

February 13, 2014

CONSOLIDATED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED DECEMBER 31, 2013 [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/>)

Representative: Nobuyuki Soga, President & CEO

For Inquiries: Mitsuji Tatsumi, Executive Officer and Accounting Department General Manager

Email: keiki@fuji.co.jp

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

1. Performance for the third quarter ended December 31, 2013

(From April 1 to December 31, 2013)

1.1. Business results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
9 months ended December 31, 2013	48,856 (△8.8%)	2,466 (△40.2%)	3,198 (△27.6%)	2,246 (△18.4%)
9 months ended December 31, 2012	53,566 (△19.4%)	4,122 (△68.3%)	4,418 (△65.5%)	2,753 (△54.1%)

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

2: Comprehensive income (Millions of yen)

9 months ended December 31, 2013: 8,434 (117.1%)

9 months ended December 31, 2012: 3,885 (△6.0%)

(Yen)

	Net income per share	Diluted net income per share
9 months ended December 31, 2013	22.98	-
9 months ended December 31, 2012	28.17	-

1.2. Financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio
December 31, 2013	137,030	122,169	89.2%
March 31, 2013	131,089	115,738	87.9%

Note: Equity (Millions of yen)

As of December 31, 2013: 122,169

As of March 31, 2013: 115,225

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, 2013	-	17.50	-	5.00	22.50
Fiscal year ending March 31, 2014	-	10.00	-		
Fiscal year ending March 31, 2014 (Forecast)				6.00	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: As of January 1, 2013, a 2-for-1 split of common stock was carried out.

3. Forecast of business results for fiscal year ending March 31, 2014

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
Fiscal year ending March 31, 2014	63,000 (△2.1%)	3,600 (△8.0%)	3,900 (△11.5%)	2,800 (3.8%)	28.64

Notes 1: Figures in parentheses are the percentage increase or decrease compared to the previous year

2: Revision of business forecast in the latest quarter under review: No

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.: No
 - 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 December 31, 2013: 97,823,748 shares As of March 31, 2013: 97,823,748 shares
 - 2) Number of treasury stock as of end of period
As of December 31, 2013: 64,942 shares As of March 31, 2013: 63,464 shares
 - 3) Average number of shares outstanding
9 months ended December 31, 2013: 97,759,742 shares
9 months ended December 31, 2012: 97,760,973 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 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.

Contents

1.	Qualitative information	2
1.1.	Explanation of operating results.....	2
1.2.	Explanation of financial position	3
1.3.	Explanation of forecasting information such as consolidated earnings forecasts, etc.....	3
2.	Consolidated balance sheets and statements	4
2.1.	Consolidated balance sheets	4
2.2.	Consolidated income statement	6
2.3.	Consolidated statement of comprehensive income	7
2.4.	Consolidated cash flow statement	8
2.5.	Notes to quarterly consolidated financial statements	9
	(Notes to assumption of going concern).....	9
	(Notes to a significant change in shareholder's capital)	9
	(Segment information)	9
3.	Supplementary information	11
3.1.	Orders and sales	11
3.2.	Information on regions	12

1. Qualitative information

1.1. Explanation of operating results

In the fiscal period ending with the third quarter, the economy of Japan has maintained its gradual recovery, due to the effects of monetary and fiscal policies. In the global economy, there were gradual improvements, with growth in China observed to have slowed down somewhat, the US undergoing a moderate expansion, and Europe seeing improvements in business confidence.

Within this environment, our Group has promoted timely management, has taken measures to develop highly competitive products which respond to market needs, and has worked to rapidly develop innovative and next-generation products. In addition, we have worked to improve customer satisfaction and increase sales through the continuous strengthening of our domestic and overseas sales and service networks, and the promotion of our business solutions. Further, we have aimed to improve profitability by pursuing QCD in the strengthening of our supply chain with the promotion of optimal global procurement, and by reducing lead time for production reforms and strengthening cooperation between Group companies, although the company remains in a difficult position as the recovery of capital investment by customers remains slow in both the electronic component assembly and machine tool businesses.

