

November 6, 2014

CONSOLIDATED FINANCIAL REPORT

FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2014 [Japanese GAAP]

Fuji Machine Mfg. Co., Ltd. is listed on the First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange with the securities code number 6134.

(URL <http://www.fuji.co.jp/>)

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Figures have been rounded down to eliminate amounts less than one million yen, except per share figures.

1. Performance for the second quarter ended September 30, 2014 (From April 1 to September 30, 2014)

1.1. Business results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
6 months ended September 30, 2014	43,188 (18.1%)	5,711 (92.0%)	6,025 (79.2%)	4,284 (82.5%)
6 months ended September 30, 2013	36,568 (△9.9%)	2,975 (△33.4%)	3,363 (△24.3%)	2,348 (△19.6%)

Notes 1: Figures in parentheses are the percentage increase or decrease compared to the previous corresponding period.

2: Comprehensive income (Millions of yen)

6 months ended September 30, 2014: 6,255 (8.3%)

6 months ended September 30, 2013: 5,778 (496.6%)

(Yen)

	Net income per share	Diluted net income per share
6 months ended September 30, 2014	43.83	-
6 months ended September 30, 2013	24.02	-

1.2. Financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio
September 30, 2014	144,800	127,944	88.2%
March 31, 2014	135,942	120,794	88.9%

Note: Equity (Millions of yen)

As of September 30, 2014: 127,725

As of March 31, 2014: 120,794

2. Cash dividends

(Yen)

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
Fiscal year ended March 31, 2014	-	10.00	-	6.00	16.00
Fiscal year ending March 31, 2015	-	8.00			
Fiscal year ending March 31, 2015 (Forecast)			-	8.00	16.00

Notes 1: Revision of cash dividends in the latest quarter under review: No

2: Breakdown of second quarter-end dividend for the fiscal year ending March 31, 2014 (Yen)

Regular dividend: 6.00 Commemorative dividend: 4.00

3. Forecast of business results for fiscal year ending March 31, 2015

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
Fiscal year ending March 31, 2015	75,000 (14.4%)	6,600 (118.0%)	7,100 (87.5%)	5,100 (96.7%)	52.17

Notes 1: Figures in parentheses are the percentage increase or decrease compared to the previous corresponding period.

2: Revision of business forecast in the latest quarter under review: Yes

Notes

- 1.1. Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): No
New Company: Not applicable Exclusion: Not applicable
- 1.2. Application of accounting methods specific to the preparation of quarterly consolidated financial statements: No
- 1.3. Changes of accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes of accounting policies accompanied by revision of accounting standard etc.: Yes
 - 2) Changes of accounting policies other than 1: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- 1.4. Number of shares outstanding
 - 1) Number of shares outstanding as of end of period (including treasury stock)
As of September 30, 2014: 97,823,748 shares As of March 31, 2014: 97,823,748 shares
 - 2) Number of treasury stock as of end of period
As of September 30, 2014: 66,116 shares As of March 31, 2014: 65,534 shares
 - 3) Average number of shares outstanding
6 months ended September 30, 2014: 97,757,949 shares
6 months ended September 30, 2013: 97,759,990 shares

Indication of quarterly review procedure implementation status

At the time of disclosure of this report, the procedures for review of quarterly consolidated financial statements, pursuant to the "Financial Instruments and Exchange Act" of Japan, have not been completed.

Explanation for appropriate use of forecasts and other notes

(Attention for the forecasts)

Items included in this document which relate to the future such as business results forecasts are based on information available as of the release of this report and Fuji makes no guarantee that these forecasts will be met. Also, actual business results may change greatly based on various factors.

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1. Qualitative information

1.1. Explanation of Operating Results

During the second quarter of this fiscal year Japan has experienced a weak economy due to the effects of consumption tax increase. Although the economic growth of Europe has paused, exports from China has shown a gradual recovery and the US economy has a tone for expanding.

In this environment, our Group has made efforts to promote speedy management and to develop highly competitive products which meet market needs, and continues to promote the rapid development of next-generation and innovative products. We have also worked to continue to strengthen domestic and overseas sales and service networks, and to promote solution-based sales approaches, in an effort to improve customer satisfaction and expand sales. In addition, we have sought to improve profitability by pursuing QCD (quality, cost and delivery) through the promotion of optimal global local procurement as part of the strengthening of supply chains, reducing the lead time with production reforms, and strengthening cooperation between Group companies.

