FIRST QUARTER FINANCIAL STATEMENTS

From April 1 to June 30, 2010

Consolidated Subsidiaries
Domestic:
Adtek Fuji 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.

FUJI MACHINE MFG. CO., LTD.
19 Chausuyama, Yamamachi, Chiryu, Aichi 472-8686, Japan

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1. Qualitative information and financial statements, etc.

1.1. Qualitative information concerning consolidated management results

With regard to the state of the Japanese economy during this first quarter of this period, output has been increasing as exports recovered steadily with the improvement of the world economy. In the world as a whole, while economic expansion has continued in emerging countries including China, uncertainties remain, such as the worrying impact on the real economy of the Greece-triggered financial crisis in Europe.

Against this background, our group has continued to create highly competitive products and develop next generation technologies. Also, we have been working to improve customer satisfaction and expand our market share by strengthening our sales and service networks both at home and overseas. By doing this we aim to establish a production structure that allows us to comply with rapid changes in demand and to pursue further cost saving.

As a result of the above, our sales in the first quarter of the current period were 22,311 million yen. This is an increase of 17,200 million yen (336.5%) compared with the first quarter of the previous year. Operating profit was 4,192 million yen (the same quarter a year earlier: an operating loss of 4,033 million yen), with recurring profit of 4,041 million yen (the same quarter a year earlier: a recurring loss of 3,839 million yen). Quarterly net profit was 2,529 million yen (the same quarter a year earlier: a quarterly net loss of 4,199 million yen).

Business results by segment

1) Electronics Assembly Equipment

A rapid pickup has been taking place in the electronics industry since the turn of the year, with demand increasing for items such as cell phones, digital cameras, laptop PCs, and flat-screen TVs. Major customers of ours, such as leading cell phone manufacturers and EMS companies (Electronic Manufacturing Services), have continued aggressive investment in plant and equipment. As a consequence, our sales have improved to 20,991 million yen, or an increase of 16,605 million yen (378.7%) compared with the first quarter of last year. This resulted in an operating profit of 5,416 million yen (the same quarter a year earlier: 2,507 million yen as an operating loss).

2) Machine Tools

Although demand in the machine tools industry as a whole shows signs of increasing, both in Japan and overseas, demand from the automotive industry (which includes our primary customers) is still being restrained by continuing deterrents to domestic investment. This is despite the fact that there have been some indications of recovery in the U.S. As a result, our sales were 1,189 million yen, an increase of 536 million yen (82.1%) compared with the first quarter of the previous year. However, we ended the period with an operating loss of 493 million yen (the same quarter a year earlier: an operating loss of 822 million yen).

1.2. Qualitative information concerning financial condition

Total consolidated assets for this period, due to increases in accounts receivable, were 123,813 million yen, which is 2,764 million yen more than the end of the previous consolidated fiscal year. Additionally, our consolidated liabilities for this period totaled 29,924 million yen, which is 2,398 million yen more than the end of the previous consolidated fiscal year. This was due to increases in accounts payable.

With regard to cash flow, consolidated cash and cash equivalents for this fiscal period were 49,847 million yen, which is 1,480 million yen less than the end of the previous consolidated fiscal year.

Cash flow from business operations was expenditures of 11 million yen (the same term in the preceding year: proceeds of 3,203 million yen). This was mainly attributable to negative factors (such as increases in notes and accounts receivable and inventories refund) exceeding positive factors (such as income before income tax).

Cash flow from investing activities was expenditures of 352 million yen (the same term in the preceding year: expenditures of 696 million yen). This was attributable mainly to additions of intangible fixed assets.

Cash flow from financing activities was expenditures of 461 million yen (the same term in the preceding year: expenditures of 456 million yen). This was principally due to cash dividends paid.

1.3. Qualitative information concerning consolidated results prediction

In the electronics assembly business, we are now in a position to estimate that our operating performance will exceed our initial forecast, since orders have been good due to strong capital investment demand. Consequently, we are modifying the forecast figures that we reported on May 13, 2010 for the first six months of the period and the entire year's consolidated performance as follows.

