

Consolidated Financial Statements for the 12-month period Ended March 31st, 2016 (FY2016/3), Japan GAAP

May 10th, 2016

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

(URL: <http://www.accretech.jp/>)

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Date of Shareholders Meeting (planned): June 21st, 2016

Dividend Payment Date (planned): June 22nd, 2016

Date of Annual Financial Statement Filing (planned) : June 24th, 2016

Supplementary document for Quarterly Financial Results : Yes

Holding of Financial Results Meeting: Yes (for Analysts, Investors)

(Millions of yen, rounded down)

1. Consolidated Results for Period of FY2016/3 (April 1st, 2015 – March 31st, 2016)

(1) Consolidated sales and earnings

(Percentage figures represent changes from of previous year)

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income attributable to Owners of the Parent (Millions of Yen)	
FY2016/3	70,274	5.8%	13,222	9.1%	13,232	3.4%	9,704	7.9%
FY2015/3	66,445	20.2%	12,124	43.2%	12,791	41.8%	8,993	53.5%

Note: Comprehensive Income in FY2016/3: 7,199 million yen (- 34.4%), in FY2015/3: 10,969 million yen (53.0%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)	Return on Equity	Ordinary Income on Total Assets	Operating Income Ratio
FY2016/3	234.58	233.29	12.7%	13.2%	18.8%
FY2015/3	217.97	216.93	13.0%	14.1%	18.2%

Note: Equity in earnings of affiliated companies in FY2016/3: - million yen, in FY2015/3: - million yen

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY2016/3	101,933	79,418	77.3%	1,903.29
FY2015/3	98,457	74,371	75.0%	1,787.05

Notes: Equity in FY2016/3: 78,773 million yen, in FY2015/3: 73,816 million yen

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities (Millions of Yen)	Cash flows from investing activities: (Millions of Yen)	Cash flows from financing activities: (Millions of Yen)	Cash and cash equivalents at end of Fiscal Year (Millions of Yen)
FY2016/3	7,210	-3,823	-2,851	27,308
FY2015/3	10,820	-2,958	-1,762	26,775

2. Situation of Dividend

	Per Share Dividend in Fiscal Year					Total Dividend (for Year)	Dividend Pay Out Ratio (consolidated)	Dividend on Net Assets (consolidated)
	Q1 End	Q2 End	Q3 End	Q4 End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2015/3	-	22.00	-	33.00	55.00	2,270	25.2	3.3
FY2016/3	-	26.00	-	33.00	59.00	2,441	25.2	3.2
FY2017/3 (Projected)	-	30.00	-	30.00	60.00		29.6	

3. Forecast for FY 2017/3 (April 1st, 2016-March 31st, 2017)

(% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income attributable to Owners of the Parent (Millions of Yen)		Net Income per Share (yen)
Interim	36,500	-3.9%	6,400	-16.3%	6,400	-16.6%	4,700	-14.0%	113.56
Full Year	69,000	-1.8%	11,500	-13.0%	11,500	-13.1%	8,400	-13.4%	202.96

*** Notes**

(1) Significant changes in subsidiaries during the term under review: No

(2) Changes in accounting principles, estimates and restatements

1) Changes due to revision of accounting standards, etc.: Yes

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Restatement: No

(3) Number of shares outstanding (common shares)

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

2) Number of treasury shares at the end of period

3) Average Number of shares outstanding during the period:

FY2016/3	41,423,381 shares	FY2015/3	41,340,681 shares
FY2016/3	35,393 shares	FY2015/3	34,609 shares
FY2016/3	41,368,276 shares	FY2015/3	41,258,845 shares

Reference: Summary of non-consolidated results

Non-Consolidated Results for the Period of FY2016/3 (April 1st, 2015 - March 31st, 2016)

(1) Non-consolidated sales and earnings (percentage figures represent changes from previous year)

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)	
FY2016/3	59,159	8.4%	9,564	6.7%	10,051	0.0%	7,851	4.7%
FY2015/3	54,577	20.8%	8,965	47.5%	10,048	42.6%	7,497	50.0%

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2016/3	189.80	188.76
FY2015/3	181.72	180.86

(2) Non-consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY2016/3	81,641	61,806	75.2%	1,482.79
FY2015/3	78,157	57,000	72.4%	1,370.62

Notes : Equity in FY2016/3: 61,369 million yen; FY2015/3: 56,615 million yen

*** Cautionary statement with respect to the status of quarterly financial review procedures**

This document is not subject to the review procedures of financial results in accordance with the provisions of the Financial Instruments and Exchange Act. However, at the date and time of issue, the financial review procedure in accordance with the provisions of the Financial Instruments and Exchange Act is not yet completed.

*** Cautionary Statements with respect to forward-looking statements**

All forecasts and other forward-looking statements in this document are based on information currently available to the Company and assumptions that the Company considers reasonable. Various uncertainties could cause actual results to significantly differ from these forecasts. Please refer to Section 1. "Analysis of Business Performance and Financial Position" of supplementary statement.

*** Cautionary Statements with respect to the translation of the document**

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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1. Analysis of Business Performance and Financial Position

(1) Overview of Business Performance

(i). Analysis of Business Performance for Fiscal Year 2016/3

[Overall]

Global business conditions in the Fiscal Year 2016/3 ended March 31st, 2016 were characterized by a gradual economic recovery continuing in the USA, accompanied by an improvement in the employment situation, business activity and strong private consumption and European economies displaying strong private consumption and a gradual recovery trend. Also, some improvement in corporate income and the labor market continued in Japan. Hence on the whole, global business conditions were steadily expanding. On the other hand, the Chinese economy faces a further slowdown and economic growth in emerging Asian countries continues to be sluggish. Given the decreasing price of natural resources, geopolitical risks in Europe and the Middle East and rapid Japanese Yen appreciation, the prospects for future business conditions remain unclear.

