



## THIRD QUARTER FINANCIAL STATEMENTS

From April 1 to December 31, 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.**

19 Chausuyama, Yamamachi, Chiryu, Aichi 472-8686, Japan

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## Qualitative information

### 1.1. Qualitative information concerning consolidated management results

The Japanese economy during the consolidated third quarter period saw no increase in exports due to factors such as the strong yen and credit insecurity in Europe. Output in the manufacturing industry, which was on the way to improving after the recovery of demand following the Great East Japan Earthquake, has since decelerated. As for the global economy, while the economy in the United States was stronger in general, the economy in Europe continued to be in disarray due to the deepening credit crisis, and the economic growth rate in China was blunted after the government decided to tighten interest rates. A shadow has also been cast over the economic situation in emerging countries, which until recently have been experiencing steady growth.

Our Group has continued to develop differential competitive products without delay and research next-generation technologies to improve and stabilize business profitability, while investing in new products for growing markets. Although we worked to improve customer satisfaction by strengthening our domestic and overseas sales and service networks and establishing a production system that can handle rapid changes in production capacity, because of the effects of the slowdown in the Chinese economy, total sales for the consolidated third quarter period were 66,441 million yen, a decrease of 2,192 million yen (3.2%) compared to the previous consolidated third quarter period. Operating profits were 13,017 million yen (a 17.9% decrease compared to the same quarter last year), ordinary income was 12,803 million yen (a 16.6% decrease compared to the same quarter last year), and net profit was 6,000 million yen (a 37.7% decrease compared to the same quarter last year).

The joint venture company “KUNSHAN FUJI MACHINE MFG. CO., LTD.” was established as a production location in China in January 2012.

#### Business results by segment

##### 1) Electronics Assembly Equipment

While the demand for production of smartphones and tablet PCs, which is our area of growth, has continued to increase, major electronics manufacturers and EMS (electronic manufacturing services) companies that make up a majority of our customer base, have been cautious with their capital investment, which reflects the deceleration in the global economy. As a result, sales decreased by 5,296 million yen (8.2%) to 59,339 million yen compared to the previous consolidated third quarter period and operating profits were 15,369 million yen (an 18.6% decrease compared to the same quarter last year.)

##### 2) Machine Tools

As a result of the recovery in automobile related industries in North America, steady demand in emerging countries such as India and Brazil, and recovering demand due to the flood in Thailand, sales for the consolidated third quarter period increased by 3,124 million yen (87.5%) to 6,697 million yen and operating profits were 349 million yen (previous year: operating loss of 934 million yen).

## **1.2. Qualitative information concerning financial condition**

As far as the financial condition is concerned, total consolidated combined assets decreased by 10,242 million yen during the previous consolidated fiscal year to 125,234 million yen due to a decrease in accounts receivable, cash and deposits. Total consolidated liabilities decreased by 12,420 million yen compared to the previous consolidated fiscal year to 19,340 million yen thanks to a decrease in income tax payable and accounts payable.

As for cash flows, the total amount of cash and assets similar to cash at the end of the consolidated third quarter fiscal year decreased by 1,915 million yen compared to the previous consolidated fiscal year to 48,266 million yen. This includes the 689 million yen loss due to converting funds into cash and assets similar to cash during the consolidated third quarter period.

Cash flows from operating activities accounted for revenues of 6,808 million yen (previous year: 10,948 million yen). This is mainly due to the plus factor of net profits for the quarter before adjusted for taxes being larger than the minus factor of amounts paid.

Cash flows from investment activities amounted to 3,496 million yen in expenditures (previous year: 2,155 million yen). These expenditures were mainly due to acquiring tangible fixed assets.

Cash flows from financing activities amounted to 4,538 million yen in expenditures (previous year: 6,295 million yen). These expenditures were mainly due to redeeming corporate bonds.

