

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 2, 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 Akira Suzuki  
 Inquiries: Division TEL 052-503-8181  
 Scheduled date to file Quarterly Securities Report: February 7, 2017  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

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                         | %      |
| Nine months ended December 31, 2016 | 24,847          | 1.9   | 3,478            | 18.7  | 3,801           | 18.4   | 2,787                                   | 30.0   |
| Nine months ended December 31, 2015 | 24,377          | (1.4) | 2,930            | (8.8) | 3,210           | (10.4) | 2,144                                   | (23.6) |

|                                     | Earnings per share |  | Diluted earnings per share |  |
|-------------------------------------|--------------------|--|----------------------------|--|
|                                     | Yen                |  | Yen                        |  |
| Nine months ended December 31, 2016 | 112.90             |  | –                          |  |
| Nine months ended December 31, 2015 | 84.62              |  | –                          |  |

(2) Consolidated financial position

|                         | Total assets    | Net assets      | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of yen | Millions of yen | %            | Yen                  |
| As of December 31, 2016 | 52,919          | 45,712          | 86.4         | 1,854.58             |
| As of March 31, 2016    | 50,684          | 44,523          | 87.8         | 1,774.30             |

2. Cash dividends

|                                       | Annual dividends per share |                 |                 |                 |       |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|
|                                       | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
|                                       | Yen                        |                 |                 |                 |       |
| Year ended March 31, 2016             | –                          | 20.00           | –               | 20.00           | 40.00 |
| Year ending March 31, 2017            | –                          | 25.00           | –               |                 |       |
| Year ending March 31, 2017 (Forecast) |                            |                 |                 | 25.00           | 50.00 |

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                |
| Full year | 33,000          | 3.9 | 4,300            | 30.2 | 4,600           | 37.6 | 3,300                                   | 40.7 | 133.73             |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

|                         |                   |                      |                   |
|-------------------------|-------------------|----------------------|-------------------|
| As of December 31, 2016 | 28,699,500 shares | As of March 31, 2016 | 29,699,500 shares |
|-------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

|                         |                  |                      |                  |
|-------------------------|------------------|----------------------|------------------|
| As of December 31, 2016 | 4,051,035 shares | As of March 31, 2016 | 4,605,835 shares |
|-------------------------|------------------|----------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                                     |                   |                                     |                   |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Nine months ended December 31, 2016 | 24,685,950 shares | Nine months ended December 31, 2015 | 25,338,765 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>1. Information Concerning Consolidated Financial Results and Forecast.....</b>                 | <b>4</b>  |
| <b>(1) Financial Results.....</b>   | <b>4</b>  |
| <b>(2) Segment Operating Results by Region.....</b>   | <b>4</b>  |
| <b>(3) Segment Operating Results by Application.....</b>  | <b>5</b>  |
| <b>2. Information Concerning Consolidated Financial Status.....</b>                               | <b>5</b>  |
| <b>3. Information Concerning Revision of Financial Forecast for the Fiscal Year.....</b>          | <b>6</b>  |
| <b>4. Quarterly Consolidated Financial Statements.....</b>  | <b>7</b>  |
| <b>(1) Consolidated Balance Sheets.....</b>   | <b>7</b>  |
| <b>(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.</b> | <b>9</b>  |
| <b>Consolidated Statements of Income.....</b>   | <b>9</b>  |
| <b>Consolidated Statements of Comprehensive Income.....</b>                                       | <b>10</b> |

## 1. Information Concerning Consolidated Financial Results and Forecast

### (1) Financial Results

In the first nine months of FY2017 (April-December 2016), 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:

The first nine months of FY2017 Consolidated Results: Millions of JPY

|   | Nine months ended<br>December 31, 2015 | Nine months ended<br>December 31, 2016 | Change<br>YoY |
|---|--|--|---------------|
| Net Sales                                   | 24,377                                 | 24,847                                 | 1.9%          |
| Operating Income                            | 2,930                                  | 3,478                                  | 18.7%         |
| Ordinary Income                             | 3,210                                  | 3,801                                  | 18.4%         |
| Net Income Attributable to Owners of Parent | 2,144                                  | 2,787                                  | 30.0%         |

### (2) Segment Operating Results by Region

#### (i) Japan

Net sales in Japan increased by 9.6% to JPY 13,647 million compared with the same term last year mainly due to strong demands from Silicon wafers and semiconductor devices. Operating income increased by 50.6% to JPY 3,075 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 2.9% to JPY 3,556 million compared with the same term last year. Operating income increased by 34.2% to JPY 472 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 8.7% to JPY 6,623 million compared with the same term last year. Operating income decreased by 38.8% to JPY 983 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 a production adjustment in the hard disk drive industry that lasted until early spring and foreign currency fluctuations.