Correction to forecast of business performance for the first six months of the consolidated accounting period (April 1 to September 30, 2010)

	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 six months ending September 30, 2010 (A)	42,000	5,100	5,200	3,100	63.42
Revised forecast for six months ending September 30, 2010 (B)	49,000	9,300	9,000	5,600	114.56
Difference (B-A)	7,000	4,200	3,800	2,500	-
Change (%)	16.7	82.4	73.1	80.6	-
Six months ended September 30, 2009	15,266	△4,923	△4,722	△5,132	△104.99

Correction to forecast of business performance for the entire year of the consolidated accounting period (April 1, 2010 to March 31, 2011)

	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, 2011 (A)	80,000	9,000	9,100	6,000	122.74
Revised forecast for year ending March 31, 2011 (B)	88,000	15,500	15,300	9,200	188.20
Difference (B-A)	8,000	6,500	6,200	3,200	-
Change (%)	10.0	72.2	68.1	53.3	-
Year ended March 31, 2010	41,747	△6,212	△5,842	△4,828	△98.78

Note:
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. Others

2.1. Outline of major changes in subsidiaries

Not applicable.

2.2. Outline of simplified accounting method and specific accounting method

1) Simplified accounting treatment

With regard to the possibility of deferred tax assets collection, because no significant changes have been found since the preceding consolidated accounting term due to the management environment or the occurrence of one-off differences, we are using the same method that was employed in the preceding consolidated accounting term (the method that uses business forecasting and tax planning) in the settlement of accounts.

2) Specific accounting method

Not applicable.

2.3. Outline of changes in accounting principles, procedures, and presentation, etc.

1) Inventory valuation method

From this first quarter of the current period, we have changed the method of inventory valuation from the average cost method, which uses mainly the average cost and most recent purchase cost (the method of writing down the book value according to a decline in profitability) to the specific identification cost method, which uses mainly the identified cost and moving average cost (the method of writing down the book value according to a decline in profitability).

Also, as we have clarified the extent to which manufacturing activities are applicable and reviewed the reported categories of raw materials and work-in-process. Some of the items previously presented as “raw materials and supplies” are now reported as “work-in-process”.

These changes have been made at the same time as the adoption of a new cost accounting system and are intended to make reported profit and loss statements and the financial condition of our group clearer.

As a result of these changes, compared to the previous method, the operating profit, recurring profit, and pre-tax quarterly net profit in the quarterly profit-and-loss statement have each decreased by 255 million yen. Also, in the consolidated quarterly balance sheet, “work-in-process” has increased by 5,930 million yen, and “raw materials and supplies” has decreased by the same amount.

2) Application of the Accounting Standards for Asset Retirement Obligations

From the first quarter of this period, we have applied the “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008).

The application of these standards and guidance has only a small impact on operating profit and recurring profit, resulting in a decrease of 58 million yen in the pre-tax quarterly net profit.

3. Consolidated balance sheets and statements

3.1. CONSOLIDATED BALANCE SHEETS

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
ASSETS	First quarter ended June 30, 2010	Year ended March 31, 2010
Current assets		
Cash on hand and in bank	46,568	47,134
Notes and accounts receivable – trade	19,060	14,516
Marketable securities	4,000	5,000
Merchandise	2,874	2,947
Work in process	9,032	2,460
Raw materials and supplies	8,185	12,895
Other inventories	40	40
Other current assets	3,862	4,838
Less - Allowance for doubtful receivable	△23	△70
Total current assets	93,600	89,764
Fixed assets		
Property, plant and equipment	14,307	14,376
Intangible assets	2,984	2,735
Investments and other assets:		
Investment securities	10,534	12,242
Others	2,386	1,929
Total investments and other assets	12,920	14,171
Total fixed assets	30,212	31,283
Total assets	123,813	121,048