Under the business conditions outlined above, Consolidated Business Performance improved both in Sales and Profits, with active investments by our main users both in the Semiconductor Production Equipment and Metrology Equipment segments. Consolidated Orders in the Fiscal Year 2016/3 (April 1st, 2015 – March 31st, 2016) decreased slightly to ¥69.159 billion (down 1.5% YoY), while Sales were ¥70.274 billion (up 5.8% YoY), Operating Income was ¥13.222 billion (up 9.1% YoY), Ordinary Income was ¥13.232 billion (up 3.4% YoY), and Net Income Attributable to Owners of the Parent was ¥9.704 billion (up 7.9% YoY).

[Performance by Business Segments]

A. Semiconductor Production Equipment (SPE) Segment

In the SPE business segment, semiconductor manufacturers and electronics component manufacturers had been actively investing in SPE for electronic components related to smart phones, memory, drivers and server capacity in the 1st half of this period. Although investment demand related to electronic components remained steady in the 2nd half, semiconductor manufacturers decreased capital investment and adjusted inventories in the face of decreased demand in emerging markets - in particular from China which faced continuing economic uncertainty after the summer period. The trend in the past few years has shown fluctuating demand within short cycles including a rapid increase in demand after a slow 3rd quarter. However, under the recent circumstances, the rapid increase in orders in the 4th quarter did not eventuate. As a result and combined with investment demand for semiconductor for automobiles and needs for new packaging technology, the SPE segment displayed a gradually recover after the 3rd quarter.

As to product segments, Wafer Probing Machines (equipment for the Testing Process), which are our main products, were consistently ordered in Taiwan, Japan and Korea. Wafer Dicing Machines and Polish Grinders (equipment for the Assembly Process) were ordered steadily in China, Japan and Taiwan.

Accordingly, Orders for our SPE segment were ¥41.033 billion (down 5.2% YoY), Sales were ¥41.773 billion (up 4.0% YoY), and Operating Income was ¥7.339 billion (up 5.4% YoY).

B. Metrology Equipment Segment

In the Metrology Equipment segment, the automobile industry, which is the major user of our products, has continued capital investments to establish world-wide production structures and build production innovation for further efficiency and the machine tools industry and the aircraft industry continued to show steady demand. Also, government incentives to provide financial support for investment by domestic small and medium enterprises have also had a notable consistent positive effect.

In response, the Tokyo Seimitsu Group expanded sales and service subsidiaries overseas and made efforts to penetrate new markets and build on business opportunities. As a result, we continued to receive increasing inquiries for our products, and both Orders and Sales exceeded historical peak results in two consecutive years.

Orders for our Metrology Equipment segment in this Fiscal Year were ¥28.126 billion (up 4.4% YoY), Sales were ¥28.500 billion (up 8.5% YoY) and Operating Income was ¥5.883 billion (up 14.0% YoY).

(ii). Forecasts for Next Fiscal Year

[Overall and Business Segment-based Forecasts]

Looking ahead to the Fiscal Year 2017/3 (ending March 31st, 2017), the world economic situation does not seem to warrant optimism due to the lack of strong economic growth in Japan and Europe, the economic slowdown in China and increasing geopolitical risk in Europe and the Middle East, despite expectations of continued improvement in the US economy.

In line with these conditions, Tokyo Seimitsu Group will be engaged in developing advanced technologies and taking business opportunities firmly by introducing products which correspond to market needs, reducing costs, and steadily proceeding with market penetration.

Expected Consolidated Business Results for the Fiscal Year 2017/3 ending March 31st, 2017 are as follows;

	Interim	Full Year
Sales	¥36.5 billion (down 3.9% YoY)	¥69.0 billion (down 1.8% YoY)
SPE	¥22.5 billion (down 5.8% YoY)	¥40.8 billion (down 2.3% YoY)
Metrology	¥14.0 billion (down 0.6% YoY)	¥28.2 billion (down 1.1% YoY)
Operating Income	¥6.4 billion (down 16.3% YoY)	¥11.5 billion (down 13.0% YoY)
Ordinary Income	¥6.4 billion (down 16.6% YoY)	¥11.5 billion (down 13.1% YoY)
Net Income attributable to owners of the parent	¥4.7 billion (down 14.0% YoY)	¥8.4 billion (down 13.4% YoY)

A. Semiconductor Production Equipment (SPE) Segment

Smartphones and their peripheral devices, that are the driving force in the Semiconductor market, can be leading indicators of slowdown in growth related to commoditization of these devices, the mature Chinese market and the slowdown of the market expansion in emerging economies. The technology trend of enhanced functionality for product differentiation and the standardization trend of 5G telecommunication technologies become increasingly important and these factors can impact capital investment by semiconductor manufacturers and electronics component manufacturers. The market demand for equipment for development and production is high-graded and diversified accordingly. In addition, there are potential new market fields such as for automotive devices and devices for communications infrastructure to meet cloud computing expansion and the IoT (Internet of Things), which is expected to be the next driving force.

Under these business conditions, the Company will maintain its focus on developing customer oriented core products and “integrated units” not only in Wafer Probing Machines, Wafer Dicing Machines and Polish Grinders, but also in CMPs, and Wafer Manufacturing Machines to meet specific needs of customers. The Company will follow investment projects diligently and develop new business opportunities with the newly launched plant in Thailand and the new 6th building in our Hachioji Plant.

B. Metrology Segment

The automobile industry, which is the major user of our Metrology products, has been actively expanding production and executing capital investment overseas including in North/Middle/South America and continues capital investment for production innovation and efficiency improvement in both Japan and overseas. In addition, increased capital investment is expected in the machine tools and aviation industries that are steadily improving.

Under these business conditions, the Company will focus on developing products to meet the demand for higher precision and higher functionality, across our full product line-up: in multipurpose measuring instruments such as the 3D coordinate measuring machine, surface texture and contour measuring instruments, and roundness and cylindrical profile measuring instruments; and automatic measuring instruments such as machine control gauges and sensors. The Company will also focus on understanding the needs of our main users, keeping track of sales opportunities and expanding sales representation in overseas markets. The Company will further proceed with expanding business for optical measuring instruments developed as a new product category and take business opportunities to meet customer needs more precisely and target continuing customer satisfaction.

