

## (TRANSLATION)

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April 27, 2016

**Consolidated Annual Financial Results**

For the Year ended March 31, 2016

Corporate name: FANUC CORPORATION  
 Stock code: 6954  
 Stock exchange listing: Tokyo Stock Exchange  
 URL: <http://www.fanuc.co.jp/>  
 Representative: Yoshiharu Inaba, President and CEO  
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 Annual Meeting of Shareholders: June 29, 2016  
 Start of cash dividend payments: June 30, 2016

## 1. Consolidated Financial Results for the Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

## (1) Consolidated Results of Operations

|      | Net sales       |              | Operating income |              | Ordinary income |              | Net income attributable to shareholders of parent company |              |
|------|-----------------|--------------|------------------|--------------|-----------------|--------------|---|--------------|
|      | Millions of yen | YoY change % | Millions of yen  | YoY change % | Millions of yen | YoY change % | Millions of yen   | YoY change % |
| 2015 | 623,418         | (14.6)       | 215,567          | (27.6)       | 229,361         | (26.5)       | 159,700   | (23.1)       |
| 2014 | 729,760         | 61.8         | 297,839          | 81.5         | 311,951         | 78.9         | 207,599   | 87.1         |

Note: Consolidated comprehensive income for the year ended March 31, 2016 is ¥117,953 million, down 49.9%, and for the year ended March 31, 2015 is ¥235,351 million, up 60.9%

|      | Net income per share | Net income per share (diluted) | Return on equity | Ordinary income-to-total capital ratio | Operating income-to-net sales ratio |
|------|----------------------|--------------------------------|------------------|--|-------------------------------------|
|      | Yen                  | Yen                            | %                | %                                      | %                                   |
| 2015 | 816.78               | -                              | 11.8             | 14.7                                   | 34.6                                |
| 2014 | 1,061.02             | -                              | 16.1             | 21.1                                   | 40.8                                |

Note: Investment profit/(loss) on equity method for the year ended March 31, 2016 is ¥11,494 million and for the year ended March 31, 2015 is ¥9,886 million.

## (2) Consolidated Financial Position

|      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|------|-----------------|-----------------|--------------|----------------------|
|      | Millions of yen | Millions of yen | %            | Yen                  |
| 2015 | 1,512,895       | 1,334,910       | 87.8         | 6,825.27             |
| 2014 | 1,611,626       | 1,386,695       | 85.6         | 7,049.39             |

Note: Equity capital for the year ended March 31, 2016 is ¥1,328,483 million and for the year ended March 31, 2015 is ¥1,379,177 million.

## (3) Consolidated Cash Flow Position

|      | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|------|---|---|---|--|
|      | Millions of yen                                     | Millions of yen                                     | Millions of yen                                     | Millions of yen                            |
| 2015 | 140,633   | (112,677)   | (169,572)   | 831,662                                    |
| 2014 | 222,912   | (24,926)  | (47,314)  | 991,236                                    |

## 2. Dividends

| (Cut-off date)  | Dividends per share |             |             |                    |           | Total amount of dividends (full year) | Payout ratio (consolidated) | Dividends-to-net assets Ratio |
|-----------------|---------------------|-------------|-------------|--------------------|-----------|---------------------------------------|-----------------------------|-------------------------------|
|                 | 1st Quarter         | 2nd Quarter | 3rd Quarter | Year-end Dividends | Full year |                                       |                             |                               |
|                 | Yen                 | Yen         | Yen         | Yen                | Yen       | Millions of yen                       | %                           | %                             |
| 2014            | —                   | 144.69      | —           | 491.93             | 636.62    | 124,554                               | 60.0                        | 9.6                           |
| 2015            | —                   | 281.86      | —           | 208.21             | 490.07    | 95,668                                | 60.0                        | 7.0                           |
| 2016 (forecast) | —                   | —           | —           | —                  | —         |                                       | —                           |                               |

Note: The forecasts of the 2nd quarter-end and year-end dividends for the year ending March 31, 2017, will be disclosed promptly upon their availability.

## 3. Consolidated Financial Forecasts for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

|                                      | Net sales       |        | Operating income |        | Ordinary income |        | Net income attributable to shareholders of parent company |        | Net income per share |
|--------------------------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|----------------------|
|                                      | Millions of yen | %      | Millions of yen  | %      | Millions of yen | %      | Millions of yen   | %      | Yen                  |
| 2 <sup>nd</sup> Quarter (Cumulative) | 245,600         | (29.8) | 60,900           | (52.2) | 66,400          | (51.5) | 49,100  | (46.6) | 251.12               |
| Fiscal period                        | 505,700         | (18.9) | 117,300          | (45.6) | 128,100         | (44.1) | 93,700  | (41.3) | 479.23               |

### \*Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016  
(changes in specific subsidiaries that caused change in scope of consolidation) : None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1. Changes in accounting policies with revision of accounting standards : Yes
2. Changes in accounting policies other than the above : None
3. Changes in accounting estimates : None
4. Revision restatements : None

Note: For more details, please see "4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements, Changes in accounting principles" on Page 15 in Attachment.

