

Consolidated Financial Statements for the 12-month period Ended March 31st, 2017 (FY2017/3), Japan GAAP

May 12th, 2017

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 26th, 2017

Dividend Payment Date (planned): June 27th, 2017

Date of Annual Financial Statement Filing (planned) : June 29th, 2017

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 FY2017/3 (April 1st, 2016 – March 31st, 2017)

(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)	
	Value	% Change	Value	% Change	Value	% Change	Value	% Change
FY2017/3	77,792	10.7%	13,659	3.3%	13,864	4.8%	9,909	2.1%
FY2016/3	70,274	5.8%	13,222	9.1%	13,232	3.4%	9,704	7.9%

Note: Comprehensive Income in FY2017/3: 10,371 million yen (44.1%), in FY2016/3: 7,199 million yen (- 34.4%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)	Return on Equity	Ordinary Income on Total Assets	Operating Income Ratio
FY2017/3	239.32	237.80	12.0%	12.8%	17.6%
FY2016/3	234.58	233.29	12.7%	13.2%	18.8%

Note: Equity in earnings of affiliated companies in FY2017/3: - million yen, in FY2016/3: - million yen

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY2017/3	114,463	87,194	75.5%	2,083.40
FY2016/3	101,933	79,418	77.3%	1,903.29

Notes: Equity in FY2017/3: 86,377 million yen, in FY2016/3: 78,773 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)
FY2017/3	12,809	-3,486	-2,953	33,825
FY2016/3	7,210	-3,823	-2,851	27,308

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	%	%
FY2016/3	-	26.00	-	33.00	59.00	2,441	25.2	3.2
FY2017/3	-	34.00	-	38.00	72.00	2,983	30.1	3.6
FY2018/3 (Projected)	-	36.00	-	36.00	72.00		29.9	

3. Forecast for FY 2018/3 (April 1st, 2017-March 31st, 2018)

(% 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	42,300	13.7%	7,800	18.4%	7,800	23.1%	5,600	20.0%	135.07
Full Year	79,000	1.6%	14,000	2.5%	14,000	1.0%	10,000	0.9%	241.20

* 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:

FY2017/3	41,495,581 shares	FY2016/3	41,423,381 shares
FY2017/3	35,819 shares	FY2016/3	35,393 shares
FY2017/3	41,406,762 shares	FY2016/3	41,368,276 shares

Reference: Summary of non-consolidated results

Non-Consolidated Results for the Period of FY2017/3 (April 1st, 2016 - March 31st, 2017)

(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)	
FY2017/3	64,223	8.6%	9,533	-0.3%	10,786	7.3%	8,183	4.2%
FY2016/3	59,159	8.4%	9,564	6.7%	10,051	0.0%	7,851	4.7%

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2017/3	197.65	196.39
FY2016/3	189.80	188.76

(2) Non-consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY2017/3	92,543	67,527	72.4%	1,616.53
FY2016/3	81,641	61,806	75.2%	1,482.79

Notes : Equity in FY2017/3: 67,020 million yen; in FY2016/3: 61,369 million yen

*** This consolidated financial statements report is not subject to audit procedures**

* 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. "Overview 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. Overview of Business Performance and Financial Position

(1) Overview of Business Performance

[Overall]

Global business conditions in the Fiscal Year 2017/3 ended March 31st, 2017 continued to recover mainly in the developed countries. The US economy continued to expand modestly backed by a recovery in job markets and strong private consumption. The European economies continued to recover and the influence of Brexit was relatively limited, although concern about financial systems was seen temporarily. Also the Japanese economy continued to recover modestly accompanied by some improvement in corporate income and the labor market, on the back of the devaluing Japanese Yen in the latter half of this Fiscal Year. The Chinese economy showed some signs of recovery thanks to some government economic policies, however, other emerging Asian countries showed patchy results across their economies.

Under the business conditions outlined above, Consolidated Business Performance improved both in Sales and Profits, with active investments by our main users in the Semiconductor Production Equipment segment. Consolidated Orders in the Fiscal Year 2017/3 (April 1st, 2016 – March 31st, 2017) were ¥83.487 billion (up 20.7% YoY), Sales were ¥77.792 billion (up 10.7% YoY), Operating Income was ¥13.659 billion (up 3.3% YoY), Ordinary Income was ¥13.864 billion (up 4.8% YoY), and Net Income Attributable to Owners of the Parent was ¥9.909 billion (up 2.1% YoY) including a requirement to record retrospective income tax following a tax audit completed this fiscal year.

