



SECOND QUARTER FINANCIAL STATEMENTS

From April 1 to September 30, 2012

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.

Kunshan Fuji Machine Mfg Co., Ltd.

FUJII MACHINE MFG. CO., LTD.

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1. Qualitative information

1.1. Qualitative information concerning consolidated management results

In the first half of this fiscal year, the Japanese economy has been in a state of recovery due to demand from reconstruction after the earthquake, but this situation has deteriorated due to falling exports under a global slowdown and a strong yen. Also, in terms of the global economy, the European debt crisis has been prolonged and emerging economies such as China have experienced increasing stagnation.

Within this environment, our Group has promoted exploration into the development of competitive products, next generation technologies and has continued to enhance our domestic and international sales and service networks while working to expand market share and improve customer satisfaction. However, in the first half of the current fiscal year, we have seen net sales of 40,584 million yen, which is a decline of 12,287 million yen (23.2%) over the same period of the previous fiscal year. In addition, operating income was 4,466 million yen (a 63.9% decrease compared to the same quarter last year), ordinary income was 4,440 million yen (a 63.3% decrease compared to the same quarter last year) and net income was 2,921 million yen (a 51.9% decrease compared to the same quarter last year).

Business results by segment

1) Electronics Assembly Equipment

While smart phone and tablet PC sales remain strong, with the background of a global economic slowdown, our major customers which include major electronics manufacturers, major EMS (electronics manufacturing services companies), and automotive parts manufacturers etc, have increased their cautious attitudes towards capital investment, resulting in our net sales being down 14,598 million yen (29.7%) to 34,592 million yen compared with the second quarter of the previous fiscal year, and operating income at 5,570 million yen (a 60.6% decrease compared to the same quarter last year).

2) Machine Tools

Regarding manufacturing machinery, exports have maintained their gradual recovery, mainly to the United States and the continued strength of the Group's major customers in the domestic market, the automotive industry, resulted in sales of 5,627 million yen, up 2,224 million yen (65.4%) year on year, and an operating income of 762 million yen (compared to an operating loss of 33 million yen for the same period last year).

1.2. Qualitative information concerning financial condition

Regarding the financial state, consolidated total assets decreased by 4,041 million yen compared to the previous fiscal year, to 129,861 million yen, due to a decrease in inventories etc. In addition, a decrease in accounts payable resulted in total consolidated liabilities decreasing by 4,468 million yen, to 18,850 million yen.

In terms of cash flow, the current balance of cash and cash equivalents for the second quarter of the current fiscal year is up 1,119 million yen year on year, to 51,984 million yen. This includes the negative effect of a conversion difference of 530 million yen in relation to cash and cash equivalents for the first half of this fiscal year.

Cash flow from operating activities showed an income of 6,857 million yen (previous year: 6,696 million yen in income). This is mainly due to the positive factors of net income adjustments from the previous quarter for taxes etc. exceeding the negative factors of corporate taxes paid etc.

Cash flow for investing activities showed an expenditure of 3,197 million yen (previous year: 2,366 million yen in income). These expenditures were mainly for the acquisition of tangible fixed assets.

Cash flow for financing activities showed an expenditure of 2,011 million yen (previous year: 2,447 million yen in income). This was mainly due to the redemption of corporate bonds.

1.3. Qualitative information concerning consolidated results prediction

Based on the second quarter results and upon a review of earnings forecasts for the full year, the following revisions have been made to the consolidated earnings forecast announced on August 9, 2012.