(3) Number of shares outstanding(Common shares)

1. Number of shares outstanding at the end of the period(including treasury stocks)
 

|  |                |                    |                |                    |
|--|----------------|--------------------|----------------|--------------------|
|  | March 31, 2016 | 205,942,215 shares | March 31, 2015 | 239,508,317 shares |
|--|----------------|--------------------|----------------|--------------------|
2. Number of treasury stocks
 

|  |                |                   |                |                   |
|--|----------------|-------------------|----------------|-------------------|
|  | March 31, 2016 | 11,300,237 shares | March 31, 2015 | 43,863,212 shares |
|--|----------------|-------------------|----------------|-------------------|
3. Average number of shares during the period
 

|  |                |                    |                |                    |
|--|----------------|--------------------|----------------|--------------------|
|  | March 31, 2016 | 195,522,938 shares | March 31, 2015 | 195,660,546 shares |
|--|----------------|--------------------|----------------|--------------------|

## Attachment

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## 1. Business Results

### (1) Analysis of Business Results

#### ① Business Results for the Period Ending March 31, 2016

During this period, demand for capital investment was generally unchanged in Europe and Japan and remained steady in the Americas; however, demand further slowed in China as well as in parts of Asia, which were affected by the situation in China. These situations made business environment severe as a whole.

Under these circumstances, the FANUC Group strived to make customers trust our products and services to an even greater extent, by becoming united as one group under the slogans “one FANUC,” “Reliable / Predictable / Easy to Repair,” and “Service First” so that we can achieve further development in our business.

During the fiscal year ended March 31, 2016, FANUC posted consolidated net sales totaling ¥623,418 million, down 14.6%, consolidated ordinary income totaling ¥229,361 million, down 26.5%, and consolidated net income totaling ¥159,700 million, down 23.1%, compared with the previous fiscal year.

(Note): “Net income” in “Business Results” means “Net income attributable to shareholders of parent company” in the Statement of Income.

Regarding capital investment of this period, we proceeded with the construction of new factories for CNCs, servo motors and others in Mibu-machi, Tochigi Prefecture, in order to fortify our future production capacity, and proceeded also with the expansion of R&D facilities at our headquarters in order to pursue “enhanced reliability” and “greater speed” in research and development.

During this period, the FANUC Robot CR-35iA, a green robot that can work together with human operators without safety fences, won the “Nikkan Kogyo Shimbun Best 10 New Product Awards 2015/ Masuda Award” and the “Nikkei Awards for Excellence, the Nikkei Superior Products and Services Awards 2015”.

Additionally, FANUC was presented with the “Drivers of Change Award” of the 2015 FT ArcelorMittal BOLDNESS IN BUSINESS AWARDS by the Financial Times and ArcelorMittal. (See Note.)

(Note): The BOLDNESS IN BUSINESS AWARDS are granted to companies who stand out for their vision and leadership in exerting courage and imagination in taking calculated risk and making difficult decisions. Among the Awards, the “Drivers of Change Award” recognizes companies that are not afraid to change their company or even revolutionize their industry.

We determined our new shareholder return policy (see page 5) in April, 2015 and accordingly increased dividend payout ratio from previous 30% to 60% of our consolidated net income.

Based on this shareholder return policy, we cancelled 33,570,000 treasury shares in June, 2015, which is the portion exceeding 5% of the total number of issued shares. In February, 2016, we announced share buyback, the amount of which is up to ¥30billion, and carried out the acquisition of the shares.

The following is a summary of the results for each business division:

### **[FA Division]**

The machine tool industry, the primary market for FANUC CNC systems, witnessed a significant reduction in demands in China, the impact from which resulted in sluggish demands in Taiwan and South Korea. Demands in Japan also slowed from the second half of the fiscal year. Under these circumstances, net sales of CNC systems of FANUC Group decreased.

FANUC laser sales were sluggish domestically and abroad.

The FA Division posted consolidated sales of ¥170,211 million, down 17.6 % compared with the previous fiscal year, and FA Division sales accounted for 27.3 % of consolidated net sales.

### **[ROBOT Division]**

Sales of robots continued to remain steady in the Americas and in Europe, and were also favorable in China. In Japan, sales to both the automobile industry and general industries increased from the second half of the fiscal year. The total shipment volume of robots at the end of November 2015 exceeded 400,000 units.

The Robot Division posted consolidated sales of ¥188,295 million, up 20.3 % compared with the previous fiscal year. Robot Division sales accounted for 30.2 % of consolidated net sales.

### **[ROBOMACHINE Division]**

Sales of the ROBODRILL (small machining center), affected by the end of short-term demand from the IT industry in the first half of the period and the almost complete absence of any recovery in demand from IT industry thereafter, decreased significantly compared with the previous fiscal year during which time demand was prevalent throughout the year. However, sales to other industries in Japan and overseas markets remained steady.

Sales of ROBOSHOTS (electric injection molding machine) were steady mainly in overseas markets including China. The total shipment volume of ROBOSHOTS at the end of February 2016 exceeded 50,000 units.

