

FA&ROBOT&ROBOMACHINE
FANUC

ANNUAL REPORT2013

Year ended March 31, 2013



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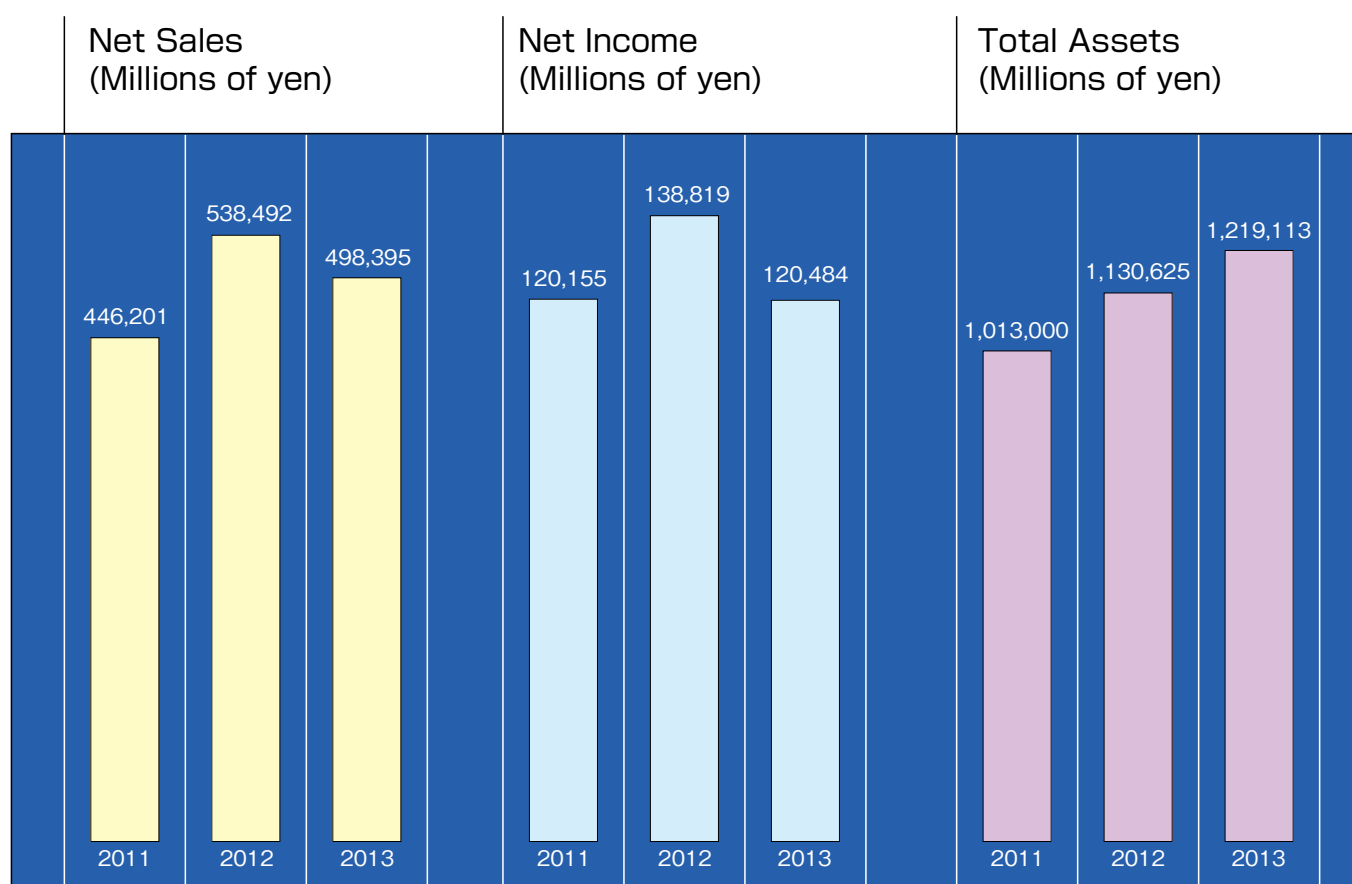
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Financial Highlights (Consolidated)

Years ended March 31	Millions of yen			Thousands of U.S. dollars
	2011	2012	2013	2013
For the year :				
Net sales	¥ 446,201	¥ 538,492	¥498,395	\$5,302,074
Net income	120,155	138,819	120,484	1,281,745
At the year end :				
Total assets	¥1,013,000	¥1,130,625	¥1,219,113	\$12,969,287
Net assets	894,494	985,322	1,094,129	11,639,670

	Yen	U.S. dollars		
Per share data:				
Net income	¥613.75	¥709.20	¥615.59	\$6.55
Cash dividends	184.13	212.77	184.68	1.96

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 ¥94 = U.S. \$1.00.





A Message from the President

During the fiscal year ended March 2013, the demands for production facilities remained generally weak in the overseas markets, mainly in Europe having debt problems and in China. Particularly in the second half, the demands for IT related equipment decreased.

The level of demands in the Japanese market was also weak. The unfavorable export environment caused by the strong Japanese yen, which was at a record high level, also had a serious impact on FANUC this fiscal year. These conditions caused the business environment surrounding the FANUC Group to be severe.

Under these circumstances, our research and development team further enhanced each product line's technology for precision and intelligence with continued focus on high-reliability performance. In the area of production, we continued to increase production capacity, robotization and efficiency of our factories. Due to these actions and our all-out efforts to reduce cost and expense we continued to strengthen our competitiveness.