[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 through this whole Fiscal Year, specifically in 1) equipment for Memory devices led by memory capacity enlargement for smart phones, storage demand increase by cloud computing and technological progress of manufacturers, 2) equipment for power & automotive devices led by development in automotive electronics, 3) China, where emerging companies in semiconductor and electronics componentry are developing, and 4) in equipment for sensors led by IoT (Internet of Things) development. Although the trend in the past few years had shown fluctuating demand within short cycles including a decrease in demand in the summer period, the company could enjoy relatively high level orders in this Fiscal Year without such fluctuations.

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

Accordingly, Orders for our SPE segment were ¥56.232 billion (up 37.0% YoY), Sales were ¥50.291 billion (up 20.4% YoY), and Operating Income was ¥8.820 billion (up 20.2% YoY).

B. Metrology Equipment Segment

The automobile industry, which is the major user of our products, has continued to invest to establish world-wide production structures and increasing production efficiency, but showed a cautious stance for investment in replacement equipment in the face of decreased business performance influenced by the increased value of the Japanese Yen at the beginning of this year. Also, investment demand in China and Southeast Asia continued to weaken, although some signs of partial recovery could be seen. While the stimulatory effects on capital investment of previous government financial support subsided, demand for the aircraft-related industry remained steady.

As a result, Orders in our Metrology Equipment segment in this Fiscal Year was ¥27.254 billion (down 3.1% YoY), Sales was ¥27.501 billion (down 3.5% YoY) and Operating Income was ¥4.839 billion (down 17.7% YoY).

(2) Overview of Financial Position

Total Assets as at March 31st, 2017 amounted to ¥114.463 billion, an increase of ¥12.529 billion from the end of FY2016/3. The major factors behind this increase include an increase in Cash and cash equivalents of ¥6.464 billion, an increase in Building and structures of ¥4.609 billion, Notes and accounts receivable (including electronically recorded monetary claims) of ¥2.402 billion, an increase in Inventories such as raw materials and Work in progress of ¥1.230 billion, an increase in Assets related to retirement benefits of ¥804 million, an increase in VAT receivable of 781 million, a decrease in Construction in progress of ¥2.816 billion, and a decrease in Investment securities of ¥1.300 billion.

Total Liabilities increased by ¥4.753 billion, to ¥27.269 billion. This was mainly because of an increase in Notes and accounts payable of 3.969 billion and an increase in Deferred tax liabilities of ¥2.217 billion.

Net Assets increased ¥7.775 billion and totaled ¥87.194 billion. The Equity Ratio decreased 1.8%, to 75.5%.

(3) Overview of Cash Flows

Cash and cash equivalents as at March 31st, 2017 amounted to ¥33.825 billion, an increase of ¥6.238 billion from the end of FY2016/3. The status of cash flows and factors behind them are given below.

Net cash earned from operating activities was ¥12.809 billion, mainly due to Income before income taxes and minority interests of ¥14.415 billion, an increase in Notes and accounts payable of ¥3.885, Payment of income taxes of 3.631 billion, Depreciation and amortization of ¥2.380 billion, an increase in Notes and accounts receivable of ¥2.375 billion, an increase in Inventories of ¥1.575 billion and Gain on sales of investment securities of ¥527 million.

Net cash used in investment activities was ¥3.486 billion, mainly reflected by Purchase of tangible fixed assets of ¥5.118 billion and Proceeds from sales of investment securities of ¥1.705 million.

Net cash used in financing activities came to ¥2.935 billion. The major element of this was Payment of dividends of ¥2.773 billion.

Trends in financial indices are shown below.

	FY2015/3	FY2016/3	FY2017/3
Equity ratio (%)	75.0	77.3	75.5
Equity ratio, based on market value (%)	115.5	89.6	127.0
Interest-bearing debt/cash flow ratio	0.2	0.2	0.1
Interest coverage ratio (times)	375.2	344.3	616.9

Equity ratio: Equity/total assets

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

Interest-bearing debt/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 debt refers to all debt in Consolidated Balance Sheet on which we pay interest. "Interest payments" denotes interest payments as reflected in the consolidated cash flow statements.

(4) Forecasts for Next Fiscal Year

[Overall and Business Segment-based Forecasts]

Looking ahead to the Fiscal Year 2018/3 (ending March 31st, 2018), it is expected that the US economy keeps steady and that the economies in Japan and Europe recover gently. However the world economic situation and currency market situation will continue to be opaque backed by concern about decrease in world trade volume because of the rise of protectionism and increase of geopolitical risks in Northeast Asia and the Middle East.