#### (iv) Europe

Net sales in Europe decreased by 16.5% to JPY 1,019 million compared with the same term last year. Operating income decreased by 1.2% to JPY 116 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 0.5% to JPY 2,370 million compared with the same term last year and net sales in polishing slurry products increased by 9.1% to JPY 4,681 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 7.0% to JPY 9,091 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 13.2% to JPY 2,688 million compared with the same term last year. The decrease in net sales was mainly due to a production adjustment in hard disk drive industry and foreign currency fluctuations.

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

Regarding products for general industries, net sales decreased by 4.8% to JPY 4,116 million compared with the same term last year. The decrease in net sales was mainly due to an inventory adjustment by the customers.

## **2. Information Concerning Consolidated Financial Status**

Total assets as of December 31, 2016 increased by JPY 2,235 million to JPY 52,919 million compared with the end of previous fiscal year mainly due to increases of JPY 3,713 million in cash and deposits and of JPY 1,586 million in notes and accounts receivable - trade, offsetting a decrease of JPY 1,499 million in securities.

Total liabilities increased by JPY 1,046 million to JPY 7,207 million compared with the end of previous fiscal year mainly due to increases of JPY 706 million in notes and accounts payable - trade and by JPY 289 million in income taxes payable, offsetting a decrease of JPY 340 million in provision for bonuses.

Net assets increased by JPY 1,188 million to JPY 45,712 million compared with the end of previous fiscal year

mainly due to an increase of JPY 408 million in retained earnings and a decrease of JPY 616 million in treasury shares.

### 3. Information Concerning Revision of Financial Forecast for the Fiscal Year

Financial forecast is revised as below due to improved results for the nine months ended December 31, 2016.

The change is primarily due to favorable product mix and cost reductions.

Millions of JPY

|   | Revised<br>Forecast | Previous<br>Forecast | Increase or<br>Decrease | Change<br>Ratio | FY2016<br>Actual |
|---|---------------------|----------------------|-------------------------|-----------------|------------------|
| Net Sales                                   | 33,000              | 33,000               | 0                       | 0.0%            | 31,755           |
| Operating Income                            | 4,300               | 3,800                | 500                     | 13.2%           | 3,302            |
| Ordinary Income                             | 4,600               | 3,900                | 700                     | 17.9%           | 3,342            |
| Net Income Attributable to Owners of Parent | 3,300               | 2,800                | 500                     | 17.9%           | 2,346            |
| Earnings Per Share : JPY                    | 133.73              | 113.85               | -                       | -               | 92.63            |

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.

**Quarterly Consolidated Financial Statements**  
**Consolidated Balance Sheets**

(Millions of yen)

|                                       | As of March 31, 2016 | As of December 31, 2016 |
|---------------------------------------|----------------------|-------------------------|
| Assets                                |                      |                         |
| Current assets                        |                      |                         |
| Cash and deposits                     | 19,320               | 23,034                  |
| Notes and accounts receivable - trade | 6,669                | 8,256                   |
| Securities                            | 1,999                | 500                     |
| Merchandise and finished goods        | 2,954                | 3,071                   |
| Work in process                       | 871                  | 808                     |
| Raw materials and supplies            | 1,556                | 1,657                   |
| Deferred tax assets                   | 448                  | 264                     |
| Other                                 | 1,713                | 265                     |
| Allowance for doubtful accounts       | (11)                 | (13)                    |
| Total current assets                  | 35,525               | 37,845                  |
| Non-current assets                    |                      |                         |
| Property, plant and equipment         |                      |                         |
| Buildings and structures, net         | 7,341                | 7,354                   |
| Other, net                            | 6,338                | 6,275                   |
| Total property, plant and equipment   | 13,680               | 13,630                  |
| Intangible assets                     | 686                  | 555                     |
| Investments and other assets          |                      |                         |
| Investment securities                 | 525                  | 623                     |
| Deferred tax assets                   | 164                  | 163                     |
| Other                                 | 112                  | 110                     |
| Allowance for doubtful accounts       | (9)                  | (9)                     |
| Total investments and other assets    | 793                  | 888                     |
| Total non-current assets              | 15,159               | 15,074                  |
| Total assets                          | 50,684               | 52,919                  |