Correction to forecast of business performance for the entire year of the consolidated accounting period (April 1, 2012 to March 31, 2013)

	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, 2013 (A)	83,000	10,600	10,800	7,000	143.21
Revised forecast for year ending March 31, 2013 (B)	75,000	5,800	5,900	3,600	73.65
Difference (B-A)	△8,000	△4,800	△4,900	△3,400	-
Change (%)	△9.6	△45.3	△45.4	△48.6	-
Year ended March 31, 2012	86,249	15,672	15,661	8,516	174.22

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, 2012	Second quarter ended September 30, 2012
Current assets		
Cash on hand and in bank	47,537	42,164
Notes and accounts receivable – trade	18,665	16,854
Marketable securities	4,000	10,500
Merchandise	3,887	3,399
Work in process	15,367	13,614
Raw materials and supplies	7,771	7,548
Other inventories	31	22
Other current assets	4,694	3,625
Less - Allowance for doubtful receivable	△236	△230
Total current assets	101,719	97,500
Fixed assets		
Property, plant and equipment	15,201	16,297
Intangible assets	4,917	5,369
Investments and other assets:		
Investment securities	11,089	9,124
Others	973	1,569
Total investments and other assets	12,063	10,693
Total fixed assets	32,183	32,360
Total assets	133,902	129,861

LIABILITIES AND NET ASSETS	Millions of yen	
	Year ended March 31, 2012	Second quarter ended September 30, 2012
Liabilities		
Current liabilities:		
Notes and accounts payable	3,944	2,282
Current portion of bonds	2,938	2,938
Accrued income tax	1,654	990
Accrued warranty	1,131	1,059
Others	6,646	5,867
Total current liabilities	16,315	13,137
Long term liabilities:		
Bonds	4,124	2,655
Accrued retirement benefits	2,814	2,993
Others	64	65
Total long term liabilities	7,003	5,713
Total liabilities	23,319	18,850
Net assets		
Shareholder's equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	100,802	102,990
Treasury stock	△47	△48
Total shareholders' equity	112,047	114,234
Other comprehensive income		
Valuation difference on available-for-sale securities	1,107	21
Foreign currency translation adjustment	△2,669	△3,519
Total other comprehensive income	△1,561	△3,498
Minority interests	98	273
Total net assets	110,583	111,010
Total liabilities and net assets	133,902	129,861

2.2. Consolidated income statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2011	Second quarter April 1 to September 30, 2012
Net sales	52,871	40,584
Cost of sales	30,012	25,828
Gross profit	22,859	14,756
Selling, general and administrative expenses	10,492	10,290
Operating income	12,367	4,466
Non-operating income:		
Interest income	45	44
Dividends income	133	113
Others	92	51
Total non-operating income	270	209
Non-operating expenses:		
Interest expense	56	38
Foreign exchange losses	380	158
Others	101	37
Total non-operating expenses	538	235
Ordinary income	12,099	4,440
Extraordinary income:		
Gain on disposal of fixed assets	18	12
Total extraordinary income	18	12
Extraordinary loss:		
Loss on disposal of fixed assets	112	125
Loss on sales of investment securities	-	47
Loss on valuation of investment securities	1,491	122
Total extraordinary loss	1,604	296
Income before income taxes	10,512	4,157
Income taxes:		
Corporate, inhabitant's and enterprise taxes	4,233	1,008
Adjustment for corporate taxes	205	233
Total income taxes	4,439	1,242
Income before minority interests	6,073	2,915
Minority interests in loss	-	△6
Net income	6,073	2,921

2.3. Consolidated statement of comprehensive income

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2011	Second quarter April 1 to September 30, 2012
Income before minority interests	6,073	2,915
Other comprehensive income		
Valuation difference on available for sale securities	△479	△1,086
Foreign currency translation adjustment	△1,126	△860
Total other comprehensive income	△1,605	△1,946
Comprehensive income	4,467	968
(Details)		
Comprehensive income attributable to owners of the parent	4,467	985
Comprehensive income attributable to minority interests	-	△16