As a result of the above, sales for the second quarter of this fiscal year were 43,188 million yen, an increase of 6,619 million yen (18.1%) over the same quarter last fiscal year. In addition, our operating income was 5,711 million yen (up 92.0% over the same quarter last fiscal year), ordinary income was 6,025 million yen (up 79.2% over the same quarter last fiscal year), and net income was 4,284 million yen (up 82.5% over the same quarter last fiscal year).

Business results by segment

1) Electronics Assembly Equipment

Regarding the Electronics Assembly Equipment Division, because major electronics-related assembly manufacturers and major EMS (electronics manufacturing services) remain at a high level of operation, the growth of new capital investment for smart phones, tablets and automotive electronics brought gradual recovery in business.

As a result, net sales totaled 37,885 million yen, up 5,979 million yen (18.7%) over the same quarter of the previous fiscal year, and operating income was 7,377 million yen (up 64.0% over the same quarter in the previous fiscal year).

2) Machine Tools

Regarding the Machine Tools Division, net sales were 4,873 million yen, an increase of 458 million yen (10.4%) over the same quarter of the previous fiscal year. However, there was a loss of 238 million yen in operating income (Operating loss for the same quarter last fiscal year: 149 million yen).

1.2. Explanation of Financial Position

Regarding our financial position, due to an increase in securities, consolidated gross assets were up 8,858 million yen over the end of the previous fiscal year, at 144,800 million yen. In addition, an increase in income taxes payable resulted in an increase in consolidated gross liabilities over the end of the previous fiscal year, up 1,708 million yen to 16,856 million yen.

With regard to cash flow, the balance of cash and cash equivalents at the end of the second quarter of the current fiscal year was down 1,434 million yen over the end of the previous fiscal year, at 49,224 million yen.

Cash flows from operating activities were 4,219 million yen in revenue (same quarter previous year: 12,824 million yen in revenue). This was mainly due to revenue from the income before adjustments for taxes and depreciation.

Cash flows from investing activities were 5,369 million yen in expenditures (same quarter previous year: 3,146 million yen in expenditures). This was mainly due to expenditures for the procurement of securities.

Cash flows from financing activities were 887 million yen in expenditures (same quarter previous year: 1,959 million yen in expenditures). This was mainly due to the payment of dividends.

1.3. Explanation of Forecasting Information such as Consolidated Earnings Forecasts etc.

Modifications have been made to the forecasts for consolidated business performance that we announced on August 7, 2014.

2. Quarterly Consolidated Financial Statements

2.1. Consolidated balance sheets

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Year ended March 31, 2014	Second quarter ended September 30 2014
ASSETS		
Current assets		
Cash and deposits	46,888	43,500
Notes and accounts receivable – trade	12,823	17,526
Securities	4,000	8,918
Merchandise and finished goods	4,754	5,587
Work in process	13,026	13,271
Raw materials and supplies	6,889	6,315
Other inventories	12	12
Other	4,616	5,015
Allowance for doubtful accounts	△29	△32
Total current assets	92,982	100,115
Non-current assets		
Property, plant and equipment	19,355	19,572
Intangible assets	5,754	5,301
Investments and other assets:		
Investment securities	17,224	19,156
Others	625	654
Total investments and other assets	17,849	19,811
Total non-current assets	42,959	44,684
Total assets	135,942	144,800

	Millions of yen	
	Year ended March 31, 2014	Second quarter ended September 30 2014
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Notes and accounts payable - trade	3,434	3,904
Current portion of bonds	600	600
Income taxes payable	949	1,937
Provision for product warranties	681	799
Other	4,707	5,993
Total current liabilities	10,372	13,234
Non-current liabilities:		
Bonds payable	600	300
Net defined benefit liability	2,903	894
Other	1,271	2,427
Total non-current liabilities	4,775	3,621
Total liabilities	15,147	16,856
Net assets		
Shareholders' equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Retained earnings	103,038	107,999
Treasury shares	△50	△50
Total shareholders' equity	114,281	119,240
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,180	6,272
Foreign currency translation adjustment	1,147	2,118
Remeasurements of defined benefit plans	185	92
Total accumulated other comprehensive income	6,513	8,484
Minority interests	-	219
Total net assets	120,794	127,944
Total liabilities and net assets	135,942	144,800