Sales of ROBOCUTs (wire-cut electric discharge machine) remained steady mainly in Japan, Europe and China.

As a result, the ROBOMACHINE Division posted consolidated sales of ¥183,011 million, down 37.2 % compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 29.4 % of consolidated net sales.

### **[Service Division]**

The Service Division, under our basic policy of "Service First," strived to offer rapid maintenance services in order to minimize downtime in our customers' factories, while providing high-level services and practicing "lifetime maintenance" throughout the world.

The Service Division posted consolidated sales of ¥81,901 million, up 9.0% compared with the previous fiscal year. Service Division sales accounted for 13.1% of consolidated net sales.

## ② Financial forecast for the year ending March 31, 2017

Going forward, sluggish demand for capital investment in China is expected to take some time to recover. Furthermore, there are concerns over a market slowdown in the Americas and foreign exchange movements are unstable. As a result of these and other factors, the situation is expected to continue to remain difficult and unpredictable.

The present forecast for consolidated financial results for the year ending March 31, 2017 is as follows:

Financial forecast for the year ending March 31, 2017

|                  | Amount<br>(Millions of yen) | Comparison with<br>Previous year (%) |
|------------------|-----------------------------|--------------------------------------|
| Net sales        | 505,700                     | (18.9)                               |
| Operating income | 117,300                     | (45.6)                               |
| Ordinary income  | 128,100                     | (44.1)                               |
| Net income       | 93,700                      | (41.3)                               |

Note: The currency rate applied to the period from April 1, 2016 to March 31, 2017 is averaged at 105 yen/US dollar and 115 yen/Euro.

### **(2) Analysis of Financial Status**

#### [ Financial Status ]

Total assets were ¥1,512,895 million, down ¥98,731 million. This was mainly due to the decrease in cash and bank deposits of ¥184,574 million, and an increase in tangible fixed assets of ¥86,135 million, compared with the previous fiscal year.

Total liabilities were ¥177,985 million, down ¥46,946 million compared with the previous fiscal year.

Net assets were ¥1,334,910 million, down ¥51,785 million compared with the previous fiscal year.

#### [ Cash Flow ]

Consolidated cash flow for this fiscal period amounted to ¥ (159,574) million, down ¥326,671 million from the previous fiscal year. This amount is derived from the increase/decrease in the cash flow described below, plus a reduction of ¥17,958 million due to losses from currency exchange. As a result, the balance of cash and cash equivalents amounted to ¥831,662 million.

#### (Cash Flow in Sales Activities)

Cash obtained from sales activities during this period amounted to ¥140,633 million, down ¥82,279 million compared with the previous fiscal year. This is mainly due to the decrease in net profits before adjustments for tax and others.

#### (Cash Flow in Investment Activities)

Cash used for investment activities during this period amounted to ¥112,677 million, up ¥87,751 million compared with the previous fiscal year. This is mainly due to the increase in the acquisition of tangible fixed assets.

(Cash Flow in Financial Activities)

Cash used for financial activities during this period amounted to ¥169,572 million, up ¥122,258 million compared with the previous fiscal year. This is mainly due to the increase in dividends.

### (3) Basic Policy on Return of Profit to Shareholders and Dividends for the Current Fiscal Year

Our basic policy of distributing profits to shareholders is as follows.

(Announced on April 27, 2015)

|  |
|--|
| <p><u>1. Dividends</u></p> <p>In order to further enhance the distribution of profits to our shareholders in the long term, we have decided to implement a dividend payout ratio of 60% of our consolidated net profit.</p> <p><u>2. Share buybacks</u></p> <p>We aim to buy back our own shares in a flexible manner depending on the level of our stock prices, taking into account the balance with our investment in growth, and where the Five-Year Average Total Return Ratio(*) does not exceed 80%.</p> <p style="padding-left: 40px;">(*)Five-Year Average Total Return Ratio means the ratio of the total combined amount of dividends and the total amount of share buybacks, over the total amount of our consolidated net profit for a five-year period.</p> <p><u>3. Cancellation of treasury shares</u></p> <p>We aim to limit the number of our treasury shares that we hold to a maximum of 5% of the total number of issued shares. We will, as a general rule, cancel any portion exceeding that limit every fiscal year.</p> |
|--|

Dividends for this period are scheduled as follows:

|   | First half    | Second half (forecast) | Full year (forecast) | Payout ratio |
|---|---------------|------------------------|----------------------|--------------|
| Current period (fiscal year ended March 31, 2016)                 | Yen<br>281.86 | Yen<br>208.21          | Yen<br>490.07        | 60.0%        |
| (Reference)<br>Previous period (fiscal year ended March 31, 2015) | Yen<br>144.69 | Yen<br>491.93          | Yen<br>636.62        | 60.0%        |

## **2. Management Policy**

### **(1) Basic Management Policy**

FANUC was the first private company to succeed in the development of NC's and servomechanism in Japan, and ever since this success in 1956, has consistently pursued automation in factories.