In line with these conditions, Tokyo Seimitsu Group aims to continue to 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 2018/3 ending March 31st, 2018 are as follows;

	Interim	Full Year
Sales	¥42.3 billion (up 13.7% YoY)	¥79.0 billion (up 1.6% YoY)
SPE	¥29.0 billion (up 19.4% YoY)	¥51.0 billion (up 1.4% YoY)
Metrology	¥13.3 billion (up 3.0% YoY)	¥28.0 billion (up 1.8% YoY)
Operating Income	¥7.8 billion (up 18.4% YoY)	¥14.0 billion (up 2.5% YoY)
Ordinary Income	¥7.8 billion (up 23.1% YoY)	¥14.0 billion (up 1.0% YoY)
Net Income attributable to owners of the parent	¥5.6 billion (up 20.0% YoY)	¥10.0 billion (up 0.9% YoY)

A. Semiconductor Production Equipment (SPE) Segment

Memory devices, automotive devices, electronics components and Chinese manufacturers, that are the driving force in the Semiconductor market, will keep having demand for equipment. Smartphones and their peripheral devices, that had been the driving force, 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, the standardization trend of 5G telecommunication technologies and approach to engagement with IoT & AI 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.

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.

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 and observing policies of US new government, it continues capital investment for production innovation and efficiency improvement in both Japan and overseas. In addition, increased capital investment is expected in the aviation industries that are steadily improving and in the machine tools industries that are recovering.

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.

(5) Policy for Profit Distribution and Dividends for Fiscal Year 2017/3 and 2018/3

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 2017/3, Tokyo Seimitsu plans to issue an additional ¥4 per share on top of the forecast ¥34 per share final dividend previously announced on February 14th, 2017 in line with the policy relating to dividend payment, targeting a consolidated dividend payout ratio of 30%. Therefore, the Tokyo Seimitsu year-end dividend will be ¥38 per share.

Consequently, including the interim dividend paid on December 7th, 2016, dividend payments in the Fiscal Year 2017/3 will increase by ¥13 YoY to total ¥72 per share.

Looking ahead to FY2018/3, the Company anticipates paying ¥36 per share interim dividend, ¥36 per share year-end dividend, totaling ¥72 per share annual dividends.

< Policy for Profit Distribution to the Shareholders >

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.

(6) 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. 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 a “Core 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.

3. Selection of Accounting Standards

In consideration of ease of comparing business results over several periods and/or against other enterprises, Tokyo Seimitsu 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.

4.Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
ASSETS		
Current Assets		
Cash and cash equivalents	27,389	33,853
Notes and accounts receivable	23,484	23,675
Electronically recorded monetary claims	2,522	4,733
Merchandise and finished goods	2,163	2,101
Work in progress	10,117	11,325
Raw materials and supplies	3,802	3,886
Deferred tax assets	984	1,156
Others	2,325	2,337
Allowance for doubtful accounts	- 78	- 168
Total current assets	72,710	82,792
Fixed Assets		
Tangible fixed assets		
Building and structures	20,202	25,685
Accumulated depreciation	- 10,335	- 11,208
Building and structures(net)	9,866	14,476
Machinery, equipment and vehicles	8,610	9,234
Accumulated depreciation	- 6,602	- 7,012
Machinery, equipment and vehicles (net)	2,008	2,222
Equipment	5,193	5,880
Accumulated depreciation	- 3,602	- 4,065
Equipment(net)	1,591	1,814
Land	5,604	5,806
Lease assets	35	48
Accumulated depreciation	- 14	- 17
Lease assets (net)	20	30
Construction in process account	2,913	97
Total Tangible Fixed Assets	22,005	24,448
Intangible Fixed Assets		
Goodwill	315	284
Others	568	645
Total Intangible Fixed Assets	884	929
Investments and other assets		
Investment securities	4,079	2,778
Long-term loans	4	7
Net defined benefit assets	1,727	2,532
Deferred tax assets	29	437
Others	498	538
Allowance for doubtful accounts	- 5	- 0
Total Investments and other assets	6,334	6,293
Total Fixed Assets	29,223	31,670
Total Assets	101,933	114,463

(Millions of Yen)

	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	6,094	7,497
Electronically recorded obligations-operating	5,724	8,291
Short-term debt	1,200	1,300
Current portion of long-term debt	400	-
Lease liabilities	5	8
Income taxes payable	1,898	4,115
Deferred tax liabilities	-	6
Bonus reserve	1,002	1,099
Reserve for director's bonuses	11	11
Others	5,079	4,239
Total current liabilities	21,416	26,570
Long-term Liabilities		
Lease liabilities	16	24
Deferred tax liabilities	289	2
Allowance for director retirement benefits	133	148
Net defined benefit liabilities	646	508
Long-term accounts payable	13	15
Total long-term liabilities	1,099	698
Total Liabilities	22,515	27,269
NET ASSETS		
Shareholder's Equity		
Common stock	10,374	10,462
Capital surplus	21,392	21,480
Retained earnings	45,630	52,665
Treasury stock	- 115	- 116
Total Shareholder's Equity	77,282	84,491
Accumulated other comprehensive income		
Holding gain or loss in investment	759	825
Foreign currency translation adjustment	650	255
Remeasurements of defined benefit plans	80	804
Total accumulated other comprehensive income	1,491	1,885
Share subscription rights	436	506
Minority interests	208	310
Total Net Assets	79,418	87,194
Total Liabilities and Net Assets	101,933	114,463

