

(TRANSLATION)

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Consolidated Quarterly Financial Results (based on Japanese standards)
For the three months ended June 30, 2016

July 27, 2016

Company name: FANUC CORPORATION
Stock code: 6954
Representative: (Title) Chairman and CEO
Contact: (Title) Manager, Public Relations

Stock exchange listing: Tokyo Stock Exchange
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1. Consolidated Financial Results for the Three months Ended June 30, 2016 (April 1, 2016 – June 30, 2016)

(1) Consolidated Results of Operations

(% represents change from the corresponding previous three months period)

Three months ended June 30	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of parent company
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %
2016	127,582 (35.4)	41,905 (43.3)	41,570 (47.2)	30,240 (40.4)
2015	197,420 20.9	73,962 11.4	78,716 13.1	50,765 12.3

Note: Comprehensive income April-June 2016 (¥1,347 million)
April-June 2015 (¥56,759 million) — 25.9%

Three months ended June 30	Net income per share	Diluted net income per share
	Yen	Yen
2016	155.92	—
2015	259.48	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2016	1,433,395	1,279,546	88.9
March 31, 2016	1,512,895	1,334,910	87.8

(Ref.) Equity: June 30, 2016 ¥1,273,795 million March 31, 2016 ¥1,328,483 million

2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end Dividends	Full year
2015	Yen —	Yen 281.86	Yen —	Yen 208.21	Yen 490.07
2016	—	—	—	—	—
2016(forecast)	—	—	—	—	—

Note: We have not changed the forecasts of dividends from the latest ones.

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 Results Forecasts for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017) (% represents change from the same period of the previous year.)

	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 nd Quarter (Cumulative)	252,300	(27.9)	75,000	(41.1)	77,800	(43.1)	56,300	(38.7)	290.29
Fiscal period	508,800	(18.4)	134,100	(37.8)	142,500	(37.9)	103,300	(35.3)	532.63

Note: We have changed the forecasts of financial results from the latest ones.

*Notes

(1) Important changes in scope of consolidation during the period
(Changes in certain subsidiaries requiring changes in scope of consolidation) : No

(2) Application of the accounting method specific to quarterly consolidated :
financial statements No

(3) Changes in accounting principles and accounting estimates, and revisions/restatements

1. Changes associated with changes in accounting standards : Applicable

2. Changes in accounting principles other than 1 : No

3. Changes in accounting estimates : No

4. Revisions/restatements : No

Note: For details, please see "3. Other Information (3) Changes in accounting principles and accounting estimates, and revisions/restatements" on Page 7 in Attachment.

(4) Number of shares outstanding(Common share)

1 Number of shares outstanding at the end of the period(including treasury stocks)
June 30, 2016 204,072,715 shares March 31, 2016 205,942,215 shares

2 Number of treasury stocks
June 30, 2016 10,204,864 shares March 31, 2016 11,300,237 shares

3 Average number of shares during the period
April-June 2016 193,943,543 shares April-June 2015 195,641,499 shares

* Status of quarterly review

These quarterly financial results are not subject to the quarterly review based on the Financial Instruments and Exchange Law. The review process for the quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these results.

* Statements on the proper use of financial forecasts and other special notes

Any forecasts described in this report are subject to uncertain factors such as supply and demand trends, industry competition, economic conditions, and others in major markets. Actual results may differ from these forecasts. With regard to the forecasts of the second quarter-end and year-end dividends for the year ending March 31, 2017, we expect to disclose them promptly after we become able to disclose them.

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1. Results of Operations and Financial Position

(1) Results of Operations

The FANUC Group's results for the first quarter (April to June 2016) are as follows.

In the FA Division, the machine tool industry (the primary market for our CNC systems), in China, remained stagnant as a whole, though there were increases in short-term demands. Also, in Taiwan and Korea, which are deeply involved in the Chinese market, and other various Asian economies including Japan, the FA Division continued to experience severe difficulties. Under such circumstances, net sales in the FA Division decreased compared with the corresponding period of the previous fiscal year.

In the Robot Division, sales still continued to be high in the Americas and Europe despite a trough in facility investments in the automobile industry, etc., and sales remained positive in China as well. In addition, sales, particularly to the automobile industry, remained steady in Japan.

In the ROBOMACHINE Division, although demands for ROBODRILL (small machining center) from the automobile industry in Japan and Europe/USA were steady, sales decreased significantly compared with the first quarter of the previous fiscal year during which there were still short-term IT-related demands. In addition, sales of both ROBOSHOTS (electric injection molding machine) and ROBOCUTs (wire-cut electric discharge machine) continued to be sluggish.

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," accelerated adaptation to IoT, and made every effort to stabilize and develop our business.

As a result, at the end of the first quarter of the current fiscal year, FANUC posted consolidated net sales totaling ¥127,582 million, down 35.4%, consolidated ordinary income totaling ¥41,570 million, down 47.2%, and consolidated net income totaling ¥30,240 million, down 40.4%, compared with the corresponding period of the previous fiscal year.

