

November 7, 2013

CONSOLIDATED FINANCIAL REPORT

FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 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.

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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, 2013

(From April 1 to September 30, 2013)

1.1. Business results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
6 months ended September 30, 2013	36,568 (△9.9%)	2,975 (△33.4%)	3,363 (△24.3%)	2,348 (△19.6%)
6 months ended September 30, 2012	40,584 (△23.2%)	4,466 (△63.9%)	4,440 (△63.3%)	2,921 (△51.9%)

Notes 1: Percentages are the rate of increase or decrease from the previous corresponding period.

2: Comprehensive income (Millions of yen)

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

6 months ended September 30, 2012: 968 (△78.3%)

(Yen)

	Net income per share	Diluted net income per share
6 months ended September 30, 2013	24.02	-
6 months ended September 30, 2012	29.88	-

Note : As of January 1, 2013, a 2-for-1 split of common stock was carried out. Therefore, the current net income per share has been calculated on the assumption that the share split was carried out at the beginning of the previous consolidated fiscal year.

1.2. Financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio
September 30, 2013	136,832	120,492	88.1%
March 31, 2013	131,089	115,738	87.9%

Note : Equity (Millions of yen)

As of September 30, 2013: 120,492

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 second 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: Percentages are the rate of increase or decrease from the previous corresponding period.

2: Revision of business forecast in the second 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.: 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 September 30, 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 September 30, 2013: 64,068 shares As of March 31, 2013: 63,464 shares
 - 3) Average number of shares outstanding
6 months ended September 30, 2013: 97,759,990 shares
6 months ended September 30, 2012: 97,761,169 sharesNote : As of January 1, 2013, a 2-for-1 split of common stock was carried out. Therefore, the number of shares outstanding has been calculated on the assumption that the share split was carried out at the beginning of the previous consolidated fiscal year.

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. Please refer to page 3 "1.3. Explanation of Forecasting Information such as Consolidated Earnings Forecasts etc." for assumptions regarding business result forecasts and other important points to consider when using these forecasts.

Reference**Forecast of unconsolidated 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	59,000 (△1.3%)	3,600 (3.4%)	3,900 (△3.3%)	2,800 (7.4%)	28.64

Notes 1: Percentages are the rate of increase or decrease from the previous corresponding period.

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

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1. Qualitative information

1.1. Explanation of operating results

In the second quarter of this fiscal year, the Japanese economy experienced a modest economy due to the effects of various policies. Overseas economies have also picked up gradually overall, and while some movement towards a slowdown in growth could be observed in China, the US remained strong and business confidence also began improving in Europe.

In this environment, our Group has focused on the promotion of speedy management and the development of highly competitive products which respond to the needs of the market, and has promoted the rapid development of next-generation and innovative products. We have also worked to strengthen domestic and overseas sales networks and to promote business solutions, so as to increase customer satisfaction and expand sales. In addition, the strengthening of the world's best land procurement promotion supply chain, the pursuit of QCD, the innovation of production to reduce lead times, and the strengthening of cooperation between Group companies were carried out with a view to improving profitability, but conditions remained difficult in light of slow recovery in capital investment by customers in the electronic assembly machine and machine tool businesses.

Based on the above, net sales for the second quarter of the fiscal year totaled 36,568 million yen, which was down 4,015 million yen (9.9%) over the same period last year. In addition, operating income was 2,975 million yen (down 33.4% over the same quarter last year), ordinary income was 3,363 million yen (down 24.3% over the same quarter last year), and net income was 2,348 million yen (down 19.6% over the same quarter last year).

Business results by segment

1) Electronics Assembly Equipment

With regard to the electronic component assembly machine business, a recovery in capital investment was expected from major electronic equipment related set manufacturers and major EMS (electronic contracted manufacturing companies), but customers in the market-leading smartphone sector held a cautious stance towards investment. As a result, net sales totaled 31,906 million yen, down 2,686 million yen (7.8%) over the same period last year, and operating income was 4,498 million yen (down 19.3% over the same quarter last year).

