

3. Consolidated Financial Results Forecasts for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017) (% represents change from the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
Fiscal period	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	501,900	(19.5)	134,700	(37.5)	142,200	(38.0)	104,100	(34.8)	536.86

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 8 in Attachment.

(4) Number of shares outstanding(Common share)

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

2 Number of treasury stocks
September 30, 2016 10,208,182 shares March 31, 2016 11,300,237 shares

3 Average number of shares during the period
April-September 2016 193,904,637 shares April-September 2015 195,638,606 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 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 second quarter (April to September 2016) are as follows.

In the FA Division, the machine tool industry (the primary market for our CNC systems) saw vigorous movement in China thanks to increases in short-term demands, but continued to experience severe difficulties in other Asian economies and Europe. Also, in Japan, sales continued to be sluggish. With regard to our lasers, amid declining demand for CO₂ LASER oscillators, we introduced fiber laser oscillators to the market and focused its efforts on expanding sales. Under such circumstances, net sales in the FA Division decreased compared with the corresponding period of the previous fiscal year.

In the Robot Division, looking at the market overseas, sales in China increased compared with the corresponding period of the previous fiscal year. In addition, sales, particularly to the automobile industry, remained steady in Japan. However, sales in the Robot Division decreased overall compared with the corresponding period of the previous fiscal year, due to a trough in facility investments in the automobile industry, etc., in Europe and the Americas.

In the ROBOMACHINE Division, sales of ROBODRILL (small machining center) decreased significantly as short-term IT-related demands almost went out after they were extremely favorable in the first half of the previous fiscal year. Meanwhile, sales channels in the automobile and motorcycle parts processing markets expanded steadily. Sales of ROBOSHOTS (electric injection molding machine) declined slightly following stagnation in IT-related demands, but we worked to cultivate new sales channels through the market launch of two-components molding options. Sales also decreased slightly for ROBOCUTs (wire-cut electric discharge machine); however, we strived to expand sales through measures such as the introduction of large machines to the market.

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 through FIELD (FANUC Intelligent Edge Link and Drive) system, and pressed forward with measures to stabilize and develop our future business.

As a result, during the first half of the current fiscal year, FANUC posted consolidated net sales totaling ¥257,108 million, down 26.5%, consolidated ordinary income totaling ¥81,254 million, down 40.6%, and consolidated net income totaling ¥60,174 million, down 34.5%, compared with the corresponding period of the previous fiscal year.

Looking at the performance by business group, the FA Group posted consolidated sales totaling ¥83,877 million, down 13.2%, the Robot Group posted consolidated sales totaling ¥88,210 million, down 4.5%, the ROBOMACHINE Group posted consolidated sales totaling ¥47,414 million, down 60.4%, and the Service Group posted consolidated sales totaling ¥37,607 million, down 8.9%, 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

① Assets, Liabilities and Net Assets

Total asset decreased ¥32,578 million to ¥1,480,317 million compared with the end of the previous fiscal year. The main decrease is ¥51,534 million in cash and deposits.

Total liabilities decreased ¥4,928 million to ¥173,057 million compared with the end of the previous fiscal year.

Total net assets decreased ¥27,650 million to ¥1,307,260 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.)

② Cash Flow

Cash and cash equivalents (hereinafter “cash”) for the first half of the current fiscal year amounted to ¥780,128 million, down ¥51,534 million compared with the end of the previous fiscal year.

(Cash Flow in Operating Activities)

Cash provided by operating activities during the six months ended September 30, 2016 amounted to ¥70,660 million, down ¥9,834 million compared with the same period of the previous fiscal year. This is mainly due to the decrease in income before income taxes.

(Cash Flow in Investing Activities)

Cash used in investing activities during the six months ended September 30, 2016 amounted to ¥48,950 million, up ¥17,596 million compared with the same period of the previous fiscal year. This is mainly due to the increase in the purchase of property, plant and equipment.

(Cash Flow in Financing Activities)

Cash used in financing activities during the six months ended September 30, 2016 amounted to ¥54,056 million, down ¥42,928 million compared with the same period of the previous fiscal year. This is mainly due to the decrease in cash dividends paid.

(3) Financial Results Forecasts

The prospects of the business environment surrounding the FANUC Group remain uncertain. Our consolidated financial forecasts at present are as follows.