With its three pillars consisting of the FA business, which comprises FANUC's basic technology of NC and servos, the ROBOT and ROBOMACHINE businesses which apply this basic technology, FANUC contributes to the manufacturing industry in Japan and overseas by promoting automation and efficiency in manufacturing.

### **(2) Challenges**

The FANUC Group, under the slogan of "one FANUC," shall take maximum advantage of our unique strength in uniting our FA, Robot and ROBOMACHINE divisions to jointly provide total solutions and take care of customers throughout the world.

In addition, the FANUC Group will adhere to its origins as a producer of equipment to be used in manufacturing sites, and shall be thorough in implementing our slogan of, "Reliable / Predictable / Easy to Repair" in product development, in order to minimize downtime in our customers' factories and improve the operation rate.

Furthermore, we shall practice our basic policy of "Service First" in providing high-level services based on FANUC's global standard anywhere in the world, and "lifetime maintenance" for as long as our customers use our products.

In addition to the basic policy outlined above, we will accelerate our strengthened response to IoT to further promote efficiency in manufacturing by our customers. This response to IoT is highly expected to grow in the future as a new business of FANUC Group.

By becoming united as one group in promoting such actions, we shall venture to make customers feel more secure and trust the FANUC Group even more, resulting in the stability and growth of our core business, so that we shall persevere as a company.

## **3. Basic Way of Thinking Regarding the Choice of Accounting Standards**

In consideration of enabling the comparison of consolidated financial statements for designated periods and comparison with other companies, FANUC will continue its policy of generating consolidated financial statements according to Japanese standards.



## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

|   | (Millions of yen) |                  |
|---|-------------------|------------------|
|   | March 31, 2015    | March 31, 2016   |
| <b>Assets</b>   |                   |                  |
| Current assets  |                   |                  |
| Cash and deposits                                     | 871,236           | 686,662          |
| Notes and accounts receivable-trade                   | 135,127           | 100,307          |
| Securities  | 120,000           | 145,000          |
| Merchandise and finished goods                        | 54,280            | 52,736           |
| Work in process                                       | 42,859            | 39,206           |
| Raw materials and supplies                            | 11,662            | 11,124           |
| Deferred tax assets                                   | 26,686            | 23,107           |
| Others  | 13,669            | 16,196           |
| Allowance for doubtful accounts                       | (2,164)           | (1,568)          |
| Total current assets                                  | <u>1,273,355</u>  | <u>1,072,770</u> |
| Noncurrent assets                                     |                   |                  |
| Property, plant and equipment                         |                   |                  |
| Buildings and structures, net                         | 95,024            | 97,821           |
| Machinery, equipment and vehicles, net                | 30,075            | 27,484           |
| Land  | 125,893           | 131,800          |
| Construction in progress                              | 8,009             | 85,917           |
| Other, net  | 6,924             | 9,038            |
| Total property, plant and equipment                   | <u>265,925</u>    | <u>352,060</u>   |
| Intangible assets                                     | 950               | 3,875            |
| Investments and other assets                          |                   |                  |
| Investment securities                                 | 59,753            | 65,809           |
| Deferred tax assets                                   | 8,415             | 15,384           |
| Others  | 3,228             | 2,998            |
| Allowance for doubtful accounts                       | (0)               | (1)              |
| Total investments and other assets                    | <u>71,396</u>     | <u>84,190</u>    |
| Total noncurrent assets                               | <u>338,271</u>    | <u>440,125</u>   |
| Total assets  | <u>1,611,626</u>  | <u>1,512,895</u> |
| <b>Liabilities</b>                                    |                   |                  |
| Current liabilities                                   |                   |                  |
| Notes and accounts payable-trade                      | 40,572            | 24,815           |
| Income taxes payable                                  | 72,219            | 17,199           |
| Warranty reserves                                     | 6,546             | 6,676            |
| Others  | 53,274            | 57,426           |
| Total current liabilities                             | <u>172,611</u>    | <u>106,116</u>   |
| Noncurrent liabilities                                |                   |                  |
| Liability related to retirement benefits              | 47,534            | 68,346           |
| Others  | 4,786             | 3,523            |
| Total noncurrent liabilities                          | <u>52,320</u>     | <u>71,869</u>    |
| Total liabilities                                     | <u>224,931</u>    | <u>177,985</u>   |
| <b>Net assets</b>                                     |                   |                  |
| Shareholders' equity                                  |                   |                  |
| Capital stock   | 69,014            | 69,014           |
| Capital surplus                                       | 96,277            | 96,206           |
| Retained earnings                                     | 1,500,635         | 1,269,557        |
| Treasury stock  | (312,855)         | (90,574)         |
| Total shareholders' equity                            | <u>1,353,071</u>  | <u>1,344,203</u> |
| Accumulated other comprehensive income                |                   |                  |
| Valuation difference on available-for-sale securities | 7,482             | 4,391            |
| Foreign currency translation adjustment               | 29,372            | 5,974            |
| Accumulated adjustment to retirement benefits         | (10,748)          | (26,085)         |
| Total accumulated other comprehensive income          | <u>26,106</u>     | <u>(15,720)</u>  |
| Non-controlling interests                             | <u>7,518</u>      | <u>6,427</u>     |
| Total net assets                                      | <u>1,386,695</u>  | <u>1,334,910</u> |
| Total liabilities and net assets                      | <u>1,611,626</u>  | <u>1,512,895</u> |