Given the above conditions, net sales for the period ending with the third quarter were 48,856 million yen, a reduction of 4,709 million yen (8.8%) over the same quarter last fiscal year. In addition, operating income was 2,466 million yen (down 40.2% over the same quarter last fiscal year), ordinary income was 3,198 million yen (down 27.6% over the same quarter last fiscal year) and net income for the quarter was 2,246 million yen (down 18.4% over the same quarter last fiscal year).

Business results by segment

1) Electronics Assembly Equipment

With regard to the electronic component assembly business, while major electronics-related manufacturers and major EMS (Electronic Manufacturing Service) maintained relatively high levels of operations, capital investment was limited, with customers related to market drivers such as smartphones and tablets continuing to take a cautious approach to investment. As a result, net sales were at 41,165 million yen, down 4,029 million yen (8.9%) over the same quarter last fiscal year, while operating income was 4,465 million yen (down 28.0% over the same quarter last fiscal year).

2) Machine Tools

Regarding the machine tool business, demand failed to grow, particularly in the North American market, and the situation remained difficult in spite of a recovery over the second quarter. Thus, net sales were 7,292 million yen, down 574 million yen (7.3%) over the same quarter last fiscal year. Operating income was 14 million yen (down 98.4% over the same quarter last fiscal year).

1.2. Explanation of financial position

In terms of the company's financial position, due to an increase in investment securities, total consolidated assets increased by 5,940 million yen over the same quarter last fiscal year, to 137,030 million yen. A decrease in corporate bonds also led to a decrease in total consolidated liabilities, down 490 million yen to 14,861 million yen.

Regarding cash flow, the balance of cash and cash equivalents for the period ending with the third quarter was up 3,808 million yen over the same quarter last fiscal year, to 51,685 million yen.

Cash flow from operating activities resulted in a revenue of 12,144 million yen (same quarter last year: revenue of 4,679 million yen). This was mainly due to tax adjustments from the previous quarter and depreciation/amortization.

Cash flow from investing activities resulted in an expenditure of 5,880 million yen (same quarter last year: expenditure of 5,135 million yen). This was mainly due to expenditures on the acquisition of tangible fixed assets.

Cash flow from financing activities resulted in an expenditure of 4,045 million yen (same quarter last year: expenditure of 3,988 million yen). This was mainly due to the redemption of corporate bonds.

1.3. Explanation of forecasting information such as consolidated earnings forecasts, etc.

No modifications have been made to the forecasts for consolidated business performance that we announced on November 7, 2013.

2. Consolidated balance sheets and statements

2.1. Consolidated balance sheets

Fuji Machine Mfg. Co., Ltd. and subsidiaries

ASSETS	Millions of yen	
	Year ended March 31, 2013	Third quarter ended December 31, 2013
Current assets		
Cash on hand and in bank	44,433	47,728
Notes and accounts receivable – trade	14,334	11,703
Marketable securities	4,000	4,173
Merchandise	4,879	5,708
Work in process	13,917	12,866
Raw materials and supplies	7,350	6,673
Other inventories	22	12
Other current assets	5,393	3,967
Less - Allowance for doubtful receivable	△239	△59
Total current assets	94,091	92,774
Fixed assets		
Property, plant and equipment	17,574	18,868
Intangible assets	5,692	5,748
Investments and other assets:		
Investment securities	13,152	19,063
Others	579	576
Total investments and other assets	13,731	19,639
Total fixed assets	36,998	44,256
Total assets	131,089	137,030

LIABILITIES AND NET ASSETS	Millions of yen	
	Year ended March 31, 2013	Third quarter ended December 31, 2013
Liabilities		
Current liabilities:		
Notes and accounts payable	2,554	2,858
Current portion of bonds	2,924	600
Income taxes payable	16	616
Accrued warranty	767	698
Others	4,488	4,249
Total current liabilities	10,750	9,022
Long term liabilities:		
Bonds	1,200	900
Accrued retirement benefits	3,175	3,188
Others	225	1,749
Total long term liabilities	4,600	5,838
Total liabilities	15,351	14,861
Net assets		
Shareholders' equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	101,912	102,692
Treasury stock	△48	△49
Total shareholders' equity	113,156	113,935
Other comprehensive income		
Valuation difference on available-for-sale securities	2,876	6,566
Foreign currency translation adjustment	△807	1,667
Total other comprehensive income	2,069	8,234
Minority interests	513	-
Total net assets	115,738	122,169
Total liabilities and net assets	131,089	137,030

