

# Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 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  
 Inquiries: Akira Suzuki TEL 052-503-8181  
 Division  
 Scheduled date to file Quarterly Securities Report: November 7, 2018  
 Scheduled date to commence dividend payments: December 5, 2018  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

#### (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	%
Six months ended September 30, 2018	19,163	10.0	2,813	22.9	3,056	35.8	2,339	42.1
Six months ended September 30, 2017	17,417	7.2	2,289	9.0	2,250	3.6	1,647	(3.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	94.92	—
Six months ended September 30, 2017	66.82	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	57,237	49,633	86.7	2,013.67
As of March 31, 2018	55,439	47,848	86.3	1,941.26

### 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, 2018	—	25.00	—	38.00	63.00
Year ending March 31, 2019	—	40.00			
Year ending March 31, 2019 (Forecast)			—	45.00	85.00

### 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
Full year	37,500	4.8	5,300	8.8	5,600	18.4	4,200	39.5	170.40

#### 4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018  
(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 September 30, 2018	28,699,500 shares	As of March 31, 2018	28,699,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	4,051,361 shares	As of March 31, 2018	4,051,320 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	24,648,175 shares	Six months ended September 30, 2017	24,648,333 shares
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## 1. Information Concerning Consolidated Financial Results

### (1) Financial Results

In the first six months of FY2019 (April-September 2018), despite ongoing political uncertainty, the US economic recovery steadily continued, Japan and Europe experienced a gradual economic recovery. On the other hand, China's economy shows signs of slowdown due to debt reduction policies and trade friction. Furthermore, the global semiconductor market grew due to increased demand for logic and memory devices although prices declined and, capital investment was postponed by memory device manufactures.

The consolidated results for this period are shown below.

Consolidated Results for the First Six Months of Fiscal Year 2019:

Millions of JPY

	Six months ended September 30, 2017	Six months ended September 30, 2018	Change YoY
Net Sales	17,417	19,163	10.0%
Operating Income	2,289	2,813	22.9%
Ordinary Income	2,250	3,056	35.8%
Net Income Attributable to Owners of Parent	1,647	2,339	42.0%

### (2) Segment Operating Results by Region

#### (i) Japan

Net sales in Japan increased by 19.9% to JPY 10,997 million compared with the same term last year. The increase was mainly due to strong demand from silicon wafers and semiconductor devices. Operating profit increased by 27.9% to JPY 2,684 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 5.3% to JPY 3,081 million compared with the same term last year. Operating profit decreased by 30.4% to JPY 349 million compared with the same term last year. The decrease was mainly due to changing product mix for CMP products related to the semiconductor devices.

#### (iii) Asia

Net sales in Asia decreased by 6.5% to JPY 4,269 million compared with the same term last year. The decrease was mainly due to weak demand for products related to the hard disks, despite strong demand for CMP products related to the semiconductor devices. Operating profit increased by 32.6% to JPY 718 million compared with the same term last year. The increase was mainly due to a favorable product mix.

(iv) Europe

Net sales in Europe increased by 8.4% to JPY 814 million compared with the same term last year. Operating profit increased by 44.2% to JPY 109 million compared with the same term last year.

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

(i) Silicon Wafers

Regarding products for silicon wafers, the net sales of lapping abrasive products increased by 25.4% to JPY 2,176 million compared with the same term last year and net sales of polishing slurry products increased by 26.8% to JPY 4,301 million compared with the same term last year. The increase in net sales of both product lines were mainly due to strong market demand and market share increase.

(ii) Semiconductor Devices

Regarding products for CMP process of semiconductor devices, net sales increased by 6.8% to JPY 7,690 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 25.7% to JPY 1,276 million compared with the same term last year. The decrease in net sales was mainly due to market shrinkage caused by replacement with SSD (Solid State Drive) and a customer's manufacturing process change.

(iv) General Industries

Regarding products for general industries, net sales decreased by 4.5% to JPY 2,212 million compared with the same term last year.

## 2. Information Concerning Consolidated Financial Status

### (1) Summary of Total Assets, Total Liabilities and Net Assets as of September 30, 2018

Total assets increased by JPY 1,797 million to JPY 57,237 million compared with the end of the previous fiscal year mainly due to increases of JPY 697 million in cash and deposits and JPY 658 million in notes and accounts receivable-trade, offsetting decreases of JPY 234 million in other in current assets.

Total liabilities increased by JPY 12 million to JPY 7,604 million compared with the end of the previous fiscal year mainly due to an increase of JPY 217 million in income tax payable and 130 JPY in provision for stock payment, offsetting a decrease of JPY 260 million in notes and accounts payable – trade and JPY 168 million in other in current liabilities.

Net assets increased by JPY 1,784 million to JPY 49,633 million compared with the end of the previous fiscal year mainly due to an increase of JPY 1,388 million in retained earnings and JPY 377 million in foreign currency adjustment.

## 3. Information Concerning Revision of Financial Forecast

Financial forecast is revised as below due to improved results for the six months ended September 30, 2018. The change is primarily due to strong demand for silicon wafers and semiconductor devices.

