



SECOND QUARTER FINANCIAL STATEMENTS

From April 1 to September 30, 2011

Consolidated Subsidiaries

Domestic:

Adtek Fuji Co., Ltd.

Edeclinsey System Co., Ltd.

Overseas:

Fuji America Corporation

Fuji Machine America Corporation

Fuji Machine Mfg. (Europe) GmbH

Fuji Machine China Co., Ltd.

FUJII MACHINE MFG. CO., LTD.

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Qualitative information

1.1. Qualitative information concerning consolidated management results

When looking at the nation's economy during this second quarter of the current total period of consolidation, the supply-side constraints in production have been largely eliminated and the domestic economy has started to recover due to an increase in personal consumption. However, slowdown has been seen in production activities and consumption due to the earthquake disaster. Exports, on the other hand, have decreased due to the historic rise of the yen and uncertainty in overseas circumstances. When looking at the world economy, the fiscal and monetary concerns in the U.S. and Europe have become increasingly serious. There is a feeling that the economy in China and other emerging countries, that have been enjoying strong performance so far, has come to a pause.

Under these circumstances, our group has put efforts into advancing the development of competitive, differentiated products and the pursuit of next generation technologies. Also, various efforts have been made to reinforce the sales and service network both at home and overseas for improved customer satisfaction and increased market share and to construct a production system that can comply with rapid fluctuations in production volume.

As a result of this, the sales in this second quarter of the current total period of consolidation have reached 52,871 million yen, an increase of 4,551 million yen (9.4% up) compared with the second quarter of the previous total period of consolidation. The operating profit has amounted to 12,367 million yen (14.0% up from the same quarter a year earlier) with the recurring profit of 12,099 million yen (15.8% up from the same quarter a year earlier) and the quarterly net profit of 6,073 million yen (4.4% up from the same quarter a year earlier).

Business results by segment

1) Electronics Assembly Equipment

The demand for electronic parts assemblers has stayed firm, led by products such as smart phones, tablet PCs, flat-screen TVs and automobile electrical components. With the aid of the investment demand mainly by our leading customers such as major electronics manufacturers and EMS's (Electronic Manufacturing Services), the sales have amounted to 49,190 million yen or an increase of 3,679 million yen (8.1% up) compared with the second quarter of the previous total period of consolidation, and the operating profit has resulted in 14,150 million yen (8.6% up from the same quarter a year earlier).

2) Machine Tools

In the machine tools industry, export demand continues to increase while domestic demand shows a trend of continued recovery despite the prior fears of the influence of the earthquake disaster upon it. Additionally, a gradual recovery has been seen centering on the export of machine tools for the automobile industry, one of our leading customers. As a consequence, sales have resulted in 3,402 million yen, or an increase of 874 million yen (34.6% up) over the second quarter of the previous total period of consolidation, and the operating profit/loss has turned out to be a loss of 33 million yen (the same quarter a year earlier: 830 million yen as an operating loss).

1.2. Qualitative information concerning financial condition

For the financial condition, the total consolidated assets have decreased by 71 million yen compared with the end of the previous consolidated fiscal year to 135,405 million yen due to a decrease in investment securities and other liquid assets despite an increase in inventory assets. The total consolidated liabilities have decreased by 3,560 million yen compared with the end of the previous consolidated fiscal year to 28,200 million yen due to a decrease in accounts payable.

With regard to cash flow, the balance of cash and cash equivalents at the end of this second quarter of the current total period of consolidation has increased by 1,145 million yen compared with the end of the previous consolidated fiscal year, reaching 51,327 million yen. This includes 737 million yen which is the negative effect of exchange differences relating to cash and cash equivalents during this second quarter of the current total period of consolidation.

The cash flow from operating activities is 6,696 million yen as received (the same quarter a year earlier: 5,148 million yen as received). This is largely because positive factors such as the quarterly net profit before adjustments of tax, etc. have outweighed the negative factors such as the payments of corporate tax, etc.

The cash flow from investing activities has ended in 2,366 million yen as disbursed (the same quarter a year earlier: 963 million yen as disbursed). This is chiefly due to the likes of a cash outgo for the acquisition of tangible fixed assets.

The cash flow from financing activities has resulted in 2,447 million yen as disbursed (the same quarter a year earlier: 490 million yen as disbursed). This is mainly attributed to the redemption of corporate bonds.

