FA & ROBOT & ROBOMACHINE

FANUC

ANNUAL REPORT 2018

Year ended March 31, 2018

FANUC's Symbol "Keyaki" – Zelkova tree

CONTENTS

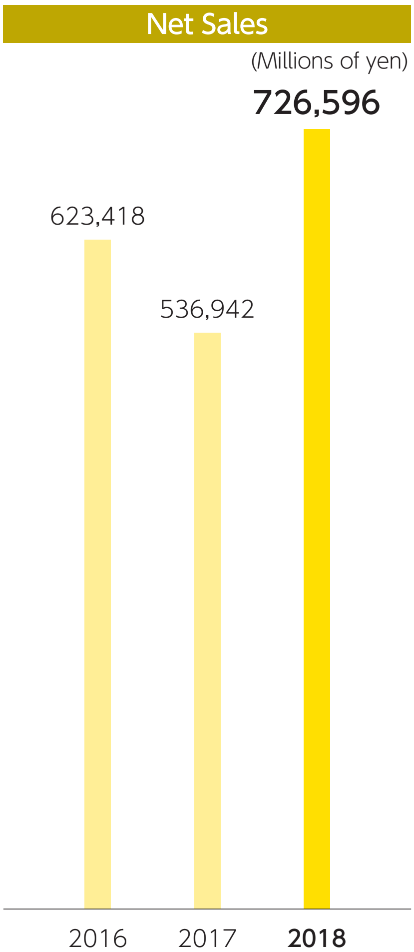
Forward-looking statements

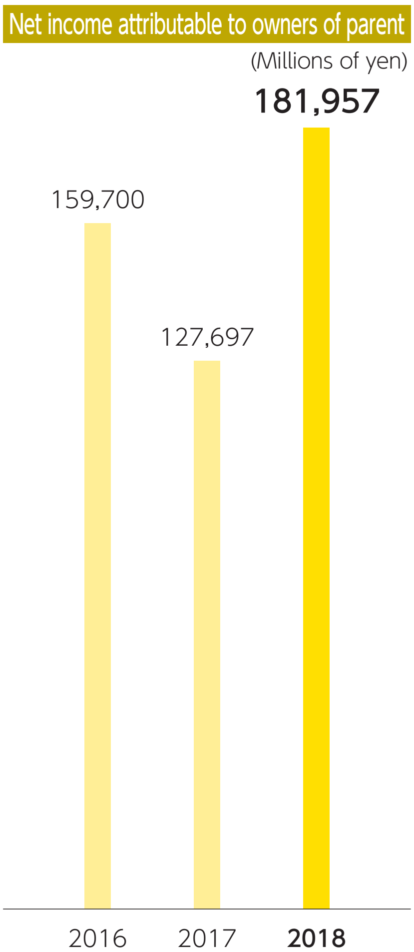
Statements contained in this report that relate to the future operating activities, business performance, events or conditions of FANUC are forward-looking statements. Forward-looking statements are based on judgments made by FANUC's management based on information available at the time of publishing this report and are subject to significant assumptions. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Accordingly, you are cautioned not to place undue reliance on forward-looking statements. FANUC disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

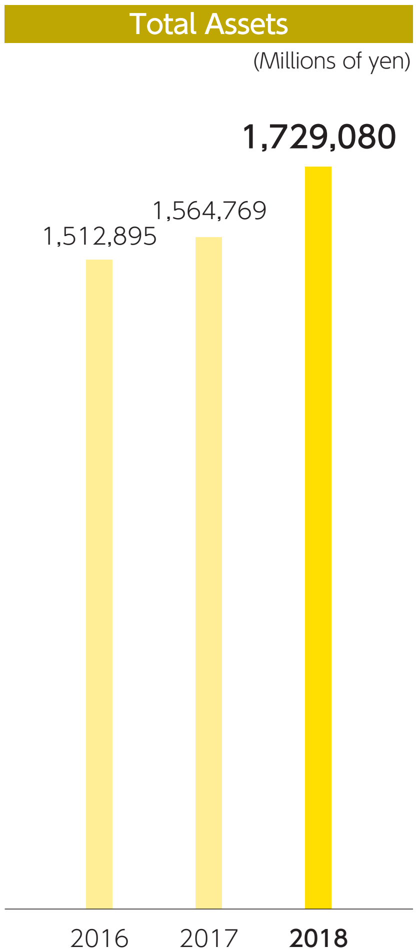
Financial Highlights (Consolidated)

	Millions of yen			Thousands of U.S. dollars
Years ended March 31	2016	2017	**2018**	**2018**
For the year:				
Net sales	¥ 623,418	¥ 536,942	**¥ 726,596**	**$ 6,854,679**
Net income attributable to owners of parent	159,700	127,697	**181,957**	**1,716,575**
At the year end:				
Total assets	¥ 1,512,895	¥ 1,564,769	**¥ 1,729,080**	**$16,312,075**
Net assets	1,334,910	1,369,457	**1,467,630**	**13,845,566**
	Yen			U.S. dollars
Per share data:				
Net income	¥ 816.78	¥ 658.63	**¥ 938.66**	**$ 8.86**
Cash dividends	490.07	395.18	**563.20**	**5.31**

Note : The U.S. dollar amounts shown above and elsewhere in this annual report are converted from yen, for convenience only, at the rate of ¥106 = U.S.$1.00.







A Message To Our Shareholders

During this period, demands generally remained favorable in all regions, such as Japan, the Americas, Europe, and Asia. Particularly, demands for capital investment were robust in China.

Under these circumstances, the FANUC Group promoted initiatives allowing our customers to easily build and maintain a highly reliable, efficient, and innovative production system with our products and services, by uniting as one group under the slogans "one FANUC," "Reliable" "Predictable" "Easy to Repair," and "Service First." In addition, while proceeding with the application of AI technology to our products, in October 2017, we started operation in Japan of the FIELD system (FANUC Intelligent Edge Link and Drive system), an open platform in which various companies can participate, as an IoT initiative.

During the fiscal year ended March 31, 2018, FANUC posted consolidated net sales totaling ¥726,596 million, up 35.3%, consolidated operating income totaling ¥229,604 million, up 49.9%, and consolidated net income totaling ¥181,957 million, up 42.5%, compared with the previous fiscal year.

It is anticipated that the active IT-related short-term demand in fiscal year 2017 will slow down in fiscal year 2018. Due to this and a variety of factors for uncertainty, including international trade friction and its impacts, and foreign exchange movements, the situation is expected to remain challenging and unpredictable as a whole.

Even under these circumstances, the FANUC Group, looking ahead to the future, will continue management based on a long-term perspective that is not affected by short-term events.

Based on this fundamental approach and the slogan of "one FANUC," the FANUC Group 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. At the same time, as a supplier of capital goods, we will fulfill our supplier responsibility to customers by ensuring a production system that customers can rely on even in the event of contingency.

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

FANUC believes that AI and IoT are indispensable technologies in order for FANUC to continue developing and launching highly competitive products in the market. By proactively adopting these technologies in all areas of the FA, ROBOT and ROBOMACHINE products, we will further promote customers' production efficiency.

In addition to the above policies focused on the long term, the FANUC Group will do its utmost to improve its research and development capabilities, boost the production capacity of its factories, and enhance its service system with the aim of strengthening the competitiveness of the FANUC Group as a whole and increasing its market share.

United as one group in the promotion of these measures, we will continue to ensure the practice of "Strict Preciseness and Transparency," the principle of FANUC since its foundation, and make efforts to earn customer confidence and trust to an even greater extent in the FANUC Group and become a company that will last forever.

Thank you for your continued support and assistance to FANUC.

Yoshiharu Inaba
Chairman & CEO

Kenji Yamaguchi
President & COO

Summary of FANUC Business

FA Business Division

Main Products

- CNC
- SERVO MOTOR
- LASER

Results for Fiscal 2017

Consolidated net sales was ¥222,254 million, up 27.0% compared with the previous fiscal year, accounting for 30.6% of consolidated net sales.

Refer to page 5 for details

ROBOT Business Division

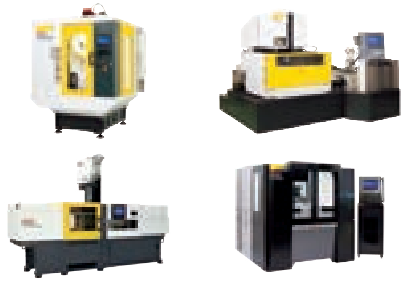
Main Products

- Welding Robot
- Handling Robot
- Collaborative Robot

Results for Fiscal 2017

Consolidated net sales was ¥227,827 million, up 19.9% compared with the previous fiscal year, accounting for 31.3% of consolidated net sales.

Refer to page 6 for details



ROBOMACHINE Business Division

Main Products

- ROBODRILL
- ROBOSHOT
- ROBOCUT
- ROBONANO

Results for Fiscal 2017

Consolidated net sales was ¥190,182 million, up 102.5% compared with the previous fiscal year, accounting for 26.2% of consolidated net sales.

Refer to page 7 for details

Service Division

Service First

Results for Fiscal 2017

Consolidated net sales was ¥86,333 million, up 10.8% compared with the previous fiscal year, accounting for 11.9% of consolidated net sales.

