

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 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
 Inquiries: Division Akira Suzuki TEL 052-503-8181
 Scheduled date of ordinary general meeting of shareholders: June 22, 2018
 Scheduled date to file Securities Report: June 22, 2018
 Scheduled date to commence dividend payments: June 25, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	35,788	8.1	4,872	13.9	4,728	4.6	3,011	(10.1)
Year ended March 31, 2017	33,092	4.2	4,278	29.5	4,519	35.2	3,350	42.8

	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, 2018	122.16	–	6.4	8.7	13.6
Year ended March 31, 2017	135.77	–	7.4	8.7	12.9

(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, 2018	55,445	47,848	86.3	1,941.26
As of March 31, 2017	53,699	46,164	86.0	1,872.91

(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, 2018	3,671	(3,882)	(1,308)	23,336
Year ended March 31, 2017	5,785	(38)	(608)	24,832

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, 2017	–	25.00	–	28.00	53.00	1,306	39.0	2.9
Year ended March 31, 2018	–	25.00	–	38.00	63.00	1,567	51.6	3.3
Year ending March 31, 2019 (Forecast)	–	40.00	–	40.00	80.00		50.6	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	18,000	3.3	2,550	11.4	2,600	15.5	1,950	18.4	79.11
Full year	36,500	2.0	5,100	4.7	5,200	10.0	3,900	29.5	158.22

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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: No

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, 2018	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 March 31, 2018	4,051,320 shares	As of March 31, 2017	4,051,141 shares
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Average number of shares during the period

Year ended March 31, 2018	24,648,257 shares	Year ended March 31, 2017	24,676,688 shares
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1. Information Concerning Consolidated Financial Results and Forecast

(1) Financial Results

In the FY2018 (April 2017-May 2018), despite ongoing political uncertainty, the US economy continued to be strong, 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.

The consolidated results for this period are shown below. Net Income attributable to owners of parent decreased due to an impairment loss on plant fixed assets in extraordinary losses.

FY2018 Consolidated Results:			Millions of JPY
	FY ended March 31, 2017	FY ended March 31, 2018	Change YoY
Net Sales	33,092	35,788	8.1%
Operating Income	4,278	4,872	13.9%
Ordinary Income	4,519	4,728	4.6%
Net Income Attributable to Owners of Parent	3,350	3,011	(10.1%)

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan increased by 7.7% to JPY 19,400 million compared with the same term last year. The increase was mainly due to strong demand from silicon wafers and semiconductor devices, while sales of products for general industries decreased. Operating profit increased by 13.7% to JPY 4,462 million compared with the same term last year. The increase was mainly due to a favorable product mix.

(ii) North America

Net sales in North America increased by 23.7% to JPY 5,946 million compared with the same term last year. Operating profit increased by 64.8% to JPY 1,001 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 0.5% to JPY 8,962 million compared with the same term last year mainly due to strong demand for CMP products related to the semiconductor devices, despite weak demand for products related to the hard disks. Operating profit decreased by 15.4% to JPY 1,133 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 8.6% to JPY 1,479 million compared with the same term last year. The increase was mainly due to strong demand from silicon wafers. Operating profit decreased by 8.6% to JPY 131 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 12.4% to JPY 3,588 million compared with the same term last year and net sales of polishing slurry products increased by 19.6% to JPY 7,472 million compared with the same term last year. The increase in net sales of both product lines was mainly due to strong market demand.

(ii) Semiconductor Devices

Regarding products for CMP process of semiconductor devices, net sales increased by 19.2% to JPY 14,621 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 11.3% to JPY 3,236 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 17.6% to JPY 4,244 million compared with the same term last year. The decrease in net sales was mainly due to influences from customer's manufacturing process changes.

(4) Financial Forecast

Financial forecast of the next fiscal year is shown below and reflects an expected high level of production in the semiconductor industry.

FY2019 Financial Forecast:	Millions of JPY	
	FY ended March 31, 2019	Change from FY2018
Net Sales	36,500	2.0%
Operating Income	5,100	4.7%
Ordinary Income	5,200	10.0%
Net Income Attributable to Owners of Parent	3,900	29.5%

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, 2018

Total assets increased by JPY 1,746 million to JPY 55,445 million compared with the end of the previous fiscal year mainly due to increases of JPY 711 million in notes and accounts receivable-trade and of JPY 597 million in cash and deposit, offsetting a decrease of JPY 298 million in land.

