



## THIRD QUARTER FINANCIAL STATEMENTS

From April 1 to December 31, 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**

The Japanese economy struggled during the third quarterly period due to a severe export environment caused by the global slowdown and strong yen. As for the rest of the world, despite concerns over the fiscal cliff, the economy in the US seems to have largely stabilized after already bottoming out. Europe, however, remained sluggish due to prolonged credit uncertainty. In emerging markets, people were cautious with capital investment, reflecting downside risks in the global business climate.

In such an environment, our group has committed to developing competitive products, exploring next-generation technologies, and launching new products in growing markets to improve and stabilize business profitability. At the same time, we have established a production system that can cope with rapid fluctuations in production quantities, and tried to improve customer satisfaction by continuously enhancing our sales and service network domestically and internationally. However, sales in the third quarter consolidated cumulative period were 53,566 million yen, a decrease of 12,875 million yen (19.4%) compared with the same period of the previous year. Operating income was 4,122 million yen (a 68.3% decrease compared to the same period last year), ordinary income was 4,418 million yen (a 65.5% decrease compared to the same period last year), and quarterly net income was 2,753 million yen (a 54.1% decrease compared to the same period last year).

#### **Business results by segment**

##### **1) Electronics Assembly Equipment**

In the growth field of mobile devices such as smartphones and tablet computers, production demand continued. However, despite the launch of cheaper smartphones in China and signs of growth in the market, major original equipment manufacturers and EMS (Electronics Manufacturing Services) companies have been notably careful about making capital investments, reflecting downside risks in the global economy. As a result, sales decreased 14,144 million yen (23.8%) compared with the third quarterly period of the previous year to 45,194 million yen, and operating income was 6,204 million yen (a 59.6% decrease compared to the same period last year).

##### **2) Machine Tools**

Performance stabilized in automobile related industries and the market began to move in Japan, US and China, as well as in emerging nations such as Thailand. Sales increased 1,169 million yen (17.5%) from the third quarterly period of the previous year to 7,867 million yen, and operating income was 871 million yen (a 149.8% increase compared to the same period last year).

## 1.2. Qualitative information concerning financial condition

With regard to the financial condition of our group, consolidated total assets decreased 5,430 million yen from the previous consolidated fiscal year-end, to 128,472 million yen, due in part to a decline in cash and deposits. Total liabilities decreased 7,917 million yen from the previous consolidated fiscal year-end, to 15,401 million yen, due in part to a decline in corporate bond.

As for cash flow, cash and cash equivalents balance at the end of the current third quarter consolidated accounting period decreased 3,885 million yen from the previous consolidated fiscal year-end, to 46,979 million yen.

As for cash flows from operating activities, the revenue was 4,679 million yen (previous year: income of 6,808 million yen). This is mainly due to positive factors such as quarterly net income before taxes and other adjustments outnumbering negative factors such as payment of corporate tax and others.

As for cash flows from investing activities, the expenditure was 5,135 million yen (previous year: expenditure of 3,496 million yen). This is mainly due to the payments for purchase of tangible fixed assets.

As for cash flows from financing activities, the expenditure was 3,988 million yen (previous year: expenditure of 4,538 million yen). This is mainly due to the redemption of corporate bonds.

## 1.3. Qualitative information concerning consolidated results prediction

As the major clients of electronic components assembling equipment, such as original equipment manufacturers and major EMS (Electronics Manufacturing Services) companies, have been careful about making capital investments, revisions of the full-year forecast of consolidated performance results previously announced on November 8, 2012 are made as noted below.

### 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)	75,000	5,800	5,900	3,600	36.82
Revised forecast for year ending March 31, 2013 (B)	65,000	3,100	3,600	2,200	22.50
Difference (B-A)	△10,000	△2,700	△2,300	△1,400	-
Change (%)	△13.3	△46.6	△39.0	△38.9	-
Year ended March 31, 2012	86,249	15,672	15,661	8,516	87.11

Note 1: 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: As of January 1, 2013, a 2-for-1 split of common stock was carried out. Therefore, the current net income per share has been calculated on the assumption that the share split was carried out at the beginning of the previous consolidated fiscal year.

