



THIRD QUARTER FINANCIAL STATEMENTS

From April 1 to December 31, 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.

FUJII 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

For the Japanese economy as a whole during the first three quarters of the total period of consolidation, although a gradual recovery continued with improved corporate profits and a pickup in capital investment, this was tempered by a weakening in consumer spending due to the end of such programs as government subsidies for the purchase of fuel efficient cars. Overall, therefore, conditions remain severe. Looking at the world economy, while fears have remained of an economic downturn due to a shrinking of credit and continuous high unemployment, economic conditions have continued to recover gradually, driven by the expansion of domestic demand in emerging economies, especially China.

Under this environment, our group has promoted the timely development of competitive, differentiated products as well as the quest for next generation technologies. Additionally, we have focused our efforts on establishing a production structure that allows us to respond to sudden changes in production volume, and have endeavored to improve customer satisfaction and expand our market share through the reinforcement of sales and service networks both at home and overseas.

As a result, sales in the first three quarters of the total period of consolidation were 68,634 million yen, an increase of 42,787 million yen (165.5%) over the first three quarters of the previous total period of consolidation. Operating profits amounted to 15,854 million yen (the same period a year earlier: 6,653 million yen as an operating loss) with ordinary profits of 15,346 million yen (the same period a year earlier: 6,356 million yen as an ordinary loss) and net profits of 9,624 million yen (the same period a year earlier: 6,802 million yen as a net loss).

Business results by segment

1) Electronics Assembly Equipment

Backed by the expansion of demand in the electronics sector for items such as smartphones, tablet PC's, and flat-screen TV's, capital investment by our major clients, electronic manufacturers and EMS's (Electronic Manufacturing Services), has stayed firm, resulting in sales of 64,635 million yen, an increase of 40,789 million yen (171.1%) over the first three quarters of the previous total period of consolidation, with operating profits of 18,875 million yen (the same period a year earlier: 2,623 million yen as an operating loss)

2) Machine Tools

In the machine tool industry as a whole, the tough situation has continued with regards to demand from the automotive industry (which includes our major clients), although domestic and international demand has remained on an upward trend. As a result, while sales amounted to 3,572 million yen, an increase of 1,907 million yen (114.5%) over the first three quarters of the previous total period of consolidation, operating profits and loss ended in a loss of 934 million yen (the same period a year earlier: 2,159 million yen as an operating loss).

1.2. Qualitative information concerning financial condition

Total consolidated assets for this period, due to increases in cash on hand and in bank and inventories, were 126,471 million yen, which is 5,423 million yen more than the end of the previous consolidated fiscal year. Additionally, our consolidated liabilities for this period totaled 26,622 million yen, which is 903 million yen less than the end of the previous consolidated fiscal year. This was due to decreases in bonds.

With regard to cash flow, consolidated cash and cash equivalents for this fiscal period were 52,496 million yen, which is 1,168 million yen more than the end of the previous consolidated fiscal year. This includes 1,328 million yen which is the negative effect of exchange rate

changes on cash and cash equivalents during the first three quarters of the total period of consolidation.

Cash flow from business operations was proceeds of 10,948 million yen (the same term in the preceding year: proceeds of 11,498 million yen). This was mainly attributable to positive factors (such as income before income tax) exceeding negative factors (such as increases in inventories refund).

Cash flow from investing activities was expenditures of 2,155 million yen (the same term in the preceding year: expenditures of 2,446 million yen). This was attributable mainly to additions of intangible fixed assets.

Cash flow from financing activities was expenditures of 6,295 million yen (the same term in the preceding year: expenditures of 2,447 million yen). This was principally due to redemption of bonds.

1.3. Qualitative information concerning consolidated results prediction

We have reviewed the earnings forecasts for the full period based on the actual performance in the first three quarters of the total period of consolidation and accordingly revise the full-year earnings forecasts we announced on November 11, 2010, 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, 2011 (A) | 87,000 | 17,000 | 16,500 | 9,500 | 194.34 |
| Revised forecast for year ending March 31, 2011 (B) | 89,000 | 19,800 | 19,300 | 11,500 | 235.26 |
| Difference (B-A) | 2,000 | 2,800 | 2,800 | 2,000 | - |
| Change (%) | 2.3 | 16.5 | 17.0 | 21.1 | - |
| 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 8 million yen. Also, in the consolidated quarterly balance sheet, “work-in-process” has increased by 7,254 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 59 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

| ASSETS | Millions of yen | |
|--|--|------------------------------|
| | Third quarter ended December 31, 2010 | Year ended March 31, 2010 |
| Current assets | | |
| Cash on hand and in bank | 52,233 | 47,134 |
| Notes and accounts receivable – trade | 12,900 | 14,516 |
| Marketable securities | 1,000 | 5,000 |
| Merchandise | 4,709 | 2,947 |
| Work in process | 12,544 | 2,460 |
| Raw materials and supplies | 7,801 | 12,895 |
| Other inventories | 31 | 40 |
| Other current assets | 4,766 | 4,838 |
| Less - Allowance for doubtful receivable | △16 | △70 |
| Total current assets | 95,970 | 89,764 |
| Fixed assets | | |
| Property, plant and equipment | 14,072 | 14,376 |
| Intangible assets | 3,390 | 2,735 |
| Investments and other assets: | | |
| Investment securities | 11,383 | 12,242 |
| Others | 1,653 | 1,929 |
| Total investments and other assets | 13,037 | 14,171 |
| Total fixed assets | 30,500 | 31,283 |
| Total assets | 126,471 | 121,048 |