**(2) Consolidated Statement of Income and  
Consolidated Statement of Comprehensive Income**

Consolidated Statement of Income

(Millions of yen)

|   | Years ended March 31 |                |
|---|----------------------|----------------|
|   | 2015                 | 2016           |
| Net sales   | 729,760              | 623,418        |
| Cost of sales   | <u>350,746</u>       | <u>326,912</u> |
| Gross profit  | <u>379,014</u>       | <u>296,506</u> |
| Selling, general and administrative expenses              | <u>81,175</u>        | <u>80,939</u>  |
| Operating income  | <u>297,839</u>       | <u>215,567</u> |
| Non-operating income                                      |                      |                |
| Interest income   | 2,628                | 2,537          |
| Dividends income  | 1,037                | 1,372          |
| Investment profit on equity method                        | 9,886                | 11,494         |
| Miscellaneous income                                      | <u>2,147</u>         | <u>2,151</u>   |
| Total non-operating income                                | <u>15,698</u>        | <u>17,554</u>  |
| Non-operating expenses                                    |                      |                |
| Loss on sales and retirement of noncurrent assets         | 906                  | 857            |
| Sales discount  | 110                  | 106            |
| Donation  | 144                  | 383            |
| Foreign exchange losses                                   | 43                   | 2,090          |
| Miscellaneous expenses                                    | <u>383</u>           | <u>324</u>     |
| Total non-operating expenses                              | <u>1,586</u>         | <u>3,760</u>   |
| Ordinary income   | <u>311,951</u>       | <u>229,361</u> |
| Income before income taxes                                | <u>311,951</u>       | <u>229,361</u> |
| Income taxes-current                                      | 111,261              | 66,123         |
| Income taxes-deferred                                     | <u>(8,162)</u>       | <u>2,906</u>   |
| Total taxes and others                                    | <u>103,099</u>       | <u>69,029</u>  |
| Net income  | <u>208,852</u>       | <u>160,332</u> |
| Net income attributable to non-controlling interests      | <u>1,253</u>         | <u>632</u>     |
| Net income attributable to shareholders of parent company | <u>207,599</u>       | <u>159,700</u> |

Consolidated Statement of Comprehensive Income

(Millions of yen)

|  | Years Ended March 31 |          |
|--|----------------------|----------|
|  | 2015                 | 2016     |
| Net income   | 208,852              | 160,332  |
| Other comprehensive income   |                      |          |
| Valuation difference on available-for-sale securities                                  | 2,370                | (3,091)  |
| Foreign currency translation adjustment  | 22,178               | (21,866) |
| Adjustment to retirement benefit   | (2,736)              | (15,337) |
| Share of other comprehensive income of affiliates<br>accounted for using equity method | 4,687                | (2,085)  |
| Total other comprehensive income   | 26,499               | (42,379) |
| Comprehensive income   | 235,351              | 117,953  |
| Comprehensive income attributable to:  |                      |          |
| Owners of parent   | 233,467              | 117,873  |
| Minority interests   | 1,884                | 80       |

## (3) Consolidated Statement of Changes in Shareholders' Equity, Etc.

Year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at March 31, 2014  | 69,014               | 96,270          | 1,340,809         | (312,299)      | 1,193,794                  |
| Accumulated change due to changes in accounting policies                     |                      |                 | (1,452)           |                | (1,452)                    |
| Balance at March 31, 2014 after adjustment of changes in accounting policies | 69,014               | 96,270          | 1,339,357         | (312,299)      | 1,192,342                  |
| Changes during this term:  |                      |                 |                   |                |                            |
| Dividends of surplus   |                      |                 | (46,559)          |                | (46,559)                   |
| Net income attributable to shareholders of parent company                    |                      |                 | 207,599           |                | 207,599                    |
| Changes in scope of consolidation  |                      |                 | 238               |                | 238                        |
| Purchase of treasury stock   |                      |                 |                   | (559)          | (559)                      |
| Disposal of treasury stock   |                      | 7               |                   | 3              | 10                         |
| Cancelation of treasury stock  |                      |                 |                   |                | –                          |
| Changes during this term not related to shareholders' equity (net)           |                      |                 |                   |                |                            |
| Total changes during this term   | –                    | 7               | 161,278           | (556)          | 160,729                    |
| Balance at March 31, 2015  | 69,014               | 96,277          | 1,500,635         | (312,855)      | 1,353,071                  |