Total liabilities increased by JPY 62 million to JPY 7,597 million compared with the end of the previous fiscal year mainly due to increases of JPY 137 million in other current liabilities and of JPY 112 million in provision of bonuses, offsetting a decrease of JPY 436 million in income taxes payable.

Net assets increased by JPY 1,684 million to JPY 47,848 million compared with the end of the previous fiscal year mainly due to increase of JPY 1,704 million in retained earnings.

(2) Summary of Cash Flow for the Year Ended March 31, 2018

Cash and cash equivalents decreased by JPY 1,496 million to JPY 23,336 million compared with the end of the previous fiscal year. The breakdown of cash flow by each activity is as follows.

(i) Cash Flow from Operating Activities

Net cash provided by operating activities decreased by JPY 2,114 million to JPY 3,671 million compared with the end of the previous fiscal year mainly due to decreases in profit before income taxes and notes and accounts receivable - trade.

(ii) Cash Flow from Investing Activities

Net cash used in investing activities increased by JPY 3,843 million to JPY 3,882 million compared with the end of the previous fiscal year mainly due to increases in purchase of property, plant and equipment and payment into time deposits.

(iii) Cash Flow from Financing Activities

Net cash used in financing activities increased by JPY 700 million to JPY 1,308 million compared with the end of the previous fiscal year mainly due to an increase in cash dividends paid.

(iv) Trends in cash flow indicators

	FY2013	FY2014	FY2015	FY2016	FY2017
Equity ratio (%)	88.9	86.3	87.8	86.0	86.3
Equity ratio on market value basis (%)	71.6	101.3	74.3	102.5	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, 2018 and the Year Ended March 31, 2019

Fujimi Incorporated deems the appropriate redistribution of profits to shareholders as one of the most important management issues. Regarding dividend payments, Fujimi Incorporated has a policy of striving to live up to shareholder's expectations by issuing stable and appropriate dividend payments targeting a consolidated payment ratio of over 50%. Regarding retained earnings, Fujimi Incorporated strives to reinforce R&D and production systems for satisfying customer's needs, to execute global business strategies and to expand the business domain in order to deal with anticipated changes in business environments. For FY2018, Fujimi Incorporated plans to pay a cash dividend of JPY 63 per share, comprising a year-end cash dividend of JPY 38 per share and an interim cash dividend of JPY 25 per share.

For FY2019, Fujimi Incorporated plans to pay a cash dividend of JPY 80 per share, comprising an interim cash dividend of JPY 40 per share and a year-end cash dividend of JPY 40 per share.

Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	24,332	24,929
Notes and accounts receivable - trade	7,239	8,010
Securities	500	500
Merchandise and finished goods	3,275	3,244
Work in process	847	801
Raw materials and supplies	1,598	1,748
Deferred tax assets	544	612
Other	302	772
Allowance for doubtful accounts	(17)	(23)
Total current assets	38,623	40,596
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,320	19,100
Accumulated depreciation	(11,058)	(11,278)
Buildings and structures, net	7,262	7,822
Machinery, equipment and vehicles	20,398	20,774
Accumulated depreciation	(19,292)	(19,291)
Machinery, equipment and vehicles, net	1,105	1,483
Land	3,418	3,119
Construction in progress	1,070	302
Other	9,320	9,227
Accumulated depreciation	(8,541)	(8,606)
Other, net	778	621
Total property, plant and equipment	13,635	13,349
Intangible assets		
Software	482	415
Other	27	63
Total intangible assets	509	479
Investments and other assets		
Investment securities	709	744
Deferred tax assets	120	142
Other	109	141
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	930	1,019
Total non-current assets	15,075	14,849
Total assets	53,699	55,445

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,226	3,269
Income taxes payable	866	429
Provision for bonuses	1,002	1,115
Other	1,815	1,952
Total current liabilities	6,911	6,767
Non-current liabilities		
Deferred tax liabilities	7	5
Net defined benefit liability	579	651
Provision for stocks payment	–	153
Other	37	18
Total non-current liabilities	623	829
Total liabilities	7,535	7,597
Net assets		
Shareholders' equity		
Capital stock	4,753	4,753
Capital surplus	5,038	5,570
Retained earnings	41,013	42,718
Treasury shares	(5,108)	(5,641)
Total shareholders' equity	45,697	47,401
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	254	202
Foreign currency translation adjustment	344	336
Remeasurements of defined benefit plans	(132)	(92)
Total accumulated other comprehensive income	466	446
Total net assets	46,164	47,848
Total liabilities and net assets	53,699	55,445