(2) Analysis of Financial Position

(i). Assets, Liabilities and Net Assets

Total Assets as at March 31st, 2016 amounted to ¥101.933 billion, an increase of ¥3.476 billion from the end of FY2015/3. The major factors behind this increase include an increase in Notes and accounts receivable (including electronically recorded monetary claims) of ¥2.692 billion, an increase in Construction process account of ¥1.314 billion, an increase in Inventories such as Raw materials and Work in progress of ¥909 million, an increase in Cash and cash equivalents of ¥525 million, a decrease in Investment securities of ¥1.465 billion, and a decrease in Net defined benefit assets of ¥1.158 billion.

Total Liabilities decreased by ¥1.570 billion, to ¥22.515 billion. This was mainly because of a decrease in Deferred tax liabilities of ¥706 million.

Net Assets increased ¥5.046 billion and totaled ¥79.418 billion. The Equity Ratio decreased 2.3%, to 77.3%.

(ii). Cash Flows

Cash and cash equivalents as at March 31st, 2016 amounted to ¥27.308 billion, an increase of ¥261 million from the end of FY2015/3. The status of cash flows and factors behind them are given below.

Net cash earned from operating activities was ¥7.210 billion, mainly due to Income before income taxes and minority interests of ¥13.240 billion, Depreciation and amortization of ¥2.012 billion, an increase in Notes and accounts receivable of ¥3.214 billion, an increase in Inventories of ¥1.203 billion and Payment of income taxes of ¥3.820 billion.

Net cash used in investment activities was ¥3.823 billion, mainly reflected by Purchase of tangible fixed assets of ¥3.162 billion and Payment for loans receivable of ¥727 million.

Net cash used in financing activities came to ¥2.851 billion. The major element of this was Payment of dividends of ¥2.438 billion.

Trends in financial indices are shown below.

	FY2014/3	FY2015/3	FY2016/3
Equity ratio (%)	77.8	75.0	77.3
Equity ratio, based on market value (%)	90.8	115.5	89.6
Interest-bearing debt/cash flow ratio	0.4	0.2	0.2
Interest coverage ratio (times)	118.5	375.2	344.3

Equity ratio: Equity/total assets

Equity ratio based on market value: Total market value of equity/total assets

Interest-bearing dept/cash flow ratio: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/interest payments

Notes:

1. All indices are calculated on consolidated financial statements.
2. The total market value of equity is calculated by multiplying market price at the end of FY by the number of shares outstanding at the end of FY.
3. "Operating cash flows" refers to cash flows from operating activities as shown in the consolidated cash flow statements.
4. Interest-bearing debts refer to all debts in Consolidated Balance Sheet on which we pay interest. "Interest payments" denotes interest payments as reflected in the consolidated cash flow statements.

(3) Policy for Profit Distribution and Dividends for Fiscal Year 2016/3 and 2017/3

Tokyo Seimitsu believes the most important management task for the Company is to enhance its corporate value and constantly distribute profits to shareholders through a business model of providing World's No. 1 products based on state-of-the-art technologies in the SPE market and the Metrology Equipment market. The Company determines distribution of profits in line with its policy for profit distribution to shareholders, outlined below.

For FY 2016/3, Tokyo Seimitsu plans to issue an additional ¥7 per share on top of the forecast ¥26 per share final dividend previously announced on February 9th, 2016 in line with the policy relating to dividend payment(*). Therefore, the Tokyo Seimitsu year end dividend will be ¥33 per share.

Consequently, including the interim dividend paid on December 4th, 2015, dividend payments in the Fiscal Year 2016/3 will increase by ¥4 YoY to total ¥59 per share.

()Extract of the policy relating to dividend payments*

The Company considers maintaining a core policy regarding the distribution of profits linked to the business performance of the Company and aims to pay stable dividends targeting a consolidated dividend payout ratio of 25%.

For profit distribution, the company changes target consolidated dividend payout ratio from 25% to 30% in order to respond to shareholders' expectation and enhance profit distribution. Looking ahead to FY2017/3, the Company anticipates paying ¥30 per share interim dividend, ¥30 per share year-end dividend, totaling ¥60 per share annual dividends.

< Policy for Profit Distribution to the Shareholders after change >

The Company considers maintaining a core policy regarding the distribution of profits linked to the business performance of the Company and aims to pay stable dividends targeting a consolidated dividend payout ratio of 30%. Also, considering the aim to provide stable and continuous dividend payments, the Company deems to maintain an annual dividend of ¥20 per share regardless of consolidated profits of the Company. However, it is at the discretion of the Board to review this basic policy if the Company experiences losses in two consecutive years.

The Company's normal operating procedure is to pay a dividend twice a year. The shareholders' meeting determines the year-end dividend and the Company's Board of Directors decides the interim dividend.

Retained earnings will be used effectively for the research and development and capital investment that are necessary for growing existing businesses and improving our competitiveness, strength and optimization of production and sales activities, expansion of overseas sales, sophistication of information security systems, new business development, and M&A investment. Also, since our product lines are greatly impacted by economic fluctuations, the Company considers it important to strengthen our financial position and prepare for possible economic downturns.

The Company's acquisition of its own outstanding stock is one of the returns that supplement its dividends from retained earnings. The Company will analyze its cash flows and retained earnings before undertaking stock acquisition.

(4) Business and Other Risks

Risk factors that may affect the Tokyo Seimitsu Group's business results, financial position, cash flows and other performance indicators are described below.

The Group is endeavoring to avert these risks and to reduce potential risks by hedging and diversifying. However, an unforeseen situation may have considerable influence on the Group's business performance.

The Tokyo Seimitsu Group judged the following as risk factors at the end of the period under review, but these do not encompass all risks to which the Group's operations may be exposed.

