

CONSOLIDATED FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2017 [J-GAAP]

November 9, 2017

Listed Company Name: Fuji Machine Mfg. Co., Ltd.
 Securities Code: 6134
 Listings: Tokyo Stock Exchange, Nagoya Stock Exchange
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Scheduled date to submit quarterly report: November 10, 2017
 Scheduled date to start dividend payments: December 8, 2017
 Preparation of quarterly financial results briefing materials: Yes
 Holding of quarterly financial results briefing: Yes
 (for institutional investors and analysts)

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Results (From April 1, 2017 to September 30, 2017)

(1) Consolidated Operating Results

(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	%
Six months ended September 30, 2017	59,352	40.0	10,688	118.5	11,196	139.2	7,884	141.5
Six months ended September 30, 2016	42,404	-6.4	4,890	-29.3	4,679	-35.6	3,264	-33.7

Note: Comprehensive income Six months ended September 30, 2017: ¥11,647 million (-%)
 Six months ended September 30, 2016: ¥970 million (-71.4%)

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended September 30, 2017	88.14	81.86
Six months ended September 30, 2016	34.59	32.22

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	174,776	141,251	80.7
As of March 31, 2017	158,406	130,947	82.5

Reference: Shareholders' equity As of September 30, 2017 : ¥141,052 million
 As of March 31, 2017 : ¥130,744 million

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	15.00	—	15.00	30.00
Fiscal year ending March 31, 2018	—	20.00			
Fiscal year ending March 31, 2018 (Forecast)			—	20.00	40.00

Note: Revision of dividend forecast since last announcement: None

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	110,000	27.3	17,500	78.7	18,100	77.4	12,700	80.0	141.98

Note: Revision of results forecast since last announcement: Yes

*Notes

(1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries involving changes in scope of consolidation): None

New Company: — Exclusion: —

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and retrospective restatements

1) Changes in accounting policies in accordance with revision of accounting standards: None

2) Changes in accounting policies other than item 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued as of end of period (including treasury shares)

As of September 30, 2017: 97,823,748 shares

As of March 31, 2017: 97,823,748 shares

2) Number of treasury shares as of end of period

As of September 30, 2017: 8,373,646 shares

As of March 31, 2017: 8,372,922 shares

3) Average number of shares during the period

Six months ended September 30, 2017: 89,450,480 shares

Six months ended September 30, 2016: 94,394,578 shares

These quarterly financial results are not subject to quarterly review procedures

Explanation regarding appropriate use of results forecasts and other special remarks

(Attention for forward-looking statements, etc.)

The forward-looking statements, including results forecasts, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document and they are not meant to be a commitment by the Company. Also, actual business results may differ substantially due to a number of factors. Please refer to page 3 for details regarding assumptions and other matters concerning for the forecast of consolidated results.

(How to obtain supplementary materials pertaining to the disclosure of quarterly financial results)

Supplementary materials pertaining to the disclosure of financial results for this quarter will be available at www.fuji.co.jp from November 13, 2017.

(Reference)

Forecast of non-consolidated Results for the Fiscal Year Ending March 31, 2018(From April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	100,000	26.8	16,000	79.3	16,400	78.0	12,000	86.6	134.15

Note: Revision of results forecast since last announcement: Yes

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2017, the Japanese economy has continued a recovery trend overall, and capital investment has shown steady growth. In terms of the global economy, the European economy continued a moderate recovery and signs of recovery in the manufacturing industry in North America has kept against the backdrop of improved corporate earnings. In China, economic has shown a signs of recovery, capital investment showed recovery as well.

In this environment, under the slogan of “Excite and Inspire” the Company and its subsidiaries (hereinafter the “Group”) have taken on the challenge of reforming and have made efforts to develop highly original products as one of the world’s leading robot manufacturers, while striving to promote swift management and to provide the market with products that are highly cost competitive in a timely manner. We have also worked to improve customer satisfaction by strengthening the domestic and overseas sales and service system through cooperation among Group companies and expansion of the dealer network, and by promoting solution-based sales approaches. At the same time, we have sought to improve profitability through efforts to pursue exhaustive QCD (quality, cost and delivery) through strengthening supply chains and production reforms.

As a result of the above, net sales for the six months ended September 30, 2017 were ¥59,352 million, an increase of 16,947 million (40.0%) compared with the corresponding period of the previous fiscal year. Operating income was ¥10,688 million, (up 118.5% from the same period of the previous fiscal year), ordinary income was ¥11,196 million (up 139.2%), and profit attributable to owners of parent was ¥7,884 million (up 141.5%).

Business results by segment are as follows.