Looking at the performance by business group, the FA Group posted consolidated sales totaling ¥40,690 million, down 22.3%, the Robot Group posted consolidated sales totaling ¥42,095 million, down 7.3%, the ROBOMACHINE Group posted consolidated sales totaling ¥26,279 million, down 67.1%, and the Service Group posted consolidated sales totaling ¥18,518 million, down 6.4%, compared with the corresponding period of the previous fiscal year.

※ "Net income" in "Results of Operations and Financial Position" means "Net income attributable to shareholders of parent company" in the Statement of Income.

(2) Financial Position

Total asset decreased ¥79,500 million to ¥1,433,395 million compared with the end of the previous fiscal year. The main decrease is ¥71,251 million in cash and deposits.

Total liabilities decreased ¥24,136 million to ¥153,849 million compared with the end of the previous fiscal year.

Total net assets decreased ¥55,364 million to ¥1,279,546 million from the end of the previous fiscal year.

We cancelled our treasury shares exceeding the 5% of the total number of issued shares (1,869,500 shares, ¥13,379 million) on June 8, 2016 based on the shareholder return policy we announced on April 27, 2015. (There was no effect on the amount of total net assets.)

(3) Financial Results Forecasts

In consideration of the occurrence of increases in short-term demands for our CNC systems in China in the first quarter of the current fiscal year and other factors, the latest consolidated financial forecasts at present are as follows.

For the first half of the fiscal year 2016(April 1, 2016 through September 30, 2016)

(Millions of yen)

	Previous forecast (released on April 27, 2016)	New forecast	Comparison with Previous forecast (%)
Net sales	245,600	252,300	2.7
Operating income	60,900	75,000	23.2
Ordinary income	66,400	77,800	17.2
Net income	49,100	56,300	14.7

For the fiscal year 2016(April 1, 2016 through March 31, 2017)

(Millions of yen)

	Previous forecast (released on April 27, 2016)	New forecast	Comparison with Previous forecast (%)
Net sales	505,700	508,800	0.6
Operating income	117,300	134,100	14.3
Ordinary income	128,100	142,500	11.2
Net income	93,700	103,300	10.2

Note: The currency rate applied to the period from July 1, 2016 to March 31, 2017 is averaged at 100 yen/US dollar and 110 yen/euro.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of Yen)

	March 31, 2016	June 30, 2016
Assets		
Current assets:		
Cash and deposits	686,662	615,411
Notes and accounts receivable – trade	100,307	88,530
Securities	145,000	145,000
Merchandise and finished goods	52,736	51,990
Work in process	39,206	40,629
Raw materials and supplies	11,124	9,343
Deferred tax asset	23,107	17,987
Others	16,196	13,136
Allowance for doubtful accounts	(1,568)	(1,336)
Total current assets	1,072,770	980,690
Noncurrent assets		
Property, plant and equipment		
Land	131,800	130,854
Other, net	220,260	237,322
Total property, plant and equipment	352,060	368,176
Intangible assets	3,875	3,852
Investments and other assets		
Investment securities	65,809	59,958
Others	18,382	20,720
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	84,190	80,677
Total noncurrent assets	440,125	452,705
Total assets	1,512,895	1,433,395
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	24,815	25,486
Income taxes payable	17,199	10,097
Warranty reserves	6,676	6,297
Others	57,426	41,103
Total current liabilities	106,116	82,983
Noncurrent liabilities:		
Liability related to retirement benefits	68,346	67,272
Others	3,523	3,594
Total noncurrent liabilities	71,869	70,866
Total liabilities	177,985	153,849
Net assets		
Shareholders' equity		
Capital stock	69,014	69,014
Capital surplus	96,206	96,206
Retained earnings	1,269,557	1,245,892
Treasury stock	(90,574)	(90,444)
Total shareholders' equity	1,344,203	1,320,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,391	4,096
Foreign currency translation adjustment	5,974	(25,518)
Accumulated adjustment to retirement benefits	(26,085)	(25,451)
Total accumulated other comprehensive income	(15,720)	(46,873)
Non-controlling interests	6,427	5,751
Total net assets	1,334,910	1,279,546
Total liabilities and net assets	1,512,895	1,433,395

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

Consolidated Statement of Income for the Three Months from April to June 2016

(Millions of Yen)

	Three months ended June 30	
	2015	2016
Net sales	197,420	127,582
Cost of sales	101,137	67,075
Gross profit	96,283	60,507
Selling, general and administrative expenses	22,321	18,602
Operating income	73,962	41,905
Non-operating income		
Interest income	625	604
Dividends income	477	491
Investment profit on equity method	3,018	2,349
Miscellaneous income	868	438
Total non-operating income	4,988	3,882
Non-operating expenses		
Foreign exchange losses	—	3,578
Miscellaneous expenses	234	639
Total non-operating expenses	234	4,217
Ordinary income	78,716	41,570
Income before income taxes	78,716	41,570
Income taxes-current	24,172	9,238
Income taxes-deferred	3,512	2,001
Total taxes and others	27,684	11,239
Net income	51,032	30,331
Net income attributable to non-controlling interests	267	91
Net income attributable to shareholders of parent company	50,765	30,240