2) Machine Tools

Primarily due to a lack of growth in demand in the US market, the machine tool business remained in a serious condition overall, in spite of experiencing some recovery in the second quarter of the fiscal year. As a result, net sales totaled 4,414 million yen, down 1,212 million yen (21.5%) compared to the second quarter of the previous fiscal year. In addition, operating income came in at a loss of 149 million yen (same quarter last year: 762 million yen operating income).

1.2. Explanation of financial position

Regarding our financial position, consolidated assets were up 5,743 million yen over the previous fiscal year, at 136,832 million yen, due to increases in cash and deposits. In addition, consolidated liabilities were up 989 million yen over the previous fiscal year, at 16,340 million yen, due to an increase in income taxes payable.

With regard to cash flows, for the end of the second quarter of the fiscal year, the balance of cash and cash equivalents were up 8,304 million yen over the previous fiscal year, at 56,182 million yen.

Net cash from operating activities provided an income of 12,824 million yen (Same quarter last year: 6,857 million yen). This was mainly due to a decline in inventories and adjustments due to taxes etc. on the net income.

Cash flows from investing activities saw an expenditure of 3,146 million yen (same quarter last year: expenditure of 3,197 million yen). This was mainly due to expenditure on tangible fixed assets.

Cash flows from financing activities saw an expenditure of 1,959 million yen (same quarter last year: expenditure of 2,011 million yen). This was mainly due to the redemption of bonds.

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

In the electronic assembly machine business, against the background of slow recovery domestically and overseas, a further expansion of capital investments was expected, but even as mobile devices, focused on smartphones and tablets, drove the electronics market, there was not sufficient demand in major new equipment. The utilization rates of major set manufacturers and major EMS (Electronics Manufacturing Services) companies remained high, but profit margins declined due to increased competition, and caution over new capital investments is expected to continue for the time being.

In the machine tool business, a slowdown in demand for equipment in the Chinese market, and a failure to close contracts in the US market in spite of increased inquiries resulted in signs of recovery after the second quarter, but this is expected to remain modest.

Due to the above reasons, consolidated forecasts for the year announced on May 9, 2013 were amended as follows.

Correction to forecast of business performance for the entire year of the consolidated accounting period (April 1, 2013 to March 31, 2014)

	Net 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 for year ending March 31, 2014 (A)	73,000	6,200	6,500	4,300	43.99
Revised forecast for year ending March 31, 2014 (B)	63,000	3,600	3,900	2,800	28.64
Difference (B-A)	△10,000	△2,600	△2,600	△1,500	-
Change (%)	△13.7	△41.9	△40.0	△34.9	-
Year ended March 31, 2013	64,349	3,913	4,406	2,698	27.60

Note 1: The above forecasts have been made based on all the information available at the time this report was created. Depending on business conditions and other factors, actual results may differ from these predictions.

2: As of January 1, 2013, a 2-for-1 split of common stock was carried out. Therefore, the current net income per share has been calculated on the assumption that the share split was carried out at the beginning of the previous consolidated fiscal year.

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	Second quarter ended September 30, 2013
Current assets		
Cash on hand and in bank	44,433	51,454
Notes and accounts receivable – trade	14,334	12,558
Marketable securities	4,000	5,000
Merchandise	4,879	4,437
Work in process	13,917	12,452
Raw materials and supplies	7,350	5,998
Other inventories	22	12
Other current assets	5,393	3,798
Less - Allowance for doubtful receivable	△239	△48
Total current assets	94,091	95,664
Fixed assets		
Property, plant and equipment	17,574	17,882
Intangible assets	5,692	5,790
Investments and other assets:		
Investment securities	13,152	16,915
Others	579	579
Total investments and other assets	13,731	17,494
Total fixed assets	36,998	41,168
Total assets	131,089	136,832