1) Robotic Solutions

Along with an improved perception of the state of the global economy, the electronic device market as a whole has grown steady, and demand is increasing. This increase in business results has driven the demand for smartphones and automotives, and demand for consumer electronics and IoT devices is also steady. When looking at the regions, the Chinese market has significantly expanded. As a result, net sales totaled ¥52,453 million, up ¥15,573 million (42.2%) from the corresponding period of the previous fiscal year, and operating income was ¥12,352 million (up 69.0% from the same period of the previous fiscal year).

2) Machine Tools

We have been told that equipment investment positioning is strong both within and outside Japan. Our sales structure was not sufficiently equipped to handle the increased demand in China, but the demand for equipment investment in Japan and for equipment investment related to automobiles in the U.S. has been steady. As a result of such factors, net sales were ¥5,915 million, an increase of ¥1,007 million (20.5%) from the same period of the previous fiscal year, and operating income was ¥53 million (operating loss for the same period of the previous fiscal year was ¥416 million).

(2) Explanation of Financial Position

Regarding our financial position, due to an increase in notes and accounts receivable–trade, total assets increased by ¥16,370 million from the end of the previous fiscal year, to ¥174,776 million. In addition, an increase in deferred tax liabilities (included to other of non-current liabilities) and income taxes payable resulted in an increase in total liabilities by ¥6,065 million from the end of the previous fiscal year, to ¥33,524 million.

With regard to cash flows, the balance of cash and cash equivalents at the end of the second quarter of the fiscal year decreased by ¥1,794 million from the end of the previous fiscal year, to ¥53,564 million.

Net cash provided by operating activities was ¥4,017 million (¥9,165 million in the same period of the previous fiscal year). This was mainly due to exceed negative factor of increasing notes and accounts receivable–trade by positive factor of increasing profit before income taxes.

Net cash used in investing activities was ¥4,780 million (¥6,945 million in the same period of the previous fiscal year). This was mainly due to purchase of securities.

Net cash used in financing activities was ¥1,371 million (¥4,825 million in the same period of the previous fiscal year). This was mainly due to cash dividends paid.

(3) Explanation of Forward-Looking Information including Forecast of Consolidated Results

Regarding robotic solutions business, the electronic device market as a whole has grown steady, and demand is increasing. Due to this reason the Company has revised its consolidated forecast of business and as a result, the following amendments have been made to the forecast which was announced on August 10, 2017.

Revision of forecast of consolidated business results (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share (yen)
Previous forecast (A)	104,000	16,100	16,600	11,800	131.92
Revised forecast (B)	110,000	17,500	18,100	12,700	141.98
Change (B-A)	6,000	1,400	1,500	900	
Rate of change (%)	5.8	8.7	9.0	7.6	
(Ref.) Results for the fiscal year ended March 31, 2017	86,397	9,794	10,200	7,054	76.19

Note; The above forecast of business results is based on certain information available to Fuji Machine Mfg. Co., Ltd. at the time of this announcement, and actual operating results may differ from the forecast due to various factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	53,956	49,452
Notes and accounts receivable - trade	18,004	29,431
Securities	5,570	10,183
Merchandise and finished goods	7,463	8,954
Work in process	14,158	12,488
Raw materials and supplies	5,479	5,720
Other	6,932	6,508
Allowance for doubtful accounts	(20)	(20)
Total current assets	111,544	122,717
Non-current assets		
Property, plant and equipment	17,870	18,289
Intangible assets	6,462	6,517
Investments and other assets		
Investment securities	22,057	26,725
Other	471	525
Total investments and other assets	22,529	27,251
Total non-current assets	46,862	52,059
Total assets	158,406	174,776
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,250	5,664
Current portion of long-term loans payable	31	—
Income taxes payable	1,691	3,126
Provision for product warranties	845	1,022
Other	6,195	8,857
Total current liabilities	14,014	18,671
Non-current liabilities		
Bonds payable	10,039	10,034
Net defined benefit liability	859	786
Other	2,545	4,032
Total non-current liabilities	13,444	14,853
Total liabilities	27,458	33,524

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	5,878	5,878
Capital surplus	5,413	5,413
Retained earnings	119,790	126,333
Treasury shares	(10,054)	(10,055)
Total shareholders' equity	121,028	127,570
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,739	10,999
Foreign currency translation adjustment	1,892	2,441
Remeasurements of defined benefit plans	83	41
Total accumulated other comprehensive income	9,715	13,482
Non-controlling interests	203	199
Total net assets	130,947	141,251
Total liabilities and net assets	158,406	174,776

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(For the Six Months Ended September 30, 2016 and 2017)