In the fiscal year ended March 31, 2013, the FANUC Group posted ¥498,395 million (down 7.4% from the previous fiscal year) in sales with ordinary income totaling ¥191,242 million (down 16.3%) and net income totaling ¥120,484 million (down 13.2%) on a consolidated basis.

In the coming year, although the strong Japanese yen is showing signs of weakening, we anticipate that the unpredictable situation will continue due to the downside risk of the European economy caused by the debt problem and the uncertainty of the future of the Chinese economy. Against a backdrop of such circumstances, the FANUC Group is committed to increasing market share and sales by strengthening its competitiveness of each product line with enhanced intelligence and precision of products as well as increased robotization of production.

Thank you for your continued support and assistance to FANUC.

Dr. Eng. Yoshiharu Inaba, President & CEO

Summary of FANUC Business



FA Division

Main Products

CNC
Servo Motors
LASER Oscillators

Results for Fiscal 2012

Consolidated sales was ¥200,118 million (down 25.2% from the previous fiscal year). FA sales accounted for 40.2% of consolidated sales.



Robot Division

Main Products

Genkotsu Robot
Learning Robot
Arc Welding Robot

Results for Fiscal 2012

Consolidated sales was ¥119,149 million (up 3.8 % from the previous fiscal year). Robot sales accounted for 23.9% of consolidated sales.



Robomachine Division

Main Products

ROBODRILL
ROBOSHOT
ROBOCUT
ROBONANO

Results for Fiscal 2012

Consolidated sales was ¥179,128 million (up 14.7% from the previous fiscal year). Robomachine sales accounted for 35.9% of consolidated sales.

Business Report

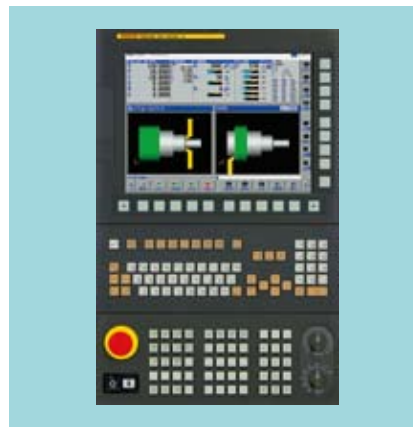
FA Division

The machine tool industry, the primary market for FANUC CNC systems, faced low demand both in the domestic and overseas markets. FANUC's sales substantially decreased in Asia including China after the summer of 2012 and although a slight sign of recovery appeared in the beginning of the second half of the fiscal year, the very severe sales situation remained.

In the field of CNCs, the "FANUC Series 30*i*/31*i*/32*i*/35*i*-MODEL B" was enhanced to support simultaneous 5-axis machining for faster, higher precision, and smoother machining. "FANUC Series 0*i*/0*i* Mate-MODEL D" introduced a flexible setup of control axes to expand the range of the machine tools to which this CNC model can be applied. "FANUC Power Motion *i*-MODEL A" for general industrial machinery is expected to widen its application within the packaging industry with enhanced multi-axis and high speed operation and fast response coordinated control features.

FANUC developed new models and new functions, including the development of the SERVO MOTOR β *i*F series utilizing ferrite magnets, enhancement of the output of the SPINDLE MOTOR α *i* series, and the addition of a higher speed model to the SYNCHRONOUS BUILT-IN SERVO MOTOR *Di*S series.

For FANUC LASER products, sales remained weak both in the domestic and overseas markets. New developments included enhancement of control features such as upgrading of the power saving functions of the high-performance, high-functionality, high-reliability CO₂ laser oscillator.



Series30*i*-MODEL B



α *i* SPINDLE MOTOR



FANUC LASER C4000*i*-MODEL C

Robot Division

The robot business stayed strong in the American and domestic markets, mainly within the automobile industry. The European and Asian markets were weak.

In the field of development, “Learning Robot,” which realizes faster motion by suppressing vibration, was upgraded to achieve higher optimum speed, by taking into consideration the available torque of the robot motors, life of reducers, and other critical factors. These upgrades enabled the Learning Robot to increase production capability substantially where this innovative feature is applied.

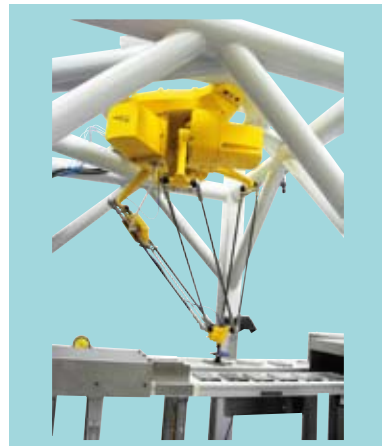
The “Bin-picking Robot” achieved faster operations with the newly developed 3D area sensor.

“Genkotsu Robot,” which is used in applications requiring ultra high speed transfer and assembly, added faster variants and new models. Genkotsu Robot will be promoted in a wide variety of industries including parts machining, food, and pharmaceutical industries requiring sorting and packing.

In addition, many new robots and new features were developed including the “Multi-Purpose Mini Robot LR Mate 200*i*D,” a replacement for LR Mate 200*i*C with significantly improved motion performance.



Learning Robot



Genkotsu Robot M-2*i*A



LR Mate 200*i*D

Robomachine Division

The demand for ROBODRILL suddenly dropped in the overseas markets, especially in China. With the introduction of newly developed higher output models, however, ROBODRILL has been expanding its market including automotive part machining. With this improvement overall demand has recovered. In the years to come it is expected the models with higher output, higher precision, and lower prices will allow ROBODRILL to be sold to a wider market.