Refer to page 8 for details

Business Report

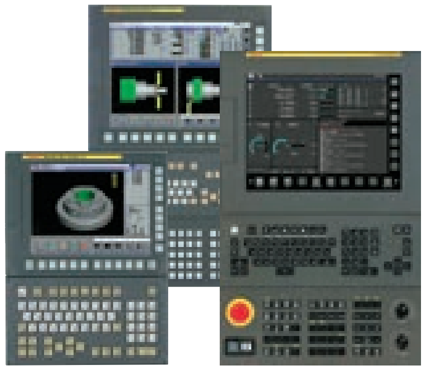
FA Business Division

Demand in the machine tool industry, the primary market for FANUC CNC systems, remained favorable mainly in Japan, China, Europe, India, and other countries. Demand was also steady in other Asian economies. As a result, net sales of CNC systems of the FANUC Group increased sharply compared with the previous fiscal year. In March 2018, the total accumulated CNC shipment volume surpassed 4,000,000 units.

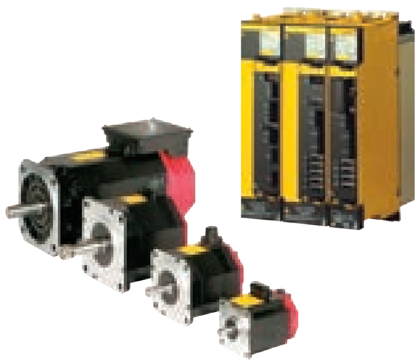
In terms of development, "Fast Cycle-time Technology," a control technology group capable of reducing cycle time, was developed for the nano CNC "FANUC 30*i* series" that delivers high-speed, high-quality machining, and for FANUC's global-standard CNC "FANUC 0*i* series." In addition, various other functions were also developed to improve machining performance and the operability of machines. Furthermore, we proactively worked to improve operation rates with IoT technology by upgrading and adding functions to "MT-LINK*i*," software that aggregates and visualizes information from factory equipment, and "SERVO Viewer," software that enables monitoring of machines and machining operation status from motor movement.

In the servo field, an ultra-large model was added to the "Servo Motor α*i*-B series." This is expected to expand sales in the large servo press market. Furthermore, the lineup was enhanced and new features were developed to expand sales in various markets.

Although FANUC laser sales were sluggish domestically and abroad, efforts were continued to expand sales of fiber laser oscillators.
In terms of development, for the fiber laser oscillator "FANUC FIBER LASER series," a Fiber Selector was developed which splits laser light to allow a single laser oscillator to supply laser light to two robots. This is expected to help make FANUC's laser robot systems more competitive.



CNC Series



SERVO MOTOR, SERVO AMPLIFIER

LASER

ROBOT Business Division

Sales of robots remained favorable in the Americas, Europe, and China, with particularly strong demand in China. Sales were also steady in Japan. As a result, net sales by the ROBOT Business Division as a whole increased sharply compared with the previous fiscal year. In November 2017, the total accumulated robot production volume surpassed 500,000 units.

New developments included an addition to the product lineup of the new “FANUC Robot SR series” of SCARA robots, which feature high accuracy and high-duty performance and are optimized for assembling electronics and high-speed handling of electronic components.

A 15 kg payload model was also added to the lineup of our green “Collaborative Robots,” which do not require a safety fence and enable robots and humans to work together.

The new “3D Vision Sensor 3DV/400” was also developed, which is small-sized and light-weighted and can be mounted on robots. It helps reduce cycle time by greatly reducing imaging time compared to conventional sensors.

With such new products and new functions, the range of application of FANUC robots is anticipated to expand further.

R-2000iC

SCARA robot

Collaborative Robot

ROBOMACHINE Business Division

Sales of the ROBODRILL (small machining center), ROBOSHOT (electric injection molding machine), and ROBOCUT (wire-cut electric discharge machine) were steady for the automobile industry. IT-related sales were also steady in general, with particularly active short-term demand in China and other countries. As a result, net sales grew significantly compared with the previous fiscal year.

On the development front, for the "FANUC ROBODRILL α-D*i*B series" and wire-cut electric discharge machine "FANUC ROBOCUT α-C*i*B series," an "AI thermal displacement compensation function" was developed, which uses machine learning technology to predict and compensate for thermal displacement based on data from multiple heat sensors placed on machine components. This function improves machining stability amid changes in ambient temperature, and will help expand sales of related ROBOMACHINE products. Furthermore, for the electric injection molding "FANUC ROBOSHOT α-S*i*A series," a "backflow monitoring function" was developed, which predicts wear on check valves using deep learning technology. This function will enhance preventive maintenance functions.

As for the ROBONANO (ultra-precision machine), sale of the ultra-precision "FANUC ROBONANO α-NM*i*A," a machining system to which FANUC's latest FA technology was applied, was launched in September 2017 in Japan. Conformity with overseas safety standards was also completed in preparation for launch in overseas markets.

ROBODRILL

ROBOSHOT

ROBOCUT

ROBONANO

Service Division

The Service Division, under the slogan of "Service First," offered rapid maintenance services in order to minimize downtime at customers' factories in our maintenance service areas covering 108 countries worldwide (as of June 30, 2018), while strengthening our service system, improving service technologies, enhancing service tools, and improving efficiency through the adoption of IT.

As part of our efforts to strengthen our service system, the new Nagoya Service Center was opened. Together with Hino Branch, this gives FANUC site redundancy for its call centers and parts centers, creating a system that enables swift service support for our customers even in the event of a disaster or other contingency.

Nagoya Service Center

Efforts for AI and IoT

FANUC is pushing the application of AI technology, with the cooperation of Preferred Networks, Inc. in all product groups of the FA, ROBOT and ROBOMACHINE Divisions. Going forward, FANUC will further promote the introduction of intelligence to its products by more specifically utilizing AI technology in order to differentiate itself from other companies and to add value.

As for support for IoT, new features are added to the existing LINK*i* function of the FA and ROBOMACHINE, and the operation of the FIELD system (FANUC Intelligent Edge Link and Drive system), an open platform in which a wide range of companies can participate, began in October 2017 in Japan. The FIELD system is an IoT product that connects various equipment in manufacturing sites to improve productivity, and its major characteristic is that the system is able to process information on a real-time basis at the edge (machining site, assembly site) of manufacturing sites.

The combination of the FIELD system and AI technology is expected to have an even greater synergy effect. In other words, the application of the AI technology (deep learning technology) of Preferred Networks to the FIELD system will further enhance the performance of intelligent functions of products and allow the result thereof to be shared by IoT.

FIELD system

Management Policy

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 encompasses FANUC's basic technology of NC (numerical control) and servos, the ROBOT and ROBOMACHINE businesses which apply this basic technology, and the open platform, "FIELD system," which is a manifestation of IoT, FANUC contributes to the manufacturing industry in Japan and overseas by promoting automation and efficiency in manufacturing.

We ensure the practice of the principle, "preciseness and transparency," which has been the principle of FANUC since its foundation. We think it is important for the practical functioning of governance to share such an easy-to-understand and simple principle among all officers and employees of the Group.

About "Preciseness and Transparency"

Preciseness
The permanence and soundness of a company are created by preciseness.

Transparency
The corruption of an organization and the collapse of a company start from opacity.

The Three Philosophies of FANUC

one innovation fa·robot·robomachine FANUC

The three businesses of FA, ROBOT and ROBOMACHINE are unified with SERVICE as "one FANUC," to provide innovation and reassurance to manufacturing sites around the world.

