

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 2, 2018

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
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 Scheduled date to file Quarterly Securities Report: February 7, 2018
 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, 2017 (from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results (cumulative)

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	%
Nine months ended December 31, 2017	26,931	8.4	3,904	12.3	3,831	0.8	2,736	(1.8)
Nine months ended December 31, 2016	24,847	1.9	3,478	18.7	3,801	18.4	2,787	30.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	111.02	–
Nine months ended December 31, 2016	112.90	–

(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, 2017	54,939	48,093	87.5	1,951.19
As of March 31, 2017	53,699	46,164	86.0	1,872.91

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	25.00	–	28.00	53.00
Year ending March 31, 2018	–	25.00	–		
Year ending March 31, 2018 (Forecast)				38.00	63.00

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
Full year	35,500	7.3	4,800	12.2	4,800	6.2	3,500	4.5	142.00

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2017
(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: No
 - 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, 2017	28,699,500 shares	As of March 31, 2017	28,699,500 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	4,051,320 shares	As of March 31, 2017	4,051,141 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	24,648,282 shares	Nine months ended December 31, 2016	24,685,950 shares
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1. Information Concerning Consolidated Financial Results and Forecast

(1) Financial Results

In the first nine months of FY2018, April-December 2017, despite ongoing political uncertainty, the US economic recovery continued, Japan and Europe experienced a gradual economic recovery, and China began seeing a slight recovery. Furthermore, the global semiconductor market grew due to increased demand 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 for FY2018 Consolidated Results:

Millions of JPY

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Change YoY
Net Sales	24,847	26,931	8.4%
Operating Profit	3,478	3,904	12.3%
Ordinary Profit	3,801	3,831	0.8%
Profit Attributable to Owners of Parent	2,787	2,736	(1.8%)

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan increased by 6.1% to JPY 14,481 million compared with the same term last year mainly due to strong demand from silicon wafers and semiconductor devices, while sales of products for general industries decreased. Operating profit increased by 14.9% to JPY 3,534 million compared with the same term last year mainly due to a favorable product mix.

(ii) North America

Net sales in North America increased by 25.9% to JPY 4,476 million compared with the same term last year. Operating profit increased by 74.0% to JPY 882 million compared with the same term last year. The increase was mainly due to strong demand for CMP products related to the semiconductor devices.

(iii) Asia

Net sales in Asia increased by 3.7% to JPY 6,867 million compared with the same term last year. Operating profit decreased by 16.3% to JPY 823 million compared with the same term last year. The decrease was mainly due to an unfavorable product mix.

(iv) Europe

Net sales in Europe increased by 8.5% to JPY 1,106 million compared with the same term last year. The increase was mainly due to strong demand from silicon wafers. Operating profit decreased by 13.6% to JPY

100 million compared with the same term last year. The decrease was mainly due to foreign currency exchange rate fluctuations.

(3) Segment Operating Results by Application

(i) Silicon Wafers

Regarding products for silicon wafers, net sales of lapping abrasive products increased by 11.6% to JPY 2,646 million compared with the same term last year and net sales of polishing slurry products increased by 17.1% to JPY 5,482 million compared with the same term last year. The increases in net sales of both product lines were mainly due to strong market demand.

(ii) Semiconductor Devices

Regarding products for CMP process of semiconductor devices, net sales increased by 21.7% to JPY 11,065 million compared with the same term last year. The increase in net sales was mainly due to strong demand for both logic and memory devices.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 5.9% to JPY 2,530 million compared with the same term last year. The decrease in net sales was mainly due to a customer's manufacturing process change as a result of a merger and another customer's production adjustment.

(iv) General Industries

Regarding products for general industries, net sales decreased by 21.4% to JPY 3,235 million compared with the same term last year. The decrease in net sales was mainly due to influences from customer's manufacturing process changes.

2. Information Concerning Consolidated Financial Status

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

Total assets increased by JPY 1,240 million to JPY 54,939 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,366 million in notes and accounts receivable - trade, offsetting decreases of JPY 633 million in cash and deposit.