(i). Fluctuations in market conditions

The Tokyo Seimitsu Group conducts SPE business and Metrology business on a global scale, with the scope of operations including Japan, Europe, USA and Asia. Both of these business areas, as promising sectors in the development of an advanced information society, are expected to continue to grow. However, if the supply-demand balance is disturbed or economic conditions deteriorate in the markets of each business area, the Group's business performance could be adversely affected.

(ii). Exchange rate fluctuations

In principle, the Tokyo Seimitsu Group's overseas sales are made on a Japanese Yen basis. However, transactions are carried out in US dollars with customers in the United States and/or some other regions and customers. In the event of unforeseen exchange rate fluctuations, the Group's business results may be influenced.

(iii). Natural disasters and accidental disasters

In order to minimize damage caused by a possible interruption of production activities, the Tokyo Seimitsu Group regularly conducts disaster prevention inspections and carries out production facility maintenance. Capital investment is also made to secure the safety of the facilities. Nevertheless, a sudden calamity, natural disaster or unforeseen accident could damage production facilities or interrupt operations, greatly impacting the Group's business performance.

(iv). Procurement

It is essential for our production activities to procure high quality materials and services in a timely and proper manner from outside parties. Although the Tokyo Seimitsu Group operates under a multiple source procurement system, the Group's business performance could be impacted due to the shortage of supply or delivery delay because some of the materials can be procured by some limited suppliers or it may become very difficult to change supplier due to the peculiarity. Also, the surge of materials and services' prices from the change of supply-demand could affect the Group's business performance.

(v). Environmental regulation

Several environmental regulations for water or air pollution prevention, industrial waste, energy, global warming and chemical substances in products are applicable to the Tokyo Seimitsu Group in both Japan and overseas. The Group takes several measures in product development and manufacturing in order to reduce the impact to the environment and to comply with the related regulations. However, if these measures do not achieve the expected results or regulations and their enforcement are changed or become stricter, the Group's business performance could be adversely affected with limited production activities and increased costs incurred to comply with regulations.

(vi). Country risk

The Tokyo Seimitsu Group is engaged in business in various parts of the world and is operating at the optimum level within each country's political and legal system. However, unexpected changes in the political system or regulations in each country could have influence on the Group's business performance. Furthermore, terrorist attacks, wars, infectious diseases in counties or regions where the Group operates could have impact on its business results.

(vii). Protection of intellectual property rights

The Tokyo Seimitsu Group's SPE and Metrology Equipment embody cutting edge technologies. Particular attention is paid to the protection of rights related to these technologies. Specifically, the Group has taken measures to defend its interest with regard to such matters as attribution of patent-related rights and protection of trademarks and brands. However, if a lawsuit or other legal dispute with a third party in Japan or overseas were to arise concerning rights, the Group's business performance could be affected.

(viii). Technological innovation

New technologies are developed on nearly a daily basis in the business areas of the Tokyo Seimitsu Group. To develop state-of-the-art technologies and provide new products are essential in maintaining and strengthening the Group's competitiveness. However, there is no guarantee that the Group's research and development activities will always be successful. A failed in R&D and commercialization effort might impact the Group's business performance.

(ix). Risk related to product quality

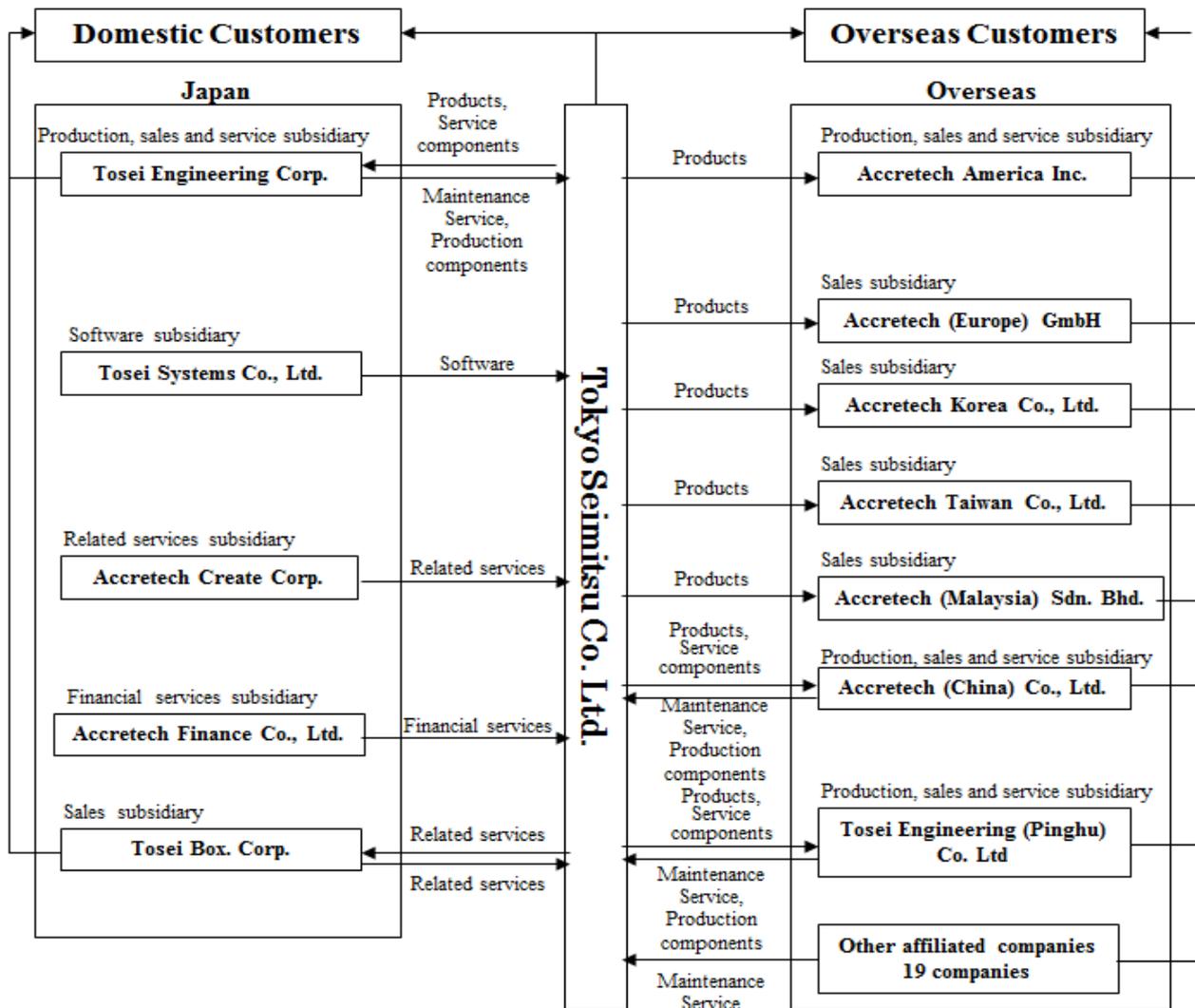
The Tokyo Seimitsu Group prioritizes in improving quality and reliability of both products and service activities. However, if unexpected quality-related failure occurs, the expenditure to resolve such failure might impact the Group's business performance.