Consolidated Statement of Comprehensive Income for the Three Months from April to June 2016

(Millions of Yen)

	Three months ended June 30	
	2015	2016
Net Income	51,032	30,331
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(355)	(295)
Foreign currency translation adjustment	7,352	(28,517)
Adjustment to retirement benefit	(1,476)	634
Share of other comprehensive income of affiliates accounted for using equity method	206	(3,500)
Total other comprehensive income	5,727	(31,678)
Comprehensive income for the three months ended June 30	56,759	(1,347)
Comprehensive income attributable to:		
Owners of parent	56,446	(914)
Non-controlling interests	313	(433)

3. Other Information

- (1) Changes in Significant Subsidiaries during the Three Months Ended June 30, 2016
(changes in specific subsidiaries that caused change in scope of consolidation): None
- (2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting: None
- (3) Changes in accounting principles and accounting estimates, and revisions/restatements:
- Changes in accounting principles
(Application of Accounting Standard for Business Combinations and other standards)
- Following the amendment to the Corporation Tax Act, FANUC CORPORATION has adopted the " Practical Solution on a change in depreciation method due to Tax Reform 2016 (PITF No.32, June 17, 2016)" effective from the first quarter of the consolidated fiscal year under review. The depreciation method for building fixtures and structures purchased on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.
The impact on the profit/loss of the first quarter is negligible, respectively.
- (4) Note on Premise of a Going Concern: None
- (5) Note on the Substantial Change in Shareholders' Equity:
Based on a resolution approved at a meeting of the Board of Directors held on May 27, 2016, the Company cancelled 1,869,500 shares of treasury stock on June 8, 2016. As a result, retained earnings decreased by ¥13,379 million, and treasury stock decreased by ¥13,379 million, respectively.

Supplement to Consolidated Financial Results

1 Consolidated Results(April ~ June, 2016)

1)Net income 30.2 billion yen (40% down from the same period of last year)

2)Net sales 127.6 billion yen (35% down from the same period of last year)

3)Operating income 41.9 billion yen (43% down from the same period of last year)

Ordinary income 41.6 billion yen (47% down from the same period of last year)

Ordinary income to net sales ratio 32.6%

4)Sales by Group

FA 40.7 billion yen (22% down from the same period of last year)

Robot 42.1 billion yen (7% down from the same period of last year)

Robomachine 26.3 billion yen (67% down from the same period of last year)

Service 18.5 billion yen (6% down from the same period of last year)

5)Orders 140.8 billion yen (22% down from the same period of last year)

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

(April 1, 2016 ~ March 31, 2017)

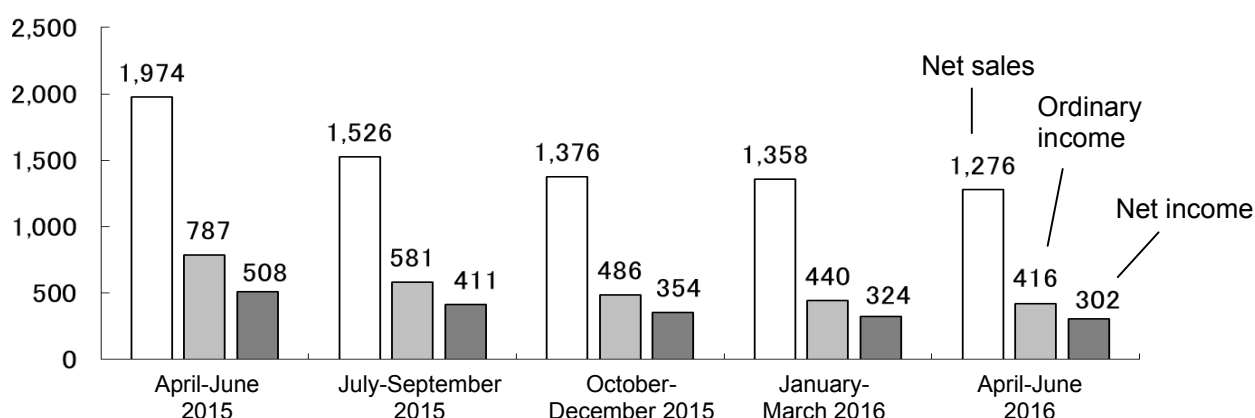
Net sales 508.8 billion yen (18% down from the same period of last year)

Operating income 134.1 billion yen (38% down from the same period of last year)

Ordinary income 142.5 billion yen (38% down from the same period of last year)

Net income 103.3 billion yen (35% down from the same period of last year)

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



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