LIABILITIES AND NET ASSETS	Millions of yen First quarter ended June 30, 2010	 Year ended March 31, 2010
Liabilities		
Current liabilities:		
Notes and accounts payable	5,212	3,949
Current portion of bonds	6,169	5,000
Accrued income tax	145	119
Accrued warranty	821	818
Others	5,605	4,463
Total current liabilities	17,953	14,350
Long term liabilities:		
Bonds	8,831	10,000
Accrued retirement benefits	3,076	3,175
Others	63	-
Total long term liabilities	11,970	13,175
Total liabilities	29,924	27,526
Net assets		
Shareholders' equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	84,712	82,671
Treasury stock	△44	△43
Total shareholders' equity	95,960	93,920
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	△125	694
Translation adjustment	△1,946	△1,093
Total valuation and translation adjustments	△2,072	△398
Total net assets	93,888	93,521
Total liabilities and net assets	123,813	121,048

3.2. CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	First quarter April 1 to June 30, 2009	First quarter April 1 to June 30, 2010
Net sales	5,111	22,311
Cost of sales	5,878	13,788
Gross Profit or Loss	△767	8,522
Selling, general and administrative expenses	3,266	4,330
Operating Income or Loss	△4,033	4,192
Non-operating income:		
Interest income	79	41
Dividends income	125	103
Others	70	85
Total Non-operating income	275	230
Non-operating expenses:		
Interest expense	56	48
Commission fee	11	-
Foreign exchange losses	-	313
Others	14	19
Total Non-operating expenses	82	381
Ordinary Income or Loss	△3,839	4,041
Extraordinary income:		
Reversal of allowance for doubtful accounts	9	-
Gain on disposal of fixed assets	10	52
Total extraordinary income	20	52
Extraordinary loss:		
Loss on disposal of fixed assets	8	46
Impairment loss	269	-
Loss on valuation of investment securities	-	332
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	58
Total extraordinary loss	277	436
Income or Loss before income taxes	△4,097	3,657
Income taxes:		
Corporate, inhabitant's and enterprise taxes	7	98
Adjustment for corporate taxes	93	1,029
Total income taxes	101	1,127
Income before minority interests	-	2,529
Net Income or Loss	△4,199	2,529

3.3. CONSOLIDATED CASH FLOW STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	First quarter April 1 to June 30, 2009	First quarter April 1 to June 30, 2010
Operating activities		
Income or loss before income taxes	△4,097	3,657
Depreciation and amortization	555	511
Increase in accrued retirement benefits	405	△99
Interest and dividend income	△205	△144
Interest expense	56	48
Loss on valuation of investment securities	-	332
Increase or decrease in accounts receivable	2,216	△4,839
Increase or decrease in inventories	2,742	△2,012
Increase or decrease in trade payable	△200	1,558
Decrease in receivable consumption taxes	1,328	△45
Others	207	1,070
Sub total	3,008	37
Interest and dividend received	205	144
Interest paid	△78	△78
Payments or refund of income taxes	68	△114
Net cash provided by operating activities	3,203	△11
Investing activities		
Additions of tangible and intangible fixed assets	△651	△539
Proceeds from sales of tangible and intangible fixed assets	64	100
Additions of investment securities	△98	-
Investment in time deposit	△111	△113
Proceeds on maturity of time deposit	100	198
Others	0	1
Net cash used in investing activities	△696	△352
Financing activities		
Dividends paid	△455	△460
Others	△0	△0
Net cash provided by (used in) financing activities	△456	△461
Effect of exchange rate changes on cash and cash equivalents	△128	△655
Increase in cash and cash equivalents	1,922	△1,480
Cash and cash equivalents at beginning of year	48,561	51,327
Cash and cash equivalents at end of the period	50,484	49,847

3.4. Notes to assumption of going concern

Not applicable.