(x). Information security

The Tokyo Seimitsu Group possesses the customers' confidential information or personal information, and the Group's confidential information related to technologies, sales and others. The Group pays special attention to this confidential information to prevent the leak of information and falsification. However, it could be possible to have information leak or falsification due to the unforeseen events such as errors, information theft or outside attack. The Group's business performance could be impacted if those unforeseen events occur and the Group incurs liability costs as a result.

2. Tokyo Seimitsu Corporate Group

Group Business Network



3. Management Policy

(1) Core Policy

- (i). As a manufacturer of SPE and precision Metrology instruments, Tokyo Seimitsu Group has consistently focused on developing state-of-the-art products that contribute to improving our customers' productivity and on providing good customer support. While meeting the commitments that are the requirements of a growing company; Occupational Health and Safety, Quality Control, Environmental Sustainability, and employment equity, the Company will contribute to society including customers, shareholders, employees and regional/international society through developing/supplying innovative SPE and Metrology Equipment.
- (ii). Tokyo Seimitsu Group's philosophy is "Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No.1 products.", and the Group has adopted as a corporate motto "Win-Win Relationships Create the World's No. 1 Products." and a corporate brand "ACCRETECH", a combination of the words ACCRETE (grow together) and TECHNOLOGY. The Company Group is striving to establish a structure that is capable of creating world-leading products. To do this, we apply the core technologies we have developed, and build cooperative Win-Win relationships with domestic and overseas companies and individuals that share the common goal of creating the world's best products. Behind all our efforts is the goal of being a truly global company.
- (iii). Tokyo Seimitsu implements an internal company system under which the entire company has been divided into three internal companies – the Semiconductor Company, the Metrology Company and the Administration Company and an executive officer system. These internal companies, as fully functioning organizations with appropriate responsibilities and authority, are positioned to improve the level of customer satisfaction and business performance by responding to each customer more flexibly and promptly.

(2) Key Management Indicators

Under the business environment that requires high level of technology innovation with high speed, Tokyo Seimitsu aims to establish higher profitable and efficient structure by providing the world's No.1 products with advanced technology into the growing markets, and continuously improves capital efficiency by effectively using funds to investment for growth. The company targets to "maintain business structure with at least 10% ROE" as long-term target, and increasing profit per share and the resulting long-term growth in corporate value are important indicators for management.

(3) Medium- to Long-term Management Strategies and Issues

- (i). Tokyo Seimitsu Group has promoted further quality improvement and product innovation, and established a profitable operational structure to continuously provide the world's No.1 products with advanced technology. These efforts have obtained reliable results after several years. Tokyo Seimitsu Group will further be engaged in expanding its business by taking advantage of solid company structure.
- (ii). Company management believes that increasing corporate value and sustainable profit distribution remain a key indicator of business success and thorough business growth.
- (iii). The Company Group believes that corporate governance is essential to improve corporate value and conduct fair and transparent business activities as a global corporate citizen, and established "the basic policy for corporate governance."
 - 1. The Board of Directors strives to properly perform its roles and responsibilities to make transparent, fair, quick and committed decisions.
 - 2. The Company respects the rights of shareholders and ensures the equality of shareholders.
 - 3. The Company strives to have constructive dialogues with shareholders on investment policy that considers mid- to long-term returns for shareholders.
 - 4. The Company strives to maintain appropriate collaboration with stakeholders other than shareholders, such as customers, suppliers, employees, creditors, and communities.
 - 5. The Company strives to ensure proper information disclosure and transparency.

(iv). The Company Group's overseas sales have exceeded domestic sales. Therefore sales organization has been fully localized in each region, and regional manufacturing such as in China and Thailand has commenced. The Company Groups will further optimize management organization for its global operations through actions such as hiring local management executives, building/enhancing global infrastructure, establishing localized supply chains, and standardizing management information flows to and from Head Office.

Cautionary Statements with Respect to Forward-looking Statements

This summary and its related materials contain forward-looking statements based on information available to the management at the time of this announcement that it has judged to be rational, including such factors as economic conditions in Japan and other countries, or fluctuations in exchange rates, which may affect the Company's performance.

These forecasts and projections are subject to a number of risks and uncertainties, including market conditions, competition, and the global state of the industry such as Semiconductor and Automobile. Accordingly, actual results may differ materially from those projected in this earnings summary.

4. Selection of Accounting Standards

In consideration of ease of comparing business results over several periods and/or against other enterprises, Tokyo Semitsu plans to continue adopting Japan GAAP accounting conventions for presentation of its Consolidated Financial Statements.

The Company will actively review the adoption of International Financial Reporting Standards (IFRS), in light of changes that may emerge from convergence to Japan GAAP, and revisions to IFRS itself.

