

August 7, 2014

CONSOLIDATED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED JUNE 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/>)

Representative: Nobuyuki Soga, President & CEO

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

Email: pubrel@fuji.co.jp

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

1. Performance for the first quarter ended June 30, 2014

(From April 1 to June 30, 2014)

1.1. Business results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
3 months ended June 30, 2014	20,725 (9.0%)	2,825 (44.9%)	2,922 (33.6%)	2,089 (36.7%)
3 months ended June 30, 2013	19,007 (△12.6%)	1,949 (△30.6%)	2,188 (△22.3%)	1,528 (△17.9%)

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

2: Comprehensive income (Millions of yen)

3 months ended June 30, 2014: 2,374 (△41.6%)

3 months ended June 30, 2013: 4,066 (- %)

(Yen)

	Net income per share	Diluted net income per share
3 months ended June 30, 2014	21.38	-
3 months ended June 30, 2013	15.64	-

1.2. Financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio
June 30, 2014	139,653	123,844	88.7%
March 31, 2014	135,942	120,794	88.9%

Note: Equity (Millions of yen)

As of June 30, 2014: 123,844

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	Total
Fiscal year ended March 31, 2014	-	10.00	-	6.00	16.00
Fiscal year ending March 31, 2015	-				
Fiscal year ending March 31, 2015 (Forecast)		8.00	-	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)
6 months ending September 30, 2014	43,000 (17.6%)	5,500 (84.8%)	5,600 (66.5%)	3,900 (66.1%)	39.89
Fiscal year ending March 31, 2015	75,000 (14.4%)	6,600 (118.0%)	6,800 (79.6%)	4,700 (81.3%)	48.08

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 June 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 June 30, 2014: 65,766 shares As of March 31, 2014: 65,534 shares
 - 3) Average number of shares outstanding
3 months ended June 30, 2014: 97,758,118 shares
3 months ended June 30, 2013: 97,760,143 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 first quarter of this fiscal year in spite of the effects of consumption tax increase, the Japan economy has shown gradual recovery. Although the economic growth of China and other emerging nations have slowed down, the US economy is trending to expand and Europe business sentiment has been improved. Overall the business situation has showed gentle recovery.

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 first quarter of this fiscal year were 20,725 million yen, an increase of 1,718 million yen (9.0%) over the same quarter last fiscal year. In addition, our operating income was 2,825 million yen (up 44.9% over the same quarter last fiscal year), ordinary income was 2,922 million yen (up 33.6% over the same quarter last fiscal year), and net income was 2,089 million yen (up 36.7% 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 and tablets brought gradual recovery in business.

As a result, net sales totaled 18,526 million yen, up 1,355 million yen (7.9%) over the first quarter of the previous fiscal year, and operating income was 3,769 million yen (up 32.0% over the same quarter in the previous fiscal year).

2) Machine Tools

Regarding the Machine Tools Division, net sales were 1,999 million yen, an increase of 256 million yen (14.7%) over the consolidated results from the first quarter of the previous fiscal year. However, there was a loss of 258 million yen in operating income (Operating loss for the same quarter last fiscal year: 201 million yen).

1.2. Explanation of Financial Position

Regarding our financial position, due to an increase in notes receivable and accounts receivable, consolidated gross assets were up 3,711 million yen over the end of the previous fiscal year, at 139,653 million yen. In addition, an increase in accounts payable and notes payable resulted in an increase in consolidated gross liabilities over the end of the previous fiscal year, up 661 million yen to 15,809 million yen.

With regard to cash flow, the balance of cash and cash equivalents at the end of the first quarter of the current fiscal year was down 5,709 million yen over the end of the previous fiscal year, at 44,949 million yen.

Cash flows from operating activities were 659 million yen in expenditures (same quarter previous year: 7,247 million yen in revenue). This was mainly because negative factors such as an increase in trade receivables exceeded the current quarter's net income before adjustments for taxes etc.

Cash flows from investing activities were 4,272 million yen in expenditures (same quarter previous year: 2,012 million yen in expenditures). This was mainly due to expenditures for the procurement of investment securities.

Cash flows from financing activities were 562 million yen in expenditures (same quarter previous year: 1,631 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 May 8, 2014.