1.3. Qualitative information concerning consolidated results prediction

We have reviewed the full-year earnings forecasts we announced on May 12, 2011, predicting that the sales will decrease due to the concern about economic slowdown associated with the financial uncertainty in the U.S. and Europe. Accordingly we would revise our full-year earnings forecasts as follows:

	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, 2012 (A)	94,000	19,000	19,100	11,500	235.26
Revised forecast for year ending March 31, 2012 (B)	87,000	15,700	15,100	7,700	157.52
Difference (B-A)	△7,000	△3,300	△4,000	△3,800	—
Change (%)	△7.4	△17.4	△20.9	△33.0	—
Year ended March 31, 2011	92,893	20,694	20,289	12,914	264.19

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. 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, 2011	Second quarter ended September 30, 2011
Current assets		
Cash on hand and in bank	46,938	48,101
Notes and accounts receivable – trade	19,980	19,645
Marketable securities	4,000	4,000
Merchandise	5,026	4,654
Work in process	13,936	15,926
Raw materials and supplies	8,502	8,798
Other inventories	31	31
Other current assets	6,413	4,452
Less - Allowance for doubtful receivable	△284	△274
Total current assets	104,544	105,338
Fixed assets		
Property, plant and equipment	14,145	14,898
Intangible assets	3,669	4,128
Investments and other assets:		
Investment securities	11,695	9,440
Others	1,422	1,599
Total investments and other assets	13,118	11,039
Total fixed assets	30,932	30,067
Total assets	135,477	135,405

LIABILITIES AND NET ASSETS	Millions of yen	
	Year ended March 31, 2011	Second quarter ended September 30, 2011
Liabilities		
Current liabilities:		
Notes and accounts payable	5,665	3,412
Current portion of bonds	2,938	2,938
Accrued income tax	5,685	4,048
Accrued warranty	1,084	1,324
Others	6,512	8,044
Total current liabilities	21,886	19,767
Long term liabilities:		
Bonds	7,062	5,593
Accrued retirement benefits	2,748	2,775
Others	64	64
Total long term liabilities	9,874	8,433
Total liabilities	31,760	28,200
Net assets		
Shareholders' equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	94,241	99,337
Treasury stock	△46	△47
Total shareholders' equity	105,487	110,582
Other comprehensive income		
Valuation difference on available-for-sale securities	665	186
Foreign currency translation adjustment	△2,436	△3,563
Total other comprehensive income	△1,771	△3,377
Total net assets	103,716	107,205
Total liabilities and net assets	135,477	135,405

2.2. Consolidated income statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2010	Second quarter April 1 to September 30, 2011
Net sales	48,320	52,871
Cost of sales	28,696	30,012
Gross profit	19,623	22,859
Selling, general and administrative expenses	8,775	10,492
Operating income	10,847	12,367
Non-operating income:		
Interest income	78	45
Dividends income	111	133
Others	110	92
Total Non-operating income	300	270
Non-operating expenses:		
Interest expense	96	56
Foreign exchange losses	568	380
Others	31	101
Total Non-operating expenses	695	538
Ordinary income	10,452	12,099
Extraordinary income:		
Gain on disposal of fixed assets	90	18
Total extraordinary income	90	18
Extraordinary loss:		
Loss on disposal of fixed assets	71	112
Loss on valuation of investment securities	1,202	1,491
Loss on adjustment for changes of accounting standard for retirement obligations	58	—
Others	8	—
Total extraordinary loss	1,340	1,604
Income before income taxes	9,202	10,512
Income taxes:		
Corporate, inhabitant's and enterprise taxes	2,051	4,233
Adjustment for corporate taxes	1,335	205
Total income taxes	3,386	4,439
Income before minority interests	5,815	6,073
Net income	5,815	6,073

2.3. Consolidated statement of comprehensive income

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2010	Second quarter April 1 to September 30, 2011
Income before minority interests	5,815	6,073
Other comprehensive income		
Valuation difference on available for sale securities	△564	△479
Foreign currency translation adjustment	△1,256	△1,126
Total other comprehensive income	△1,820	△1,605
Comprehensive income	3,994	4,467
(Details)		
Comprehensive income attributable to owners of the parent	3,994	4,467

2.4. Consolidated cash flow statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2010	Second quarter April 1 to September 30, 2011
Operating activities		
Income before income taxes	9,202	10,512
Depreciation and amortization	1,073	1,395
Increase or decrease in accrued retirement benefits	△200	27
Interest and dividend income	△190	△178
Interest expense	96	56
Loss (gain) on disposal of noncurrent assets	△18	94
Loss on valuation of investment securities	1,202	1,491
Increase or decrease in accounts receivable	△4,025	28
Increase or decrease in inventories	△4,592	△2,373
Increase or decrease in trade payable	1,143	△1,868
Increase or decrease in receivable consumption taxes	△570	1,218
Others	1,797	1,988
Sub total	4,918	12,393
Interest and dividend received	190	178
Interest paid	△95	△60
Payments or refund of income taxes	134	△5,814
Net cash provided by operating activities	5,148	6,696
Investing activities		
Additions of tangible and intangible fixed assets	△1,200	△2,340
Proceeds from sales of tangible and intangible fixed assets	200	49
Investment in time deposit	△208	△57
Proceeds on maturity of time deposit	233	38
Others	11	△57
Net cash used in investing activities	△963	△2,366
Financing activities		
Redemption of bonds	—	△1,469
Dividends paid	△489	△977
Others	△0	△0
Net cash provided by (used in) financing activities	△490	△2,447
Effect of exchange rate changes on cash and cash equivalents	△1,002	△737
Increase in cash and cash equivalents	2,691	1,145
Cash and cash equivalents at beginning of year	51,327	50,181
Cash and cash equivalents at end of the period	54,019	51,327

2.5. Notes to assumption of going concern

Not applicable.