Reliable
Predictable
Easy to repair

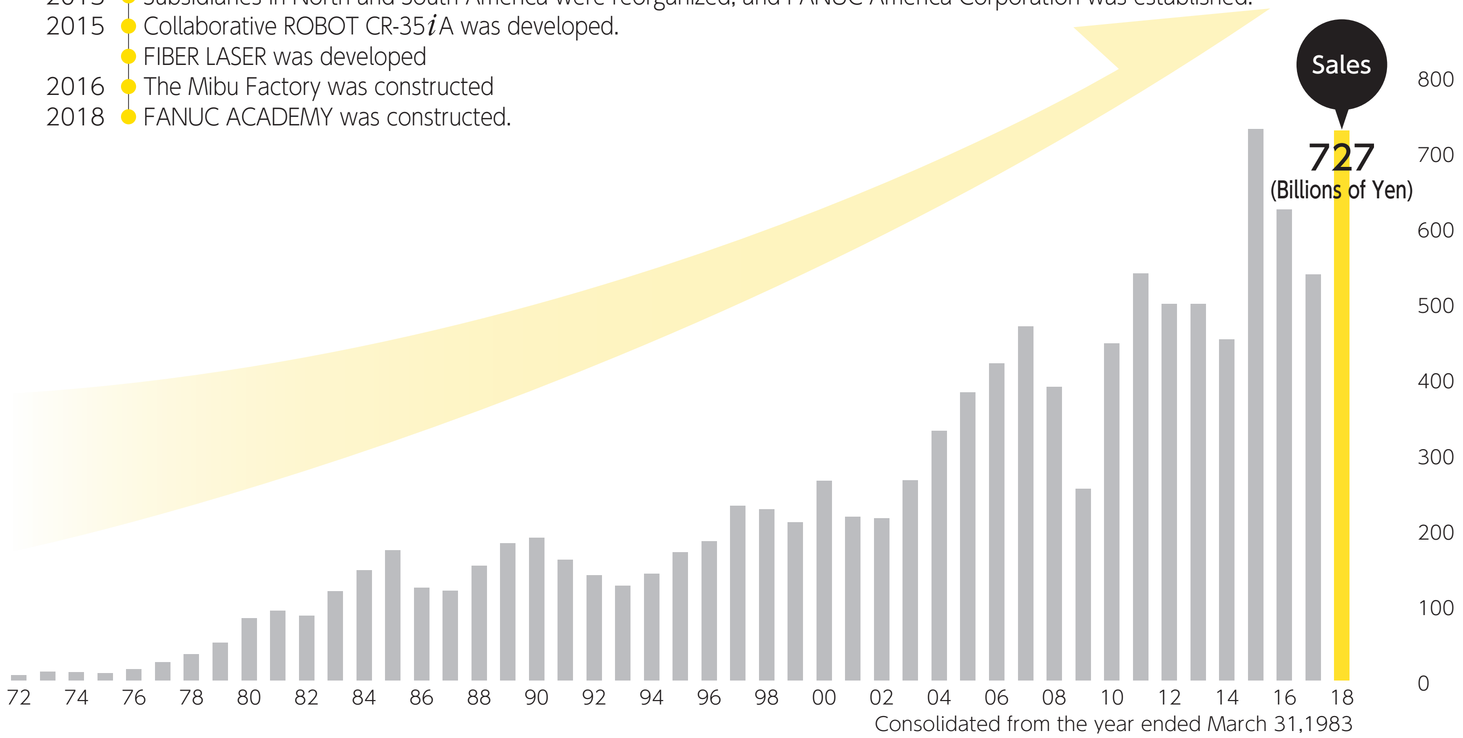
FANUC aims
to minimize downtime
in all factories all over the world.

Service First

Conforming to the spirit of "Service First," FANUC provides lifetime maintenance to its products for as long as they are used by customers, through more than 260 service locations supporting 108 countries throughout the world.

History of FANUC

1956 The first NC and SERVO systems in the Japanese private sector were developed successfully.
1959 The first electro-hydraulic pulse motor was developed.
1972 FANUC was established.
CNC was introduced.
NC Drill was developed.
1974 ROBOTs were developed and installed in FANUC factories.
The production and sale of DC SERVO MOTORs were started under GETTYS MANUFACTURING., INC license.
1975 Wire-cut electric discharge machine was completed.
1977 FANUC USA CORPORATION was established.
The commercial production and shipment of ROBOTs started (ROBOT-MODEL1).
1978 KOREA NUMERIC CORPORATION was jointly established by FANUC and Hwacheon Machinery Works, Co. Ltd.
FANUC EUROPE S.A. was established.
1980 The Fuji Factory was completed.
1982 GMFanuc Robotics Corporation was jointly established in the U.S.A. by FANUC and General Motors.
AC SERVO MOTOR was developed.
1984 FANUC headquarters was moved to the foot of Mt. Fuji.
All-electric plastics injection molding machine, "FANUC AUTOSHOT" was developed.
1985 FANUC series 0 was developed.
1986 FANUC TAIWAN Corporation was established.
GE Fanuc Automation Corporation was jointly established in the U.S.A. by FANUC and General Electric.
Digital SERVO was completed.
1987 CO_2 LASER was developed.
1989 The Tsukuba Factory was constructed.
1992 GMFanuc Robotics Corporation was restructured to FANUC's wholly owned share holding company, FANUC Robotics Corporation, together with its subsidiaries.
BEIJING-FANUC Mechatronics CO., LTD was jointly established by FANUC and the Beijing Machine Tool Research Institute.
FANUC INDIA PRIVATE LIMITED was established.
1997 SHANGHAI-FANUC Robotics CO., LTD. was jointly formed in China by FANUC and Shanghai Mechanical & Electric Industrial Investment Corp.
1999 The commercial production of 16*i* Series CNC started.
2003 The commercial production of intelligent ROBOTs started.
The commercial production of 30*i* Series CNC started.
2009 The joint venture with General Electric Company was resolved and the joint venture's FA operations in the Americas were transferred to FANUC America Corporation.
The commercial production of the Genkotsu-Robot, a Parallel Link Robot, started.
2012 European subsidiaries were reorganized, and FANUC Europe Corporation was established.
2013 Subsidiaries in North and South America were reorganized, and FANUC America Corporation was established.
2015 Collaborative ROBOT CR-35*i*A was developed.
FIBER LASER was developed
2016 The Mibu Factory was constructed
2018 FANUC ACADEMY was constructed.



CORPORATE GOVERNANCE

Fundamental Concept of Corporate Governance

By establishing a specific code of conduct while practicing "preciseness and transparency," we will make efforts to maintain a high level of awareness of officers and employees of our Group into the future.

FANUC Code of Conduct

Officers and employees of FANUC shall practice the following with "Strict Preciseness and Transparency," which has been the principle of FANUC since its foundation.

(1) Upholding of a high standard of ethics
(2) Compliance with laws and regulations, and internal rules
(3) Contribution to the good of FANUC

Matters that are Prohibited Acts and Particularly Require Attention

1. To discriminate based on race, creed, sex, social status, religion, nationality, age, mental or physical disability, etc.
2. To conduct a transaction with the Company for the benefit of him/herself or any particular individual or organization, or otherwise engage in an act that creates, or appears to create, a conflict of interest with the Company.
3. To engage in an act that is in contravention of the Anti-Monopoly Act, including, without limitation, an unjust or unfair transaction.
4. To give money, gifts, entertainment or any other economic benefit to a government employee or any similar person in connection with his/her duties.
5. To unlawfully acquire, use or disclose intellectual property, personal information, etc., of any company or individual.
6. To commit insider trading based on the material facts of any company, customer, etc.
7. To use forced labor or engage in an act that appears to use forced labor.
8. To engage in the development or spread of technology that harms the environment.
9. To agree to an unjust request of an anti-social force, or conduct a transaction with an anti-social force or any company or individual that is related to an anti-social force.

*FANUC will establish a contact point for whistle-blowing through which, in principle, all officers and employees of the FANUC Group, including subsidiaries and sub-subsidiaries, can whistleblow to the headquarters of FANUC CORPORATION.
*This code of conduct applies generally to all officers and employees of the FANUC group, including subsidiaries and sub-subsidiaries (including contract workers).

Organizational Structure

As we are surrounded by a very rapidly changing business environment, unless the Board of Directors understands accurate information about customer and market trends, service status, etc., the Board will not be able to make appropriate managerial decisions. Due to these circumstances, in principle, our directors other than outside directors execute the business of our company, aiming at a system where directors are involved in daily operations themselves, acquire accurate information themselves, and mutually share such information among the members of the Board of Directors. Furthermore, we have chosen to be a company with Audit & Supervisory Board, as an organizational design that can make best use of these characteristics.

Directors and Audit & Supervisory Board Members

Directors (13 in total, including 3 outside directors)

Representative Director, Chairman and CEO
Dr. Yoshiharu Inaba

Representative Director, President and COO
Kenji Yamaguchi (General Manager, FA Business Division)

Representative Director, Senior Executive Vice President and CTO
Hiroyuki Uchida (General Manager, ROBOMACHINE Business Division)

Representative Director, Senior Executive Vice President and CFO
Yoshihiro Gonda (General Manager, Corporate Administration Division)

Director, Executive Managing Officer
Dr. Kiyonori Inaba (General Manager, ROBOT Business Division)
Hiroshi Noda (Vice General Manager (R&D), FA Business Division)
Katsuo Kohari (Vice General Manager (Sales), FA Business Division, General Manager, Service Division)
Shunsuke Matsubara (General Manager, Research & Development Administration Division)
Toshiya Okada (Vice General Manager, Corporate Administration Division, General Manager, Legal Division)

Director
Richard E. Schneider (Chairman, FANUC America Corporation)
Kazuo Tsukuda (Outside)
Yasuo Imai (Outside)
Masato Ono (Outside)

Audit & Supervisory Board Members (5 in total, including 3 outside Audit & Supervisory Board Members)
Shunsuke Kimura
Naoki Shimizu
Dr. Takeo Nakagawa (Outside)
Masaharu Sumikawa (Outside)
Hajime Harada (Outside)

Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors	Reason for appointment
Kazuo Tsukuda	In order to develop the Company's business steadily and to enhance its corporate value, it is quite effective to introduce to the Board of Directors an outsider's eye with a broad perspective and excellent insight. Kazuo Tsukuda has been providing the Company with extremely valuable advice, with his outstanding knowledge of manufacturing and extensive experience in management, having a deep understanding of the Company's business. He will be expected to continue to contribute to the Company's Board of Directors from an independent position as Outside Director.
Yasuo Imai	After joining in the Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry), Yasuo Imai had experience of being posted overseas as General Manager of the Washington Office of Japan National Oil Corporation. He successfully held a number of positions starting from the post of Deputy Director-General, Director-General of the Petroleum Department of Agency for Natural Resources and Energy. Subsequently he moved to the post of Director-General of the Manufacturing Industries Bureau, and then to the post of Commissioner of the Japan Patent Office. Based on these experiences, Yasuo Imai, being familiar with foreign affairs, has a global perspective and extensive knowledge concerning the manufacturing industry and the protection of intellectual property, etc. At the same time, he is currently an active corporate executive and is also knowledgeable about corporate management due to having more than 11 years' experience in business. Yasuo Imai has been providing the Company with extremely valuable advice as Outside Director with his extensive experience in various fields and from his broad vision. He will be expected to continue to contribute to the Company's Board of Directors from an independent position as Outside Director.
Masato Ono	Our company has specialized in business activities in the narrow field of the automation of manufacturing and as such the Board of Directors consists mostly of Directors with engineering background focusing on its core business. Given this context, Masato Ono has been providing the Company with extremely valuable advice on enhancing corporate value from a totally different point of view by contributing to active discussions at the meeting of the Board of Directors based on his many years of experience in management of financial institutions. Although Masato Ono has served as Deputy President and Representative Director of Mizuho Financial Group, Inc., he meets the Company's criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members (see the section "Independent Directors/Audit & Supervisory Board Members"), (The Company has never applied for a loan from any bank of Mizuho Financial Group.), it has been over 10 years since he retired as Director of the Mizuho Financial Group, Inc., and there is no risk of his independence being affected by this position. He will be expected to continue to contribute to the Company's Board of Directors from an independent position as Outside Director.

Outside Audit & Supervisory Board Members	Reason for appointment
Takeo Nakagawa	As Professor Emeritus of the University of Tokyo and a corporate manager, Takeo Nakagawa has been consistently engaged in "monozukuri (manufacturing)." For this reason, he has given us objective and valuable advice from various aspects based on his profound understanding of the Company's business. We believe that we can expect him to continue to play a significant role going forward.
Masaharu Sumikawa	Masaharu Sumikawa, who has extensive knowledge based on his many years of experience in corporate management in the manufacturing industry, has been providing the Company with advice, etc. from a point of view different from that of the Company while having a deep understanding of the manufacturing industry, contributing greatly not only to statutory audit activities but to the Board of Directors and other meetings that require active and rational discussions. We believe that we can expect him to continue to contribute to the Board of Directors.
Hajime Harada	Hajime Harada has been providing the Company with extremely valuable advice whenever necessary based on his wide experience and knowledge as a lawyer. Although his term of office as Outside Audit & Supervisory Board Member of the Company has reached 14 years as of the end of June 2018, he has no business transactions with or interest in the Group. As a lawyer, Hajime Harada has a responsibility under the Basic Rules on the Duties of Practicing Attorneys to "maintain his or her freedom and independence" (Article 20 of the Rules) and to "perform his or her duties fairly" (Article 5), and in fact he gives his frank opinion from an independent standpoint. We therefore believe that he maintains sufficient independence now and in the future. In particular, he has a deep understanding of corporate governance, an issue that has grown increasingly important in recent years, gained through his experience including service as a lawyer on compliance committees at another listed company for many years. Furthermore, he has advanced, wide-ranged and specialized knowledge, based on his experience including court cases in a variety of fields such as systems development, intellectual property rights, antimonopoly law, international joint ventures, and claims collection. For these reasons, we can expect him to continue to offer appropriate advice from an extremely broad perspective with regard to risks that the Company may face in the future and other matters.

Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

With regard to Independent Outside Directors and Outside Audit & Supervisory Board Members, the Company nominates candidates who do not have any certain interest in the Company, and who can be expected to make frank comments without hesitation at Board of Directors meetings, etc. Furthermore, in order to ensure such real independence, as minimum requirements, candidates must meet each of the following conditions.

1. Business transactions between the Company and the company from which the candidate comes must amount to less than 2% of the respective consolidated sales of both companies.
2. The Company must not have any loans from the company from which the candidate comes (if the candidate comes from a bank.)
3. The Company must not have any important transactions such as advisory contracts with the candidate or the firm he works for (if the candidate is a lawyer or other professional.)
4. The candidate must not come from the audit firm that is the Company's Accounting Auditor.
5. There must be no other particular reasons that could give rise to a conflict of interest with the Company.
6. The candidate must not be the spouse or a relative within the second degree of anyone who does not meet the above conditions 1 through 5.

Financial Section

Ten-Year Financial Summary

Years ended March 31	2009	2010	2011	2012
Net sales	¥ 388,271	¥ 253,393	¥ 446,201	¥ 538,492
Operating income	134,449	55,024	189,757	221,834
Operating income as a percentage of net sales	34.6%	21.7%	42.5%	41.2%
Income before income taxes	149,148	55,826	193,495	228,578
Net income attributable to owners of parent	97,162	37,511	120,155	138,819
Current assets	683,719	623,573	753,992	848,669
Current liabilities	55,725	56,188	89,589	115,270
Total assets	970,441	891,651	1,013,000	1,130,625
Net assets	893,282	812,657	894,494	985,322

Per share data (Yen and U.S. Dollars):				
Net income:				
Basic	467.55	187.75	613.75	709.20
Diluted	—	—	—	—
Cash dividends	140.27	56.33	184.13	212.77
Net assets	4,177.28	4,133.89	4,550.71	5,013.69

Note : The U.S. dollar amounts shown above and elsewhere in this annual report are converted from yen, for convenience only, at the rate of ¥106 = U.S.$1.00.

					Millions of yen, except for per share data	Thousands of U.S. dollars, except for per share data
2013	2014	2015	2016	2017	2018	2018
¥ 498,395	¥ 450,976	¥ 729,760	¥ 623,418	¥ 536,942	**¥ 726,596**	**$ 6,854,679**
184,821	164,134	297,839	215,567	153,217	**229,604**	**2,166,075**
37.1%	36.4%	40.8%	34.6%	28.5%	**31.6%**	**31.6%**
191,242	174,360	311,951	229,361	168,829	**249,525**	**2,354,009**
120,484	110,930	207,599	159,700	127,697	**181,957**	**1,716,575**
906,440	1,027,801	1,273,355	1,072,770	1,059,644	**1,127,996**	**10,641,472**
92,973	99,449	172,611	106,116	120,715	**191,070**	**1,802,547**
1,219,113	1,343,904	1,611,626	1,512,895	1,564,769	**1,729,080**	**16,312,075**
1,094,129	1,199,863	1,386,695	1,334,910	1,369,457	**1,467,630**	**13,845,566**
615.59	566.86	1,061.02	816.78	658.63	**938.66**	**8.86**
—	—	—	—	—	**—**	**—**
184.68	170.06	636.62	490.07	395.18	**563.20**	**5.31**
5,565.64	6,102.20	7,049.39	6,825.27	7,031.79	**7,540.24**	**71.13**

Consolidated Statements of Income

		Millions of yen		Thousands of U.S. dollars (Note 3)
Years ended March 31	2016	2017	2018	2018
Net sales	¥ 623,418	¥ 536,942	¥ 726,596	$6,854,679
Cost of goods sold (Note 9)	326,912	303,415	398,398	3,758,471
Gross profit	296,506	233,527	328,198	3,096,208
Selling, general and administrative expenses (Note 9)	80,939	80,310	98,594	930,133
Operating income	215,567	153,217	229,604	2,166,075
Other income (expenses):				
Interest income	2,537	2,343	3,189	30,085
Equity in earnings of affiliates	11,494	10,022	16,307	153,840
Other, net (Note 10)	(237)	3,247	425	4,009
	13,794	15,612	19,921	187,934
Income before income taxes	229,361	168,829	249,525	2,354,009
Income taxes:				
Current	66,123	47,736	67,660	638,302
Deferred	2,906	(6,684)	(572)	(5,397)
Net income	160,332	127,777	182,437	1,721,104
Net income attributable to non-controlling interests	632	80	480	4,529
Net income attributable to owners of parent	¥ 159,700	¥ 127,697	¥ 181,957	$1,716,575

		Yen		U.S. dollars (Note 3)
Amounts per share of common stock:				
Net income	¥ 816.78	¥ 658.63	¥ 938.66	$ 8.86
Cash dividends	490.07	395.18	563.20	5.31

See notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Millions of yen			Thousands of U.S. dollars
Years ended March 31	2016	2017	**2018**	**2018**
Net income	¥160,332	¥127,777	**¥182,437**	**$1,721,104**
Other comprehensive income				
Valuation difference on available-for-sale securities	(3,091)	4,203	**4,496**	**42,415**
Foreign currency translation adjustment	(21,866)	(2,076)	**(1,765)**	**(16,651)**
Remeasurements of defined benefit plans	(15,337)	(443)	**2,411**	**22,745**
Share of other comprehensive income of affiliates accounted for using equity method	(2,085)	(4,527)	**1,827**	**17,236**
Total other comprehensive income	(42,379)	(2,843)	**6,969**	**65,745**
Comprehensive income	¥117,953	¥124,934	**¥189,406**	**$1,786,849**
Comprehensive income attributable to:				
Owners of parent	117,873	124,774	**188,956**	**1,782,604**
Non-controlling interests	80	160	**450**	**4,245**