### 1.3. Qualitative information concerning consolidated results prediction

During the third quarter, major electronics manufacturers and EMS companies that make up a majority of our customer base for electronic component assembly equipment remained cautious regarding capital investment. Because of this, as a result of revising the projected results for the full business year, the consolidated forecast results announced on November 10, 2011 have been revised 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)	87,000	15,700	15,100	7,700	157.52
Revised forecast for year ending March 31, 2012 (B)	86,000	15,100	14,800	7,000	143.20
Difference (B-A)	△1,000	△600	△300	△700	—
Change (%)	△1.1	△3.8	△2.0	△9.1	—
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

<b>ASSETS</b>	Millions of yen	
	Year ended March 31, 2011	Third quarter ended December 31, 2011
Current assets		
Cash on hand and in bank	46,938	43,038
Notes and accounts receivable – trade	19,980	14,569
Marketable securities	4,000	6,000
Merchandise	5,026	4,221
Work in process	13,936	15,495
Raw materials and supplies	8,502	8,397
Other inventories	31	31
Other current assets	6,413	3,855
Less - Allowance for doubtful receivable	△284	△268
Total current assets	104,544	95,341
Fixed assets		
Property, plant and equipment	14,145	15,213
Intangible assets	3,669	4,429
Investments and other assets:		
Investment securities	11,695	8,646
Others	1,422	1,603
Total investments and other assets	13,118	10,249
Total fixed assets	30,932	29,893
Total assets	135,477	125,234

<b>LIABILITIES AND NET ASSETS</b>	Millions of yen	
	Year ended March 31, 2011	Third quarter ended December 31, 2011
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	5,665	1,406
Current portion of bonds	2,938	2,938
Accrued income tax	5,685	505
Accrued warranty	1,084	1,215
Others	6,512	5,996
<b>Total current liabilities</b>	<b>21,886</b>	<b>12,061</b>
Long term liabilities:		
Bonds	7,062	4,424
Accrued retirement benefits	2,748	2,789
Others	64	64
<b>Total long term liabilities</b>	<b>9,874</b>	<b>7,278</b>
<b>Total liabilities</b>	<b>31,760</b>	<b>19,340</b>
<b>Net assets</b>		
Shareholders' equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	94,241	98,286
Treasury stock	△46	△47
<b>Total shareholders' equity</b>	<b>105,487</b>	<b>109,531</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	665	△161
Foreign currency translation adjustment	△2,436	△3,475
<b>Total other comprehensive income</b>	<b>△1,771</b>	<b>△3,637</b>
<b>Total net assets</b>	<b>103,716</b>	<b>105,894</b>
<b>Total liabilities and net assets</b>	<b>135,477</b>	<b>125,234</b>

## 2.2. Consolidated income statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2010	Third quarter April 1 to December 31, 2011
Net sales	68,634	66,441
Cost of sales	40,310	38,508
Gross profit	28,323	27,933
Selling, general and administrative expenses	12,469	14,916
Operating income	15,854	13,017
Non-operating income:		
Interest income	109	66
Dividends income	208	206
Others	121	126
Total Non-operating income	440	399
Non-operating expenses:		
Interest expense	143	83
Foreign exchange losses	755	419
Others	47	111
Total Non-operating expenses	947	613
Ordinary income	15,346	12,803
Extraordinary income:		
Gain on disposal of fixed assets	97	23
Total extraordinary income	97	23
Extraordinary loss:		
Loss on disposal of fixed assets	99	196
Loss on valuation of investment securities	501	1,730
Loss on adjustment for changes of accounting standard for retirement obligations	58	—
Others	8	9
Total extraordinary loss	667	1,936
Income before income taxes	14,776	10,889
Income taxes:		
Corporate, inhabitant's and enterprise taxes	3,727	3,583
Adjustment for corporate taxes	1,424	1,305
Total income taxes	5,152	4,889
Income before minority interests	9,624	6,000
Net income	9,624	6,000



### 2.3. Consolidated statement of comprehensive income

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2010	Third quarter April 1 to December 31, 2011
Income before minority interests	9,624	6,000
Other comprehensive income		
Valuation difference on available for sale securities	△212	△827
Foreign currency translation adjustment	△1,738	△1,038
Total other comprehensive income	△1,951	△1,865
Comprehensive income	7,672	4,134
(Details)		
Comprehensive income attributable to owners of the parent	7,672	4,134