5.Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2015/3 (March 31 st , 2015)	FY2016/3 (March 31 st , 2016)
ASSETS		
Current Assets		
Cash and cash equivalents	26,864	27,389
Notes and accounts receivable	22,399	23,484
Electronically recorded monetary claims	914	2,522
Merchandise and finished goods	2,464	2,163
Work in progress	9,532	10,117
Raw materials and supplies	3,177	3,802
Deffered tax assets	782	984
Others	1,852	2,325
Allowance for doubtful accounts	- 114	- 78
Total current assets	67,873	72,710
Fixed Assets		
Tangible fixed assets		
Building and structures	19,760	20,202
Accumulated depreciation	- 9,638	- 10,335
Building and structures(net)	10,121	9,866
Machinery, equipment and vehicles	8,103	8,610
Accumulated depreciation	- 6,209	- 6,602
Machinery, equipment and vehicles (net)	1,894	2,008
Equipment	4,534	5,193
Accumulated depreciation	- 3,409	- 3,602
Equipment(net)	1,124	1,591
Land	5,610	5,604
Lease assets	18	35
Accumulated depreciation	- 9	- 14
Lease assets (net)	9	20
Construction in process account	1,598	2,913
Total Tangible Fixed Assets	20,359	22,005
Intangible Fixed Assets		
Goodwill	577	315
Others	548	568
Total Intangible Fixed Assets	1,125	884
Investments and other assets		
Investment securities	5,544	4,079
Long-term loans	56	4
Net defined benefit assets	2,886	1,727
Differed tax assets	155	29
Others	460	498
Allowance for doubtful accounts	- 4	- 5
Total Investments and other assets	9,098	6,334
Total Fixed Assets	30,584	29,223
Total Assets	98,457	101,933

(Millions of Yen)

	FY2015/3 (March 31 st , 2015)	FY2016/3 (March 31 st , 2016)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	6,131	6,094
Electronically recorded obligations-operating	5,789	5,724
Short-term debt	1,300	1,200
Current portion of long-term debt	400	400
Lease liabilities	3	5
Income taxes payable	2,312	1,898
Bonus reserve	990	1,002
Reserve for director's bonuses	8	11
Others	4,784	5,079
Total current liabilities	21,718	21,416
Long-term Liabilities		
Long-term debt	400	-
Lease liabilities	6	16
Deferred tax liabilities	996	289
Allowance for director retirement benefits	117	133
Net defined benefit liabilities	816	646
Long-term accounts payable	29	13
Total long-term liabilities	2,367	1,099
Total Liabilities	24,085	22,515
NET ASSETS		
Shareholder's Equity		
Common stock	10,295	10,374
Capital surplus	21,312	21,392
Retained earnings	38,325	45,630
Treasury stock	- 113	- 115
Total Shareholder's Equity	69,820	77,282
Accumulated other comprehensive income		
Holding gain or loss in investment	1,574	759
Foreign currency translation adjustment	1,347	650
Remeasurements of defined benefit plans	1,073	80
Total accumulated other comprehensive income	3,995	1,491
Share subscription rights	385	436
Minority interests	169	208
Total Net Assets	74,371	79,418
Total Liabilities and Net Assets	98,457	101,933

(2) Consolidated Statements of Income, and Comprehensive Income**(Consolidated Statements of Income)**

(Millions of Yen)

	FY2015/3 (April 1 st , 2014- March 31 st , 2015)	FY2016/3 (April 1 st , 2015- March 31 st , 2016)
Net Sales	66,445	70,274
Cost of Sales	40,275	42,185
Gross Profit on Sales	26,169	28,089
Selling, general and administrative expenses	14,044	14,867
Operating income (loss)	12,124	13,222
Non-operating income		
Interest	20	39
Dividend income	71	94
Foreign exchange income	534	-
Others	99	109
Total Non-operating income	726	243
Non-operating expenses		
Interest expenses	33	31
Foreign exchange loss	-	176
Others	25	25
Total Non-operating expenses	59	232
Ordinary income (loss)	12,791	13,232
Extraordinary gains		
Gain on sales of investment securities	-	6
Gain on reversal of share subscription rights	9	1
Total Extraordinary gains	9	8
Extraordinary losses		
Loss on valuation of golf club membership	4	0
Total extraordinary losses	4	0
Income (loss) before income taxes and minority interests	12,796	13,240
Income tax and other taxes	3,190	3,358
Adjustment on income tax	576	126
Total Income tax and others	3,767	3,484
Income (loss) before minority interests	9,028	9,756
Net income(loss) attributable to non-controlling interests	35	52
Net Income (loss) attributable to Owners of the Parent	8,993	9,704

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2015/3 (April 1 st , 2014- March 31 st , 2015)	FY2016/3 (April 1 st , 2015- March 31 st , 2016)
Income (Loss) before minority interests	9,028	9,756
Accumulated other comprehensive income		
Holding gain or loss in investment	859	- 814
Foreign currency translation adjustment	691	- 749
Remeasurements of defined benefit plans	389	- 993
Total accumulated other comprehensive income	1,940	- 2,557
Comprehensive Income	10,969	7,199
(breakdown)		
Comprehensive income attributable to owners of the parent	10,917	7,160
Comprehensive income attributable to minority interests	51	38

(3) Consolidated Statements of Changes in Net Assets

FY 2015/3 (April 1st, 2014 – March 31st, 2015)

(Millions of Yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,238	21,255	30,776	- 111	62,158
Changes during the fiscal year					
Issue of new shares	57	57			114
Cash dividends paid			- 1,443		- 1,443
Net Income (loss) attributable to Owners of the Parent			8,993		8,993
Purchases of treasury stock				- 2	- 2
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	57	57	7,549	- 2	7,661
Balance as of end of the fiscal year	10,295	21,312	38,325	- 113	69,820