LIABILITIES AND NET ASSETS	Millions of yen	
	Year ended March 31, 2013	Second quarter ended September 30, 2013
Liabilities		
Current liabilities:		
Notes and accounts payable	2,554	2,451
Current portion of bonds	2,924	1,755
Income taxes payable	16	1,268
Accrued warranty	767	744
Others	4,488	4,764
Total current liabilities	10,750	10,983
Long term liabilities:		
Bonds	1,200	900
Accrued retirement benefits	3,175	3,184
Others	225	1,272
Total long term liabilities	4,600	5,357
Total liabilities	15,351	16,340
Net assets		
Shareholders' equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	101,912	103,771
Treasury stock	△48	△49
Total shareholders' equity	113,156	115,015
Other comprehensive income		
Valuation difference on available-for-sale securities	2,876	5,307
Foreign currency translation adjustment	△807	169
Total other comprehensive income	2,069	5,476
Minority interests	513	-
Total net assets	115,738	120,492
Total liabilities and net assets	131,089	136,832

2.2. Consolidated income statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2012	Second quarter April 1 to September 30, 2013
Net sales	40,584	36,568
Cost of sales	25,828	23,218
Gross profit	14,756	13,350
Selling, general and administrative expenses	10,290	10,375
Operating income	4,466	2,975
Non-operating income:		
Interest income	44	52
Dividends income	113	127
Insurance income	0	122
Foreign exchange gains	-	75
Others	50	76
Total non-operating income	209	454
Non-operating expenses:		
Interest expense	38	22
Commission fee	17	43
Foreign exchange losses	158	-
Others	20	0
Total non-operating expenses	235	66
Ordinary income	4,440	3,363
Extraordinary income:		
Gain on disposal of fixed assets	12	28
Gain on negative goodwill	-	19
Total extraordinary income	12	47
Extraordinary loss:		
Loss on disposal of fixed assets	125	30
Loss on sales of investment securities	47	-
Loss on valuation of investment securities	122	-
Total extraordinary loss	296	30
Income before income taxes	4,157	3,379
Income taxes:		
Corporate, inhabitant's and enterprise taxes	1,008	1,324
Adjustment for corporate taxes	233	△283
Total income taxes	1,242	1,040
Income before minority interests	2,915	2,339
Minority interests in loss	△6	△8
Net income	2,921	2,348

2.3. Consolidated statement of comprehensive income

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2012	Second quarter April 1 to September 30, 2013
Income before minority interests	2,915	2,339
Other comprehensive income		
Valuation difference on available for sale securities	△1,086	2,431
Foreign currency translation adjustment	△860	1,007
Total other comprehensive income	△1,946	3,438
Comprehensive income	968	5,778
(Details)		
Comprehensive income attributable to owners of the parent	985	5,755
Comprehensive income attributable to minority interests	△16	22

2.4. Consolidated cash flow statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2012	Second quarter April 1 to September 30, 2013
Operating activities		
Income before income taxes	4,157	3,379
Depreciation and amortization	1,684	2,329
Increase in accrued retirement benefits	178	9
Interest and dividend income	△158	△179
Interest expense	38	22
Loss on disposal of noncurrent assets	112	2
Loss on sales of investment securities	47	-
Loss on valuation of investment securities	122	-
Decrease in accounts receivable	1,632	1,866
Decrease in inventories	2,185	3,488
Decrease in trade payable	△1,515	△242
Decrease in receivable consumption taxes	47	879
Others	△223	△65
Sub total	8,310	11,491
Interest and dividend received	158	179
Interest paid	△42	△24
Income taxes (paid) refund	△1,568	1,178
Net cash provided by operating activities	6,857	12,824
Investing activities		
Additions of tangible and intangible fixed assets	△3,319	△3,169
Proceeds from sales of tangible and intangible fixed assets	19	102
Proceeds from sales of investment securities	332	-
Investment in time deposit	△57	△47
Proceeds on maturity of time deposit	48	331
Purchase of investments in capital of subsidiaries	-	△351
Others	△220	△13
Net cash used in investing activities	△3,197	△3,146
Financing activities		
Redemption of bonds	△1,469	△1,469
Dividends paid	△733	△489
Proceeds from stock issuance to minority shareholders	192	-
Others	△0	△0
Net cash used in financing activities	△2,011	△1,959
Effect of exchange rate changes on cash and cash equivalents	△530	586
Increase in cash and cash equivalents	1,119	8,304
Cash and cash equivalents at beginning of year	50,865	47,877
Cash and cash equivalents at end of the period	51,984	56,182