FUJIMI INCORPORATED  
FY2017 Third Quarter Financial Summary

(Millions of yen)

|   | As of March 31, 2016 | As of December 31, 2016 |
|---|----------------------|-------------------------|
| <b>Liabilities</b>                                    |                      |                         |
| <b>Current liabilities</b>                            |                      |                         |
| Notes and accounts payable - trade                    | 2,703                | 3,410                   |
| Income taxes payable                                  | 263                  | 553                     |
| Provision for bonuses                                 | 785                  | 444                     |
| Provision for directors' bonuses                      | -                    | 50                      |
| Other   | 1,853                | 2,144                   |
| <b>Total current liabilities</b>                      | <b>5,605</b>         | <b>6,602</b>            |
| <b>Non-current liabilities</b>                        |                      |                         |
| Deferred tax liabilities                              | 8                    | 11                      |
| Net defined benefit liability                         | 526                  | 555                     |
| Other   | 19                   | 37                      |
| <b>Total non-current liabilities</b>                  | <b>554</b>           | <b>604</b>              |
| <b>Total liabilities</b>                              | <b>6,160</b>         | <b>7,207</b>            |
| <b>Net assets</b>                                     |                      |                         |
| <b>Shareholders' equity</b>                           |                      |                         |
| Capital stock   | 4,753                | 4,753                   |
| Capital surplus                                       | 5,038                | 5,038                   |
| Retained earnings                                     | 40,042               | 40,450                  |
| Treasury shares                                       | (5,725)              | (5,108)                 |
| <b>Total shareholders' equity</b>                     | <b>44,109</b>        | <b>45,134</b>           |
| <b>Accumulated other comprehensive income</b>         |                      |                         |
| Valuation difference on available-for-sale securities | 122                  | 194                     |
| Foreign currency translation adjustment               | 468                  | 522                     |
| Remeasurements of defined benefit plans               | (176)                | (138)                   |
| <b>Total accumulated other comprehensive income</b>   | <b>414</b>           | <b>578</b>              |
| <b>Total net assets</b>                               | <b>44,523</b>        | <b>45,712</b>           |
| <b>Total liabilities and net assets</b>               | <b>50,684</b>        | <b>52,919</b>           |

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

**Consolidated Statements of Income (cumulative)**

(Millions of yen)

|  | Nine months ended<br>December 31, 2015 | Nine months ended<br>December 31, 2016 |
|--|--|--|
| Net sales  | 24,377                                 | 24,847                                 |
| Cost of sales                                      | 14,613                                 | 14,595                                 |
| Gross profit                                       | 9,764                                  | 10,251                                 |
| Selling, general and administrative expenses       | 6,834                                  | 6,773                                  |
| Operating income                                   | 2,930                                  | 3,478                                  |
| Non-operating income                               |  |  |
| Interest income                                    | 21                                     | 19                                     |
| Foreign exchange gains                             | 217                                    | 190                                    |
| Other  | 53                                     | 132                                    |
| Total non-operating income                         | 292                                    | 342                                    |
| Non-operating expenses                             |  |  |
| Loss on sales and retirement of non-current assets | 3                                      | 11                                     |
| Other  | 7                                      | 8                                      |
| Total non-operating expenses                       | 11                                     | 19                                     |
| Ordinary income                                    | 3,210                                  | 3,801                                  |
| Extraordinary losses                               |  |  |
| Loss on abolishment of retirement benefit plan     | -                                      | 18                                     |
| Total extraordinary losses                         | -                                      | 18                                     |
| Profit before income taxes                         | 3,210                                  | 3,782                                  |
| Income taxes - current                             | 578                                    | 831                                    |
| Income taxes - deferred                            | 488                                    | 164                                    |
| Total income taxes                                 | 1,066                                  | 995                                    |
| Profit   | 2,144                                  | 2,787                                  |
| Profit attributable to owners of parent            | 2,144                                  | 2,787                                  |

**Consolidated Statements of Comprehensive Income (cumulative)**

(Millions of yen)

|   | Nine months ended<br>December 31, 2015 | Nine months ended<br>December 31, 2016 |
|---|--|--|
| Profit  | 2,144                                  | 2,787                                  |
| Other comprehensive income                            |  |  |
| Valuation difference on available-for-sale securities | 5                                      | 72                                     |
| Foreign currency translation adjustment               | (464)                                  | 53                                     |
| Remeasurements of defined benefit plans, net of tax   | 19                                     | 37                                     |
| Total other comprehensive income                      | (439)                                  | 164                                    |
| Comprehensive income                                  | 1,704                                  | 2,951                                  |
| Comprehensive income attributable to                  |  |  |
| Comprehensive income attributable to owners of parent | 1,704                                  | 2,951                                  |