

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 12, 2017

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 23, 2017
 Scheduled date to file Securities Report: June 23, 2017
 Scheduled date to commence dividend payments: June 26, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	33,092	4.2	4,278	29.5	4,519	35.2	3,350	42.8
Year ended March 31, 2016	31,755	(3.2)	3,302	(20.0)	3,342	(27.3)	2,346	(36.5)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	135.77	–	7.4	8.7	12.9
Year ended March 31, 2016	92.63	–	5.3	6.5	10.4

(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, 2017	53,699	46,164	86.0	1,872.91
As of March 31, 2016	50,684	44,523	87.8	1,774.30

(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, 2017	5,785	(38)	(608)	24,832
Year ended March 31, 2016	2,869	1,623	(2,644)	19,820

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, 2016	–	20.00	–	20.00	40.00	1,008	43.2	2.3
Year ended March 31, 2017	–	25.00	–	28.00	53.00	1,306	39.0	2.9
Year ending March 31, 2018 (Forecast)	–	25.00	–	28.00	53.00		46.7	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2017	16,000	(1.6)	1,700	(19.1)	1,750	(19.4)	1,250	(26.9)	50.71
Full year	33,000	(0.3)	3,800	(11.2)	3,900	(13.7)	2,800	(16.4)	113.60

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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, 2017	28,699,500 shares	As of March 31, 2016	29,699,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	4,051,141 shares	As of March 31, 2016	4,605,835 shares
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Average number of shares during the period

Year ended March 31, 2017	24,676,688 shares	Year ended March 31, 2016	25,328,536 shares
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1. Information Concerning Consolidated Financial Results and Forecast

(1) Financial Results

In the FY2017 (April 2016-May 2017), while experiencing an economic recovery in the US and slight improvement in Japan and Europe, China continued to face an economic slow-down. Furthermore, Brexit and a new administration in the US makes the world economic outlook increasingly uncertain. However, the global semiconductor market continued to pick up steam, with month-to-month sales modestly increasing since the summer, due to steady demands for logic and memory devices.

Under these circumstances, group-wide efforts were made to increase sales and reduce costs and the consolidated results for this period are as follows:

FY2017 Consolidated Results:			Millions of JPY
	FY ended March 31, 2016	FY ended March 31, 2017	Change YoY
Net Sales	31,755	33,092	4.2%
Operating Income	3,302	4,278	29.5%
Ordinary Income	3,342	4,519	35.2%
Net Income Attributable to Owners of Parent	2,346	3,350	42.8%

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan increased by 10.2% to JPY 18,008 million compared with the same term last year mainly due to strong demands from silicon wafers and semiconductor devices. Operating income increased by 66.4% to JPY 3,924 million compared with the same term last year mainly due to increased sales and a better product mix.

(ii) North America

Net sales in North America increased by 5.1% to JPY 4,807 million compared with the same term last year. Operating income increased by 25.7% to JPY 607 million compared with the same term last year. The increase was mainly due to strong demands for CMP products related to the semiconductor devices.

(iii) Asia

Net sales in Asia decreased by 3.5% to JPY 8,914 million compared with the same term last year. Operating income decreased by 29.7% to JPY 1,340 million compared with the same term last year. Despite good sales of CMP products related to the semiconductor devices, the decrease was mainly due to foreign currency fluctuations and a production adjustment in the hard disk drive industry that lasted until early spring.

(iv) Europe

Net sales in Europe decreased by 14.4% to JPY 1,362 million compared with the same term last year. Operating income decreased by 5.1% to JPY 144 million compared with the same term last year. Despite good sales of products for silicon wafers, the decrease was mainly due to a sales decline of CMP products related to the semiconductor devices.

(3) Segment Operating Results by Application

(i) Silicon Wafers

Regarding products for silicon wafers, net sales of lapping abrasive products increased by 0.7% to JPY 3,193 million compared with the same term last year and net sales of polishing slurry products increased by 8.6% to JPY 6,245 million compared with the same term last year. The increase in net sales of polishing slurry products was mainly due to strong market demands.

(ii) Semiconductor Devices

Regarding products for CMP process of semiconductor devices, net sales increased by 11.7% to JPY 12,270 million compared with the same term last year. The increase in net sales was mainly due to strong demands for both logic and memory devices.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 9.7% to JPY 3,650 million compared with the same term last year. The decrease in net sales was mainly due to foreign currency fluctuations and a production adjustment in hard disk drive industry.

(iv) General Industries

Regarding products for general industries, net sales decreased by 4.7% to JPY 5,150 million compared with the same term last year. The decrease in net sales was mainly due to an inventory adjustment by the customers.

(4) Financial Forecast

Although the semiconductor industry is operating at a high production level, due to the world economy uncertainty, net sales for the next financial year are expected to be at the same level as FY17. The profit is forecast to be slightly lower in the new term mainly due to an increase in spending related to research and development activities to drive future growth.