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 September 30, 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	34,592	5,627	40,219	365	40,584
Inter-segment sales or transfers	0	-	0	509	509
Total	34,592	5,627	40,219	874	41,094
Segment income or loss	5,570	762	6,333	△92	6,240

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	6,333
Other losses	△92
Inter-segment elimination	13
Overall company expenditures	△1,787
Quarterly operating income	4,466

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 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.

3. Supplementary information

3.1. Orders and sales

Previous consolidated accounting period (April 1 to September 30, 2012)

Name of segment	Orders (millions of yen)	Ratio (%)	Net sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	30,946	85.6	34,592	85.2	3,255	40.7
Machine Tools	4,845	13.4	5,627	13.9	4,686	58.5
Others	346	1.0	365	0.9	63	0.8
Total	36,138	100.0	40,584	100.0	8,004	100.0

This consolidated accounting period (April 1 to September 30, 2013)

Name of segment	Orders (millions of yen)	Ratio (%)	Net 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

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 September 30, 2012)

	Japan	China	Other Asia	North America	Other North America	Europe	Others	Total
Net sales (Millions of yen)	5,124	19,303	7,773	3,078	1,253	2,556	1,494	40,584
Ratio (%)	12.6	47.6	19.1	7.6	3.1	6.3	3.7	100.0

This consolidated accounting period (April 1 to September 30, 2013)

	Japan	China	Other Asia	North America	Other North America	Europe	Others	Total
Net 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

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

	Japan	China	Other Asia	North America	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. 2Q cumulative actuals of current consolidated sales & income and full-year forecasts
(Apr 1, 2013 – Mar 31, 2014)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
6 months ended September 30,2013	36,568 (△9.9%)	2,975 (△33.4%)	3,363 (△24.3%)	2,348 (△19.6%)
12 months ending March 31,2014	63,000 (△2.1%)	3,600 (△8.0%)	3,900 (△11.5%)	2,800 (3.8%)

Note : Figures given in brackets indicate the percentage change from the respective period last year (first two quarters and total period).

2. 2Q cumulative actuals of current unconsolidated sales & income and full-year forecasts
(Apr 1, 2013 – Mar 31, 2014)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
6 months ended September 30,2013	33,639 (△11.7%)	3,061 (△20.0%)	3,318 (△12.5%)	2,390 (△6.8%)
12 months ending March 31,2014	59,000 (△1.3%)	3,600 (3.4%)	3,900 (△3.3%)	2,800 (7.4%)

Note : Figures given in brackets indicate the percentage change from the respective period last year (first two quarters and total period).

3. 2Q cumulative actuals of current consolidated orders & sales and full-year forecasts
(Apr 1, 2013 – Mar 31, 2014)

(Millions of yen)

Name of segment	Orders		Net sales	
	6 months ended September 30,2013	12 months ending March 31,2014	6 months ended September 30,2013	12 months ending March 31,2014
Electronics Assembly Equipment	29,907	52,400	31,906	52,400
Machine Tools	5,087	12,100	4,414	10,100
Others	280	500	248	500
Total	35,275	65,000	36,568	63,000

4. 2Q cumulative actuals of current consolidated major items and full-year forecasts
(Apr 1, 2013 – Mar 31, 2014)

(Millions of yen)

Item	6 months ended September 30,2013	12 months ending March 31,2014
Capital expenditures	2,745	5,900
Depreciation expenses	2,329	4,900
Research and development expenses	3,638	6,600