## 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, 2012	Third quarter ended December 31, 2012
Current assets		
Cash on hand and in bank	47,537	39,375
Notes and accounts receivable – trade	18,665	17,724
Marketable securities	4,000	8,200
Merchandise	3,887	4,105
Work in process	15,367	12,831
Raw materials and supplies	7,771	7,058
Other inventories	31	22
Other current assets	4,694	4,828
Less - Allowance for doubtful receivable	△236	△234
Total current assets	101,719	93,912
Fixed assets		
Property, plant and equipment	15,201	16,783
Intangible assets	4,917	5,588
Investments and other assets:		
Investment securities	11,089	11,194
Others	973	993
Total investments and other assets	12,063	12,187
Total fixed assets	32,183	34,560
Total assets	133,902	128,472

<b>LIABILITIES AND NET ASSETS</b>	Millions of yen	
	Year ended March 31, 2012	Third quarter ended December 31, 2012
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	3,944	1,862
Current portion of bonds	2,938	2,924
Accrued income tax	1,654	35
Accrued warranty	1,131	1,030
Others	6,646	4,901
<b>Total current liabilities</b>	<b>16,315</b>	<b>10,752</b>
Long term liabilities:		
Bonds	4,124	1,500
Accrued retirement benefits	2,814	3,083
Others	64	65
<b>Total long term liabilities</b>	<b>7,003</b>	<b>4,648</b>
<b>Total liabilities</b>	<b>23,319</b>	<b>15,401</b>
<b>Net assets</b>		
Shareholder's equity:		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Earnings surplus	100,802	101,967
Treasury stock	△47	△48
<b>Total shareholders' equity</b>	<b>112,047</b>	<b>113,211</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	1,107	1,432
Foreign currency translation adjustment	△2,669	△1,899
<b>Total other comprehensive income</b>	<b>△1,561</b>	<b>△467</b>
Minority interests	98	327
<b>Total net assets</b>	<b>110,583</b>	<b>113,071</b>
<b>Total liabilities and net assets</b>	<b>133,902</b>	<b>128,472</b>

## 2.2. Consolidated income statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2011	Third quarter April 1 to December 31, 2012
Net sales	66,441	53,566
Cost of sales	38,508	33,910
Gross profit	27,933	19,656
Selling, general and administrative expenses	14,916	15,533
Operating income	13,017	4,122
Non-operating income:		
Interest income	66	67
Dividends income	206	203
Foreign exchange gains	-	62
Others	126	67
Total non-operating income	399	401
Non-operating expenses:		
Interest expense	83	56
Foreign exchange losses	419	-
Others	111	49
Total non-operating expenses	613	105
Ordinary income	12,803	4,418
Extraordinary income:		
Gain on disposal of fixed assets	23	18
Subsidy	-	74
Total extraordinary income	23	92
Extraordinary loss:		
Loss on disposal of fixed assets	196	224
Loss on sales of investment securities	0	47
Loss on valuation of investment securities	1,730	69
Others	9	-
Total extraordinary loss	1,936	341
Income before income taxes	10,889	4,169
Income taxes:		
Corporate, inhabitant's and enterprise taxes	3,583	732
Adjustment for corporate taxes	1,305	672
Total income taxes	4,889	1,404
Income before minority interests	6,000	2,764
Minority interests in income	-	11
Net income	6,000	2,753

### 2.3. Consolidated statement of comprehensive income

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2011	Third quarter April 1 to December 31, 2012
Income before minority interests	6,000	2,764
Other comprehensive income		
Valuation difference on available for sale securities	△827	324
Foreign currency translation adjustment	△1,038	795
Total other comprehensive income	△1,865	1,120
Comprehensive income	4,134	3,885
(Details)		
Comprehensive income attributable to owners of the parent	4,134	3,847
Comprehensive income attributable to minority interests	-	37



## 2.4. Consolidated cash flow statement

Fuji Machine Mfg. Co., Ltd. and subsidiaries

	Millions of yen	
	Third quarter April 1 to December 31, 2011	Third quarter April 1 to December 31, 2012
<b>Operating activities</b>		
Income before income taxes	10,889	4,169
Depreciation and amortization	2,190	2,708
Increase or decrease in accrued retirement benefits	40	268
Interest and dividend income	△272	△271
Interest expense	83	56
Loss (gain) on disposal of noncurrent assets	172	205
Loss (gain) on sales of investment securities	0	47
Loss (gain) on valuation of investment securities	1,730	69
Increase or decrease in accounts receivable	5,074	1,076
Increase or decrease in inventories	△1,133	3,235
Increase or decrease in trade payable	△3,826	△2,278
Increase or decrease in receivable consumption taxes	1,084	△276
Others	△753	△878
<b>Sub total</b>	<b>15,279</b>	<b>8,131</b>
Interest and dividend received	272	271
Interest paid	△95	△63
Payment of income taxes	△8,648	△3,659
<b>Net cash provided by (used in) operating activities</b>	<b>6,808</b>	<b>4,679</b>
<b>Investing activities</b>		
Additions of tangible and intangible fixed assets	△3,462	△5,350
Proceeds from sales of tangible and intangible fixed assets	61	32
Proceeds from sales of investment securities	0	332
Investment in time deposit	△85	△85
Proceeds on maturity of time deposit	68	162
Others	△77	△227
<b>Net cash provided by (used in) investing activities</b>	<b>△3,496</b>	<b>△5,135</b>
<b>Financing activities</b>		
Redemption of bonds	△2,638	△2,638
Dividends paid	△1,899	△1,541
Proceeds from stock issuance to minority shareholders	-	192
Others	△1	△0
<b>Net cash provided by (used in) financing activities</b>	<b>△4,538</b>	<b>△3,988</b>
Effect of exchange rate changes on cash and cash equivalents	△689	558
<b>Decrease in cash and cash equivalents</b>	<b>△1,915</b>	<b>△3,885</b>
Cash and cash equivalents at beginning of year	50,181	50,865
<b>Cash and cash equivalents at end of the period</b>	<b>48,266</b>	<b>46,979</b>