The demand for the ROBOSHOT product line (all electric plastics injection molding machine) in the American and European markets was stable and recovered to previous levels. New developments allow high quality molding by using high precision clamp specification and ultra high speed injection specification, targeting IT devices such as advanced specification mobile phones.

FANUC expanded the market for ROBOCUT (wire-cut electric discharge machines) with focus on the medical equipment field in the United States and the diamond tool machining field in Europe and Japan. New developments in ROBOCUT product line included further advancements of automatic wire feeding function and high-precision cutting control.

Regarding ROBONANO (ultra precision nano machine), orders for contract machining steadily increased. FANUC will use this position to develop the market for ROBONANO products, both domestically and overseas.



FANUC ROBODRILL α-D21MiA5



FANUC ROBOSHOT α-S100iA



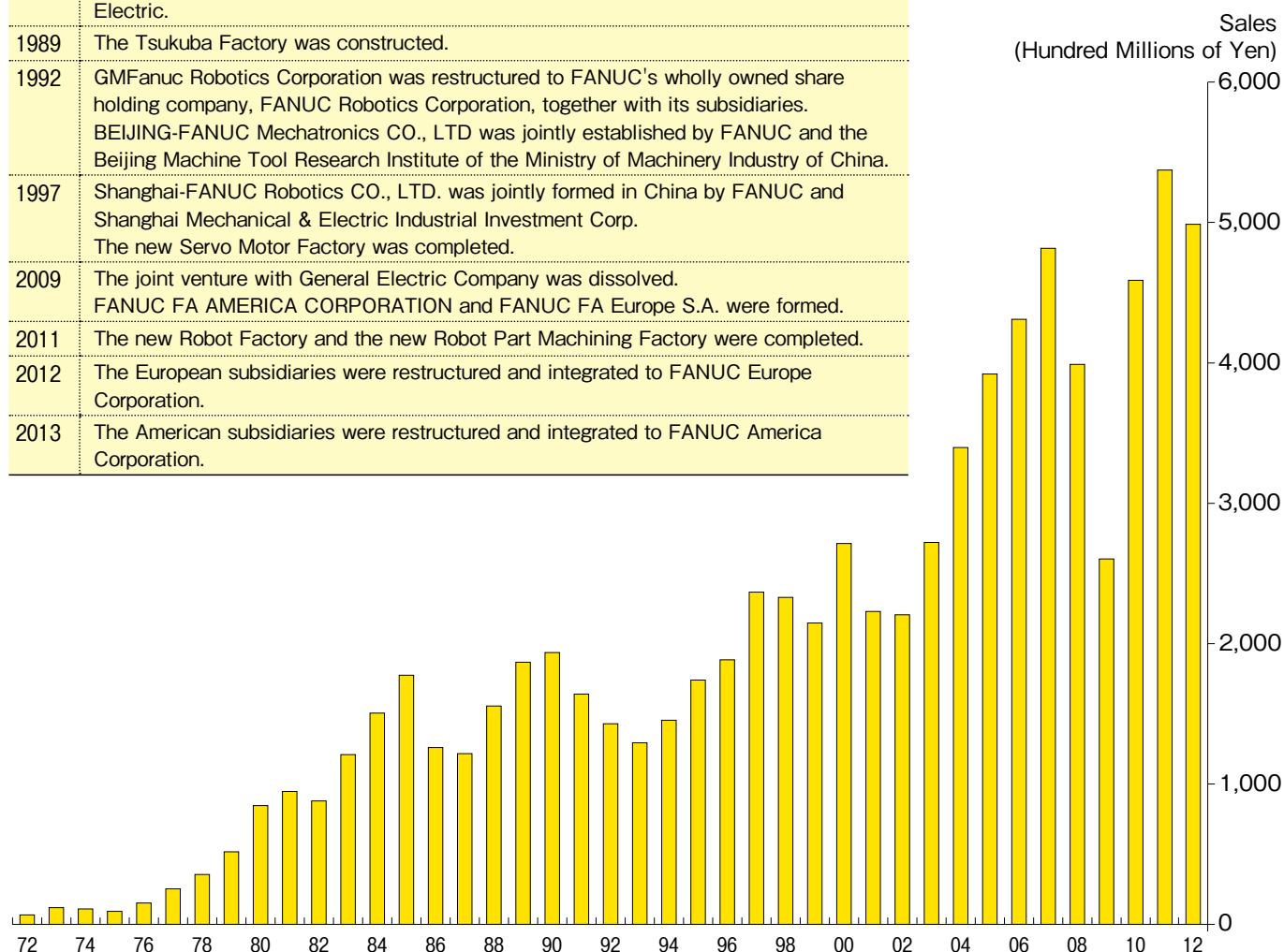
FANUC ROBONANO α-0iB



FANUC ROBOCUT α-C600iA

History of FANUC

1972	FANUC CORPORATION was founded. CNC was introduced. NC drill was developed.
1974	Robots were developed and installed in FANUC's factories.
1975	Wire-cut electric discharge machine was developed.
1977	FANUC USA CORPORATION was established.
1978	KOREA NUMERIC CORPORATION was jointly established by FANUC and Hwacheon Machinery Works Co., Ltd. FANUC EUROPE S.A. was established.
1982	GMFanuc Robotics Corporation was jointly established in the U.S.A. by FANUC and General Motors. FANUC AC servo motor was developed.
1984	Upon completion of the new Head Office, the CNC Factory, the Injection Molding Machine Factory and the Basic Research Laboratory, the Headquarters were transferred to the foot of Mt. Fuji. The fully electric plastic injection molding machine, FANUC AUTOSHOT, was developed.
1985	FANUC Series 0 was developed.
1986	The Central Technical Center, the Robot Assembly Factory and the Production Technology Laboratory were constructed in the Headquarters area. FANUC TAIWAN LIMITED was established. GE Fanuc Automation Corporation was jointly established by FANUC and General Electric.
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 of the Ministry of Machinery Industry of China.
1997	Shanghai-FANUC Robotics CO., LTD. was jointly formed in China by FANUC and Shanghai Mechanical & Electric Industrial Investment Corp. The new Servo Motor Factory was completed.
2009	The joint venture with General Electric Company was dissolved. FANUC FA AMERICA CORPORATION and FANUC FA Europe S.A. were formed.
2011	The new Robot Factory and the new Robot Part Machining Factory were completed.
2012	The European subsidiaries were restructured and integrated to FANUC Europe Corporation.
2013	The American subsidiaries were restructured and integrated to FANUC America Corporation.



Financial Section

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Ten-Year Financial Summary

