

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 10, 2016

Company name: FUJIMI INCORPORATED  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 5384 URL <http://www.fujimiinc.co.jp/>  
 Representative: President Keishi Seki  
 Director, Senior General Manager of Finance  
 Inquiries: Division Akira Suzuki TEL 052-503-8181  
 Scheduled date of ordinary general meeting of shareholders: June 22, 2016  
 Scheduled date to file Securities Report: June 22, 2016  
 Scheduled date to commence dividend payments: June 23, 2016  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	31,755	(3.2)	3,302	(20.0)	3,342	(27.3)	2,346	(36.5)
Year ended March 31, 2015	32,815	19.4	4,128	217.4	4,596	199.4	3,695	362.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	92.63	–	5.3	6.5	10.4
Year ended March 31, 2015	143.79	–	8.6	9.3	12.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	50,684	44,523	87.8	1,774.30
As of March 31, 2015	51,790	44,694	86.3	1,763.88

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	2,869	1,623	(2,644)	19,820
Year ended March 31, 2015	6,491	322	(1,687)	18,426

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	–	15.00	–	25.00	40.00	1,022	27.8	2.3
Year ended March 31, 2016	–	20.00	–	20.00	40.00	1,008	43.2	2.3
Year ending March 31, 2017 (Forecast)	–	25.00	–	25.00	50.00		43.9	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	17,000	1.5	2,000	(8.6)	2,050	(16.0)	1,500	(13.8)	60.99
Full year	33,000	3.9	3,800	15.1	3,900	16.7	2,800	19.3	113.85

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

Yes

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2016	29,699,500 shares	As of March 31, 2015	29,699,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	4,605,835 shares	As of March 31, 2015	4,360,735 shares
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Average number of shares during the period

Year ended March 31, 2016	25,328,536 shares	Year ended March 31, 2015	25,700,461 shares
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## 1. Information Concerning Consolidated Financial Results and Forecast

### (1) Financial Results

During the fiscal year that ended March 31, 2016, the economic recovery continued in the US, and the economies in Japan and Europe were supported by easy-money policies, while the slow-down in China and other emerging economies became increasingly apparent.

Furthermore, the global semiconductor market declined after FY2016 Q1 mainly due to the slow-down of the smartphone market in China which had been the primary growth driver of the global market.

Due to these circumstances and despite the group-wide efforts to increase sales and reduce costs, the consolidated results for the fiscal year ending March 31, 2016 were as follows:

FY2016 Consolidated Results	Millions of JPY	Change from FY2015
Net Sales	31,755	(3.2%)
Operating Income	3,302	(20.0%)
Ordinary Income	3,342	(27.3%)
Profit attributable to owners of parent	2,346	(36.5%)

### (2) Segment Operating Results by Region

#### (i) Japan

Net sales in Japan decreased by 9.1% to JPY 16,347 million compared with the previous year. Operating income decreased by 30.0% to JPY 2,358 million compared with the previous year. The decrease was mainly due to the sales decrease in abrasives for general industries after the first quarter of FY2016.

#### (ii) North America

Net sales in North America decreased by 3.0% to JPY 4,576 million compared with the previous year. Operating income decreased by 11.3% to JPY 483 million compared with the previous year.

#### (iii) Asia

Net sales in Asia increased by 8.5% to JPY 9,239 million compared with the previous year. Operating income increased by 24.0% to JPY 1,906 million compared with the previous year. The increase of net sales was mainly due to the sales increase in CMP products for advanced logic devices and polishing products for aluminum hard disks. The increase of operating income was mainly due to sales increase and favorable product mix.

#### (iv) Europe

Net sales in Europe decreased by 0.6% to JPY 1,592 million compared with the previous year. Operating income increased by 30.1% to JPY 151 million compared with the previous year. The increase of operating income was

mainly due to currency exchange rate fluctuation.

### **(3) Segment Operating Results by Application**

#### **(i) Silicon Wafers**

Regarding products for silicon wafers, net sales of lapping products decreased by 3.2% to JPY 3,171 million compared with the previous year and net sales in polishing products decreased by 2.0% to JPY 5,753 million compared with the previous year. The decrease of net sales was mainly due to the slow-down of semiconductor market after the first quarter of FY2016.