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	33,092	35,788
Cost of sales	19,568	21,081
Gross profit	13,524	14,706
Selling, general and administrative expenses	9,246	9,834
Operating profit	4,278	4,872
Non-operating income		
Interest income	25	59
Foreign exchange gains	97	–
Gain on sales of securities	–	7
Waste disposal profit	36	37
Other	114	32
Total non-operating income	273	135
Non-operating expenses		
Foreign exchange losses	–	267
Other	31	11
Total non-operating expenses	31	279
Ordinary profit	4,519	4,728
Extraordinary losses		
Impairment loss	–	568
Loss on abolishment of retirement benefit plan	18	–
Total extraordinary losses	18	568
Profit before income taxes	4,500	4,160
Income taxes - current	1,282	1,240
Income taxes - deferred	(132)	(91)
Total income taxes	1,150	1,148
Profit	3,350	3,011
Profit attributable to owners of parent	3,350	3,011

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	3,350	3,011
Other comprehensive income		
Valuation difference on available-for-sale securities	132	(52)
Foreign currency translation adjustment	(124)	(7)
Remeasurements of defined benefit plans, net of tax	44	39
Total other comprehensive income	52	(19)
Comprehensive income	3,402	2,991
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,402	2,991

Consolidated Statements of Changes in Equity

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

Fiscal year ended March 31, 2018

(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	41,013	(5,108)	45,697
Changes of items during period					
Dividends of surplus			(1,306)		(1,306)
Profit attributable to owners of parent			3,011		3,011
Purchase of treasury shares				(1,016)	(1,016)
Disposal of treasury shares		532		483	1,016
Net changes of items other than shareholders' equity					
Total changes of items during period	-	532	1,704	(532)	1,704
Balance at end of current period	4,753	5,570	42,718	(5,641)	47,401

	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	254	344	(132)	466	46,164
Changes of items during period					
Dividends of surplus					(1,306)
Profit attributable to owners of parent					3,011
Purchase of treasury shares					(1,016)
Disposal of treasury shares					1,016
Net changes of items other than shareholders' equity	(52)	(7)	39	(19)	(19)
Total changes of items during period	(52)	(7)	39	(19)	1,684
Balance at end of current period	202	336	(92)	446	47,848

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	4,500	4,160
Depreciation	1,623	1,411
Amortization of long-term prepaid expenses	3	3
Impairment loss	–	568
Increase (decrease) in provision for bonuses	215	115
Increase (decrease) in allowance for doubtful accounts	6	6
Increase (decrease) in net defined benefit liability	117	129
Increase(decrease) in provision for stocks payment	–	153
Interest income	(25)	(59)
Foreign exchange losses (gains)	9	13
Loss (gain) on sales and retirement of non-current assets	(48)	(1)
Decrease (increase) in notes and accounts receivable - trade	(669)	(735)
Decrease (increase) in inventories	(398)	(67)
Increase (decrease) in notes and accounts payable - trade	570	2
Increase (decrease) in accounts payable - other	238	15
Other, net	98	(441)
Subtotal	6,241	5,275
Interest and dividend income received	31	56
Income taxes paid	(779)	(1,700)
Income taxes refund	291	39
Net cash provided by (used in) operating activities	5,785	3,671
Cash flows from investing activities		
Payments into time deposits	–	(4,243)
Proceeds from withdrawal of time deposits	–	2,217
Proceeds from redemption of securities	1,500	–
Purchase of investment securities	–	(130)
Proceeds from sales of investment securities	2	26
Purchase of property, plant and equipment	(1,531)	(1,741)
Proceeds from sales of property, plant and equipment	72	91
Purchase of intangible assets	(82)	(100)
Other, net	0	(3)
Net cash provided by (used in) investing activities	(38)	(3,882)
Cash flows from financing activities		
Cash dividends paid	(1,118)	(1,306)
Purchase of treasury shares	(644)	(1,016)
Proceeds from disposal of treasury shares	–	1,016
RefundOfDepositToPurchaseOfTreasuryShares	1,156	–
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(608)	(1,308)
Effect of exchange rate change on cash and cash equivalents	(127)	23
Net increase (decrease) in cash and cash equivalents	5,011	(1,496)
Cash and cash equivalents at beginning of period	19,820	24,832
Cash and cash equivalents at end of period	24,832	23,336