2. Quarterly Consolidated Financial Statements

2.1. Consolidated balance sheets

Fuji Machine Mfg. Co., Ltd. and subsidiaries

ASSETS	Millions of yen	
	Year ended March 31, 2014	First quarter ended June 30, 2014
Current assets		
Cash on hand and in bank	46,888	40,177
Notes and accounts receivable – trade	12,823	18,222
Marketable securities	4,000	8,000
Merchandise and finished goods	4,754	4,631
Work in process	13,026	14,141
Raw materials and supplies	6,889	6,903
Other inventories	12	12
Other current assets	4,616	4,126
Less - Allowance for doubtful receivable	△29	△29
Total current assets	92,982	96,187
Fixed assets		
Property, plant and equipment	19,355	19,096
Intangible assets	5,754	5,515
Investments and other assets:		
Investment securities	17,224	18,246
Others	625	607
Total investments and other assets	17,849	18,854
Total fixed assets	42,959	43,466
Total assets	135,942	139,653

LIABILITIES AND NET ASSETS	Millions of yen	
	Year ended March 31, 2014	First quarter ended June 30, 2014
Liabilities		
Current liabilities:		
Notes and accounts payable - trade	3,434	3,972
Current portion of bonds	600	600
Income taxes payable	949	1,081
Accrued warranty	681	729
Others	4,707	5,708
Total current liabilities	10,372	12,091
Long term liabilities:		
Bonds	600	600
Net defined benefit liability	2,903	920
Others	1,271	2,196
Total long term liabilities	4,775	3,717
Total liabilities	15,147	15,809
Net assets		
Shareholders' equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	103,038	105,804
Treasury stock	△50	△50
Total shareholders' equity	114,281	117,046
Other comprehensive income		
Valuation difference on available-for-sale securities	5,180	5,832
Foreign currency translation adjustment	1,147	825
Remeasurements of defined benefit plans	185	139
Total other comprehensive income	6,513	6,797
Total net assets	120,794	123,844
Total liabilities and net assets	135,942	139,653

2.2. Consolidated income statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	First quarter April 1 to June 30, 2013	First quarter April 1 to June 30, 2014
Net sales	19,007	20,725
Cost of sales	12,018	12,624
Gross profit	6,989	8,101
Selling, general and administrative expenses	5,039	5,275
Operating income	1,949	2,825
Non-operating income:		
Interest income	28	29
Dividends income	112	119
Foreign exchange gains	116	-
Others	16	30
Total non-operating income	273	179
Non-operating expenses:		
Interest expense	13	3
Commission fee	20	4
Foreign exchange losses	-	72
Others	0	1
Total non-operating expenses	34	81
Ordinary income	2,188	2,922
Extraordinary income:		
Gain on disposal of fixed assets	9	39
Gain on negative goodwill	19	-
Total extraordinary income	29	39
Extraordinary loss:		
Loss on disposal of fixed assets	9	18
Others	-	3
Total extraordinary loss	9	22
Income before income taxes	2,207	2,939
Income taxes:		
Corporate, inhabitant's and enterprise taxes	1,142	1,237
Adjustment for corporate taxes	△455	△387
Total income taxes	687	850
Income before minority interests	1,519	2,089
Minority interests in loss	△8	-
Net income	1,528	2,089

2.3. Consolidated statement of comprehensive income

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	First quarter April 1 to June 30, 2013	First quarter April 1 to June 30, 2014
Income before minority interests	1,519	2,089
Other comprehensive income		
Valuation difference on available for sale securities	1,503	652
Foreign currency translation adjustment	1,043	△321
Remeasurements of defined benefit plans, net of tax	-	△46
Total other comprehensive income	2,546	284
Comprehensive income	4,066	2,374
(Details)		
Comprehensive income attributable to owners of the parent	4,044	2,374
Comprehensive income attributable to minority interests	22	-

2.4. Consolidated cash flow statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	First quarter April 1 to June 30, 2013	First quarter April 1 to June 30, 2014
Operating activities		
Income before income taxes	2,207	2,939
Depreciation and amortization	1,133	1,308
Increase or decrease in accrued retirement benefits	4	-
Increase or decrease in net defined benefit liability	-	△97
Interest and dividend income	△140	△148
Interest expense	13	3
Increase or decrease in accounts receivable	276	△5,442
Increase or decrease in inventories	1,543	△1,093
Increase or decrease in trade payable	62	608
Increase or decrease in receivable consumption taxes	1,208	701
Others	965	1,421
Sub total	7,273	199
Interest and dividend received	140	148
Interest paid	△14	△0
Payment of income taxes	△152	△1,007
Net cash provided by (used in) operating activities	7,247	△659
Investing activities		
Purchase of securities	-	△3,000
Additions of tangible and intangible fixed assets	△1,874	△1,234
Proceeds from sales of tangible and intangible fixed assets	40	112
Purchase of investment	-	△149
Investment in time deposit	△24	△22
Proceeds on maturity of time deposit	210	24
Purchase of investments in capital of subsidiaries	△351	-
Others	△12	△1
Net cash used in investing activities	△2,012	△4,272
Financing activities		
Redemption of bonds	△1,169	-
Dividends paid	△462	△562
Others	△0	△0
Net cash used in financing activities	△1,631	△562
Effect of exchange rate changes on cash and cash equivalents	603	△214
Increase or decrease in cash and cash equivalents	4,206	△5,709
Cash and cash equivalents at beginning of year	47,877	50,658
Cash and cash equivalents at end of the period	52,083	44,949