2.2. Consolidated income statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30 2013	Second quarter April 1 to September 30 2014
Net sales	36,568	43,188
Cost of sales	23,218	26,192
Gross profit	13,350	16,996
Selling, general and administrative expenses	10,375	11,284
Operating income	2,975	5,711
Non-operating income:		
Interest income	52	57
Dividend income	127	140
Foreign exchange gains	75	130
Miscellaneous income	199	60
Total non-operating income	454	389
Non-operating expenses:		
Interest expenses	22	8
Commission fee	43	65
Miscellaneous expenses	0	2
Total non-operating expenses	66	75
Ordinary income	3,363	6,025
Extraordinary income:		
Gain on disposal of non-current assets	28	48
Gain on step acquisitions	-	77
Gain on bargain purchase	19	-
Total extraordinary income	47	125
Extraordinary losses:		
Loss on disposal of non-current assets	30	90
Other	-	5
Total extraordinary losses	30	95
Income before income taxes and minority interests	3,379	6,055
Income taxes – current	1,324	2,087
Income taxes – deferred	△283	△316
Total income taxes	1,040	1,771
Income before minority interests	2,339	4,284
Minority interests in loss	△8	-
Net income	2,348	4,284

2.3. Consolidated statement of comprehensive income

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30 2013	Second quarter April 1 to September 30 2014
Income before minority interests	2,339	4,284
Other comprehensive income		
Valuation difference on available for sale securities	2,431	1,092
Foreign currency translation adjustment	1,007	971
Remeasurements of defined benefit plans, net of tax	-	△92
Total other comprehensive income	3,438	1,971
Comprehensive income	5,778	6,255
(Details)		
Comprehensive income attributable to owners of parent	5,755	6,255
Comprehensive income attributable to minority interests	22	-

2.4. Consolidated cash flow statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30 2013	Second quarter April 1 to September 30 2014
Cash flows from operating activities		
Income before income taxes	3,379	6,055
Depreciation	2,329	2,655
Increase or decrease in provision for retirement benefits	9	-
Increase or decrease in net defined benefit liability	-	△195
Interest and dividend income	△179	△198
Interest expenses	22	8
Loss or gain on disposal of non-current assets	2	42
Increase or decrease in notes and accounts receivable – trade	1,866	△4,607
Increase or decrease in inventories	3,488	△47
Increase or decrease in notes and accounts payable - trade	△242	213
Increase or decrease in consumption taxes refund receivable	879	68
Others	△65	1,218
Sub total	11,491	5,212
Interest and dividend income received	179	198
Interest expenses paid	△24	△8
Income taxes (paid) refund	1,178	△1,183
Net cash provided by (used in) operating activities	12,824	4,219
Cash flows from investing activities		
Purchase of securities	-	△3,000
Purchase of property, plant and equipment and intangible assets	△3,169	△2,354
Proceeds from sales of property, plant and equipment and intangible assets and intangible fixed assets	102	176
Purchase of investment securities	-	△394
Payments into time deposits	△47	△45
Proceeds from withdrawal of time deposits	331	80
Purchase of investments in capital of subsidiaries	△351	-
Proceeds from sales of investment in subsidiaries resulting in change in scope of consolidation	-	169
Others	△13	△1
Net cash provided by (used in) investing activities	△3,146	△5,369

	Millions of yen	
	Second quarter April 1 to September 30, 2013	Second quarter April 1 to September 30, 2014
Cash flows from financing activities		
Redemption of bonds	△1,469	△300
Cash dividends paid	△489	△587
Others	△0	△0
Net cash provided by (used in) financing activities	△1,959	△887
Effect of exchange rate change on cash and cash equivalents	586	603
Net increase (decrease) in cash and cash equivalents	8,304	△1,434
Cash and cash equivalents at beginning of period	47,877	50,658
Cash and cash equivalents at end of the period	56,182	49,224

2.5. Notes to Quarterly Consolidated Financial Statements

(Notes to assumption of going concern)

Not applicable.

(Notes to a significant change in shareholder's capital)

Not applicable.