| LIABILITIES AND NET ASSETS | Millions of yen | |
|---|--|------------------------------|
| | Third quarter ended December 31, 2010 | Year ended March 31, 2010 |
| Liabilities | | |
| Current liabilities: | | |
| Notes and accounts payable | 3,732 | 3,949 |
| Current portion of bonds | 2,638 | 5,000 |
| Accrued income tax | 3,508 | 119 |
| Accrued warranty | 873 | 818 |
| Others | 5,582 | 4,463 |
| Total current liabilities | 16,335 | 14,350 |
| Long term liabilities: | | |
| Bonds | 7,362 | 10,000 |
| Accrued retirement benefits | 2,861 | 3,175 |
| Others | 64 | - |
| Total long term liabilities | 10,287 | 13,175 |
| Total liabilities | 26,622 | 27,526 |
| Net assets | | |
| Shareholders' equity: | | |
| Capital stock | 5,878 | 5,878 |
| Capital surplus | 5,413 | 5,413 |
| Earnings surplus | 90,951 | 82,671 |
| Treasury stock | △45 | △43 |
| Total shareholders' equity | 102,198 | 93,920 |
| Valuation and translation adjustments: | | |
| Valuation difference on available-for-sale securities | 482 | 694 |
| Translation adjustment | △2,832 | △1,093 |
| Total valuation and translation adjustments | △2,350 | △398 |
| Total net assets | 99,848 | 93,521 |
| Total liabilities and net assets | 126,471 | 121,048 |

3.2. CONSOLIDATED INCOME STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

| | Millions of yen | |
|---|---|---|
| | Third quarter April 1 to December 31, 2009 | Third quarter April 1 to December 31, 2010 |
| Net sales | 25,847 | 68,634 |
| Cost of sales | 22,497 | 40,310 |
| Gross Profit | 3,349 | 28,323 |
| Selling, general and administrative expenses | 10,003 | 12,469 |
| Operating Income or Loss | △6,653 | 15,854 |
| Non-operating income: | | |
| Interest income | 193 | 109 |
| Dividends income | 198 | 208 |
| Interest on refund of income taxes and other | 102 | - |
| Others | 115 | 121 |
| Total Non-operating income | 609 | 440 |
| Non-operating expenses: | | |
| Interest expense | 162 | 143 |
| Commission fee | 33 | - |
| Foreign exchange losses | 99 | 755 |
| Others | 16 | 47 |
| Total Non-operating expenses | 312 | 947 |
| Ordinary Income or Loss | △6,356 | 15,346 |
| Extraordinary income: | | |
| Gain on disposal of fixed assets | 54 | 97 |
| Gain on sales of investment securities | 21 | - |
| Gain on redemption of investment securities | 8 | - |
| Others | 4 | - |
| Total extraordinary income | 89 | 97 |
| Extraordinary loss: | | |
| Loss on disposal of fixed assets | 60 | 99 |
| Impairment loss | 269 | - |
| Loss on valuation of investment securities | 47 | 501 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | - | 58 |
| Others | - | 8 |
| Total extraordinary loss | 377 | 667 |
| Income or Loss before income taxes | △6,645 | 14,776 |

| | Millions of yen | |
|--|---|---|
| | Third quarter April 1 to December 31, 2009 | Third quarter April 1 to December 31, 2010 |
| Income taxes: | | |
| Corporate, inhabitant's and enterprise taxes | 57 | 3,727 |
| Adjustment for corporate taxes | 99 | 1,424 |
| Total income taxes | 157 | 5,152 |
| Income before minority interests | - | 9,624 |
| Net Income or Loss | △6,802 | 9,624 |