Consolidated Balance Sheets

As of March 31	Millions of yen 2017	Millions of yen 2018	Thousands of U.S. dollars (Note 3) 2018
ASSETS			
Current assets:			
Cash and bank deposits	¥629,761	**¥602,329**	**$5,682,349**
Receivables, trade:			
Notes and accounts	120,787	**175,460**	**1,655,283**
Allowance for doubtful accounts	(1,287)	**(1,424)**	**(13,434)**
Marketable securities	145,000	**145,000**	**1,367,925**
Finished goods	60,580	**71,680**	**676,226**
Work in progress	43,892	**56,405**	**532,123**
Raw materials and supplies	13,864	**22,033**	**207,858**
Deferred income taxes (Note 11)	24,384	**26,483**	**249,840**
Other current assets	22,663	**30,030**	**283,302**
Total current assets	1,059,644	**1,127,996**	**10,641,472**
Investments (Note 5)	94,048	**108,143**	**1,020,216**
Property, plant and equipment, at cost:			
Land	134,400	**143,036**	**1,349,396**
Buildings	339,090	**383,775**	**3,620,519**
Machinery and equipment	184,809	**206,788**	**1,950,830**
Construction in progress	22,015	**54,654**	**515,604**
Less accumulated depreciation	(273,924)	**(302,376)**	**(2,852,604)**
Property, plant and equipment, net	406,390	**485,877**	**4,583,745**
Intangible assets:			
Goodwill	—	**—**	**—**
Other intangible assets	4,687	**7,064**	**66,642**
Total intangible assets	4,687	**7,064**	**66,642**
Total assets	¥1,564,769	**¥1,729,080**	**$16,312,075**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Payables, trade	¥36,011	**¥52,901**	**$499,066**
Accrued income taxes	22,994	**46,466**	**438,358**
Warranty reserves	6,994	**7,047**	**66,481**
Other current liabilities	54,716	**84,656**	**798,642**
Total current liabilities	120,715	**191,070**	**1,802,547**
Long-term liabilities:			
Net defined benefit liability (Note 6)	71,175	**67,562**	**637,377**
Other long-term liabilities	3,422	**2,818**	**26,585**
Total long-term liabilities	74,597	**70,380**	**663,962**
NET ASSETS			
Shareholders' equity:			
Common stock:			
Authorized - 400,000,000 shares			
Issued - 204,059,017 shares	69,014	**69,014**	**651,075**
Capital surplus	96,208	**96,265**	**908,160**
Retained earnings	1,307,254	**1,398,977**	**13,197,897**
Treasury stock, at cost :			
2017 - 10,216,648 shares	(90,677)	**—**	**—**
2018 - 10,220,284 shares	—	**(91,020)**	**(858,679)**
Total shareholders' equity	1,381,799	**1,473,236**	**13,898,453**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	8,594	**13,090**	**123,491**
Foreign currency translation adjustment	(710)	**(619)**	**(5,840)**
Remeasurements of defined benefit plans	(26,528)	**(24,117)**	**(227,519)**
Total accumulated other comprehensive income	(18,644)	**(11,646)**	**(109,868)**
Non-controlling interests	6,302	**6,040**	**56,981**
Total net assets	1,369,457	**1,467,630**	**13,845,566**
Total liabilities and net assets	¥1,564,769	**¥1,729,080**	**$16,312,075**

See notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Non-controlling interests	Total net assets
Balance at March 31, 2015	¥69,014	¥96,277	¥1,500,635	(¥312,855)	¥7,482	¥29,372	(¥10,748)	¥7,518	¥1,386,695
Restated balance	¥69,014	¥96,277	¥1,500,635	(¥312,855)	¥7,482	¥29,372	(¥10,748)	¥7,518	¥1,386,695
Cash dividends			(151,385)						(151,385)
Net income			159,700						159,700
Change caused by merger									—
Purchase of treasury stock				(17,194)					(17,194)
Disposal of treasury stock		7		4					11
Retirement of treasury stock		(78)	(239,393)	239,471					—
Net change except shareholder's equity during the year					(3,091)	(23,398)	(15,337)	(1,091)	(42,917)
Balance at March 31, 2016	¥69,014	¥96,206	¥1,269,557	(¥90,574)	¥4,391	¥5,974	(¥26,085)	¥6,427	¥1,334,910
Restated balance	¥69,014	¥96,206	¥1,269,557	(¥90,574)	¥4,391	¥5,974	(¥26,085)	¥6,427	¥1,334,910
Cash dividends			(76,623)						(76,623)
Net income			127,697						127,697
Change caused by merger									—
Purchase of treasury stock				(13,483)					(13,483)
Disposal of treasury stock		2		1					3
Retirement of treasury stock		(2)	(13,377)	13,379					—
Change in equity from transactions with non-controlling shareholders		2							2
Net change except shareholder's equity during the year					4,203	(6,684)	(443)	(125)	(3,049)
Balance at March 31, 2017	¥69,014	¥96,208	¥1,307,254	(¥90,677)	¥8,594	(¥710)	(¥26,528)	¥6,302	¥1,369,457
Restated balance	¥69,014	¥96,208	¥1,307,254	(¥90,677)	¥8,594	(¥710)	(¥26,528)	¥6,302	¥1,369,457
Cash dividends			(91,969)						(91,969)
Net income			181,957						181,957
Change caused by merger			473						473
Purchase of treasury stock				(442)					(442)
Disposal of treasury stock		1		1					2
Retirement of treasury stock		(1)	(97)	98					—
Change due to tax rate change			1,359						1,359
Change in equity from transactions with non-controlling shareholders		57							57
Net change except shareholder's equity during the year					4,496	91	2,411	(262)	6,736
Balance at March 31, 2018	¥69,014	¥96,265	¥1,398,977	(¥91,020)	¥13,090	(¥619)	(¥24,117)	¥6,040	¥1,467,630

Thousands of U.S. dollars (Note 3)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Non-controlling interests	Total net assets
Balance at March 31, 2017	$651,075	$907,623	$12,332,585	($855,443)	$81,075	($6,698)	($250,264)	$59,453	$12,919,406
Restated balance	$651,075	$907,623	$12,332,585	($855,443)	$81,075	($6,698)	($250,264)	$59,453	$12,919,406
Cash dividends			(867,632)						(867,632)
Net income			1,716,575						1,716,575
Change caused by merger			4,462						4,462
Purchase of treasury stock				(4,170)					(4,170)
Disposal of treasury stock		9		9					18
Retirement of treasury stock		(10)	(915)	925					—
Change due to tax rate change			12,821						12,821
Change in equity from transactions with non-controlling shareholders		538							538
Net change except shareholder's equity during the year					42,416	859	22,745	(2,472)	63,548
Balance at March 31, 2018	$651,075	$908,160	$13,197,896	($858,679)	$123,491	($5,839)	($227,519)	$56,981	$13,845,566

See notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

	Millions of yen			Thousands of U.S. dollars (Note 3)
Years ended March 31	2016	2017	**2018**	**2018**
Cash flows from operating activities				
Income before income taxes	¥229,361	¥168,829	**¥249,525**	**$2,354,009**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization	21,106	26,530	**34,190**	**322,547**
Allowance for doubtful accounts	(536)	(239)	**462**	**4,358**
Net defined benefit liability	21,311	3,178	**(3,840)**	**(36,226)**
Interest and dividend income	(3,909)	(3,789)	**(4,793)**	**(45,217)**
Equity in earnings of affiliates, net	(11,494)	(10,022)	**(16,307)**	**(153,840)**
(Increase) decrease in receivables, trade	29,207	(17,386)	**(51,908)**	**(489,698)**
(Increase) decrease in inventories	1,602	(16,519)	**(31,527)**	**(297,425)**
Increase (decrease) in payables, trade	(13,749)	11,292	**16,875**	**159,198**
Other	(21,506)	(6,470)	**18,369**	**173,294**
Cash generated from operations	251,393	155,404	**211,046**	**1,991,000**
Interest and dividends received	10,061	8,562	**9,818**	**92,623**
Income taxes paid	(121,281)	(43,039)	**(44,983)**	**(424,368)**
Other	460	786	**109**	**1,028**
Net cash provided by operating activities	140,633	121,713	**175,990**	**1,660,283**
Cash flows from investing activities				
Payments into time deposits			**(21,426)**	**(202,132)**
Purchases of property, plant and equipment	(102,008)	(87,509)	**(103,016)**	**(971,849)**
Purchases of investment securities	(7,830)	(559)	**(1,481)**	**(13,972)**
Other	(2,839)	(494)	**(4,334)**	**(40,887)**
Net cash used in investing activities	(112,677)	(88,562)	**(130,257)**	**(1,228,840)**
Cash flows from financing activities				
Purchases of treasury stock	(17,253)	(13,481)	**(442)**	**(4,170)**
Dividends paid	(151,237)	(76,505)	**(92,003)**	**(867,953)**
Other	(1,082)	(281)	**(652)**	**(6,151)**
Net cash used in financing activities	(169,572)	(90,267)	**(93,097)**	**(878,274)**
Effect of exchange rate changes on cash and cash equivalents	(17,958)	215	**(2,283)**	**(21,538)**
Net increase (decrease) in cash and cash equivalents	(159,574)	(56,901)	**(49,647)**	**(468,369)**
Cash and cash equivalents at beginning of year	991,236	831,662	**774,761**	**7,309,068**
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	—	**789**	**7,443**
Cash and cash equivalents at end of year	¥831,662	¥774,761	**¥725,903**	**$6,848,142**

See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Basis of preparation

The accompanying consolidated financial statements of FANUC CORPORATION (the "Company") and its consolidated subsidiaries (together, the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

In preparing the accompanying consolidated financial statements, the Company has made certain reclassifications and rearrangements to the consolidated financial statements prepared in Japan in order to present them in a format which is more familiar to readers outside Japan.

2. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and, with minor exceptions, the subsidiaries under its control. Intercompany accounts and significant intercompany transactions have been eliminated in consolidation.

The investments in unconsolidated subsidiaries and affiliated companies over which the Company exerts substantial influence are, with minor exceptions, stated at their underlying equity value.

Goodwill is amortized over a period of five years.

(b) Cash equivalents

The Group considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(c) Translation of foreign currency accounts

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at the balance sheet date. Foreign exchange gain or loss on translation is recognized in the consolidated statements of income.

Assets and liabilities of the consolidated subsidiaries outside Japan are translated into Japanese yen at the applicable year-end rates except for shareholders' equity which is translated at the historical rates. Differences arising from translation are reflected as "Foreign currency translation adjustments" in a separate component of net assets. Income and expense accounts are translated at the average rates for the year.

(d) Valuation of securities

Securities other than investments in affiliates are classified as available-for-sale securities ("Other securities") and include securities other than trading securities and securities held to maturity. Other securities whose fair value is readily determinable are stated at fair value with the corresponding unrealized gain or loss, net of taxes, recorded directly as a separate component of net assets. Other securities whose fair value is not readily determinable are stated at moving average cost. The cost of other securities sold is calculated by the moving average method.

(e) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount deemed sufficient to cover estimated future losses.

(f) Inventories

Raw materials and purchased components are stated primarily at cost determined by the most recent purchase price method.

Work in progress is stated at actual cost which includes direct costs for materials and labor and overhead manufacturing costs including depreciation.

Finished goods are stated principally at cost (the valuation method) by the average method.

(g) Property, plant and equipment and depreciation

Property, plant and equipment, including significant renewals and additions, is stated at cost.

Depreciation is computed principally by the declining-balance method at rates based on the estimated useful lives of the respective assets which vary according to general classification, type of construction and use.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(h) Warranty reserves

The Group provides warranty reserves for goods sold under warranty agreements. Estimates for these warranty reserves are based primarily on historical experience. In addition, they are calculated with reference to current information concerning specific issues.

(i) Retirement benefits

The benefit formula basis is applied as the method for attributing the expected retirement benefits to periods of service for the calculation of the retirement benefit obligation.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period (10 years) which is shorter than the estimated average remaining years of service of the eligible employees.

Past service cost is being amortized as incurred by the straight-line method over a period (10 years) which is shorter than the estimated average remaining years of service of the eligible employees.

(j) Revenue recognition

In general, sales of products, other than those exported, are recognized in the accounts upon acceptance by the customers. Export sales are recognized as of the respective dates of shipment.

(k) Income taxes

Deferred income taxes are provided by the asset and liability method. Deferred income tax assets and liabilities are determined based on the temporary differences between the financial statements and the tax bases of the assets and liabilities, using the enacted tax rates which will be in effect during the years in which the differences are expected to reverse.

(l) Net income per share

Net income per share is calculated based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

(m) Shareholders’ equity

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than capital reserve) and retained earnings (other than legal reserve) be transferred to capital reserve and legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

3. U.S. dollar amounts

The Company and its domestic consolidated subsidiaries maintain their books of account in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥106 = U.S.$1.00, the approximate rate of exchange prevailing on March 31, 2018.

U.S. dollar amounts are presented solely for the convenience of the reader and the translation is not intended to imply that assets and liabilities which originate in yen have been or could readily be converted, realized or settled in U.S. dollars at the above or any other rate.

4. Financial instruments

Basic policy to manage financial instruments and related risk

(1) Group policy for financial instruments

The Company and its consolidated subsidiaries rely on their own resources to finance operations and do not raise funds from external resources.

In addition, they do not enter into any derivative contracts.

(2) Nature and extent of risks arising from financial instruments

Deposits denominated in foreign currencies are exposed to risk of exchange fluctuations.

Receivables such as trade notes and trade accounts are exposed to customer credit risk and receivables denominated in foreign currencies that arise from overseas operations are exposed to the market risk of fluctuation in foreign currency exchange rates. Marketable securities are negotiable certificate of deposits, which are easily convertible into cash and within three months, and thus are exposed to insignificant risk of price fluctuations. Investment securities, which mainly consist of stocks in companies with business relationships, are exposed to the risk of market price fluctuations.

Payables such as trade notes and trade accounts are mostly due within one year.

(3) Risk management for financial instruments

(i) Management of credit risk

The Group monitors due dates and manages balances of receivables by customer according to internal guidelines and periodically checks credit risks of key customers taking into account their financial position and other factors.

(ii) Management of market risk

The Group regularly monitors each yen equivalent of deposits denominated in forreign currencies.

The Group regularly monitors the market price and the financial condition of the issuer with respect to its securities and continuously reviews the investment made in each company, taking into account its relationship with the counterparty.

Fair value of financial instruments

The carrying amount and fair value of financial instruments at March 31, 2017 and 2018 are summarized as follows. Financial instruments whose fair value is not readily determinable are not included in the table below.

2017	Millions of yen		
	Carrying amount	Fair value	Variance
Cash and bank deposits	¥629,761	¥629,761	—
Notes and accounts receivables	120,787	120,787	—
Marketable securities and investment securities			
Other securities	168,156	168,156	—
Notes and accounts payables	(36,011)	(36,011)	—
Accrued income taxes	(22,994)	(22,994)	—

2018	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Variance	Carrying amount	Fair value	Variance
Cash and bank deposits	¥602,329	¥602,329	—	$5,682,349	$5,682,349	—
Notes and accounts receivables	175,460	175,460	—	1,655,283	1,655,283	—
Marketable securities and investment securities						
Other securities	174,124	174,124	—	1,642,679	1,642,679	—
Notes and accounts payables	(52,901)	(52,901)	—	(499,066)	(499,066)	—
Accrued income taxes	(46,466)	(46,466)	—	(438,358)	(438,358)	—

Cash and bank deposits, Notes and accounts receivable

The carrying value of cash and bank deposits and notes and accounts receivables approximate fair value due to their short maturities.

Marketable securities and investment securities

Marketable securities are negotiable certificates of deposit (NCD), and the carrying value of those approximate fair value due to their short maturities.

Investment securities are equity securities whose fair value is measured at the quoted market price at the stock exchange.

See Note 5 for information on the fair value of investment securities by classification.

Notes and accounts payables

The carrying value of notes and accounts payables approximate fair value due to their short maturities.

The carrying amount of financial instruments whose fair value is not readily determinable at March 31, 2017 and 2018, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
Unlisted stock (consolidated balance sheet amount)	¥49,039	**¥60,822**	**$573,792**

Redemption schedule after fiscal year-end for monetary assets and securities with maturity dates as of March 31, 2017 and 2018 is as follows:

2017 — Millions of yen

	Within 1 year	1 - 5 years	5 - 10 years	Due after 10 years
Cash and bank deposits	¥629,761	—	—	—
Notes and accounts receivables	120,787	—	—	—
Investment securities				
Other securities with maturity				
(1) Government bond	—	—	—	—
(2) Negotiable certificates of deposit	145,000	—	—	—
Total	¥895,548	—	—	—

2018 — Millions of yen

	Within 1 year	1 - 5 years	5 - 10 years	Due after 10 years
Cash and bank deposits	**¥ 602,329**	—	—	—
Notes and accounts receivables	**175,460**	—	—	—
Investment securities				
Other securities with maturity				
(1) Government bond	—	—	—	—
(2) Negotiable certificates of deposit	**145,000**	—	—	—
Total	**¥ 922,789**	—	—	—

2018 — Thousands of U.S. dollars

	Within 1 year	1 - 5 years	5 - 10 years	Due after 10 years
Cash and bank deposits	**$5,682,349**	—	—	—
Notes and accounts receivables	**1,655,283**	—	—	—
Investment securities				
Other securities with maturity				
(1) Government bond	—	—	—	—
(2) Negotiable certificates of deposit	**1,367,925**	—	—	—
Total	**$8,705,557**	—	—	—

5. Other securities and investments

Other securities whose fair value was determinable at March 31, 2017 and 2018 are summarized as follows:

2017 Millions of yen

	Type of securities	Book value reflected in the balance sheet	Acquisition cost	Net
Other securities with unrealized gain	Equity securities	¥ 23,098	¥ 12,145	¥10,953
	Subtotal	23,098	12,145	10,953
Other securities with unrealized loss	Negotiable certificates of deposit	145,000	145,000	—
	Equity securities	58	59	(1)
	Subtotal	145,058	145,059	(1)
Total		¥168,156	¥157,204	¥10,952

2018 Millions of yen

	Type of securities	Book value reflected in the balance sheet	Acquisition cost	Net
Other securities with unrealized gain	Equity securities	¥ 29,084	¥ 12,204	¥16,880
	Subtotal	29,084	12,204	16,880
Other securities with unrealized loss	Negotiable certificates of deposit	145,000	145,000	—
	Equity securities	40	48	(8)
	Subtotal	145,040	145,048	(8)
Total		¥174,124	¥157,252	¥16,872

2018 Thousands of U.S. dollars

	Type of securities	Book value reflected in the balance sheet	Acquisition cost	Net
Other securities with unrealized gain	Equity securities	$ 274,377	$ 115,132	$159,245
	Subtotal	274,377	115,132	159,245
Other securities with unrealized loss	Negotiable certificates of deposit	1,367,925	1,367,925	—
	Equity securities	377	452	(75)
	Subtotal	1,368,302	1,368,377	(75)
Total		$1,642,679	$1,483,509	$159,170

Other securities sold during the years ended March 31, 2017 and 2018 are not presented since they are insignificant.