Years ended March 31,	2004	2005	2006	2007
Net sales	¥264,832	¥330,345	¥381,074	¥419,560
Operating income	85,931	120,210	140,589	162,930
Operating income as a percentage of net sales	32.4%	36.4%	36.9%	38.8%
Income before income taxes and minority interests	89,997	124,774	150,832	179,412
Net income	57,313	75,764	90,438	106,756
Current assets	539,369	556,638	637,566	675,944
Current liabilities	61,424	81,671	82,433	100,810
Total assets	758,651	799,575	903,410	951,664
Net assets	676,823	696,988	795,228	820,556
Per share data (Yen and U.S. Dollars):				
Net income:				
Basic	254.62	339.09	420.01	499.83
Diluted	—	—	—	—
Cash dividends	23.00	45.00	96.00	150.00
Net assets	3,004.04	3,167.70	3,614.17	3,816.91

Note : The U.S. dollar amounts shown above and elsewhere in this annual report are converted from yen, for convenience at the rate of ¥94 = U.S. \$1.00.

					Millions of yen except for per share data	Thousands of U.S. dollars, except for per share data
2008	2009	2010	2011	2012	2013	2013
¥ 468,399	¥ 388,271	¥ 253,393	¥ 446,201	¥ 538,492	¥ 498,395	\$5,302,074
189,564	134,449	55,024	189,757	221,834	184,821	1,966,181
40.5%	34.6%	21.7%	42.5%	41.2%	37.1%	37.1%
211,875	149,148	55,826	193,495	228,578	191,242	2,034,489
127,030	97,162	37,511	120,155	138,819	120,484	1,281,745
750,328	683,719	623,573	753,992	848,669	906,440	9,642,979
104,151	55,725	56,188	89,589	115,270	92,973	989,074
1,046,837	970,441	891,651	1,013,000	1,130,625	1,219,113	12,969,287
911,395	893,282	812,657	894,494	985,322	1,094,129	11,639,670
611.14	467.55	187.75	613.75	709.20	615.59	6.55
—	—	—	—	—	—	—
183.35	140.27	56.33	184.13	212.77	184.68	1.96
4,225.39	4,177.28	4,133.89	4,550.71	5,013.69	5,565.64	59.21

only,

Consolidated Statements of Income

Years ended March 31,	Millions of yen			Thousands of U.S. dollars (Note 3)
	2011	2012	2013	2013
Net sales	¥ 446,201	¥ 538,492	¥ 498,395	\$5,302,074
Cost of goods sold (Note 8)	208,076	262,120	258,670	2,751,808
Gross profit	238,125	276,372	239,725	2,550,266
Selling, general and administrative expenses (Note 8)	48,368	54,538	54,904	584,085
Operating income	189,757	221,834	184,821	1,966,181
Other income (expenses):				
Interest income	1,466	1,912	1,952	20,766
Equity in earnings (loss) of affiliates	3,126	3,499	2,932	31,191
Other, net (Note 9)	1,085	1,333	1,537	16,351
	5,677	6,744	6,421	68,308
Extraordinary income (loss)				
Loss on adjustment for changes of accounting standard for asset retirement obligations	(1,939)	—	—	—
Income before income taxes and minority interests	193,495	228,578	191,242	2,034,489
Income taxes :				
Current	77,319	92,831	69,133	735,457
Deferred	(4,638)	(3,695)	1,120	11,915
Income before minority interests	120,814	139,442	120,989	1,287,117
Minority interests in income of consolidated subsidiaries	659	623	505	5,372
Net income	¥ 120,155	¥ 138,819	¥ 120,484	\$1,281,745

Amounts per share of common stock:	Yen			U.S. dollars (Note 3)
Net income	¥ 613.75	¥ 709.20	¥ 615.59	\$6.55
Cash dividends	184.13	212.77	184.68	1.96

See notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

Years ended March 31,	Millions of yen			Thousands of U.S. dollars
	2011	2012	2013	2013
Income before minority interests	¥ 120,814	¥ 139,442	¥ 120,989	\$1,287,117
Other comprehensive income				
Valuation difference on available-for-sale securities	(62)	(390)	982	10,447
Foreign currency translation adjustment	(12,469)	(6,504)	24,683	262,585
Share of other comprehensive income of affiliates accounted for using equity method	(1,067)	42	2,033	21,628
Total other comprehensive income	(13,598)	(6,852)	27,698	294,660
Comprehensive income	107,216	¥ 132,590	¥ 148,687	\$1,581,777
Comprehensive income attributable to:				
owners of parent	106,751	132,074	147,644	1,570,681
minority interests	465	516	1,043	11,096

Consolidated Balance Sheets

as of March 31,	Millions of yen		Thousands of U.S. dollars(Note 3)
	2012	2013	2013
ASSETS			
Current assets:			
Cash and cash equivalents	¥637,076	¥727,753	\$7,742,053
Receivables, trade:			
Accounts and notes	98,717	81,318	865,085
Allowance for doubtful accounts	(1,736)	(1,628)	(17,319)
Finished goods	41,874	37,053	394,181
Work in progress	34,058	27,724	294,936
Raw materials and supplies	10,667	7,407	78,798
Deferred income taxes (Note 10)	19,822	19,035	202,500
Other current assets	8,191	7,778	82,745
Total current assets	848,669	906,440	9,642,979
Investments (Note 5)	33,435	39,105	416,010
Property, plant and equipment, at cost:			
Land	114,779	116,452	1,238,851
Buildings	193,824	214,329	2,280,096
Machinery and equipment	119,998	125,631	1,336,500
Construction in progress	7,536	21,889	232,862
Less accumulated depreciation	(200,374)	(213,480)	(2,271,064)
Property, plant and equipment, net	235,763	264,821	2,817,245
Intangible assets:			
Goodwill	12,326	8,286	88,149
Other intangible assets	432	461	4,904
Total intangible assets	12,758	8,747	93,053
Total assets	¥1,130,625	¥1,219,113	\$12,969,287
LIABILITIES AND NET ASSETS			
Current liabilities:			
Payables, trade	¥30,196	¥22,044	\$234,511
Accrued income taxes	50,155	30,637	325,925
Warranty reserves	4,590	4,937	52,521
Other current liabilities	30,329	35,355	376,117
Total current liabilities	115,270	92,973	989,074
Long-term liabilities:			
Allowance for employees' retirement benefits (Note 6)	26,499	28,172	299,702
Other long-term liabilities	3,534	3,839	40,841
Total long-term liabilities	30,033	32,011	340,543
NET ASSETS			
Shareholders' equity:			
Common stock:			
Authorized - 400,000,000 shares			
Issued - 239,508,317 shares	69,014	69,014	734,192
Capital surplus	96,265	96,268	1,024,128
Retained earnings	1,180,556	1,261,572	13,420,979
Treasury stock, at cost :			
2012 - 43,779,591 shares	—	—	—
2013 - 43,796,678 shares	(311,394)	(311,636)	(3,315,278)
Total shareholders' equity	1,034,441	1,115,218	11,864,021
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	1,959	2,941	31,287
Foreign currency translation adjustment	(55,077)	(28,899)	(307,436)
Total accumulated other comprehensive income	(53,118)	(25,958)	(276,149)
Minority interests	3,999	4,869	51,798
Total net assets	985,322	1,094,129	11,639,670
Total liabilities and net assets	¥1,130,625	¥1,219,113	\$12,969,287

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	Minority interests	Total net assets
Balance at March 31,2010	¥69,014	¥96,259	¥987,685	(¥310,604)	¥2,411	(¥35,381)	¥3,273	¥812,657
Net income			120,155					120,155
Cash dividends			(25,194)					(25,194)
Purchase of treasury stock				(495)				(495)
Disposal of treasury stock		2		5				7
Change of scope of consolidation			351					351
Net change during the year					(62)	(13,342)	417	(12,987)
Balance at March 31,2011	¥69,014	¥96,261	¥1,082,997	(¥311,094)	¥2,349	(¥48,723)	¥3,690	¥894,494
Net income			138,819					138,819
Cash dividends			(41,566)					(41,566)
Purchase of treasury stock				(304)				(304)
Disposal of treasury stock		4		4				8
Change of scope of consolidation			306					306
Net change during the year					(390)	(6,354)	309	(6,435)
Balance at March 31,2012	¥69,014	¥96,265	¥1,180,556	(¥311,394)	¥1,959	(¥55,077)	¥3,999	¥985,322
Net income			120,484					120,484
Cash dividends			(39,468)					(39,468)
Purchase of treasury stock				(246)				(246)
Disposal of treasury stock		3		4				7
Net change during the year					982	26,178	870	28,030
Balance at March 31,2013	¥69,014	¥96,268	¥1,261,572	(¥311,636)	¥2,941	(¥28,899)	¥4,869	¥1,094,129

* Adjustment of retained earnings is due to change in accounting standards of foreign equity methods

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	Minority interests	Total net assets
Balance at March 31,2012	\$734,191	\$1,024,096	\$12,559,106	(\$3,312,702)	\$20,840	(\$585,925)	\$42,543	\$10,482,149
Net income			1,281,745					1,281,745
Cash dividends			(419,872)					(419,872)
Purchase of treasury stock				(2,617)				(2,617)
Disposal of treasury stock		32		42				74
Net change during the year					10,447	278,489	9,255	298,191
Balance at March 31,2013	\$734,191	\$1,024,128	\$13,420,979	(\$3,315,277)	\$31,287	(\$307,436)	\$51,798	\$11,639,670

See notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended March 31,	Millions of yen			Thousands of U.S. dollars (Note 3)
	2011	2012	2013	2013
Cash flows from operating activities				
Income before income taxes and minority interests	¥ 193,495	¥ 228,578	¥ 191,242	\$2,034,489
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	13,321	15,466	17,867	190,074
Provision for allowance for doubtful accounts	251	30	(865)	(9,202)
Provision for allowance for employees' retirement benefits	2,891	1,433	1,401	14,904
Interest and dividend income	(1,999)	(2,563)	(2,767)	(29,436)
Equity in earnings of affiliates, net	(3,126)	(3,499)	(2,932)	(31,192)
Decrease (increase) in receivables, trade	(21,247)	(19,282)	20,004	212,809
Decrease (increase) in inventories	(20,208)	(16,521)	19,948	212,213
(Decrease) increase in payables, trade	6,560	9,501	(10,021)	(106,606)
Other	(2,543)	10,139	8,751	93,096
Cash generated from operations	167,395	223,282	242,628	2,581,149
Interest and dividends received	2,836	4,063	4,495	47,819
Income taxes paid	(48,946)	(84,218)	(88,735)	(943,989)
Other	1,053	1,096	460	4,893
Net cash provided by operating activities	122,338	144,223	158,848	1,689,872
Cash flows from investing activities				
Purchases of property, plant and equipment	(7,070)	(43,959)	(44,445)	(472,819)
Purchases of investment securities	—	2,277	—	—
Purchase of investments in subsidiaries	(1,360)	—	—	—
Proceeds from sales of investment securities	—	—	5	53
Other	1,614	(415)	476	5,064
Net cash used in investing activities	(6,816)	(42,097)	(43,964)	(467,702)
Cash flows from financing activities				
Purchases of treasury stock	(513)	(295)	(240)	(2,553)
Dividends paid	(25,198)	(41,551)	(39,426)	(419,425)
Other	(48)	(206)	(172)	(1,830)
Net cash used in financing activities	(25,759)	(42,052)	(39,838)	(423,808)
Effect of exchange rate changes on cash and cash equivalents	(7,106)	(3,931)	15,636	166,340
Net increase (decrease) in cash and cash equivalents	82,657	56,143	90,682	964,702
Cash and cash equivalents at beginning of year	499,140	583,486	637,069	6,777,330
Cash and cash equivalents resulting from consolidation of subsidiaries	1,689	(2,560)	—	—
Cash and cash equivalents at end of year	¥ 583,486	¥ 637,069	¥ 727,751	\$7,742,032

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 on which the Company exerts substantial influence are, with minor exceptions, stated at their underlying equity value.

The excess of cost over the underlying net assets at the dates of investment in the subsidiaries 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 allowance for employees' retirement benefits is provided principally at an amount based on the retirement benefit obligation and the fair value of the plan assets. Prior service cost is being amortized as incurred by the straight-line method over a period (10-12 years) which is shorter than the estimated average remaining years of service of the eligible employees. 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 (10-12 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 Corporation Law of Japan provides that an amount equal to 10 % of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the 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 ¥94 = U.S. \$1.00, the approximate rate of exchange prevailing on March 31, 2013.

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 enter into any derivative contracts.

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

Receivables such as trade notes and trade accounts are exposed to customer credit risk and receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Investment securities, which 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 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 on the basis of internal guideline 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 the market price and the financial condition of the issuer in respect to its securities and continuously reconsiders investment in each company, taking into account its relationship with the counterparty.

5. Other securities and investments

Other securities whose fair value was determinable at March 31, 2012 and 2013 are summarized as follows:

2012		Millions of yen		
	Type of securities	Book value reflected in the balance sheet	Acquisition cost	Net
Other securities with unrealized gain	Equity securities	¥5,032	¥2,788	¥2,244
	Subtotal	5,032	2,788	2,244
Other securities with unrealized loss	Equity securities	469	511	(42)
	Bonds	75	75	—
	Subtotal	544	586	(42)
Total		¥5,576	¥3,374	¥2,202

2013		Millions of yen		
	Type of securities	Book value reflected in the balance sheet	Acquisition cost	Net
Other securities with unrealized gain	Equity securities	¥6,459	¥3,280	¥3,179
	Subtotal	6,459	3,280	3,179
Other securities with unrealized loss	Equity securities	18	19	(1)
	Bonds	82	82	—
	Subtotal	100	101	(1)
Total		¥6,559	¥3,381	¥3,178

2013		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	\$68,713	\$34,894	\$33,819
	Subtotal	68,713	34,894	33,819
Other securities with unrealized loss	Equity securities	192	202	(10)
	Bonds	872	872	—
	Subtotal	1,064	1,074	(10)
Total		\$69,777	\$35,968	\$33,809

Available-for-sale securities sold during the fiscal years ended March 31, 2012 and 2013 are assumed insignificant.

Investments at March 31, 2012 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Investments in affiliates	¥20,983	¥25,144	\$267,489
Other securities	5,652	6,635	70,585
Allowance for doubtful accounts	(646)	(1)	(11)
Other	7,446	7,327	77,947
Total	¥33,435	¥39,105	\$416,010

6. Retirement benefits

The Group has defined benefit pension plans: the Company has the FANUC Pension Fund as a supplement to the public Welfare Pension Fund Plan and the Group, except for certain subsidiaries, has lump-sum severance indemnity plans.