3.3. CONSOLIDATED CASH FLOW STATEMENT

Fuji Machine Mfg. Co., Ltd. and subsidiaries

| | Millions of yen | |
|--|---|---|
| | Third quarter April 1 to December 31, 2009 | Third quarter April 1 to December 31, 2010 |
| Operating activities | | |
| Income or loss before income taxes | △6,645 | 14,776 |
| Depreciation and amortization | 1,801 | 1,735 |
| Increase in accrued retirement benefits | 1,215 | △314 |
| Interest and dividend income | △391 | △318 |
| Interest expense | 162 | 143 |
| Loss (gain) on disposal of noncurrent assets | 5 | 1 |
| Loss on valuation of investment securities | 47 | 501 |
| Increase or decrease in accounts receivable | △990 | 1,287 |
| Increase or decrease in inventories | 11,145 | △7,301 |
| Increase or decrease in trade payable | 606 | 259 |
| Decrease in receivable consumption taxes | 1,210 | △1,017 |
| Others | △259 | 1,220 |
| Sub total | 7,908 | 10,975 |
| Interest and dividend received | 391 | 318 |
| Interest paid | △192 | △173 |
| Payments or refund of income taxes | 3,390 | △172 |
| Net cash provided by operating activities | 11,498 | 10,948 |
| Investing activities | | |
| Additions of tangible and intangible fixed assets | △2,666 | △2,453 |
| Proceeds from sales of tangible and intangible fixed assets | 230 | 213 |
| Additions of investment securities | △241 | - |
| Investment in time deposit | △332 | △355 |
| Proceeds on maturity of time deposit | 461 | 424 |
| Others | 101 | 14 |
| Net cash used in investing activities | △2,446 | △2,155 |
| Financing activities | | |
| Repayment of long-term loans payable | △1,500 | - |
| Redemption of bonds | - | △5,000 |
| Dividends paid | △946 | △1,293 |
| Others | △1 | △1 |
| Net cash provided by (used in) financing activities | △2,447 | △6,295 |
| Effect of exchange rate changes on cash and cash equivalents | △503 | △1,328 |
| Increase in cash and cash equivalents | 6,100 | 1,168 |
| Cash and cash equivalents at beginning of year | 48,561 | 51,327 |
| Cash and cash equivalents at end of the period | 54,662 | 52,496 |

3.4. Notes to assumption of going concern

Not applicable.

3.5. Segment information

Previous consolidated accounting period (April 1 to December 31, 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 | 23,846 | 1,665 | 336 | 25,847 | - | 25,847 |
| 2. Inter-area sales or transfers | 0 | - | 171 | 171 | △171 | - |
| Total | 23,846 | 1,665 | 507 | 26,018 | △171 | 25,847 |
| Operating loss | △2,623 | △2,159 | △158 | △4,941 | △1,712 | △6,653 |

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 | 19,846 | 4,455 | 1,443 | 101 | 25,847 | - | 25,847 |
| 2. Inter-area sales or transfers | 3,995 | 0 | 46 | 146 | 4,189 | △4,189 | - |
| Total | 23,841 | 4,455 | 1,489 | 248 | 30,036 | △4,189 | 25,847 |
| Operating income or loss | △4,981 | △197 | 76 | 51 | △5,051 | △1,602 | △6,653 |

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 | 4,312 | 1,800 | 16,368 | 1,168 | 23,649 |
| 2. Consolidated sales | | | | | 25,847 |
| 3. Ratio of overseas sales to consolidated sales (%) | 16.7 | 7.0 | 63.3 | 4.5 | 91.5 |

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, Poland, 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 December 31, 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 | 64,635 | 3,572 | 68,208 | 426 | 68,634 |
| 2. Inter-segment sales or transfers | 0 | - | 0 | 1,055 | 1,055 |
| Total | 64,636 | 3,572 | 68,208 | 1,481 | 69,690 |
| Segment income or loss | 18,875 | △934 | 17,940 | △20 | 17,919 |

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 | 17,940 |
| Other losses | △20 |
| Inter-segment elimination | 18 |
| Overall company expenditures | △2,084 |
| Quarterly operating income | 15,854 |

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 December 31, 2009)

| Division | Orders (millions of yen) | Ratio (%) | Sales (millions of yen) | Ratio (%) | Order backlogs (millions of yen) | Ratio (%) |
|--------------------------------|-----------------------------|--------------|----------------------------|--------------|-------------------------------------|--------------|
| Electronics Assembly Equipment | 26,767 | 92.7 | 23,846 | 92.3 | 4,019 | 69.8 |
| Machine Tools | 1,717 | 6.0 | 1,665 | 6.4 | 1,631 | 28.3 |
| Others | 385 | 1.3 | 336 | 1.3 | 111 | 1.9 |
| Total | 28,870 | 100.0 | 25,847 | 100.0 | 5,762 | 100.0 |

This consolidated accounting period (April 1 to December 31, 2010)

| Division | Orders (millions of yen) | Ratio (%) | Sales (millions of yen) | Ratio (%) | Order backlogs (millions of yen) | Ratio (%) |
|--------------------------------|-----------------------------|--------------|----------------------------|--------------|-------------------------------------|--------------|
| Electronics Assembly Equipment | 63,172 | 91.1 | 64,635 | 94.2 | 9,080 | 68.6 |
| Machine Tools | 5,748 | 8.3 | 3,572 | 5.2 | 4,045 | 30.6 |
| Others | 441 | 0.6 | 426 | 0.6 | 104 | 0.8 |
| Total | 69,363 | 100.0 | 68,634 | 100.0 | 13,229 | 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) | 4,175 | 35,586 | 11,305 | 8,174 | 6,801 | 2,590 | 68,634 |
| Ratio(%) | 6.1 | 51.8 | 16.5 | 11.9 | 9.9 | 3.8 | 100.0 |

Note:

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