#### **(ii) Semiconductor Devices**

Regarding products for CMP process of semiconductor device manufacturing, net sales increased by 8.2% to JPY 10,980 million compared with the previous year. The increase of net sales was mainly due to increased sales of products for advanced logic and memory devices.

#### **(iii) Hard Disks**

Regarding products for hard disks, net sales increased by 16.2% to JPY 4,041 million compared with the previous year. The increase of net sales was mainly due to the market share increase in aluminum disk market even though hard disk drive market is shrinking.

#### **(iv) General Industries**

Regarding products for general industries, net sales decreased by 30.6% to JPY 5,403 million compared with the previous year. The decrease of net sales was mainly due to the slow-down of the demand after the first quarter of FY2016.

**(4) Financial Forecast**

The next fiscal year forecast has a sense of uncertainty due to factors that could drive down the global economy, despite the recent semiconductor market recovery.

FY2017 Financial Forecast	Millions of JPY	Change from FY2016
Net Sales	33,000	+3.9%
Operating Income	3,800	+15.1%
Ordinary Income	3,900	+16.7%
Profit attributable to owners of parent	2,800	+19.3%

The financial forecast and other forward-looking statements are based on information available to the Company at the present time, and on certain assumptions judged by the Company to be reasonable. Due to a variety of factors, actual results may differ materially from the forecast.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	18,390	19,320
Notes and accounts receivable - trade	6,487	6,669
Securities	4,805	1,999
Merchandise and finished goods	3,121	2,954
Work in process	890	871
Raw materials and supplies	1,594	1,556
Deferred tax assets	690	448
Other	182	1,713
Allowance for doubtful accounts	(28)	(11)
Total current assets	36,134	35,525
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,188	17,980
Accumulated depreciation	(10,275)	(10,638)
Buildings and structures, net	7,913	7,341
Machinery, equipment and vehicles	20,444	20,292
Accumulated depreciation	(19,059)	(19,264)
Machinery, equipment and vehicles, net	1,384	1,027
Land	3,425	3,418
Construction in progress	120	809
Other	9,864	9,982
Accumulated depreciation	(8,561)	(8,900)
Other, net	1,302	1,081
Total property, plant and equipment	14,146	13,680
Intangible assets		
Software	299	658
Other	411	27
Total intangible assets	710	686
Investments and other assets		
Investment securities	247	525
Deferred tax assets	154	164
Other	522	112
Allowance for doubtful accounts	(124)	(9)
Total investments and other assets	799	793
Total non-current assets	15,656	15,159
Total assets	51,790	50,684

FUJIMI INCORPORATED  
FY2016 Financial Summary

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,319	2,703
Income taxes payable	763	263
Provision for bonuses	947	785
Other	1,719	1,853
Total current liabilities	6,750	5,605
Non-current liabilities		
Deferred tax liabilities	13	8
Net defined benefit liability	311	526
Other	20	19
Total non-current liabilities	345	554
Total liabilities	7,096	6,160
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,753	4,753
Capital surplus	5,038	5,038
Retained earnings	38,836	40,042
Treasury shares	(5,379)	(5,725)
Total shareholders' equity	43,248	44,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	133	122
Foreign currency translation adjustment	1,388	468
Remeasurements of defined benefit plans	(76)	(176)
Total accumulated other comprehensive income	1,446	414
Total net assets	44,694	44,523
Total liabilities and net assets	51,790	50,684



**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	32,815	31,755
Cost of sales	19,887	19,353
Gross profit	12,927	12,402
Selling, general and administrative expenses	8,799	9,099
Operating income	4,128	3,302
Non-operating income		
Interest income	46	28
Foreign exchange gains	349	–
Waste disposal profit	44	39
Other	65	29
Total non-operating income	506	97
Non-operating expenses		
Foreign exchange losses	–	31
Loss on sales and retirement of non-current assets	30	12
Other	8	14
Total non-operating expenses	39	58
Ordinary income	4,596	3,342
Extraordinary income		
Gain on reversal of subscription rights to shares	48	–
Total extraordinary income	48	–
Profit before income taxes	4,645	3,342
Income taxes - current	1,287	733
Income taxes - deferred	(338)	262
Total income taxes	949	995
Profit	3,695	2,346
Profit attributable to owners of parent	3,695	2,346