|  | Accumulated other comprehensive income                |                                      |   |  | Non-controlling interests | Total net assets |
|--|---|--------------------------------------|---|--|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency exchange adjustment | Accumulated adjustment to retirement benefits | Total accumulated other comprehensive income |                           |                  |
| Balance at March 31, 2014  | 5,112   | 3,138                                | (8,012)                                       | 238  | 5,831                     | 1,199,863        |
| Accumulated change due to changes in accounting policies                     |   |                                      |   |  |                           | (1,452)          |
| Balance at March 31, 2014 after adjustment of changes in accounting policies | 5,112   | 3,138                                | (8,012)                                       | 238  | 5,831                     | 1,198,411        |
| Changes during this term:  |   |                                      |   |  |                           |                  |
| Dividends of surplus   |   |                                      |   |  |                           | (46,559)         |
| Net income attributable to shareholders of parent company                    |   |                                      |   |  |                           | 207,599          |
| Changes in scope of consolidation  |   |                                      |   |  |                           | 238              |
| Purchase of treasury stock   |   |                                      |   |  |                           | (559)            |
| Disposal of treasury stock   |   |                                      |   |  |                           | 10               |
| Cancelation of treasury stock  |   |                                      |   |  |                           | –                |
| Changes during this term not related to shareholders' equity (net)           | 2,370   | 26,234                               | (2,736)                                       | 25,868                                       | 1,687                     | 27,555           |
| Total changes during this term   | 2,370   | 26,234                               | (2,736)                                       | 25,868                                       | 1,687                     | 188,284          |
| Balance at March 31, 2015  | 7,482   | 29,372                               | (10,748)                                      | 26,106                                       | 7,518                     | 1,386,695        |

Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at March 31, 2015  | 69,014               | 96,277          | 1,500,635         | (312,855)      | 1,353,071                  |
| Accumulated change due to changes in accounting policies                     |                      |                 |                   |                | –                          |
| Balance at March 31, 2015 after adjustment of changes in accounting policies | 69,014               | 96,277          | 1,500,635         | (312,855)      | 1,353,071                  |
| Changes during this term:  |                      |                 |                   |                |                            |
| Dividends of surplus   |                      |                 | (151,385)         |                | (151,385)                  |
| Net income attributable to shareholders of parent company                    |                      |                 | 159,700           |                | 159,700                    |
| Changes in scope of consolidation  |                      |                 |                   |                | –                          |
| Purchase of treasury stock   |                      |                 |                   | (17,194)       | (17,194)                   |
| Disposal of treasury stock   |                      | 7               |                   | 4              | 11                         |
| Cancellation of treasury stock   |                      | (78)            | (239,393)         | 239,471        | –                          |
| Changes during this term not related to shareholders' equity (net)           |                      |                 |                   |                |                            |
| Total changes during this term   | –                    | (71)            | (231,078)         | 222,281        | (8,868)                    |
| Balance at March 31, 2016  | 69,014               | 96,206          | 1,269,557         | (90,574)       | 1,344,203                  |

|  | Accumulated other comprehensive income                |                                      |   |  | Non-controlling interests | Total net assets |
|--|---|--------------------------------------|---|--|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency exchange adjustment | Accumulated adjustment to retirement benefits | Total accumulated other comprehensive income |                           |                  |
| Balance at March 31, 2015  | 7,482   | 29,372                               | (10,748)                                      | 26,106                                       | 7,518                     | 1,386,695        |
| Accumulated change due to changes in accounting policies                     |   |                                      |   |  |                           | -                |
| Balance at March 31, 2015 after adjustment of changes in accounting policies | 7,482   | 29,372                               | (10,748)                                      | 26,106                                       | 7,518                     | 1,386,695        |
| Changes during this term:  |   |                                      |   |  |                           |                  |
| Dividends of surplus   |   |                                      |   |  |                           | (151,385)        |
| Net income attributable to shareholders of parent company                    |   |                                      |   |  |                           | 159,700          |
| Changes in scope of consolidation  |   |                                      |   |  |                           | -                |
| Purchase of treasury stock   |   |                                      |   |  |                           | (17,194)         |
| Disposal of treasury stock   |   |                                      |   |  |                           | 11               |
| Cancelation of treasury stock  |   |                                      |   |  |                           | -                |
| Changes during this term not related to shareholders' equity (net)           | (3,091)   | (23,398)                             | (15,337)                                      | (41,826)                                     | (1,091)                   | (42,917)         |
| Total changes during this term   | (3,091)   | (23,398)                             | (15,337)                                      | (41,826)                                     | (1,091)                   | (51,785)         |
| Balance at March 31, 2016  | 4,391   | 5,974                                | (26,085)                                      | (15,720)                                     | 6,427                     | 1,334,910        |