3.5. Segment information

Previous consolidated accounting period (April 1 to June 30, 2009)

1) Business segment information

(Millions of yen)

	Electronics assembly equipment	Machine tools	Others	Total	Elimination or all company	Consolidated
Sales 1. Sales to third parties	4,385	653	72	5,111	-	5,111
2. Inter-area sales or transfers	-	-	39	39	△39	-
Total	4,385	653	111	5,150	△39	5,111
Operating income or loss	△2,507	△822	△87	△3,416	△616	△4,033

Notes:

1. Segments are based on 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 lathes, special-purpose machines
   3) Others: Control hardware, PCB contract manufacturing, software development

2) Geographical segment information

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or all company	Consolidated
Sales 1. Sales to third parties	3,926	848	310	26	5,111	-	5,111
2. Inter-area sales or transfers	434	0	13	50	498	△498	-
Total	4,360	848	323	77	5,609	△498	5,111
Operating income or loss	△3,443	△169	△19	22	△3,609	△423	△4,033

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) Overseas sales

(Millions of yen)

	North America	Europe	Asia	Others	Total
1. Overseas sales	839	377	3,005	306	4,528
2. Consolidated sales					5,111
3. Ratio of overseas sales to consolidated sales (%)	16.4	7.4	58.8	6.0	88.6

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: Germany, France, etc.
   3) Asia: China, Vietnam, etc.
   4) Other: Brazil, etc.
3. Overseas sales are the aggregation of sales outside of Japan by the parent company and its consolidated subsidiaries.

This consolidated accounting period (April 1 to June 30, 2010)

1) Outline of reportable segments

Of the units that comprise our group, financial information is available for each segment and is subject to periodic reviews by the company's board of directors for determination of the allocation of management resources and for evaluation of operating performance.

Our group operates separate divisions based on the type of product or service provided, and each of the divisions plans comprehensive domestic and international strategies for its products and services and is engaged in developing its respective business activities.

Thus, our group has two reportable segments based on the two main types of products and services offered – the electronic assembly equipment division and the machine tool division.

In the electronic assembly equipment division, we mainly produce automatic mounters for electronic parts. For the machine tool business, we are focused on producing automatic lathes and other specialized machines.

2) 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					
1. Sales to third parties	20,991	1,189	22,180	130	22,311
2. Inter-segment sales or transfers	-	-	-	347	347
Total	20,991	1,189	22,180	477	22,658
Segment income or loss	5,416	△493	4,923	△66	4,857

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.

3) 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	4,923
Other losses	△66
Inter-segment elimination	6
Overall company expenditures	△671
Quarterly operating income	4,192

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

4) Information on the impairment loss of fixed assets, goodwill, etc. by reportable segment

Not applicable.

5) Additional information

From this first quarter of the current total period of consolidation, we have applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 of March 27, 2009) and the "Implementation Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 of March 21, 2008).

3.6. Notes to a significant change in shareholders' capital

Not applicable.

4. Supplementary information

4.1. Orders and sales

Previous consolidated accounting period (April 1 to June 30, 2009)

Division	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	5,759	93.7	4,385	85.8	2,471	65.4
Machine Tools	254	4.1	653	12.8	1,180	31.3
Others	134	2.2	72	1.4	124	3.3
Total	6,148	100.0	5,111	100.0	3,776	100.0

This consolidated accounting period (April 1 to June 30, 2010)

Division	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	26,103	93.3	20,991	94.1	15,655	86.2
Machine Tools	1,733	6.2	1,189	5.3	2,413	13.3
Others	140	0.5	130	0.6	99	0.5
Total	27,977	100.0	22,311	100.0	18,167	100.0

Previous consolidated accounting period (April 1, 2009 to March 31, 2010)

Division	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	48,132	93.4	38,687	92.7	10,543	84.3
Machine Tools	2,884	5.6	2,594	6.2	1,868	15.0
Others	492	1.0	465	1.1	88	0.7
Total	51,509	100.0	41,747	100.0	12,501	100.0

4.2. Information on regions

	Japan	China	Other Asia	North America	Europe	Other	Total
Sales (Millions of yen)	1,464	11,489	3,395	2,594	2,601	765	22,311
Ratio(％)	6.6	51.5	15.2	11.6	11.7	3.4	100.0

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