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

(Millions of yen)

	Previous forecast (released on July 27, 2016)	New forecast	Comparison with Previous forecast (%)
Net sales	508,800	501,900	(1.4)
Operating income	134,100	134,700	0.4
Ordinary income	142,500	142,200	(0.2)
Net income	103,300	104,100	0.8

Note: The currency rate applied to the period from October 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	September 30, 2016
Assets		
Current assets:		
Cash and deposits	686,662	635,128
Notes and accounts receivable – trade	100,307	89,138
Securities	145,000	145,000
Merchandise and finished goods	52,736	54,237
Work in process	39,206	39,685
Raw materials and supplies	11,124	10,140
Deferred tax asset	23,107	20,387
Others	16,196	16,432
Allowance for doubtful accounts	(1,568)	(1,348)
Total current assets	1,072,770	1,008,799
Noncurrent assets		
Property, plant and equipment		
Land	131,800	131,309
Other, net	220,260	253,533
Total property, plant and equipment	352,060	384,842
Intangible assets		
	3,875	4,020
Investments and other assets		
Investment securities	65,809	60,655
Others	18,382	22,002
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	84,190	82,656
Total noncurrent assets	440,125	471,518
Total assets	1,512,895	1,480,317
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	24,815	26,726
Income taxes payable	17,199	19,212
Warranty reserves	6,676	6,382
Others	57,426	49,903
Total current liabilities	106,116	102,223
Noncurrent liabilities:		
Liability related to retirement benefits	68,346	67,252
Others	3,523	3,582
Total noncurrent liabilities	71,869	70,834
Total liabilities	177,985	173,057
Net assets		
Shareholders' equity		
Capital stock	69,014	69,014
Capital surplus	96,206	96,206
Retained earnings	1,269,557	1,275,828
Treasury stock	(90,574)	(90,500)
Total shareholders' equity	1,344,203	1,350,548
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,391	5,748
Foreign currency translation adjustment	5,974	(30,111)
Accumulated adjustment to retirement benefits	(26,085)	(24,873)
Total accumulated other comprehensive income	(15,720)	(49,236)
Non-controlling interests	6,427	5,948
Total net assets	1,334,910	1,307,260
Total liabilities and net assets	1,512,895	1,480,317

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

Consolidated Quarterly Statement of Income

(Millions of Yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	349,969	257,108
Cost of sales	180,378	140,812
Gross profit	169,591	116,296
Selling, general and administrative expenses	42,250	37,896
Operating income	127,341	78,400
Non-operating income		
Interest income	1,206	1,121
Dividends income	865	846
Investment profit on equity method	6,030	5,254
Miscellaneous income	2,102	973
Total non-operating income	10,203	8,194
Non-operating expenses		
Foreign exchange losses	—	4,449
Miscellaneous expenses	715	891
Total non-operating expenses	715	5,340
Ordinary income	136,829	81,254
Income before income taxes	136,829	81,254
Income taxes-current	45,859	23,739
Income taxes-deferred	(1,373)	(2,829)
Total taxes and others	44,486	20,910
Net income	92,343	60,344
Net income attributable to non-controlling interests	440	170
Net income attributable to shareholders of parent company	91,903	60,174

Consolidated Quarterly Statement of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net Income	92,343	60,344
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(2,688)	1,357
Foreign currency translation adjustment	(8,404)	(28,476)
Adjustment to retirement benefit	(1,212)	1,212
Share of other comprehensive income of affiliates accounted for using equity method	1,218	(8,015)
Total other comprehensive income	(11,086)	(33,922)
Comprehensive income for the six months ended September 30	81,257	26,422
Comprehensive income attributable to:		
Owners of parent	81,260	26,658
Non-controlling interests	(3)	(236)

(3) Consolidated Quarterly Statement of Cash Flow

(Millions of Yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net cash provided by (used in) operating activities		
Income before income taxes	136,829	81,254
Depreciation and amortization	10,248	10,695
Increase (decrease) in allowance for doubtful accounts	(513)	(110)
Increase (decrease) in liability related to retirement benefits	2,085	(60)
Interest and dividend income	(2,071)	(1,967)
Equity method (income) loss	(6,030)	(5,254)
Decrease (increase) in notes and accounts receivable – trade	29,429	6,041
Decrease (increase) in inventories	(2,791)	(8,203)
Increase (decrease) in notes and accounts payable – trade	(14,632)	3,894
Other, net	1,626	(312)
Subtotal	154,180	85,978
Interest and dividend income received	8,253	6,747
Income taxes paid	(82,472)	(22,030)
Other, net	533	(35)
Net cash provided by (used in) operating activities	80,494	70,660
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(27,913)	(48,453)
Other, net	(3,441)	(497)
Net cash provided by (used in) investing activities	(31,354)	(48,950)
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(260)	(13,303)
Cash dividends paid	(96,108)	(40,510)
Other, net	(616)	(243)
Net cash provided by (used in) financing activities	(96,984)	(54,056)
Effect of exchange rate change on cash and cash equivalents	(7,738)	(19,188)
Net increase (decrease) in cash and cash equivalents	(55,582)	(51,534)
Cash and cash equivalents at beginning of period	991,236	831,662
Cash and cash equivalents at end of period	935,654	780,128