(Segment information)

Previous Second Quarter (April 1 to September 30, 2013)

1) Information on the amounts of sales, profit, or loss by reportable segment

(Millions of yen)

	Reportable Segments			Others	Total
	Electronics assembly equipment	Machine Tools	Subtotal		
Sales					
Sales to third parties	31,906	4,414	36,320	248	36,568
Inter-segment sales or transfers	0	-	0	1	1
Total	31,906	4,414	36,320	250	36,570
Segment income or loss	4,498	△149	4,348	△95	4,253

Note: "Others" include business activities that do not fit into the main two reportable segments. This includes the manufacture of control equipment, PCB contract manufacturing, and software development.

2) Difference between the aggregate amount of the profit or loss of a reportable segment and the amount posted in the consolidated quarterly profit-and-loss statement and major descriptions of the said difference (difference adjustments and related matters)

(Millions of yen)

Income	Amount of money
Reportable segments total	4,348
Other losses	△95
Inter-segment elimination	0
Overall company expenditures	△1,278
Quarterly operating income	2,975

Note: Overall company expenditure mainly consists of the administration expenses and engineering research expenses not attributable to the reportable segments.

This Second Quarter (April 1 to September 30, 2014)

1) Information on the amounts of sales, profit, or loss by reportable segment

(Millions of yen)

	Reportable Segments			Others	Total
	Electronics assembly equipment	Machine Tools	Subtotal		
Sales					
Sales to third parties	37,885	4,873	42,758	430	43,188
Inter-segment sales or transfers	-	-	-	1	1
Total	37,885	4,873	42,758	431	43,190
Segment income or loss	7,377	△238	7,139	△52	7,087

Note: "Others" include business activities that do not fit into the main two reportable segments. This includes the manufacture of control equipment, PCB design and manufacturing, and software development.

2) Difference between the aggregate amount of the profit or loss of a reportable segment and the amount posted in the consolidated quarterly profit-and-loss statement and major descriptions of the said difference (difference adjustments and related matters)

(Millions of yen)

Income	Amount of money
Reportable segments total	7,139
Other losses	△52
Inter-segment elimination	0
Overall company expenditures	△1,375
Quarterly operating income	5,711

Note: Overall company expenditure mainly consists of the administration expenses and engineering research expenses not attributable to the reportable segments.

3. Supplementary information

3.1. Orders and sales

Previous Second Quarter (April 1 to September 30, 2013)

Name of segment	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	29,907	84.8	31,906	87.2	4,745	49.5
Machine Tools	5,087	14.4	4,414	12.1	4,758	49.6
Others	280	0.8	248	0.7	87	0.9
Total	35,275	100.0	36,568	100.0	9,591	100.0

This Second Quarter (April 1 to September 30, 2014)

Name of segment	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	38,207	83.6	37,885	87.7	9,967	61.9
Machine Tools	6,997	15.3	4,873	11.3	5,937	36.9
Others	494	1.1	430	1.0	193	1.2
Total	45,699	100.0	43,188	100.0	16,097	100.0

Previous Fiscal Year (April 1, 2013 to March 31, 2014)

Name of segment	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	57,646	84.4	54,744	83.5	9,645	71.0
Machine Tools	10,002	14.7	10,275	15.7	3,812	28.1
Others	619	0.9	545	0.8	129	0.9
Total	68,269	100.0	65,565	100.0	13,587	100.0

3.2. Information on regions

Previous Second Quarter (April 1 to September 30, 2013)

	Japan	China	Other Asia	North America	Other North America	Europe	Other	Total
Sales (Millions of yen)	3,772	16,832	5,211	4,551	1,306	2,921	1,972	36,568
Ratio (%)	10.3	46.0	14.3	12.4	3.6	8.0	5.4	100.0

This Second Quarter (April 1 to September 30, 2014)

	Japan	China	Other Asia	North America	Other North America	Europe	Other	Total
Sales (Millions of yen)	4,324	22,249	6,241	4,660	1,165	3,738	809	43,188
Ratio (%)	10.0	51.5	14.4	10.8	2.7	8.7	1.9	100.0

Previous Fiscal Year (April 1, 2013 to March 31, 2014)

	Japan	China	Other Asia	North America	Other North America	Europe	Other	Total
Sales (Millions of yen)	7,769	26,010	11,271	9,368	1,730	6,428	2,988	65,565
Ratio (%)	11.8	39.7	17.2	14.3	2.6	9.8	4.6	100.0

Note: Sales are based on the locations of customers and classified by country or region.