**(4) Consolidated Statements of Cash Flow**

(Millions of yen)

|  | Years Ended March 31 |           |
|--|----------------------|-----------|
|  | 2015                 | 2016      |
| Net cash provided by (used in) operating activities                      |                      |           |
| Income before income taxes and minority interests                        | 311,951              | 229,361   |
| Depreciation and amortization  | 21,685               | 21,106    |
| Increase (decrease) in allowance for doubtful accounts                   | 223                  | (536)     |
| Increase (decrease) in liability related to retirement benefits          | 6,081                | 21,311    |
| Interest and dividends income  | (3,665)              | (3,909)   |
| Equity in (earnings) losses of affiliates                                | (9,886)              | (11,494)  |
| Decrease (increase) in notes and accounts receivable-trade               | (37,331)             | 29,207    |
| Decrease (increase) in inventories                                       | (17,712)             | 1,602     |
| Increase (decrease) in notes and accounts payable-trade                  | 11,723               | (13,749)  |
| Other, net   | 1,266                | (21,506)  |
| Subtotal   | 284,335              | 251,393   |
| Interest and dividends income received                                   | 6,379                | 10,061    |
| Income taxes paid  | (68,891)             | (121,281) |
| Other, net   | 1,089                | 460       |
| Net cash provided by (used in) operating activities                      | 222,912              | 140,633   |
| Net cash provided by (used in) investing activities                      |                      |           |
| Purchase of tangible fixed assets  | (21,427)             | (102,008) |
| Other, net   | (3,499)              | (10,669)  |
| Net cash provided by (used in) investing activities                      | (24,926)             | (112,677) |
| Net cash provided by (used in) financing activities                      |                      |           |
| Purchase of treasury stock   | (549)                | (17,253)  |
| Cash dividends paid  | (46,568)             | (151,237) |
| Other, net   | (197)                | (1,082)   |
| Net cash provided by (used in) financing activities                      | (47,314)             | (169,572) |
| Effect of exchange rate change on cash and cash equivalents              | 16,425               | (17,958)  |
| Net increase (decrease) in cash and cash equivalents                     | 167,097              | (159,574) |
| Cash and cash equivalents at beginning of period                         | 823,669              | 991,236   |
| Increase in cash and cash equivalents from newly consolidated subsidiary |                      |           |
| due to new consolidation   | 470                  | -         |
| Cash and cash equivalents at end of period                               | 991,236              | 831,662   |



- (5) Notes to Consolidated Financial Statements  
(Note on the basis for the concern assumed to be ongoing)  
Not applicable

(Changes in accounting principles)  
(Application of Accounting Standard for Business Combinations and other standards)

FANUC CORPORATION has applied the Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ Statement No. 21 of September 13, 2013), hereinafter the "Business Combinations Standard"), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of September 13, 2013, hereinafter the "Consolidated Financial Statements Standard"), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of September 13, 2013, hereinafter the "Business Divestitures Standard") and others effective from the consolidated fiscal year. Accordingly, the Company's accounting policies have been changed: the difference arising from a change in the Company's ownership interest in a subsidiary over which the Company continues to have control are being recorded as capital surplus, and acquisition costs are being expensed in the consolidated financial year in which they are incurred. In addition, for business combinations to be performed at and after the beginning of the consolidated fiscal year, the method has been changed to reflect adjustments to the provisional amount arising from the finalization of the tentative accounting treatment relating to the purchase price allocation in the consolidated financial statements for the fiscal year to which the date of business combination belongs.

In addition, the expression for net income, etc. has been changed, and "minority interests" has been changed to "non-controlling interests." In order to reflect these changes, the consolidated financial statements for the previous fiscal year have been reclassified.

The Business Combinations Standard and others were adopted in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestiture Standard, and they have been prospectively adopted from the beginning of the consolidated fiscal year.

This change has no impact on the consolidated financial statements of the current fiscal year.

(Segment Information etc.)

## 1. Segment Information

Year ended March 31, 2015 (April 1, 2014 – March 31, 2015) and  
Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

FANUC Group focuses on the development, production, and sales of CNC systems and related application products based on FANUC's CNC system technologies as a comprehensive supplier of factory automation (FA) systems. Ultimately, FANUC CNC systems and the related application products are used in automated production systems.

FANUC Group uses CNC's and servo motors in its entire products. For this reason, the decision on investment is made, taking into consideration the statuses of orders, sales and production of all products, in addition to the status of particular products.

As mentioned above, FANUC Group runs only one business segment based on the decision that the entire group makes for investment. Thus, the segment information is not stated herein.

## 2. Relevant Information

Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Information by product and service

|                            | Millions of yen |         |             |         |         |
|----------------------------|-----------------|---------|-------------|---------|---------|
|                            | FA              | Robot   | Robomachine | Service | Total   |
| Sales to outside customers | 170,211         | 188,295 | 183,011     | 81,901  | 623,418 |

(2) Information by region

◎ Sales

|         |              |        |         |        | Millions of yen |
|---------|--------------|--------|---------|--------|-----------------|
| Japan   | The Americas | Europe | Asia    | Others | Total           |
| 119,228 | 142,700      | 94,017 | 264,629 | 2,844  | 623,418         |

Note: Sales are broken down by country or region where customers are located.

◎ Tangible Fixed Asset

As the tangible fixed assets located in Japan constitute more than 90% of those stated in the consolidated balance sheet, the statement on the information on tangible fixed assets is omitted.