The table below sets forth the plans' funded status and the amounts recognized in the consolidated balance sheets at March 31, 2012 and 2013:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Projected benefit obligation	(¥102,245)	(¥111,128)	(\$1,182,213)
Plan assets at fair value	76,308	83,921	892,777
Projected benefit obligation in excess of plan assets	(25,937)	(27,207)	(289,436)
Unrecognized net actuarial loss	3,479	1,922	20,447
Unrecognized past service cost	(1,377)	(1,064)	(11,319)
Subtotal	(¥23,835)	(¥26,349)	(\$280,308)
Prepaid pension cost	2,664	1,823	19,394
Allowance for employees' retirement benefits	(¥26,499)	(¥28,172)	(\$299,702)

Pension costs related to the plans for the years ended March 31, 2011, 2012 and 2013, are as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2012	2013	2013
Current service cost	¥3,091	¥2,968	¥3,390	\$36,064
Interest cost	2,132	2,316	2,560	27,234
Expected return on plan assets	(1,478)	(1,239)	(1,361)	(14,478)
Amortization of net actuarial loss	1,383	1,318	967	10,287
Amortization of past service cost	(505)	(364)	(309)	(3,288)
Net pension cost	¥4,623	¥4,999	¥5,247	\$55,819

The Group's assumptions for the years ended March 31, 2011, 2012 and 2013, which were used in determining the pension costs and the allowance for employees' retirement benefits shown above, are as follows:

	2011	2012	2013
Discount rates	2.0%~ 6.14%	2.0%~ 5.84%	2.0%~ 4.81%
Expected rates of return on plan assets	1.5%~ 5.5%	1.5%~ 3.0%	1.5%~ 3.0%
Method of allocation of retirement benefit cost	Flat allocation	Flat allocation	Flat allocation
Period for amortization of past service cost	10 ~ 14 years	10 ~ 13 years	10 ~ 12 years
Period for amortization of actuarial loss	10 ~ 14 years	10 ~ 13 years	10 ~ 12 years

7. Contingent liabilities

Contingent liabilities with respect to guarantees for employees' mortgage loans with banks at March 31, 2012 and 2013 amounted to ¥167 million and ¥132 million (U.S. \$1,404 thousand), respectively.

8. Research and development expenses

Research and development expenses charged to manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2011, 2012 and 2013 are summarized as follows:

Millions of yen			Thousands of U.S. dollars
2011	2012	2013	2013
¥15,543	¥20,478	¥20,148	\$214,340

9. Other income (expenses)-Other, net

Other, net for the years ended March 31, 2011, 2012 and 2013 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2011	2012	2013	2013
Dividend income	¥533	¥651	¥815	\$8,670
Loss on sales and disposal of fixed assets	(478)	(185)	(281)	(2,989)
Exchange gain or loss, net	(455)	(600)	34	362
Loss on devaluation of securities	(530)	—	—	—
Miscellaneous, net	2,015	1,467	969	10,308
Total	¥1,085	¥1,333	¥1,537	\$16,351

10. Income taxes

Net deferred tax assets at March 31, 2012 and 2013 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Deferred tax assets:			
Allowance for employees' retirement benefits	¥8,807	¥9,234	\$98,234
Intercompany profit on inventories and property, plant and equipment	7,357	6,514	69,298
Depreciation	4,690	5,553	59,074
Accrued enterprise taxes	3,328	1,895	20,160
Investment securities	1,146	1,146	12,192
Other	10,263	12,037	128,053
Gross deferred tax assets	35,591	36,379	387,011
Valuation allowance	(1,157)	(1,157)	(12,309)
Total deferred tax assets	34,434	35,222	374,702
Deferred tax liabilities:			
Undistributed earnings of affiliated companies	(8,875)	(10,270)	(109,256)
Other	(3,032)	(2,836)	(30,169)
Total deferred tax liabilities	(11,907)	(13,106)	(139,425)
Net deferred tax assets (liabilities)	¥22,527	¥22,116	\$235,277

For the years ended March 31, 2011, 2012 and 2013, a reconciliation of the statutory income tax rate to the effective income tax rate was as follows:

	2011	2012	2013
Japanese statutory income tax rate	40.0%	—	—
Tax exemption	(1.1)	—	—
Dividend income not taxable	(0.8)	—	—
Tax rate difference of foreign subsidiaries	(1.7)	—	—
Elimination of dividends received	0.8	—	—
Loss associated with the dissolution of joint venture	—	—	—
amortization of goodwill	0.9	—	—
Equity in earnings of affiliates	(0.6)	—	—
Undistributed earnings of affiliated companies	(0.3)	—	—
Other	0.4	—	—
Effective income tax rate	37.6%	—	—

Note: The notes to the current consolidated Financial Statements do not refer to the difference between the Japanese statutory income tax rate and the effective tax rate, as it is not more than five hundredths of the statutory income tax rate.

11. 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 CNC's and servo motors in its entire products. For this reason, the decision is made, taking 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.

(Additional Information)

Since the current fiscal year, "Accounting Standard on Disclosure of Segment Information" (Statement of Financial Accounting Standard No. 17, effective March 27, 2009) and "Implementation Guidance for Accounting Standard on Disclosure of Segment Information" (Statement of Implementation Guidance for Financial Accounting Standard No. 20, effective March 21, 2008) have been applied.