Investments at March 31, 2017 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
Investments in affiliates	¥47,169	**¥ 57,531**	**$ 542,745**
Other securities	25,026	**32,415**	**305,802**
Allowance for doubtful accounts	(2)	**(371)**	**(3,504)**
Other	21,854	**18,568**	**175,173**
Total	¥94,048	**¥108,143**	**$1,020,216**

6. Retirement benefits

The Company and its domestic consolidated subsidiaries provide employees' pension fund plans and lump-sum severance payment plans as their defined benefit pension plans.

Certain overseas consolidated subsidiaries also provide defined benefit pension plans and defined contribution pension plans.

Information on the pension plans for the years ended March 31, 2017 and 2018 is as follows;

1. Defined benefit pension plans

(1) Changes in projected benefit obligation (PBO)

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
PBO at beginning of year	¥178,635	**¥185,729**	**$1,752,160**
Service cost	6,280	**4,692**	**44,264**
Interest cost	1,897	**1,750**	**16,509**
Actuarial gain or loss	1,087	**2,407**	**22,708**
Benefit payments	(2,735)	**(2,922)**	**(27,566)**
Accrued past service cost	—	**(3,742)**	**(35,302)**
Influence of exchange	(251)	**(1,324)**	**(12,491)**
Other	816	**401**	**3,784**
PBO at end of year	¥185,729	**¥186,991**	**$1,764,066**

(2) Changes in the fair value of plan assets

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
Fair value of plan assets at beginning of year	¥110,289	**¥114,554**	**$1,080,698**
Expected return on plan assets	1,144	**1,202**	**11,340**
Actuarial gain or loss	(2,394)	**(37)**	**(349)**
Employer contribution	7,263	**6,864**	**64,755**
Benefit payments	(1,648)	**(1,715)**	**(16,179)**
Influence of exchange	(40)	**(1,405)**	**(13,255)**
Other	(60)	**(34)**	**(321)**
Fair value of plan assets at end of year	¥114,554	**¥119,429**	**$1,126,689**

(3) Amount recognized in consolidated balance sheets at end of year

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
PBO in savings-type pension plan	¥181,973	¥182,877	$1,725,255
Fair value of plan assets	(114,554)	(119,429)	(1,126,689)
	67,419	63,448	598,566
PBO in non-savings-type pension plan	3,756	4,114	38,811
Net amount of liability and asset recognized in consolidated balance sheets	71,175	67,562	637,377
Net defined benefit liability	71,175	67,562	637,377
Net amount of liability and asset recognized in consolidated balance sheets	¥ 71,175	¥ 67,562	$ 637,377

(4) Components of defined benefit cost

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Service cost	¥ 6,280	¥4,692	$44,264
Interest cost	1,897	1,750	16,509
Expected return on plan assets	(1,144)	(1,202)	(11,340)
Amortization of actuarial gain or loss	2,631	3,567	33,651
Amortization of past service cost	776	(116)	(1,094)
Other	13	13	123
Defined benefit cost	¥10,453	¥8,704	$82,113

(5) Remeasurements of defined benefit plans

The components (before adjustment of tax effect) are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Past service cost	¥ 91	¥3,626	$34,208
Actuarial gain or loss	(1,007)	1,634	15,415
Total	(¥916)	¥5,260	$49,623

(6) Remeasurements of defined benefit plans, before tax

The components (before adjustment of tax effect) are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
Unrecognized past service cost	¥2,050	**(¥1,576)**	**($14,868)**
Unrecognized actuarial gain or loss	36,805	**35,171**	**331,802**
Total	¥38,855	**¥33,595**	**$316,934**

(7) Plan assets

1) Components of plan assets

The components are as follows:

	2017	**2018**
Debt securities	72%	**70%**
Cash and bank deposits	27%	**29%**
Other	1%	**1%**
Total	100%	**100%**

2) Expected rate of return on plan assets

The expected rate of return on plan assets is determined based on the current and estimated future rates of return on various pension assets.

(8) Actuarial assumptions

	2017	**2018**
Discount rate	0.5 - 4.2%	**0.5 - 4.0%**
Expected rate of return on plan assets	0.5 - 3.0%	**0.5 - 2.8%**
Expected rate of salary increase	2.3 - 4.1%	**2.3 - 4.2%**

2. Defined contribution pension plans

Contribution of consolidated subsidiaries to the plan was ¥865 million for fiscal year 2017, and ¥1,028 million ($9,698 thousand) for fiscal year 2018.

7. Leases

Future rent payments, including interest, under operating leases subsequent to March 31, 2017 and 2018 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
Due within one year	¥1,327	**¥1,376**	**$12,981**
Due after one year	¥1,498	**¥1,633**	**$15,406**
Total	¥2,825	**¥3,009**	**$28,387**

8. Contingent liabilities

Contingent liabilities with respect to guarantees for employees' mortgage loans with banks at March 31, 2017 and 2018 amounted to ¥36 million and ¥25 million ($236 thousand), respectively.

9. Research and development expenses

Research and development expenses charged to manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2016, 2017 and 2018 are summarized as follows:

Millions of yen			Thousands of U.S. dollars
2016	2017	**2018**	**2018**
¥34,567	¥42,331	**¥52,956**	**$499,585**

10. Other income (expenses)-Other, net

Other income (expenses)-Other, net for the years ended March 31, 2016, 2017 and 2018 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2016	2017	**2018**	**2018**
Dividend income	¥1,372	¥1,446	**¥1,604**	**$15,132**
Loss on sales and disposal of fixed assets	(857)	(228)	**(568)**	**(5,358)**
Exchange gain or loss, net	(2,090)	517	**(1,107)**	**(10,443)**
Other, net	1,338	1,512	**496**	**4,678**
Total	(¥ 237)	¥3,247	**¥ 425**	**$ 4,009**

11. Income taxes

Net deferred tax assets at March 31, 2017 and 2018 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
Deferred tax assets:			
Net defined benefit liability	¥23,380	**¥21,736**	**$205,057**
Unrealized profit on inventories and property, plant and equipment	8,860	**11,088**	**104,604**
Accrued expenses	5,567	**6,502**	**61,340**
Depreciation and amortization	9,233	**10,478**	**98,849**
Accrued enterprise taxes	1,350	**2,007**	**18,934**
Investment securities	837	**837**	**7,896**
Other	13,414	**12,784**	**120,603**
Gross deferred tax assets	62,641	**65,432**	**617,283**
Valuation allowance	(847)	**(1,599)**	**(15,085)**
Total deferred tax assets	61,794	**63,833**	**602,198**
Deferred tax liabilities:			
Undistributed earnings of affiliated companies	(9,628)	**(11,167)**	**(105,349)**
Other	(8,798)	**(11,908)**	**(112,340)**
Total deferred tax liabilities	(18,426)	**(23,075)**	**(217,689)**
Net deferred tax assets	¥43,368	**¥40,758**	**$384,509**

Reconciliation of the statutory income tax rate to the effective income tax rate for the years ended March 31, 2016, 2017 and 2018 was as follows:

	2016	2017	**2018**
Japanese statutory income tax rate	32.3%	30.2%	**30.2%**
Tax exemption	(3.1%)	(5.0%)	**(3.0%)**
Dividend income not taxable	(4.4%)	(4.0%)	**(2.3%)**
Tax rate difference of foreign subsidiaries	(0.5%)	0.2%	**(0.5%)**
Elimination of dividends received	4.7%	4.2%	**2.4%**
Equity in earnings of affiliates	(1.6%)	(1.8%)	**(2.0%)**
Other	2.7%	0.5%	**2.1%**
Effective income tax rate	30.1%	24.3%	**26.9%**

12. Segment information

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 CNCs and servo motors in all of its products. For this reason, the decision is made, taking into consideration the status 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.