## 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 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.

**This consolidated accounting period (April 1 to December 31, 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	45,194	7,867	53,062	504	53,566
Inter-segment sales or transfers	0	-	0	659	659
Total	45,195	7,867	53,062	1,163	54,226
Segment income or loss	6,204	871	7,076	△129	6,946

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	7,076
Other losses	△129
Inter-segment elimination	19
Overall company expenditures	△2,843
Quarterly operating income	4,122

Note:

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

## 2.8. Significant subsequent events

(Share split and partial changes in the articles of incorporation)

The Company conducted a share split and partially revised the articles of incorporation as of January 1, 2013, based on the resolution of the board of directors meeting held on December 13, 2012.

### 1) Purpose of Share Split

For the purpose of increasing the liquidity of our stock and further expanding the investor base, the Company conducted a share split.

### 2) Method of Share Split

Each common share owned by the shareholders listed or recorded in the shareholder registry at the end of December 31, 2012 was split into two common shares.

### 3) Number of Increase in Shares by Share split

Total number of issued shares before share split	48,911,874 Shares
Number of increase in shares by share split	48,911,874 Shares
Total number of issued shares after share split	97,823,748 Shares
Total number of authorized shares after share split	390,000,000 Shares

### 4) Effective Date of Share Split

January 1, 2013

### 5) Effect on Per Share Data

The table below presents per share data calculated on the assumption that the share split was carried out at the beginning of the previous consolidated fiscal year.

	Previous third quarter consolidated cumulative period (From April 1, 2011 to December 31, 2011)	Current third quarter consolidated cumulative period (From April 1, 2012 to December 31, 2012)
Quarterly net income per share	61.37 yen	28.17 yen

### 3. Supplementary information

#### 3.1. Orders and sales

##### Previous 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

##### This consolidated accounting period (April 1 to December 31, 2012)

Name of segment	Orders (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)	Order backlogs (millions of yen)	Ratio (%)
Electronics Assembly Equipment	41,877	84.7	45,194	84.4	3,584	43.1
Machine Tools	7,064	14.3	7,867	14.7	4,664	56.1
Others	484	1.0	504	0.9	62	0.8
Total	49,426	100.0	53,566	100.0	8,310	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 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

#### This consolidated accounting period (April 1 to December 31, 2012)

	Japan	China	Other Asia	North America	Europe	Other	Total
Sales (Millions of yen)	6,970	23,262	11,229	6,323	3,895	1,885	53,566
Ratio (%)	13.0	43.4	21.0	11.8	7.3	3.5	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. Consolidated sales and revenue projected for the current business year  
(Apr 1, 2012 – Mar 31, 2013)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
Full-year forecasts	65,000 (△24.6%)	3,100 (△80.2%)	3,600 (△77.0%)	2,200 (△74.2%)

(Percentage increase or decrease compared to the previous year)

2. Individual sales and revenue projected for the current business year  
(Apr 1, 2012 – Mar 31, 2013)

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
Full-year forecasts	60,000 (△25.2%)	2,800 (△80.4%)	3,300 (△76.8%)	2,200 (△70.7%)

(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, 2012 – Mar 31, 2013)

(Millions of yen)

Name of segment	Orders	Sales
	Full-year forecasts	Full-year forecasts
Electronics Assembly Equipment	52,150	52,800
Machine Tools	10,150	11,500
Others	700	700
Total	63,000	65,000

4. Projected amounts of major items for the current business year  
(Apr 1, 2012 – Mar 31, 2013)

(Millions of yen)

Item	Full-year forecasts
Capital expenditures	6,800
Depreciation expenses	3,800
Research and development expenses	8,100