or all company	Consolidated
Sales						
1. Sales to third parties	53,502	10,402	549	64,455	-	64,455
2. Interarea sales or transfers	0	-	1,154	1,154	(1,154)	-
Total	53,503	10,402	1,704	65,610	(1,154)	64,455
Operating income or loss	12,340	(1,659)	121	10,802	(1,656)	9,145

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. By this change, the operating profit for the “Electronics Assembly Equipment Business” has decreased by 93 million yen and the operating loss for the “Machine Tools Business” has increased by 498 million yen.

(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 December 31, 2008)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
Sales							
1. Sales to third parties	48,911	10,367	5,099	76	64,455	-	64,455
2. Interarea sales or transfers	10,691	19	35	101	10,848	(10,848)	-
Total	59,602	10,386	5,135	178	75,303	(10,848)	64,455
Operating income	9,572	97	627	3	10,300	(1,154)	9,145

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. By this change, the operating profit has decreased by 500 million yen for the “Japan” and 74 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 December 31, 2008)

(Millions of yen)

	North America	Europe	Asia	Others	Total
I . Overseas sales	11, 251	9, 085	28, 058	2, 436	50, 832
II . Consolidated sales					64, 455
III . Ratio of overseas sales to consolidated sales(%)	17. 5	14. 1	43. 5	3. 8	78. 9

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
	Third quarter April 1~December 31, 2007
Net sales	83,262
Cost of sales	51,671
Selling, general and administrative expenses	13,688
Operating Income	17,901
Non-operating revenue	686
Non-operating expenses	551
Ordinary Income	18,036
Extraordinary gain	91
Extraordinary loss	270
Income before income taxes and minority interest	17,857
Income taxes	6,870
Net Income	10,987

(2) CONSOLIDATED CASH FLOWS STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen
	Third quarter April 1~December 31, 2007
Operating activities	
Income before income taxes and minority interest	17,857
Depreciation and amortization	2,415
Increase in accounts receivable	(478)
Decrease in inventories	4,413
Increase in trade payable	1,622
Payments of income taxes	(8,122)
Others	914
Net cash provided by operating activities	18,623
Investing activities	
Additions of tangible and intangible fixed assets	(1,065)
Proceeds from sales of tangible and intangible fixed assets	316
Additions of investment securities	(1,452)
Others	(211)
Net cash used in investing activities	(2,413)
Financing activities	
Expenditures for return of long-term borrowings	(1,088)
Dividends paid	(1,514)
Others	(5)
Net cash (used in) provided by financing activities	(2,608)
Effect of exchange rate changes on cash and cash equivalents	(296)
Increase in cash and cash equivalents	13,304
Cash and cash equivalents at beginning of year	32,245
Cash and cash equivalents at end of the period	45,549

(3) On consolidated segment information

a. Business segment information

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

(Millions of yen)

	Electronics Assembly Equipment	Machine Tools	Others	Total	Elimination or all company	Consolidated
Sales						
1. Sales to third parties	70,473	12,038	751	83,262	-	83,262
2. Interarea sales or transfers	0	-	1,082	1,082	(1,082)	-
Total	70,473	12,038	1,833	84,344	(1,082)	83,262
Operating income or loss	19,729	(488)	80	19,321	(1,419)	17,901

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 December 31, 2007)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
Sales							
1. Sales to third parties	65,388	12,166	5,665	42	83,262	-	83,262
2. Interarea sales or transfers	14,268	28	78	-	14,374	(14,374)	-
Total	79,656	12,195	5,743	42	97,637	(14,374)	83,262
Operating income	18,470	659	601	(11)	19,719	(1,818)	17,901

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 December 31, 2007)

(Millions of yen)

Division	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	71,113	84.2	70,473	84.6	8,364	47.4
Machine Tools	12,722	15.1	12,038	14.5	9,216	52.3
Others	605	0.7	751	0.9	54	0.3
Total	84,441	100.0	83,262	100.0	17,635	100.0

This consolidated accounting period (April 1 to December 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	44,364	87.1	53,502	83.0	2,071	37.7
Machine Tools	5,914	11.6	10,402	16.1	3,254	59.2
Others	638	1.3	549	0.9	168	3.1
Total	50,917	100.0	64,455	100.0	5,494	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