3. Other Information

(1) Changes in Significant Subsidiaries during the Six Months Ended September 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 of this change on the profit/loss of the six months ended September 30, 2016 is negligible.

(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, capital surplus decreased by ¥2 million, retained earnings decreased by ¥13,377 million, and treasury stock decreased by ¥13,379 million.

Supplement to Consolidated Financial Results

1 Consolidated Results(April ~ September, 2016)

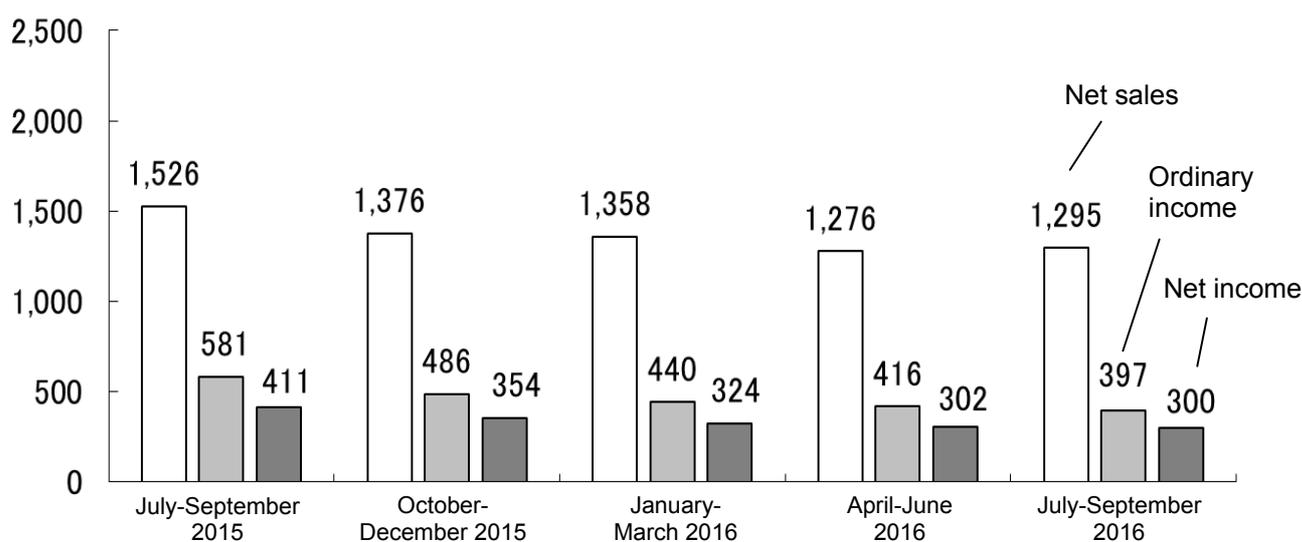
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|---|--|
| 1) Net income | 60.2 billion yen (35% down from the same period of last year) |
| 2) Net sales | 257.1 billion yen (27% down from the same period of last year) |
| 3) Operating income | 78.4 billion yen (38% down from the same period of last year) |
| Ordinary income | 81.3 billion yen (41% down from the same period of last year) |
| Ordinary income to net sales ratio | 31.6% |
| 4) Sales by Group | |
| FA | 83.9 billion yen (13% down from the same period of last year) |
| Robot | 88.2 billion yen (5% down from the same period of last year) |
| Robomachine | 47.4 billion yen (60% down from the same period of last year) |
| Service | 37.6 billion yen (9% down from the same period of last year) |
| 5) Orders | 269.0 billion yen (14% 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 | 501.9 billion yen (20% down from the same period of last year) |
| Operating income | 134.7 billion yen (38% down from the same period of last year) |
| Ordinary income | 142.2 billion yen (38% down from the same period of last year) |
| Net income | 104.1 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.”