FY2018 Financial Forecast:

Millions of JPY

	FY ended March 31, 2018	Change from FY2017
Net Sales	33,000	(0.3%)
Operating Income	3,800	(11.2%)
Ordinary Income	3,900	(13.7%)
Net Income Attributable to Owners of Parent	2,800	(16.4%)

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, actuals may differ materially from the forecast.

2. Information Concerning Consolidated Financial Status

(1) Summary of Total Assets, Total Liabilities and Net Assets as of March 31, 2017

Total assets increased by JPY 3,014 million to JPY 53,699 million compared with the end of previous fiscal year mainly due to increases of JPY 5,011 million in cash and deposits, offsetting decreases of JPY 1,499 million in securities and of JPY 1,410 million in other in current assets.

Total liabilities increased by JPY 1,374 million to JPY 7,535 million compared with the end of previous fiscal year mainly due to increases of JPY 523 million in notes and accounts payable - trade and of JPY 602 million in income taxes payable.

Net assets increased by JPY 1,640 million to JPY 46,164 million compared with the end of previous fiscal year mainly due to an increase of JPY 971 million in retained earnings, offsetting a decrease of JPY 616 million in treasury shares.

(2) Summary of Cash Flow for the Year Ended March 31, 2017

Cash and cash equivalents increased by JPY 5,011 million to JPY 24,832 million compared with the end of previous fiscal year. The status of cash flow from each of the activities are as follows.

(i) Cash Flow from Operating Activities

Net cash provided by operating activities increased by JPY 2,916 million to JPY 5,785 million compared with the end of the previous fiscal year mainly due to increases in profit before income taxes and notes and accounts receivable - trade, offsetting a decrease in income taxes paid.

(ii) Cash Flow from Investing Activities

Net cash used in investing activities increased by JPY 1,661 million to JPY 38 million compared with the end of the previous fiscal year mainly due to a decrease in proceeds from the withdrawal of time deposits

(iii) Cash Flow from Financing Activities

Net cash used in financing activities decreased by JPY 2,036 million to JPY 608 million compared with the end of the previous fiscal year, JPY 1,623 million cash back last year, mainly due to an increase in the refund of deposit to purchase treasury shares

(iv) Trends in cash flow indicators

	FY2013	FY2014	FY2015	FY2016	FY2017
Equity ratio (%)	83.1	88.9	86.3	87.8	86.0
Equity ratio on market value basis (%)	70.9	71.6	101.3	74.3	102.5

(Note)

Equity ratio: Equity / Total assets

Equity ratio on market value basis: Market capitalization / Total assets

- Market capitalization is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period

3. Policy for Distribution of Profits and Dividends for the Year Ended March 31, 2017 and the Year Ended March 31, 2018

Fujimi Incorporated deems the appropriate redistribution of profits to shareholders as one of the most important management issues. Regarding dividend payments, Fujimi Incorporated has its policy striving to live up to expectations of shareholders by issuing stable and appropriate dividend payments targeting a consolidated payment ratio of over 50% for the year ending March 31, 2019. Regarding retained earnings, Fujimi Incorporated strives to execute global business strategies to deal with anticipate changes in business environments with retained earnings to reinforce R&D and production systems for satisfying customer's needs. For FY2017, Fujimi Incorporated plans to pay a cash dividend of JPY 53 per share, comprising a year-end cash dividend of JPY 28 per share and an interim cash dividend of JPY 25 per share.

For FY2018, Fujimi Incorporated plans to pay a cash dividend of JPY 53 per share, comprising an interim cash dividend of JPY 25 per share and a year-end cash dividend of JPY 28 per share.

Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	19,320	24,332
Notes and accounts receivable - trade	6,669	7,239
Securities	1,999	500
Merchandise and finished goods	2,954	3,275
Work in process	871	847
Raw materials and supplies	1,556	1,598
Deferred tax assets	448	544
Other	1,713	302
Allowance for doubtful accounts	(11)	(17)
Total current assets	35,525	38,623
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,980	18,320
Accumulated depreciation	(10,638)	(11,058)
Buildings and structures, net	7,341	7,262
Machinery, equipment and vehicles	20,292	20,398
Accumulated depreciation	(19,264)	(19,292)
Machinery, equipment and vehicles, net	1,027	1,105
Land	3,418	3,418
Construction in progress	809	1,070
Other	9,982	9,320
Accumulated depreciation	(8,900)	(8,541)
Other, net	1,081	778
Total property, plant and equipment	13,680	13,635
Intangible assets		
Software	658	482
Other	27	27
Total intangible assets	686	509
Investments and other assets		
Investment securities	525	709
Deferred tax assets	164	120
Other	112	109
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	793	930
Total non-current assets	15,159	15,075
Total assets	50,684	53,699