Relevant Information

Information by product and service

	Millions of yen			Thousands of U.S. dollars
Net sales: Unaffiliated customers	2016	2017	**2018**	**2018**
FA	¥170,211	¥175,016	**¥222,254**	**$2,096,736**
ROBOT	¥188,295	¥190,043	**¥227,827**	**$2,149,311**
ROBOMACHINE	¥183,011	¥ 93,939	**¥190,182**	**$1,794,170**
SERVICE	¥ 81,901	¥ 77,944	**¥ 86,333**	**$ 814,462**
Total	¥623,418	¥536,942	**¥726,596**	**$6,854,679**

Information by region

	Millions of yen			Thousands of U.S. dollars
Net sales: Unaffiliated customers	2016	2017	**2018**	**2018**
Japan	¥119,228	¥116,598	**¥137,079**	**$1,293,198**
America	¥142,700	¥134,915	**¥144,954**	**$1,367,491**
Europe	¥ 94,017	¥ 87,449	**¥110,378**	**$1,041,302**
Asia	¥264,629	¥194,698	**¥329,523**	**$3,108,708**
Other	¥ 2,844	¥ 3,282	**¥ 4,662**	**$ 43,980**
Total	¥623,418	¥536,942	**¥726,596**	**$6,854,679**

13. Derivative transactions

Not applicable as the Group does not enter into any derivative contracts.

14. Related-party transactions

Related-party transactions for the years ended March 31, 2017 and 2018 are not presented since they are insignificant.

NON-CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen			Thousands of U.S. dollars
Years ended March 31	2016	2017	**2018**	**2018**
Net sales	¥457,479	¥399,111	**¥572,963**	**$5,405,311**
Cost of goods sold	258,083	246,702	**340,725**	**3,214,387**
Gross profit	199,396	152,409	**232,238**	**2,190,924**
Selling, general and administrative expenses	41,351	44,430	**57,358**	**541,113**
Operating income	158,045	107,979	**174,880**	**1,649,811**
Other income (expenses):				
Interest income	561	559	**931**	**8,783**
Dividend income	34,879	25,004	**21,096**	**199,019**
Other, net	(3,243)	8,191	**(711)**	**(6,707)**
	32,197	33,754	**21,316**	**201,095**
Income before income taxes	190,242	141,733	**196,196**	**1,850,906**
Income taxes:				
Current	46,989	35,182	**53,234**	**502,208**
Deferred	3,169	(5,842)	**(4,702)**	**(44,359)**
	50,158	29,340	**48,532**	**457,849**
Net income	¥140,084	¥112,393	**¥147,664**	**$1,393,057**

	Yen			U.S. dollars
Net income per share:	¥ 716.46	¥ 579.70	**¥ 761.75**	**$ 7.19**

Note : The U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥106 = U.S.$1.00.

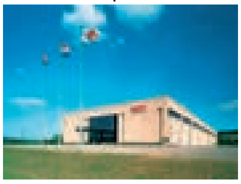
NON-CONSOLIDATED BALANCE SHEETS

	Millions of yen		Thousands of U.S. dollars
As of March 31	2017	2018	2018
ASSETS			
Current assets:			
Cash and bank deposits	¥ 431,661	¥ 398,021	$ 3,754,915
Receivables, trade:			
Notes and accounts	33,113	89,627	845,538
Subsidiaries and affiliates	39,576	30,717	289,783
Allowance for doubtful accounts	(325)	(398)	(3,755)
Marketable securities	145,000	145,000	1,367,925
Inventories	66,718	89,539	844,708
Deferred tax assets	12,355	14,013	132,198
Other current assets	25,420	23,954	225,981
Total current assets	753,518	790,473	7,457,293
Investments and other assets:			
Subsidiaries and affiliates	108,101	109,868	1,036,491
Deferred tax assets	13,349	14,510	136,887
Other	25,116	32,155	303,348
Total investments and other assets	146,566	156,533	1,476,726
Property, plant and equipment, at cost:			
Land	120,703	128,640	1,213,585
Buildings	308,735	349,245	3,294,764
Machinery and equipment	168,906	189,045	1,783,443
Construction in progress	18,855	53,094	500,887
	617,199	720,024	6,792,679
Accumulated depreciation	(249,472)	(276,124)	(2,604,943)
Property, plant and equipment, net	367,727	443,900	4,187,736
Intangible assets	4,060	6,478	61,113
Total assets	¥1,271,871	¥1,397,384	$13,182,868
LIABILITIES AND NET ASSETS			
Current liabilities:			
Payables, trade:			
Accounts	¥ 25,830	¥ 45,437	$ 428,651
Subsidiaries and affiliates	894	1,049	9,896
Accrued expenses	25,689	48,789	460,274
Accrued income taxes	19,972	39,099	368,858
Warranty reserves	2,882	3,187	30,066
Other current liabilities	3,123	3,268	30,830
Total current liabilities	78,390	140,829	1,328,575
Long-term liabilities:			
Allowance for employees' retirement benefits	35,357	38,885	366,840
Asset retirement obligations	2,845	2,669	25,179
Total long-term liabilities	38,202	41,554	392,019
NET ASSETS			
Shareholders' equity:			
Common stock:			
Authorized - 400,000,000 shares			
Issued - 204,059,017 shares	69,014	69,014	651,075
Capital surplus	96,057	96,057	906,198
Retained earnings	1,072,478	1,128,076	10,642,227
Treasury stock, at cost	(90,677)	(91,020)	(858,679)
Total shareholders' equity	1,146,872	1,202,127	11,340,821
Valuation and translation adjustment:			
Net unrealized holding gain on other securities	8,407	12,874	121,453
Total net assets	1,155,279	1,215,001	11,462,274
Total liabilities and net assets	¥1,271,871	¥1,397,384	$13,182,868

FANUC Global Service Network

FANUC America(Detroit)

FANUC Europe



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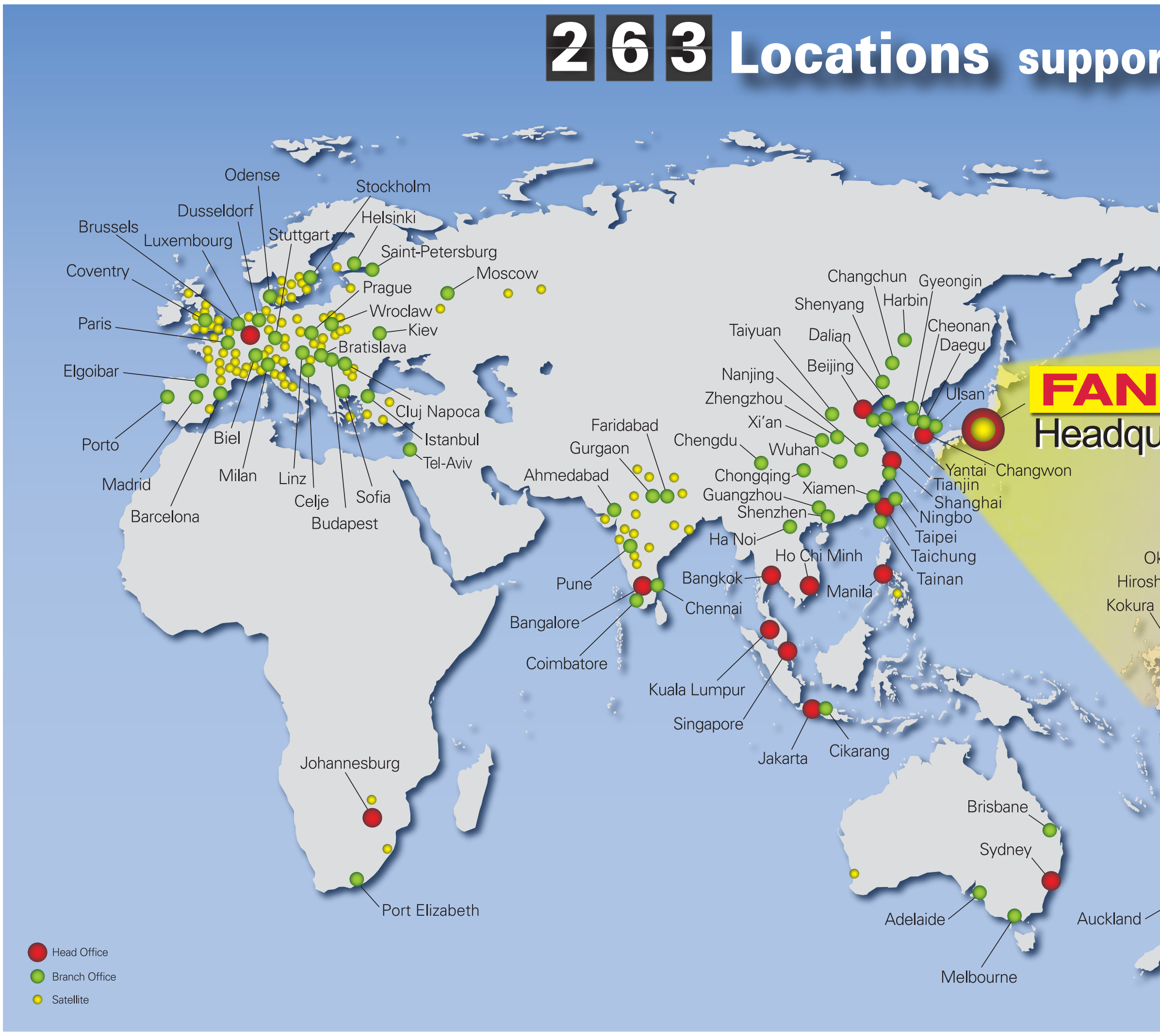

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