2.6. Segment information

I Previous consolidated accounting period (April 1 to September 30, 2010)

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	45,510	2,527	48,038	281	48,320
Inter-segment sales or transfers	0	-	0	823	823
Total	45,511	2,527	48,038	1,104	49,143
Segment income or loss	13,031	△830	12,201	△17	12,183

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	12,201
Other losses	△17
Inter-segment elimination	12
Overall company expenditures	△1,348
Quarterly operating income	10,847

Note:

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

II This consolidated accounting period (April 1 to September 30, 2011)

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	49,190	3,402	52,592	279	52,871
Inter-segment sales or transfers	0	-	0	435	436
Total	49,191	3,402	52,593	714	53,308
Segment income or loss	14,150	△33	14,116	△34	14,081

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	14,116
Other losses	△34
Inter-segment elimination	12
Overall company expenditures	△1,727
Quarterly operating income	12,367

Note:

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

2.7. Notes to a significant change in shareholders' capital

Not applicable.

3. Supplementary information

3.1. Orders and sales

Previous consolidated accounting period (April 1 to September 30, 2010)

Name of segment	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	46,031	92.0	45,510	94.2	11,064	77.7
Machine Tools	3,721	7.4	2,527	5.2	3,062	21.5
Others	302	0.6	281	0.6	108	0.8
Total	50,055	100.0	48,320	100.0	14,235	100.0

This consolidated accounting period (April 1 to September 30, 2011)

Name of segment	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	42,487	89.2	49,190	93.1	5,266	50.5
Machine Tools	5,020	10.5	3,402	6.4	5,038	48.4
Others	132	0.3	279	0.5	115	1.1
Total	47,640	100.0	52,871	100.0	10,420	100.0

Previous consolidated accounting period (April 1, 2010 to March 31, 2011)

Name of segment	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	87,578	91.2	86,153	92.7	11,968	76.5
Machine Tools	7,502	7.8	5,951	6.4	3,420	21.8
Others	962	1.0	788	0.9	262	1.7
Total	96,043	100.0	92,893	100.0	15,651	100.0

3.2. Information on regions

Previous consolidated accounting period (April 1 to September 30, 2010)

	Japan	China	Other Asia	North America	Europe	Other	Total
Sales (Millions of yen)	2,630	26,733	7,887	5,367	4,439	1,262	48,320
Ratio(%)	5.5	55.3	16.3	11.1	9.2	2.6	100.0

This consolidated accounting period (April 1 to September 30, 2011)

	Japan	China	Other Asia	North America	Europe	Other	Total
Sales (Millions of yen)	4,280	22,450	13,015	6,031	3,982	3,111	52,871
Ratio(%)	8.1	42.5	24.6	11.4	7.5	5.9	100.0

Previous consolidated accounting period (April 1, 2010 to March 31, 2011)

	Japan	China	Other Asia	North America	Europe	Other	Total
Sales (Millions of yen)	6,594	45,828	14,256	11,894	9,934	4,384	92,893
Ratio(%)	7.1	49.3	15.4	12.8	10.7	4.7	100.0

Note:

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, 2011 – Mar 31, 2012)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
2Q cumulative actuals of current consolidated period	52,871 (9.4%)	12,367 (14.0%)	12,099 (15.8%)	6,073 (4.4%)
Full-year forecasts	87,000 (△6.3%)	15,700 (△24.1%)	15,100 (△25.6%)	7,700 (△40.4%)

Note: A figure in parentheses indicates a change from the same quarter a year earlier.

2. 2Q cumulative actuals of current non-consolidated sales & income and full-year forecasts
(Apr 1, 2011 – Mar 31, 2012)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
2Q cumulative actuals of current non-consolidated period	50,437 (9.5%)	11,315 (10.8%)	11,026 (11.3%)	5,338 (4.7%)
Full-year forecasts	83,000 (△6.6%)	14,600 (△26.8%)	13,900 (△29.4%)	7,000 (△42.0%)

Note: A figure in parentheses indicates a change from the same quarter a year earlier.

3. 2Q cumulative actuals of current consolidated orders & sales and full-year forecasts
(Apr 1, 2011 – Mar 31, 2012)

(Millions of yen)

Name of segment	Orders		Sales	
	2Q cumulative actuals of current consolidated period	Full-year forecasts	2Q cumulative actuals of current consolidated period	Full-year forecasts
Electronics Assembly Equipment	42,487	72,700	49,190	78,100
Machine Tools	5,020	10,000	3,402	8,500
Others	132	300	279	400
Total	47,640	83,000	52,871	87,000

4. 2Q cumulative actuals of current consolidated major items and full-year forecasts
(Apr 1, 2011 – Mar 31, 2012)

(Millions of yen)

Item	2Q cumulative actuals of current consolidated period	Full-year forecasts
Capital expenditures	2,848	5,400
Depreciation expenses	1,395	3,000
Research and development expenses	3,011	5,800