FUJIMI INCORPORATED
FY2017 Financial Summary

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,703	3,226
Income taxes payable	263	866
Provision for bonuses	785	1,002
Other	1,853	1,815
Total current liabilities	5,605	6,911
Non-current liabilities		
Deferred tax liabilities	8	7
Net defined benefit liability	526	579
Other	19	37
Total non-current liabilities	554	623
Total liabilities	6,160	7,535
Net assets		
Shareholders' equity		
Capital stock	4,753	4,753
Capital surplus	5,038	5,038
Retained earnings	40,042	41,013
Treasury shares	(5,725)	(5,108)
Total shareholders' equity	44,109	45,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122	254
Foreign currency translation adjustment	468	344
Remeasurements of defined benefit plans	(176)	(132)
Total accumulated other comprehensive income	414	466
Total net assets	44,523	46,164
Total liabilities and net assets	50,684	53,699

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	31,755	33,092
Cost of sales	19,353	19,568
Gross profit	12,402	13,524
Selling, general and administrative expenses	9,099	9,246
Operating profit	3,302	4,278
Non-operating income		
Interest income	28	25
Foreign exchange gains	–	97
Gain on sales of non-current assets	4	69
Waste disposal profit	39	36
Other	25	45
Total non-operating income	97	273
Non-operating expenses		
Foreign exchange losses	31	–
Depreciation	5	4
Loss on sales and retirement of non-current assets	12	20
Other	9	6
Total non-operating expenses	58	31
Ordinary profit	3,342	4,519
Extraordinary losses		
Loss on abolishment of retirement benefit plan	–	18
Total extraordinary losses	–	18
Profit before income taxes	3,342	4,500
Income taxes - current	733	1,282
Income taxes - deferred	262	(132)
Total income taxes	995	1,150
Profit	2,346	3,350
Profit attributable to owners of parent	2,346	3,350

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	2,346	3,350
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	132
Foreign currency translation adjustment	(920)	(124)
Remeasurements of defined benefit plans, net of tax	(100)	44
Total other comprehensive income	(1,031)	52
Comprehensive income	1,314	3,402
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,314	3,402

Consolidated Statements of Changes in Equity

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

Fiscal year ended March 31, 2017

(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	40,042	(5,725)	44,109
Changes of items during period					
Dividends of surplus			(1,118)		(1,118)
Profit attributable to owners of parent			3,350		3,350
Purchase of treasury shares				(644)	(644)
Retirement of treasury shares		(1,260)		1,260	-
Transfer to capital surplus from retained earnings		1,260	(1,260)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	971	616	1,587
Balance at end of current period	4,753	5,038	41,013	(5,108)	45,697

	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	122	468	(176)	414	44,523
Changes of items during period					
Dividends of surplus					(1,118)
Profit attributable to owners of parent					3,350
Purchase of treasury shares					(644)
Retirement of treasury shares					-
Transfer to capital surplus from retained earnings					-
Net changes of items other than shareholders' equity	132	(124)	44	52	52
Total changes of items during period	132	(124)	44	52	1,640
Balance at end of current period	254	344	(132)	466	46,164

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	3,342	4,500
Depreciation	1,754	1,623
Amortization of long-term prepaid expenses	3	3
Increase (decrease) in provision for bonuses	(153)	215
Increase (decrease) in allowance for doubtful accounts	(132)	6
Increase (decrease) in net defined benefit liability	72	117
Interest income	(28)	(25)
Foreign exchange losses (gains)	65	9
Loss (gain) on sales and retirement of non-current assets	7	(48)
Decrease (increase) in notes and accounts receivable - trade	(421)	(669)
Decrease (increase) in inventories	23	(398)
Increase (decrease) in notes and accounts payable - trade	(421)	570
Increase (decrease) in accounts payable - other	(94)	238
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	416	-
Other, net	(140)	98
Subtotal	4,291	6,241
Interest and dividend income received	38	31
Income taxes paid	(1,519)	(779)
Income taxes refund	59	291
Net cash provided by (used in) operating activities	2,869	5,785
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	2,969	-
Purchase of securities	(2,999)	-
Proceeds from redemption of securities	3,300	1,500
Purchase of investment securities	(297)	-
Purchase of property, plant and equipment	(990)	(1,531)
Proceeds from sales of property, plant and equipment	4	72
Purchase of intangible assets	(350)	(82)
Other, net	(12)	3
Net cash provided by (used in) investing activities	1,623	(38)
Cash flows from financing activities		
Cash dividends paid	(1,140)	(1,118)
Purchase of treasury shares	(345)	(644)
PaymentsForDepositToPurchaseOfTreasuryShares	(1,156)	-
RefundOfDepositToPurchaseOfTreasuryShares	-	1,156
Other, net	(3)	(1)
Net cash provided by (used in) financing activities	(2,644)	(608)
Effect of exchange rate change on cash and cash equivalents	(453)	(127)
Net increase (decrease) in cash and cash equivalents	1,394	5,011
Cash and cash equivalents at beginning of period	18,426	19,820
Cash and cash equivalents at end of period	19,820	24,832