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	3,695	2,346
Other comprehensive income		
Valuation difference on available-for-sale securities	85	(11)
Foreign currency translation adjustment	1,048	(920)
Remeasurements of defined benefit plans, net of tax	17	(100)
Total other comprehensive income	1,151	(1,031)
Comprehensive income	4,846	1,314
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,846	1,314

**(3) Consolidated Statements of Changes in Equity**

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,753	5,069	37,052	(5,711)	41,163
Cumulative effects of changes in accounting policies			69		69
Restated balance	4,753	5,069	37,121	(5,711)	41,232
Changes of items during period					
Dividends of surplus			(778)		(778)
Profit attributable to owners of parent			3,695		3,695
Purchase of treasury shares				(901)	(901)
Retirement of treasury shares		(1,233)		1,233	-
Transfer to capital surplus from retained earnings		1,202	(1,202)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(31)	1,715	331	2,015
Balance at end of current period	4,753	5,038	38,836	(5,379)	43,248

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	48	340	(93)	295	48	41,507
Cumulative effects of changes in accounting policies						69
Restated balance	48	340	(93)	295	48	41,576
Changes of items during period						
Dividends of surplus						(778)
Profit attributable to owners of parent						3,695
Purchase of treasury shares						(901)
Retirement of treasury shares						-
Transfer to capital surplus from retained earnings						-
Net changes of items other than shareholders' equity	85	1,048	17	1,151	(48)	1,102
Total changes of items during period	85	1,048	17	1,151	(48)	3,117
Balance at end of current period	133	1,388	(76)	1,446	-	44,694

FUJIMI INCORPORATED  
FY2016 Financial Summary

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,753	5,038	38,836	(5,379)	43,248
Changes of items during period					
Dividends of surplus			(1,140)		(1,140)
Profit attributable to owners of parent			2,346		2,346
Purchase of treasury shares				(345)	(345)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,205	(345)	860
Balance at end of current period	4,753	5,038	40,042	(5,725)	44,109

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	133	1,388	(76)	1,446	44,694
Changes of items during period					
Dividends of surplus					(1,140)
Profit attributable to owners of parent					2,346
Purchase of treasury shares					(345)
Net changes of items other than shareholders' equity	(11)	(920)	(100)	(1,031)	(1,031)
Total changes of items during period	(11)	(920)	(100)	(1,031)	(170)
Balance at end of current period	122	468	(176)	414	44,523

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	4,645	3,342
Depreciation	1,794	1,754
Amortization of long-term prepaid expenses	2	3
Increase (decrease) in provision for bonuses	381	(153)
Increase (decrease) in allowance for doubtful accounts	(104)	(132)
Increase (decrease) in net defined benefit liability	61	72
Interest income	(46)	(28)
Foreign exchange losses (gains)	(105)	65
Loss (gain) on sales and retirement of non-current assets	30	7
Gain on reversal of subscription rights to shares	(48)	–
Decrease (increase) in notes and accounts receivable - trade	(495)	(421)
Decrease (increase) in inventories	(281)	23
Increase (decrease) in notes and accounts payable - trade	442	(421)
Increase (decrease) in accounts payable - other	16	(94)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(11)	416
Other, net	157	(140)
Subtotal	6,438	4,291
Interest and dividend income received	57	38
Interest expenses paid	(0)	–
Income taxes paid	(644)	(1,519)
Income taxes refund	641	59
Net cash provided by (used in) operating activities	6,491	2,869
Cash flows from investing activities		
Payments into time deposits	(3,719)	–
Proceeds from withdrawal of time deposits	3,993	2,969
Purchase of securities	(2,800)	(2,999)
Proceeds from redemption of securities	3,602	3,300
Purchase of investment securities	–	(297)
Purchase of property, plant and equipment	(722)	(1,136)
Purchase of intangible assets	(40)	(204)
Other, net	9	(8)
Net cash provided by (used in) investing activities	322	1,623
Cash flows from financing activities		
Cash dividends paid	(778)	(1,140)
Purchase of treasury shares	(901)	(345)
PaymentsForDepositToPurchaseOfTreasuryShares	–	(1,156)
Other, net	(7)	(3)
Net cash provided by (used in) financing activities	(1,687)	(2,644)
Effect of exchange rate change on cash and cash equivalents	309	(453)
Net increase (decrease) in cash and cash equivalents	5,436	1,394
Cash and cash equivalents at beginning of period	12,990	18,426
Cash and cash equivalents at end of period	18,426	19,820