Financial Forecast for Fiscal Year 2019:

Millions of JPY

	Revised Forecast	Previous Forecast	Increase or Decrease	Change Ratio	Reference FY2018 Actual
Net Sales	37,500	36,500	1,000	2.7%	35,788
Operating Profit	5,300	5,100	200	3.9%	4,872
Ordinary Profit	5,600	5,200	400	7.7%	4,728
Profit Attributable to Owners of Parent	4,200	3,900	400	7.7%	3,011
Earnings Per Share (JPY)	170.40	158.22	—	—	122.16

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, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	24,929	25,627
Notes and accounts receivable - trade	8,010	8,669
Securities	500	500
Merchandise and finished goods	3,244	3,422
Work in process	801	926
Raw materials and supplies	1,748	2,136
Other	772	537
Allowance for doubtful accounts	(23)	(28)
Total current assets	39,983	41,791
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,822	7,740
Other, net	5,527	5,553
Total property, plant and equipment	13,349	13,294
Intangible assets	479	444
Investments and other assets		
Investment securities	744	753
Deferred tax assets	749	828
Other	141	134
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	1,626	1,706
Total non-current assets	15,456	15,445
Total assets	55,439	57,237

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,269	3,008
Income taxes payable	429	647
Provision for bonuses	1,115	1,104
Provision for directors' bonuses	—	55
Other	1,952	1,784
Total current liabilities	6,767	6,601
Non-current liabilities		
Deferred tax liabilities	—	0
Net defined benefit liability	651	677
Provision for stocks payment	153	284
Other	18	40
Total non-current liabilities	823	1,002
Total liabilities	7,591	7,604
Net assets		
Shareholders' equity		
Capital stock	4,753	4,753
Capital surplus	5,570	5,570
Retained earnings	42,718	44,107
Treasury shares	(5,641)	(5,641)
Total shareholders' equity	47,401	48,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	202	205
Foreign currency translation adjustment	336	714
Remeasurements of defined benefit plans	(92)	(77)
Total accumulated other comprehensive income	446	843
Total net assets	47,848	49,633
Total liabilities and net assets	55,439	57,237



**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	17,417	19,163
Cost of sales	10,384	11,255
Gross profit	7,033	7,908
Selling, general and administrative expenses	4,743	5,095
Operating profit	2,289	2,813
Non-operating income		
Interest income	20	56
Foreign exchange gains	—	140
Other	42	56
Total non-operating income	62	253
Non-operating expenses		
Foreign exchange losses	95	—
Loss on retirement of non-current assets	4	6
Other	1	3
Total non-operating expenses	101	9
Ordinary profit	2,250	3,056
Profit before income taxes	2,250	3,056
Income taxes - current	610	797
Income taxes - deferred	(7)	(79)
Total income taxes	603	717
Profit	1,647	2,339
Profit attributable to owners of parent	1,647	2,339

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	1,647	2,339
Other comprehensive income		
Valuation difference on available-for-sale securities	0	3
Foreign currency translation adjustment	253	377
Remeasurements of defined benefit plans, net of tax	25	15
Total other comprehensive income	279	396
Comprehensive income	1,926	2,736
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,926	2,736

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	2,250	3,056
Depreciation	665	684
Amortization of long-term prepaid expenses	1	1
Increase (decrease) in allowance for doubtful accounts	2	4
Increase (decrease) in provision for directors' bonuses	41	55
Increase (decrease) in provision for bonuses	(91)	(17)
Increase (decrease) in net defined benefit liability	64	48
Increase(decrease) in provision for stocks payment	—	130
Interest income	(20)	(56)
Foreign exchange losses (gains)	(2)	(25)
Loss (gain) on sales and retirement of non-current assets	4	4
Decrease (increase) in notes and accounts receivable - trade	(615)	(581)
Increase (decrease) in notes and accounts payable - trade	236	(330)
Decrease (increase) in inventories	(109)	(594)
Increase (decrease) in accounts payable - other	6	69
Other, net	(163)	309
Subtotal	2,272	2,759
Interest and dividend income received	19	48
Income taxes paid	(1,021)	(682)
Income taxes refund	33	44
Net cash provided by (used in) operating activities	1,303	2,170
Cash flows from investing activities		
Payments into time deposits	(557)	(3,633)
Proceeds from withdrawal of time deposits	—	2,931
Proceeds from sales of investment securities	26	—
Purchase of property, plant and equipment	(791)	(586)
Purchase of intangible assets	(39)	(101)
Other, net	(6)	1
Net cash provided by (used in) investing activities	(1,368)	(1,387)
Cash flows from financing activities		
Cash dividends paid	(690)	(951)
Purchase of treasury shares	—	(0)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(691)	(952)
Effect of exchange rate change on cash and cash equivalents	170	152
Net increase (decrease) in cash and cash equivalents	(585)	(17)
Cash and cash equivalents at beginning of period	24,832	23,336
Cash and cash equivalents at end of period	24,246	23,319