2.4. Consolidated cash flow statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Second quarter April 1 to September 30, 2011	Second quarter April 1 to September 30, 2012
Operating activities		
Income before income taxes	10,512	4,157
Depreciation and amortization	1,395	1,684
Increase or decrease in accrued retirement benefits	27	178
Interest and dividend income	△178	△158
Interest expense	56	38
Loss (gain) on disposal of noncurrent assets	94	112
Loss (gain) on sales of investment securities	-	47
Loss (gain) on valuation of investment securities	1,491	122
Increase or decrease in accounts receivable	28	1,632
Increase or decrease in inventories	△2,373	2,185
Increase or decrease in trade payable	△1,868	△1,515
Increase or decrease in receivable consumption taxes	1,218	47
Others	1,988	△223
Sub total	12,393	8,310
Interest and dividend received	178	158
Interest paid	△60	△42
Payment of income taxes	△5,814	△1,568
Net cash provided by (used in) operating activities	6,696	6,857
Investing activities		
Additions of tangible and intangible fixed assets	△2,340	△3,319
Proceeds from sales of tangible and intangible fixed assets	49	19
Proceeds from sales of investment securities	-	332
Investment in time deposit	△57	△57
Proceeds on maturity of time deposit	38	48
Others	△57	△220
Net cash provided by (used in) investing activities	△2,366	△3,197
Financing activities		
Redemption of bonds	△1,469	△1,469
Dividends paid	△977	△733
Proceeds from stock issuance to minority shareholders	-	192
Others	△0	△0
Net cash provided by (used in) financing activities	△2,447	△2,011
Effect of exchange rate changes on cash and cash equivalents	△737	△530
Increase in cash and cash equivalents	1,145	1,119
Cash and cash equivalents at beginning of year	50,181	50,865
Cash and cash equivalents at end of the period	51,327	51,984

2.5. Notes to assumption of going concern

Not applicable.

2.6. Notes to a significant change in shareholder's capital

Not applicable.

2.7. Segment information

Previous 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.

This 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.

3. Supplementary information

3.1. Orders and sales

Previous 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

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

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

Previous consolidated accounting period (April 1, 2011 to March 31, 2012)

Name of segment	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	71,745	86.4	76,813	89.1	6,901	55.4
Machine Tools	10,937	13.2	8,890	10.3	5,467	43.9
Others	365	0.4	546	0.6	81	0.7
Total	83,048	100.0	86,249	100.0	12,450	100.0

3.2. Information on regions

Previous 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

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

	Japan	China	Other Asia	North America	Europe	Other	Total
Sales (Millions of yen)	5,124	19,303	7,773	4,332	2,556	1,494	40,584
Ratio (%)	12.6	47.6	19.1	10.7	6.3	3.7	100.0

Previous consolidated accounting period (April 1, 2011 to March 31, 2012)

	Japan	China	Other Asia	North America	Europe	Other	Total
Sales (Millions of yen)	9,833	32,639	20,641	11,219	6,897	5,017	86,249
Ratio (%)	11.4	37.9	23.9	13.0	8.0	5.8	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, 2012 – Mar 31, 2013)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
First two quarters	40,584 (△23.2%)	4,466 (△63.9%)	4,440 (△63.3%)	2,921 (△51.9%)
Total period	75,000 (△13.0%)	5,800 (△63.0%)	5,900 (△62.3%)	3,600 (△57.7%)

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 non-consolidated sales & income and full-year forecasts
(Apr 1, 2012 – Mar 31, 2013)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
First two quarters	38,085 (△24.5%)	3,825 (△66.2%)	3,793 (△65.6%)	2,566 (△51.9%)
Total period	70,000 (△12.7%)	5,000 (△65.0%)	5,000 (△64.9%)	3,200 (△57.4%)

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, 2012 – Mar 31, 2013)

(Millions of yen)

Name of segment	Orders		Sales	
	First two quarters	Total period	First two quarters	Total period
Electronics Assembly Equipment	30,946	62,500	34,592	62,900
Machine Tools	4,845	10,800	5,627	11,400
Others	346	700	365	700
Total	36,138	74,000	40,584	75,000

4. 2Q cumulative actuals of current consolidated major items and full-year forecasts
(Apr 1, 2012 – Mar 31, 2013)

(Millions of yen)

Item	First two quarters	Total period
Capital expenditures	3,425	6,800
Depreciation expenses	1,684	3,800
Research and development expenses	4,335	8,100