Relevant Information

Information by product and service

Net sales:Unaffiliated customers	Millions of yen			Thousands of U.S. dollars
	2011	2012	2013	2013
FA	¥247,667	¥267,585	¥200,118	\$2,128,915
ROBOT	¥77,989	¥114,785	¥119,149	\$1,267,542
ROBOMACHINE	¥120,545	¥156,122	¥179,128	\$1,905,617
Total	¥446,201	¥538,492	¥498,395	\$5,302,074

Information by region

Net sales:Unaffiliated customers	Millions of yen			Thousands of U.S. dollars
	2011	2012	2013	2013
Japan	¥110,588	¥126,780	¥107,213	\$1,140,564
America	¥59,150	¥75,398	¥84,334	\$897,170
Europe	¥49,845	¥65,771	¥55,051	\$585,649
Asia	¥224,528	¥268,124	¥249,783	\$2,657,266
Other	¥2,090	¥2,419	¥2,014	\$21,425
Total	¥446,201	¥538,492	¥498,395	\$5,302,074

12. Derivatives

The Group does not enter into any derivative contracts.

13. Related-party transactions

No related-party transactions were recorded for the years ended March 31, 2012 and 2013.

NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31,	Millions of yen			Thousands of U.S. dollars
	2011	2012	2013	2013
Net sales	¥ 379,933	¥ 464,108	¥ 407,289	\$4,332,862
Cost of goods sold	187,570	233,739	216,747	2,305,819
Gross profit	192,363	230,369	190,542	2,027,043
Selling, general and administrative expenses	23,487	29,862	27,921	297,032
Operating income	168,876	200,507	162,621	1,730,011
Other income (expenses):				
Interest income	236	166	212	2,255
Dividend income	4,246	22,646	8,597	91,458
Other, net	634	1,324	972	10,340
	5,116	24,136	9,781	104,053
Extraordinary income(loss) :				
Income associated with the dissolution of joint venture	—	—	—	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	(1,939)	—	—	—
Income before income taxes	172,053	224,643	172,402	1,834,064
Income taxes:				
Current	68,784	83,284	60,881	647,670
Deferred	(2,736)	(662)	339	3,607
	66,048	82,622	61,220	651,277
Net income	¥ 106,005	¥ 142,021	¥ 111,182	\$1,182,787

	Yen			U.S. dollars
Net income per share of common stock:	¥ 541.47	¥ 725.57	¥ 568.06	\$6.04

Note: The U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥94 = U.S. \$1.00.

NON-CONSOLIDATED BALANCE SHEETS

March 31,	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 528,518	¥ 587,931	\$6,254,585
Receivables, trade:			
Accounts and notes	59,226	38,285	407,287
Subsidiaries and affiliates	18,553	15,863	168,755
Allowance for doubtful accounts	(806)	(539)	(5,734)
Inventories	52,057	39,628	421,575
Deferred income taxes	9,998	8,692	92,468
Other current assets	5,846	5,006	53,255
Total current assets	673,392	694,866	7,392,191
Investments and long-term loans :			
Subsidiaries and affiliates	108,713	108,539	1,154,670
Deferred income taxes	10,293	11,265	119,841
Other	5,695	6,663	70,883
Total investments and long-term loans	124,701	126,467	1,345,394
Property, plant and equipment, at cost :			
Land	106,117	106,836	1,136,553
Buildings	176,745	194,148	2,065,404
Machinery and equipment	109,774	113,439	1,206,798
Construction in progress	6,444	21,736	231,234
Total	399,080	436,159	4,639,989
Accumulated depreciation	(185,491)	(195,690)	(2,081,808)
Property, plant and equipment, net	213,589	240,469	2,558,181
Intangible assets	311	268	2,851
Total assets	¥1,011,993	¥1,062,070	\$11,298,617
LIABILITIES AND NET ASSETS			
Current liabilities:			
Payables, trade:			
Accounts	¥ 24,760	¥ 16,684	\$177,489
Subsidiaries and affiliates	846	578	6,149
Accrued expenses	12,983	16,305	173,457
Accrued income taxes	46,388	28,061	298,521
Warranty reserves	2,084	1,970	20,958
Other current liabilities	2,331	2,284	24,298
Total current liabilities	89,392	65,882	700,872
Long-term liabilities:			
Allowance for employees' retirement benefits	24,300	25,403	270,245
Asset retirement obligations	2,768	2,796	29,745
Total long-term liabilities	27,068	28,199	299,990
NET ASSETS			
Shareholders' equity :			
Common Stock:			
Authorized - 400,000,000 shares			
Issued - 239,508,317 shares	69,014	69,014	734,191
Capital surplus	96,117	96,119	1,022,543
Retained earnings	1,039,837	1,111,551	11,825,011
Treasury stock, at cost	(311,394)	(311,636)	(3,315,277)
Total shareholders' equity	893,574	965,048	10,266,468
Valuation and translation adjustments:			
Net unrealized holding gain on other securities	1,959	2,941	31,287
Total net assets	895,533	967,989	10,297,755
Total liabilities and net assets	¥1,011,993	¥1,062,070	\$11,298,617

Global Network



FANUC CORPORATION
(Headquarters)
Oshino-Mura, Japan



FANUC Europe
The Grand Duchy of Luxembourg



BEIJING-FANUC
Beijing, China

World Wide Support Over 210 Offices in 41 Countries



SHANGHAI-FANUC Robotics
Shanghai, China

ort

Countries and Growing



FANUC America
Detroit, U.S.A.



KOREA FANUC
Changwon, Korea



FANUC INDIA
Bangalore, India



TAIWAN FANUC FA
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