2.2. Consolidated income statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2012	Third quarter April 1 to December 31, 2013
Net sales	53,566	48,856
Cost of sales	33,910	31,472
Gross profit	19,656	17,384
Selling, general and administrative expenses	15,533	14,917
Operating income	4,122	2,466
Non-operating income:		
Interest income	67	78
Dividends income	203	211
Insurance income	0	125
Foreign exchange gains	62	294
Others	66	102
Total non-operating income	401	813
Non-operating expenses:		
Interest expense	56	29
Commission fee	26	50
Others	22	0
Total non-operating expenses	105	80
Ordinary income	4,418	3,198
Extraordinary income:		
Gain on disposal of fixed assets	18	57
Subsidy	74	-
Gain on negative goodwill	-	19
Total extraordinary income	92	76
Extraordinary loss:		
Loss on disposal of fixed assets	224	45
Loss on sales of investment securities	47	-
Loss on valuation of investment securities	69	-
Others	-	0
Total extraordinary loss	341	45
Income before income taxes	4,169	3,230
Income taxes:		
Corporate, inhabitant's and enterprise taxes	732	1,083
Adjustment for corporate taxes	672	△91
Total income taxes	1,404	992
Income before minority interests	2,764	2,238
Minority interests in income(loss)	11	△8
Net income	2,753	2,246

2.3. Consolidated statement of comprehensive income

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2012	Third quarter April 1 to December 31, 2013
Income before minority interests	2,764	2,238
Other comprehensive income		
Valuation difference on available for sale securities	324	3,690
Foreign currency translation adjustment	795	2,505
Total other comprehensive income	1,120	6,195
Comprehensive income	3,885	8,434
(Details)		
Comprehensive income attributable to owners of the parent	3,847	8,412
Comprehensive income attributable to minority interests	37	22

2.4. Consolidated cash flow statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2012	Third quarter April 1 to December 31, 2013
Operating activities		
Income before income taxes	4,169	3,230
Depreciation and amortization	2,708	3,643
Increase in accrued retirement benefits	268	12
Interest and dividend income	△271	△290
Interest expense	56	29
Loss (gain) on disposal of noncurrent assets	205	△12
Loss on sales of investment securities	47	-
Loss on valuation of investment securities	69	-
Decrease in accounts receivable	1,076	2,908
Decrease in inventories	3,235	1,531
Decrease in trade payable	△2,278	△110
Increase or decrease in receivable consumption taxes	△276	517
Others	△878	△364
Sub total	8,131	11,096
Interest and dividend received	271	290
Interest paid	△63	△31
Income taxes (paid) refund	△3,659	789
Net cash provided by operating activities	4,679	12,144
Investing activities		
Additions of tangible and intangible fixed assets	△5,350	△5,268
Proceeds from sales of tangible and intangible fixed assets	32	114
Purchase of investment securities	-	△699
Proceeds from sales of investment securities	332	-
Investment in time deposit	△85	△82
Proceeds on maturity of time deposit	162	423
Purchase of investments in capital of subsidiaries	-	△351
Others	△227	△17
Net cash used in investing activities	△5,135	△5,880
Financing activities		
Redemption of bonds	△2,638	△2,624
Dividends paid	△1,541	△1,420
Proceeds from stock issuance to minority shareholders	192	-
Others	△0	△1
Net cash used in financing activities	△3,988	△4,045
Effect of exchange rate changes on cash and cash equivalents	558	1,590
Increase or decrease in cash and cash equivalents	△3,885	3,808
Cash and cash equivalents at beginning of year	50,865	47,877
Cash and cash equivalents at end of the period	46,979	51,685

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 consolidated accounting period (April 1 to December 31, 2012)

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	45,194	7,867	53,062	504	53,566
Inter-segment sales or transfers	0	-	0	659	659
Total	45,195	7,867	53,062	1,163	54,226
Segment income or loss	6,204	871	7,076	△129	6,946

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	7,076
Other losses	△129
Inter-segment elimination	19
Overall company expenditures	△2,843
Quarterly operating income	4,122