	(Millions of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	42,404	59,352
Cost of sales	26,348	35,231
Gross profit	16,056	24,121
Selling, general and administrative expenses	11,165	13,432
Operating profit	4,890	10,688
Non-operating income		
Interest income	76	100
Dividend income	194	189
Foreign exchange gains	—	213
Miscellaneous income	106	62
Total non-operating income	377	566
Non-operating expenses		
Interest expenses	△3	△2
Commission fee	15	60
Foreign exchange losses	574	—
Miscellaneous expenses	2	0
Total non-operating expenses	588	58
Ordinary profit	4,679	11,196
Extraordinary income		
Gain on disposal of non-current assets	19	15
Subsidy income	159	—
Other	—	0
Total extraordinary income	179	15
Extraordinary losses		
Loss on disposal of non-current assets	56	228
Loss on valuation of investment securities	145	—
Litigation settlement	—	434
Total extraordinary losses	201	662
Profit before income taxes	4,657	10,549
Income taxes - current	1,390	3,163
Income taxes - deferred	(3)	(506)
Total income taxes	1,387	2,657
Profit	3,270	7,891
Profit attributable to non-controlling interests	5	7
Profit attributable to owners of parent	3,264	7,884

(Consolidated Statements of Comprehensive Income)
(For the Six Months Ended September 30, 2016 and 2017)

	(Millions of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	3,270	7,891
Other comprehensive income		
Valuation difference on available-for-sale securities	(436)	3,259
Foreign currency translation adjustment	(2,193)	538
Remeasurements of defined benefit plans, net of tax	329	(41)
Total other comprehensive income	(2,299)	3,755
Comprehensive income	970	11,647
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	956	11,651
Comprehensive income attributable to non-controlling interests	14	(4)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	4,657	10,549
Depreciation	2,472	2,503
Increase (decrease) in net defined benefit liability	409	(132)
Interest and dividend income	(271)	(290)
Interest expenses	(3)	(2)
Loss (gain) on disposal of non-current assets	36	213
Loss (gain) on valuation of investment securities	145	—
Decrease (increase) in notes and accounts receivable - trade	2,213	(11,320)
Decrease (increase) in inventories	(272)	240
Increase (decrease) in notes and accounts payable - trade	(467)	176
Decrease (increase) in consumption taxes refund receivable	1,207	1,143
Other, net	(331)	2,383
Subtotal	9,796	5,464
Interest and dividend income received	272	291
Interest expenses paid	(1)	(2)
Income taxes paid	(901)	(1,735)
Net cash provided by (used in) operating activities	9,165	4,017
Cash flows from investing activities		
Purchase of securities	(3,200)	(3,600)
Purchase of property, plant and equipment and intangible assets	(3,353)	(2,852)
Proceeds from sales of property, plant and equipment and intangible assets	122	36
Purchase of investment securities	(99)	—
Payments into time deposits	(1,624)	(33)
Proceeds from withdrawal of time deposits	1,210	1,713
Other, net	(2)	(44)
Net cash provided by (used in) investing activities	(6,945)	(4,780)
Cash flows from financing activities		
Repayments of long-term loans payable	—	(32)
Cash dividends paid	(1,344)	(1,337)
Purchase of treasury shares	(3,450)	(1)
Other, net	(30)	—
Net cash provided by (used in) financing activities	(4,825)	(1,371)
Effect of exchange rate change on cash and cash equivalents	(1,541)	339
Net increase (decrease) in cash and cash equivalents	(4,147)	(1,794)
Cash and cash equivalents at beginning of period	59,357	55,358
Cash and cash equivalents at end of period	55,210	53,564

(4) Notes to Consolidated Financial Statements

(Notes to assumption of going concern)

Not applicable

(Notes to a significant change in shareholders' equity)

Not applicable

(Segment information)

I. Six months ended September 30, 2016

1) Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Others (Note)	Total
	Robotic Solutions	Machine Tools	Subtotal		
Net sales					
Sales to external customers	36,879	4,907	41,786	617	42,404
Inter-segment sales or transfers	1	—	1	1	2
Total	36,880	4,907	41,788	619	42,407
Segment income (loss)	7,309	(416)	6,892	(274)	6,618

Note: "Others" include business activities that do not fit into the main two reportable segments. This includes the manufacture of control equipment, electronic equipment, and image processing development.

2) Difference between the aggregate amount of the profit or loss of a reportable segment and the amount posted in the consolidated statements of income and major descriptions of such difference (difference adjustments and related matters)

(Millions of yen)

Income	Amount
Reportable segments total	6,892
Losses in Others	(274)
Inter-segment transaction eliminations	4
Corporate expenses (Note)	(1,732)
Operating income in the consolidated statements of income	4,890

Note: Corporate expenses mainly consist of general and administrative expenses and technical research expenses not attributable to the reportable segments.