	Accumulated other comprehensive income				Share Subscription Rights	Minority Interests	Total Net Assets
	Holding gain or loss in investment	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of previous fiscal year	714	672	683	2,071	320	118	64,668
Changes during the fiscal year							
Issue of new shares							114
Cash dividends paid							- 1,443
Net Income (loss) attributable to Owners of the Parent							8,993
Purchases of treasury stock							- 2
Changes of items other than Shareholders' equity(net)	859	674	389	1,924	64	51	2,041
Total changes during the fiscal year	859	674	389	1,924	64	51	9,702
Balance as of end of the fiscal year	1,574	1,347	1,073	3,995	385	169	74,371

FY 2016/3 (April 1st, 2015 – March 31st, 2016)

(Millions of Yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,295	21,312	38,325	- 113	69,820
Changes during the fiscal year					
Issue of new shares	79	79			158
Cash dividends paid			- 2,438		- 2,438
Net Income (loss) attributable to Owners of the Parent			9,704		9,704
Purchases of treasury stock				- 2	- 2
Change in scope of consolidation			40		40
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	79	79	7,305	- 2	7,462
Balance as of end of the fiscal year	10,374	21,392	45,630	- 115	77,282

	Accumulated other comprehensive income				Share Subscription Rights	Minitory Interests	Total Net Assets
	Holding gain or loss in investment	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of previous fiscal year	1,574	1,347	1,073	3,995	385	169	74,371
Changes during the fiscal year							
Issue of new shares							158
Cash dividends paid							- 2,438
Net Income (loss) attributable to Owners of the Parent							9,704
Purchases of treasury stock							- 2
Change in scope of consolidation							40
Changes of items other than Shareholders' equity(net)	- 814	- 696	- 993	- 2,504	51	38	- 2,415
Total changes during the fiscal year	- 814	- 696	- 993	- 2,504	51	38	5,046
Balance as of end of the fiscal year	759	650	80	1,491	436	208	79,418

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2015/3 (April 1 st , 2014- March 31 st , 2015)	FY2016/3 (April 1 st , 2015 - March 31 st 2016)
Cash flows from operating activities:		
Income(loss) before income taxes and minority interests	12,796	13,240
Depreciation and amortization	1,837	2,012
Amotization of goodwill	427	261
Stock related expense	102	116
Change in allowance for employee retirement benefits (-:decrease)	- 237	- 244
Change in allowance for director retirement benefits (-:decrease)	- 3	16
Change in allowance for doubtful accounts (-:decrease)	21	- 30
Interest and dividend income	- 91	- 133
Interest expense	33	31
Loss/income on sales of subsidiary's shares (-:income)	-	- 6
Change in trade notes and accounts receivable (-: increase)	- 1,616	- 3,214
Change in inventories (-: increase)	- 2,763	- 1,203
Change in trade notes and accounts payable(-:decrease)	2,349	268
Others	- 30	- 178
Subtotal	12,824	10,935
Proceeds from interest and dividend income	89	126
Payment of interest	- 34	- 32
Payment/Refund of income taxes (-: payment)	- 2,059	- 3,820
Net cash provided by (used in) operating activities	10,820	7,210
Cash flows from investing activities:		
Payment for time deposits	- 98	- 139
Proceeds from time deposits	38	141
Payment for purchase of tangible fixed assets	- 1,525	- 3,162
Proceeds from sales of tangible fixed assets	17	6
Payment for purchase of intangible fixed assets	- 138	- 92
Payment for purchase of investment securities	- 3	- 3
Payment for purchase of shares of subsidiary company	- 458	- 24
Proceeds from sales of shares of subsidiary company	-	173
Payment for purchase of investments in capital of subsidiaries	- 43	- 47
Payment for loans receivable	- 759	- 727
Proceeds from collection of loans receivable	13	53
Net cash provided by (used in) investing activities	- 2,958	- 3,823
Cash flows from financing activities:		
Change in short-term loans payable (-: decrease)	-	- 100
Repayment of long-term debt	- 400	- 400
Repayment of lease liability	- 3	- 5
Proceeds from exercise of stock options	86	94
Dividend payments	- 1,443	- 2,438
Others	- 2	- 2
Net cash provided by (used in) financing activities	- 1,762	- 2,851
Effect of exchange rate changes on cash and cash equivalents	265	- 273
Net increase/decrease in cash and cash equivalents (-: decrease)	6,363	261
Cash and cash equivalents at beginning of year	20,411	26,775
Net increase/decrease in cash and cash equivalents by change in consolidated subsidiaries (-: decrease)	-	271
Cash and cash equivalents at end of year	26,775	27,308

(5) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Changes in accounting principles, estimates and restatements)

Change in accounting principles

The Company applies “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13th, 2013, hereinafter referred to as “Accounting Standard for Business Combinations”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13th, 2013, hereinafter referred to as “Consolidated Accounting Standard”), and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No.7, released on September 13th, 2013, hereinafter referred to as “Accounting Standard for Business Divestitures”) and other related standards from 1st quarter of FY2016/3. As a result, any differences arising from changes in the Company’s interests in its subsidiaries (if the Company maintains control of these subsidiaries) are to be accounted for as Capital surplus. In addition, acquisition costs are expensed in the Fiscal Year in which the costs are incurred. For any business combinations on or after the beginning of 1st quarter of FY2016/3, subsequent measurement of the provisional amount recognized based on the purchase price allocation attributable on completion of accounting for the business combination are reflected in the Quarterly Consolidated Financial Statements for the period to which the date of that business combination occurs. To apply these changes in the Consolidated Financial Statement, adjustments have been made to the Consolidated Financial Statements for the previous fiscal year.

In regards to the Statement of Cash flows for the Fiscal Year 2016/3, cash flows from the payment for shares of subsidiary companies which do not change the scope of consolidation is now accounted for under the item “Cash flows from financing activities”, while cash flows related to the purchase and/or sales of shares of subsidiary companies which do effect changes in the scope of consolidation are now accounted for under the item “Cash flows from operating activities”.

Aforementioned accounting standards are applied as of the beginning of the 1st quarter and thereafter, according to the transitional treatment provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Consolidated Accounting Standard and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result, there is no impact to Consolidated Financial Statement for the FY2016/3.