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

This consolidated accounting period (April 1 to December 31, 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	41,165	7,292	48,457	398	48,856
Inter-segment sales or transfers	0	-	0	2	2
Total	41,165	7,292	48,457	401	48,858
Segment income or loss	4,465	14	4,479	△115	4,363

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	4,479
Other losses	△115
Inter-segment elimination	0
Overall company expenditures	△1,897
Quarterly operating income	2,466

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 consolidated accounting period (April 1 to December 31, 2012)

Name of segment	Orders (millions of yen)	Ratio (%)	Net sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	41,877	84.7	45,194	84.4	3,584	43.1
Machine Tools	7,064	14.3	7,867	14.7	4,664	56.1
Others	484	1.0	504	0.9	62	0.8
Total	49,426	100.0	53,566	100.0	8,310	100.0

This consolidated accounting period (April 1 to December 31, 2013)

Name of segment	Orders (millions of yen)	Ratio (%)	Net sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	42,175	83.1	41,165	84.3	7,754	60.7
Machine Tools	8,111	16.0	7,292	14.9	4,904	38.4
Others	460	0.9	398	0.8	116	0.9
Total	50,747	100.0	48,856	100.0	12,775	100.0

Previous consolidated accounting period (April 1, 2012 to March 31, 2013)

Name of segment	Orders (millions of yen)	Ratio (%)	Net sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	52,816	84.1	52,973	82.3	6,743	62.0
Machine Tools	9,283	14.8	10,664	16.6	4,085	37.5
Others	683	1.1	710	1.1	54	0.5
Total	62,783	100.0	64,349	100.0	10,884	100.0

3.2. Information on regions

Previous consolidated accounting period (April 1 to December 31, 2012)

	Japan	China	Other Asia	US	Other North America	Europe	Others	Total
Net sales (Millions of yen)	6,970	23,262	11,229	4,514	1,808	3,895	1,885	53,566
Ratio (%)	13.0	43.4	21.0	8.4	3.4	7.3	3.5	100.0

This consolidated accounting period (April 1 to December 31, 2013)

	Japan	China	Other Asia	US	Other North America	Europe	Others	Total
Net sales (Millions of yen)	5,710	21,014	7,295	6,430	1,533	4,584	2,286	48,856
Ratio (%)	11.7	43.0	14.9	13.2	3.1	9.4	4.7	100.0

Previous consolidated accounting period (April 1, 2012 to March 31, 2013)

	Japan	China	Other Asia	US	Other North America	Europe	Others	Total
Net sales (Millions of yen)	8,466	25,710	12,904	7,059	2,451	5,134	2,622	64,349
Ratio (%)	13.2	39.9	20.0	11.0	3.8	8.0	4.1	100.0

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

Reference Doc

1. Consolidated sales and revenue projected for the current business year
(April 1, 2013 – March 31, 2014)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
12 months ending March 31, 2014	63,000 (△2.1%)	3,600 (△8.0%)	3,900 (△11.5%)	2,800 (3.8%)

Note 1: Figures in parentheses are the percentage increase or decrease compared to the previous year

2: No modifications have been made to the forecasts that we announced on November 7, 2013.

2. Individual sales and revenue projected for the current business year
(April 1, 2013 – March 31, 2014)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
12 months ending March 31, 2014	59,000 (△1.3%)	3,600 (3.4%)	3,900 (△3.3%)	2,800 (7.4%)

Note 1: Figures in parentheses are the percentage increase or decrease compared to the previous year

2: No modifications have been made to the forecasts that we announced on November 7, 2013.

3. Consolidated amount of orders received and sales projected for the current business year
(April 1, 2013 – March 31, 2014)

(Millions of yen)

Name of segment	Orders	Net sales
	12 months ending March 31, 2014	12 months ending March 31, 2014
Electronics Assembly Equipment	53,900	52,900
Machine Tools	10,600	9,600
Others	500	500
Total	65,000	63,000

4. Projected amounts of major items for the current business year
(April 1, 2013 – March 31, 2014)

(Millions of yen)

Item	12 months ending March 31, 2014
Capital expenditures	5,900
Depreciation expenses	4,900
Research and development expenses	6,600

Note: No modifications have been made to the forecasts that we announced on November 7, 2013.