II. Six months ended September 30, 2017

1) Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Others (Note)	Total
	Robotic Solutions	Machine Tools	Subtotal		
Net sales					
Sales to external customers	52,453	5,915	58,368	984	59,352
Inter-segment sales or transfers	4	0	5	5	10
Total	52,457	5,915	58,373	990	59,363
Segment income (loss)	12,352	53	12,405	(138)	12,267

Note: "Others" include business activities that do not fit into the main two reportable segments. This includes the manufacture of control equipment, electronic equipment, and image processing development.

2) Difference between the aggregate amount of the profit or loss of a reportable segment and the amount posted in the consolidated statements of income and major descriptions of such difference (difference adjustments and related matters)

(Millions of yen)

Income	Amount
Reportable segments total	12,405
Losses in Others	(138)
Inter-segment transaction eliminations	4
Corporate expenses (Note)	(1,583)
Operating income in the consolidated statements of income	10,688

Note: Corporate expenses mainly consist of general and administrative expenses and technical research expenses not attributable to the reportable segments.

3. Others

(1) Orders and Sales

Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

Name of segment	Orders (Millions of yen)	Ratio (%)	Net sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Robotic Solutions	38,650	87.1	36,879	86.9	11,082	60.5
Machine Tools	5,099	11.5	4,907	11.6	7,067	38.6
Others	624	1.4	617	1.5	171	0.9
Total	44,375	100.0	42,404	100.0	18,321	100.0

Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

Name of segment	Orders (Millions of yen)	Ratio (%)	Net sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Robotic Solutions	52,594	87.5	52,453	88.4	16,328	66.1
Machine Tools	6,372	10.6	5,915	10.0	8,111	32.8
Others	1,130	1.9	984	1.6	282	1.1
Total	60,097	100.0	59,352	100.0	24,722	100.0

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

Name of segment	Orders (Millions of yen)	Ratio (%)	Net sales (Millions of yen)	Ratio (%)	Order backlogs (Millions of yen)	Ratio (%)
Robotic Solutions	80,981	86.1	74,105	85.8	16,187	67.5
Machine Tools	11,776	12.5	10,997	12.7	7,654	31.9
Others	1,265	1.4	1,294	1.5	136	0.6
Total	94,024	100.0	86,397	100.0	23,978	100.0

(2) Information by Region

Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

	Japan	China	Other Asia	United States	Other North America	Europe	Others	Total
Net sales (Millions of yen)	5,378	19,577	5,390	4,703	1,512	5,425	417	42,404
Ratio (%)	12.7	46.2	12.7	11.1	3.5	12.8	1.0	100.0

Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

	Japan	China	Other Asia	United States	Other North America	Europe	Others	Total
Net sales (Millions of yen)	7,356	29,366	6,374	6,631	3,687	5,437	497	59,352
Ratio (%)	12.4	49.5	10.7	11.2	6.2	9.2	0.8	100.0

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

	Japan	China	Other Asia	United States	Other North America	Europe	Others	Total
Net sales (Millions of yen)	11,876	38,947	10,377	10,791	3,605	9,870	927	86,397
Ratio (%)	13.7	45.1	12.0	12.5	4.2	11.4	1.1	100.0

Note: Net sales are based on the locations of customers and classified by country or region.

Reference Document

Announcement of Financial Results for the Second Quarter Ended September 30, 2017

November 9, 2017

Fuji Machine Mfg. Co., Ltd.
 Securities Code: 6134
 Listings: First section of the Tokyo Stock Exchange
 and Nagoya Stock Exchange

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

(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	%
First half	59,352	40.0	10,688	118.5	11,196	139.2	7,884	141.5
Full year	110,000	27.3	17,500	78.7	18,100	77.4	12,700	80.0

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

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half	55,329	45.7	10,101	163.1	10,510	198.6	7,652	206.1
Full year	100,000	26.8	16,000	79.3	16,400	78.0	12,000	86.6

3. Forecast of consolidated orders and net sales for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Amounts less than one million yen have been truncated)

Name of segment	Orders		Net sales	
	First half	Full year	First half	Full year
Robotic Solutions	52,594	95,500	52,453	95,000
Machine Tools	6,372	13,000	5,915	13,000
Others	1,130	2,500	984	2,000
Total	60,097	111,000	59,352	110,000

4. Forecast of consolidated major items for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Amounts less than one million yen have been truncated)

Item	First half	Full year
Capital expenditures	3,156	8,000
Depreciation	2,503	5,100
Research and development expenses	4,217	8,100