(Segment Information)

(i). Overview of reportable segments

The reportable segments of the Company and consolidated subsidiaries are the business segments for which separate financial information can be obtained and are at the level where the Company’s board of directors conducts periodic reviews leading to the allocation of resources and evaluation of business performance.

The Company consists of internal companies known as the Semiconductor Company and the Metrology Company, and each company’s products and services are managed under comprehensive strategies inside and outside of Japan.

Therefore, the Company defines “SPE” and “Metrology Equipment” as reportable segments based on the intercompany system and their outputs.

The “SPE” consists of manufacturing and sales of Assembly and Testing equipment to be applied to Semiconductor Manufacturing Processes and the “Metrology Equipment” consists of manufacturing and sales of precision measurement equipment such as 3D coordinate measuring machines, surface texture and contour measuring instruments.

(ii). Method of calculation of sales, profit/loss, assets/liabilities and/or others in reportable segments

The method of calculating segment results is mostly the same as applied to the consolidated financial statements. Therefore, segment profit is based on consolidated operating income. Corporate assets are not allotted to each segment.

(iii). Net sales, profit/loss assets/liabilities and/or others in reportable segments

FY2015/3 (April 1st, 2014 – March 31st, 2015)

(Millions of yen)

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	40,179	26,266	66,445	-	66,445
Intersegment sales to transfer	-	-	-	-	-
Total	40,179	26,266	66,445	-	66,445
Segment Profit	6,963	5,160	12,124	-	12,124
Segment Assets	57,835	40,028	97,863	593	98,457
Others					
Depreciation and amortization	1,238	599	1,837	-	1,837
Amortization of goodwill	133	294	427	-	427
Increase in tangible / intangible Fixed assets	2,459	789	3,249	-	3,249

FY2016/3 (April 1st, 2015 – March 31st, 2016)

(Millions of yen)

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	41,773	28,500	70,274	-	70,274
Intersegment sales to transfer	-	-	-	-	-
Total	41,773	28,500	70,274	-	70,274
Segment Profit	7,339	5,883	13,222	-	13,222
Segment Assets	61,195	40,162	101,358	575	101,933
Others					
Depreciation and amortization	1,340	671	2,012	-	2,012
Amortization of goodwill	119	141	261	-	261
Increase in tangible / intangible Fixed assets	2,940	855	3,795	-	3,795

Notes *1: Adjustment for corporate assets which are not allotted to the segments such as long-term investments (other investment securities).

*2: Segment profit is same amount as operating income stated in the Consolidated Financial Statements.

(Per Share Information)

FY 2015 (April 1 st , 2014 - March 31 st , 2015)			FY2016/3 (April 1 st , 2015 - March 31 st , 2016)		
Net assets per share	1,787.05	yen	Net assets per share	1,903.29	yen
Earnings per share	217.97	yen	Earnings per share	234.58	yen
Diluted earnings per share	216.93	yen	Diluted earnings per share	233.29	yen

Notes 1: Bases for calculation of net assets per share are as follows.

Item	FY2015/3 (March 31 st , 2015)	FY2016/3 (March 31 st , 2016)
Total net assets in consolidated balance sheet (millions of yen)	74,371	79,418
Amounts to be deducted from total net assets (millions of yen)	555	645
(Share subscription rights (millions of yen))	(385)	(436)
(Minority Interests(millions of yen))	(169)	(208)
Net assets related to common stock as at the end of Fiscal Year (millions of yen)	73,816	78,773
Number of outstanding shares that are bases for calculation of net assets per share as at the end of Fiscal Year (thousands of shares)	41,306	41,387

Notes 2: Bases for calculation of earnings per share and diluted earnings per share are as follows.

Item	FY2015/3 (April 1 st , 2014 - March 31 st , 2015)	FY2016/3 (April 1 st , 2015 - March 31 st , 2016)
Earnings per Share		
Net income (loss) attributable to owners of the parent (millions of yen)	8,993	9,704
Amount not attributed to common shareholders (millions of yen)	-	-
Net income (loss) attributable to owners of the parent related to common stock (millions of yen)	8,993	9,704
Average number of shares of common stock during the fiscal year (thousands of shares)	41,258	41,368
Diluted earnings per share		
Details of adjusted net income (millions of yen)	-	-
Increase in common stock share subscription rights (thousands of shares)	197	227
Shares excluded from the calculation of diluted earnings per share due to the lack of dilutive effects	Share Subscription rights (Stock Option Type)(units) The 10 th 685 The 11 th 713	Share Subscription rights (Stock Option Type)(units) The 12 th 74

(Significant subsequent events)

Not applicable.

6. Additional information

Production, Orders and Sales

(i). Actual Production (Millions of yen)

Reportable Segment	FY2015/3 (April 1 st , 2014 - March 31 st , 2015)	FY2016/3 (April 1 st , 2015 - March 31 st , 2016)
SPE	38,071	39,702
Metrology Equipment	25,370	26,720
Total	63,441	66,422

Note: The above production results are based on the sales prices (exclusive of consumption tax).

(ii). Actual Orders (Millions of yen)

Reportable Segment	FY2015/3 (April 1 st , 2014 - March 31 st , 2015)		FY2016/3 (April 1 st , 2015 - March 31 st , 2016)	
	Orders received	Order backlog	Orders received	Order backlog
SPE	43,297	12,467	41,033	11,706
Metrology Equipment	26,943	6,194	28,126	6,288
Total	70,241	18,662	69,159	17,994

Note: The above amounts are exclusive of consumption tax.

(iii). Actual Sales (Millions of yen)

Reportable Segment	FY2015/3 (April 1 st , 2014 - March 31 st , 2015)	FY2016/3 (April 1 st , 2015 - March 31 st , 2016)
SPE	40,179	41,773
Metrology Equipment	26,266	28,500
Total	66,445	70,274

Note: The above amounts are exclusive of consumption tax.

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