## 2.4. Consolidated cash flow statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2010	Third quarter April 1 to December 31, 2011
<b>Operating activities</b>		
Income before income taxes	14,776	10,889
Depreciation and amortization	1,735	2,190
Increase or decrease in accrued retirement benefits	△314	40
Interest and dividend income	△318	△272
Interest expense	143	83
Loss on disposal of noncurrent assets	1	172
Loss on valuation of investment securities	501	1,730
Increase or decrease in accounts receivable	1,287	5,074
Increase or decrease in inventories	△7,301	△1,133
Increase or decrease in trade payable	259	△3,826
Increase or decrease in receivable consumption taxes	△1,017	1,084
Others	1,220	△753
<b>Sub total</b>	<b>10,975</b>	<b>15,279</b>
Interest and dividend received	318	272
Interest paid	△173	△95
Payment of income taxes	△172	△8,648
<b>Net cash provided by operating activities</b>	<b>10,948</b>	<b>6,808</b>
<b>Investing activities</b>		
Additions of tangible and intangible fixed assets	△2,453	△3,462
Proceeds from sales of tangible and intangible fixed assets	213	61
Investment in time deposit	△355	△85
Proceeds on maturity of time deposit	424	68
Others	14	△77
<b>Net cash used in investing activities</b>	<b>△2,155</b>	<b>△3,496</b>
<b>Financing activities</b>		
Redemption of bonds	△5,000	△2,638
Dividends paid	△1,293	△1,899
Others	△1	△1
<b>Net cash provided by (used in) financing activities</b>	<b>△6,295</b>	<b>△4,538</b>
Effect of exchange rate changes on cash and cash equivalents	△1,328	△689
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,168</b>	<b>△1,915</b>
Cash and cash equivalents at beginning of year	51,327	50,181
<b>Cash and cash equivalents at end of the period</b>	<b>52,496</b>	<b>48,266</b>

## 2.5. Notes to assumption of going concern

Not applicable.

## 2.6. Segment information

### I Previous consolidated accounting period (April 1 to December 31, 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	64,635	3,572	68,208	426	68,634
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.

#### 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	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.

## II This consolidated accounting period (April 1 to December 31, 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	59,339	6,697	66,036	405	66,441
Inter-segment sales or transfers	0	-	0	490	491
Total	59,340	6,697	66,037	895	66,933
Segment income or loss	15,369	349	15,718	△59	15,658

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	15,718
Other losses	△59
Inter-segment elimination	19
Overall company expenditures	△2,660
Quarterly operating income	13,017

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 December 31, 2010)

Name of segment	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

##### This consolidated accounting period (April 1 to December 31, 2011)

Name of segment	Orders (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Electronics Assembly Equipment	52,782	87.5	59,339	89.3	5,412	56.8
Machine Tools	7,261	12.0	6,697	10.1	3,984	41.9
Others	268	0.5	405	0.6	125	1.3
Total	60,312	100.0	66,441	100.0	9,522	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 December 31, 2010)

	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

#### This consolidated accounting period (April 1 to December 31, 2011)

	Japan	China	Other Asia	North America	Europe	Other	Total
Sales (Millions of yen)	6,571	25,911	14,673	8,734	5,967	4,582	66,441
Ratio(%)	9.9	39.0	22.1	13.1	9.0	6.9	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. Consolidated sales and revenue projected for the current business year  
(Apr 1, 2011 – Mar 31, 2012)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
Full-year forecasts	86,000 (△7.4%)	15,100 (△27.0%)	14,800 (△27.1%)	7,000 (△45.8%)

(Percentage increase or decrease compared to the previous year)

2. Individual sales and revenue projected for the current business year  
(Apr 1, 2011 – Mar 31, 2012)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
Full-year forecasts	80,000 (△10.0%)	13,800 (△30.8%)	13,500 (△31.4%)	6,400 (△47.0%)

(Percentage increase or decrease compared to the previous year)

3. Consolidated amount of orders received and sales projected for the current business year  
(Apr 1, 2011 – Mar 31, 2012)

(Millions of yen)

Name of segment	Orders	Sales
	Full-year forecasts	Full-year forecasts
Electronics Assembly Equipment	71,600	76,000
Machine Tools	10,000	9,500
Others	400	500
Total	82,000	86,000

4. Projected amounts of major items for the current business year  
(Apr 1, 2011 – Mar 31, 2012)

(Millions of yen)

Item	Full-year forecasts
Capital expenditures	5,400
Depreciation expenses	3,000
Research and development expenses	5,800