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 First Quarter (April 1 to June 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	17,170	1,743	18,913	93	19,007
Inter-segment sales or transfers	0	-	0	1	1
Total	17,170	1,743	18,913	94	19,008
Segment income or loss	2,855	△201	2,653	△25	2,628

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	2,653
Other losses	△25
Inter-segment elimination	-
Overall company expenditures	△679
Quarterly operating income	1,949

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

3) Information on Loss on Fixed Assets or Goodwill etc. for each Reportable Segment (Significant Gain on Negative Goodwill)

In spite of an extraordinary profit of 19 million yen on a gain on negative goodwill associated with converting Kunshan Fuji Machine Mfg Co., Ltd into a wholly owned subsidiary, given that the Group's reporting segment profits are on an operating income basis, this was not allocated to the various reporting segments.

This First Quarter (April 1 to June 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	18,526	1,999	20,525	200	20,725
Inter-segment sales or transfers	-	-	-	0	0
Total	18,526	1,999	20,525	201	20,726
Segment income or loss	3,769	△258	3,510	△29	3,480

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	3,510
Other losses	△29
Inter-segment elimination	0
Overall company expenditures	△655
Quarterly operating income	2,825

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

3) Information on Loss on Fixed Assets or Goodwill etc. for each Reportable Segment

Not applicable.

3. Supplementary information

3.1. Orders and sales

(April 1 to June 30, 2013)

Name of segment	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	18,146	88.7	17,170	90.3	7,719	62.6
Machine Tools	2,210	10.8	1,743	9.2	4,552	36.9
Others	105	0.5	93	0.5	66	0.5
Total	20,461	100.0	19,007	100.0	12,338	100.0

(April 1 to June 30, 2014)

Name of segment	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	20,058	84.4	18,526	89.4	11,178	67.3
Machine Tools	3,445	14.5	1,999	9.6	5,258	31.6
Others	251	1.1	200	1.0	180	1.1
Total	23,755	100.0	20,725	100.0	16,617	100.0

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

(April 1 to June 30, 2013)

	Japan	China	Other Asia	North America	Other North America	Europe	Other	Total
Sales (Millions of yen)	2,088	9,267	2,833	2,093	709	1,314	701	19,007
Ratio (%)	11.0	48.8	14.9	11.0	3.7	6.9	3.7	100.0

(April 1 to June 30, 2014)

	Japan	China	Other Asia	North America	Other North America	Europe	Other	Total
Sales (Millions of yen)	1,836	10,961	2,668	2,287	583	2,063	325	20,725
Ratio (%)	8.9	52.9	12.9	11.0	2.8	9.9	1.6	100.0

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.

Reference Doc

1. Forecast of consolidated business results for the current period (Apr 1, 2014 – Mar 31, 2015)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
6 months ending September 30,2014	43,000 (17.6%)	5,500 (84.8%)	5,600 (66.5%)	3,900 (66.1%)
12 months ending March 31,2015	75,000 (14.4%)	6,600 (118.0%)	6,800 (79.6%)	4,700 (81.3%)

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

2. Forecast of individual business results for the current period (Apr 1, 2014 – Mar 31, 2015)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
6 months ending September 30,2014	40,500 (20.4%)	5,200 (69.9%)	5,300 (59.7%)	3,600 (50.6%)
12 months ending March 31,2015	70,000 (16.2%)	6,300 (130.4%)	6,500 (85.6%)	4,400 (77.0%)

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

3. Forecast of consolidated order and sales for the current period (Apr 1, 2014 – Mar 31, 2015)

(Millions of yen)

Name of segment	Orders		Sales	
	6 months ending September 30,2014	12 months ending March 31,2015	6 months ending September 30,2014	12 months ending March 31,2015
Electronics Assembly Equipment	37,000	64,000	38,000	63,000
Machine Tools	6,000	13,000	4,500	11,000
Others	500	1,000	500	1,000
Total	43,500	78,000	43,000	75,000

4. Forecast of consolidated major items for the current period (Apr 1, 2014 – Mar 31, 2015)

(Millions of yen)

Item	6 months ending September 30,2014	12 months ending March 31,2015
Capital expenditures	3,000	5,400
Depreciation	2,550	5,100
Research and development expenses	3,100	6,000