Total liabilities decreased by JPY 688 million to JPY 6,846 million compared with the end of the previous fiscal year mainly due to decreases of JPY 688 million in income taxes payable and, of JPY 500 million in provision of bonuses, offsetting increases of JPY 192 million in notes and accounts payable - trade.

Net assets increased by JPY 1,929 million to JPY 48,093 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,430 million in retained earnings and of JPY 488 million in foreign

currency translation adjustment.

3. Information Concerning Revision of Financial Forecast

Financial forecast is revised as below due to improved results for the nine months ended **December 31, 2017**. The change is primarily due to strong demand for silicon wafers and semiconductor devices.

Financial Forecast for Fiscal Year 2018:

Millions of JPY

	Revised Forecast	Previous Forecast	Increase or Decrease	Change Ratio	Reference FY2017 Actual
Net Sales	35,500	34,500	1,000	2.9%	33,092
Operating Profit	4,800	4,400	400	9.1%	4,278
Ordinary Profit	4,800	4,400	400	9.1%	4,519
Profit Attributable to Owners of Parent	3,500	3,200	300	9.4%	3,350
Earnings Per Share (JPY)	142.00	129.83	-	-	135.77

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, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	24,332	23,699
Notes and accounts receivable - trade	7,239	8,605
Securities	500	500
Merchandise and finished goods	3,275	3,209
Work in process	847	803
Raw materials and supplies	1,598	1,714
Deferred tax assets	544	405
Other	302	507
Allowance for doubtful accounts	(17)	(21)
Total current assets	38,623	39,424
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,262	8,213
Other, net	6,372	5,824
Total property, plant and equipment	13,635	14,038
Intangible assets	509	455
Investments and other assets		
Investment securities	709	781
Deferred tax assets	120	93
Other	109	155
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	930	1,021
Total non-current assets	15,075	15,514
Total assets	53,699	54,939

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,226	3,419
Income taxes payable	866	197
Provision for bonuses	1,002	501
Provision for directors' bonuses	–	50
Other	1,815	1,898
Total current liabilities	6,911	6,067
Non-current liabilities		
Deferred tax liabilities	7	5
Net defined benefit liability	579	620
Provision for stocks payment	–	133
Other	37	18
Total non-current liabilities	623	778
Total liabilities	7,535	6,846
Net assets		
Shareholders' equity		
Capital stock	4,753	4,753
Capital surplus	5,038	5,570
Retained earnings	41,013	42,443
Treasury shares	(5,108)	(5,641)
Total shareholders' equity	45,697	47,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	254	227
Foreign currency translation adjustment	344	833
Remeasurements of defined benefit plans	(132)	(94)
Total accumulated other comprehensive income	466	966
Total net assets	46,164	48,093
Total liabilities and net assets	53,699	54,939

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

Consolidated Statements of Income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	24,847	26,931
Cost of sales	14,595	15,794
Gross profit	10,251	11,137
Selling, general and administrative expenses	6,773	7,232
Operating profit	3,478	3,904
Non-operating income		
Interest income	19	38
Foreign exchange gains	190	-
Waste disposal profit	27	26
Other	104	35
Total non-operating income	342	99
Non-operating expenses		
Foreign exchange losses	-	164
Other	19	8
Total non-operating expenses	19	172
Ordinary profit	3,801	3,831
Extraordinary losses		
Loss on abolishment of retirement benefit plan	18	-
Total extraordinary losses	18	-
Profit before income taxes	3,782	3,831
Income taxes - current	831	933
Income taxes - deferred	164	161
Total income taxes	995	1,095
Profit	2,787	2,736
Profit attributable to owners of parent	2,787	2,736

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	2,787	2,736
Other comprehensive income		
Valuation difference on available-for-sale securities	72	(27)
Foreign currency translation adjustment	53	488
Remeasurements of defined benefit plans, net of tax	37	37
Total other comprehensive income	164	499
Comprehensive income	2,951	3,235
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,951	3,235