(Information per share)

| Fiscal year 2014<br>(April 1, 2014 – March 31, 2015)                                 |              | Fiscal year 2015<br>(April 1, 2015 – March 31, 2016)                                 |              |
|--|--------------|--|--------------|
| Net assets per share   | 7,049.39 yen | Net assets per share   | 6,825.27 yen |
| Net income per share   | 1,061.02 yen | Net income per share   | 816.78 yen   |
| Net diluted income per share is not stated herein as there exist no dilutive shares. |              | Net diluted income per share is not stated herein as there exist no dilutive shares. |              |

Note: Net income per share is calculated based on the followings:

|  | Fiscal year 2014<br>(April 1, 2014–March 31, 2015) | Fiscal year 2015<br>(April 1, 2015–March 31, 2016) |
|--|--|--|
| Net income attributable to shareholders of parent company (Millions of yen)                          | 207,599  | 159,700  |
| Net income attributable to shareholders of parent company assigned to common share (Millions of yen) | 207,599  | 159,700  |
| Amount not accruing to common shares (Millions of yen)   | -  | -  |
| Average number of shares outstanding (Thousands of share)  | 195,661  | 195,523  |

(Significant subsequent events)

None

(Lease transactions, Marketable securities, Derivative transactions, Business combinations, and etc.)

No major moves that are required to disclose in the Annual Financial Results Report.

## Supplement to Consolidated Financial Results

### 1 Consolidated Results (April 1, 2015 ~ March 31, 2016)

- 1) Net income 159.7 billion yen (23% down from the previous fiscal year)
- 2) Net sales 623.4 billion yen (15% down from the previous fiscal year)
- 3) Operating income 215.6 billion yen (28% down from the previous fiscal year)  
 Ordinary income 229.4 billion yen (27% down from the previous fiscal year)  
**Ordinary income to net sales ratio 36.8%**

#### 4) Sales by Group

- FA 170.2 billion yen (18% down from the previous fiscal year)
- Robot 188.3 billion yen (20% up from the previous fiscal year)
- Robomachine 183.0 billion yen (37% down from the previous fiscal year)
- Service 81.9 billion yen (9% up from the previous fiscal year)

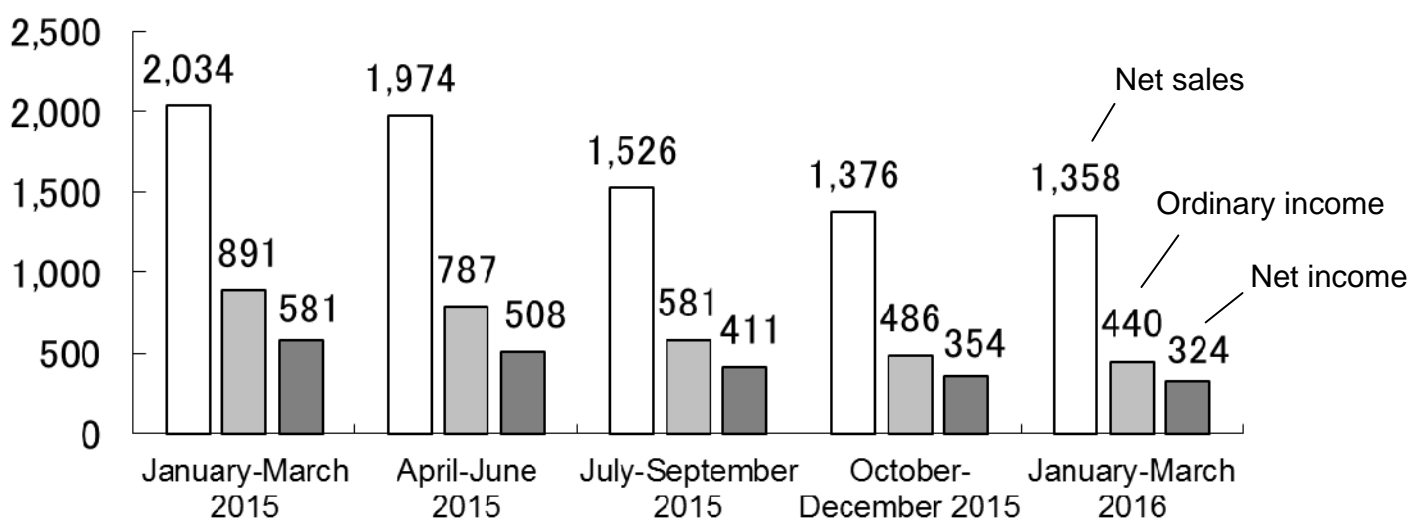
- 5) Orders 583.5 billion yen (24% down from the previous fiscal year)

### 2 Consolidated Results Forecast for the Year ending March 31, 2017

(April 1, 2016 ~ March 31, 2017)

- Net sales 505.7 billion yen (19% down from the same period last year)
- Operating income 117.3 billion yen (46% down from the same period last year)
- Ordinary income 128.1 billion yen (44% down from the same period last year)
- Net income 93.7 billion yen (41% down from the same period last year)

### 3 Changes of Consolidated Financial Results (Hundred Millions of yen)



※ “Net Income” in this Supplement means “Net income attributable to shareholders of parent company.”