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

(Millions of Yen)

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Net Sales	70,274	77,792
Cost of Sales	42,185	48,152
Gross Profit on Sales	28,089	29,640
Selling, general and administrative expenses	14,867	15,981
Operating income (loss)	13,222	13,659
Non-operating income		
Interest	39	21
Dividend income	94	144
Subsidy income	24	54
Others	85	98
Total Non-operating income	243	318
Non-operating expenses		
Interest expenses	31	25
Foreign exchange loss	176	68
Others	25	18
Total Non-operating expenses	232	112
Ordinary income (loss)	13,232	13,864
Extraordinary gains		
Gain on sales of investment securities	-	527
Gain on sales of subsidiary's shares	6	-
Others	1	56
Total Extraordinary gains	8	583
Extraordinary losses		
Loss on valuation of investments in capital of affiliates	-	26
Others	0	6
Total extraordinary losses	0	32
Income (loss) before income taxes and minority interests	13,240	14,415
Income tax and other taxes	3,358	5,678
Adjustment on income tax	126	-1,213
Total Income tax and others	3,484	4,464
Income (loss) before minority interests	9,756	9,951
Net income(loss) attributable to non-controlling interests	52	41
Net Income (loss) attributable to Owners of the Parent	9,704	9,909

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Income (Loss) before minority interests	9,756	9,951
Accumulated other comprehensive income		
Holding gain or loss in investment	- 814	66
Foreign currency translation adjustment	- 749	- 369
Remeasurements of defined benefit plans	- 993	723
Total accumulated other comprehensive income	- 2,557	420
Comprehensive Income	7,199	10,371
(breakdown)		
Comprehensive income attributable to owners of the parent	7,160	10,328
Comprehensive income attributable to minority interests	38	42

(3) Consolidated Statements of Changes in Net Assets

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	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	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

FY 2017/3 (April 1st, 2016 – March 31st, 2017)

(Millions of Yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,374	21,392	45,630	- 115	77,282
Changes during the fiscal year					
Issue of new shares	87	87			175
Cash dividends paid			- 2,773		- 2,773
Net Income (loss) attributable to Owners of the Parent			9,909		9,909
Purchases of treasury stock				- 1	- 1
Change in scope of consolidation			-101		-101
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	87	87	7,034	- 1	7,209
Balance as of end of the fiscal year	10,462	21,480	52,665	- 116	84,491

	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	759	650	80	1,491	436	208	79,418
Changes during the fiscal year							
Issue of new shares							175
Cash dividends paid							- 2,773
Net Income (loss) attributable to Owners of the Parent							9,909
Purchases of treasury stock							- 1
Change in scope of consolidation							-101
Changes of items other than Shareholders' equity(net)	66	- 395	723	394	69	102	566
Total changes during the fiscal year	66	- 395	723	394	69	102	7,775
Balance as of end of the fiscal year	825	255	804	1,885	506	310	87,194

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2016/3 (April 1 st , 2015 - March 31 st 2016)	FY2017/3 (April 1 st , 2016 - March 31 st 2017)
Cash flows from operating activities:		
Income(loss) before income taxes and minority interests	13,240	14,415
Depreciation and amortization	2,012	2,380
Amotization of goodwill	261	102
Stock related expense	116	116
Change in allowance for employee retirement benefits (-:decrease)	- 244	- 128
Change in allowance for director retirement benefits (-:decrease)	16	14
Change in allowance for doubtful accounts (-:decrease)	- 30	84
Interest and dividend income	- 133	- 165
Interest expense	31	25
Loss/income on sales of investment securities (-:income)	-	- 527
Loss/income on sales of subsidiary's shares (-:income)	- 6	-
Change in trade notes and accounts receivable (-: increase)	- 3,214	- 2,375
Change in inventories (-: increase)	- 1,203	- 1,575
Change in trade notes and accounts payable(-:decrease)	268	3,885
Others	- 178	50
Subtotal	10,935	16,302
Proceeds from interest and dividend income	126	165
Payment of interest	- 32	- 26
Payment/Refund of income taxes (-: payment)	- 3,820	- 3,631
Net cash provided by (used in) operating activities	7,210	12,809
Cash flows from investing activities:		
Payment for time deposits	- 139	- 39
Proceeds from time deposits	141	92
Payment for purchase of tangible fixed assets	- 3,162	- 5,118
Proceeds from sales of tangible fixed assets	6	17
Payment for purchase of intangible fixed assets	- 92	- 139
Payment for purchase of investment securities	- 3	- 2
Proceeds from sales of investment securities	0	1,705
Payment for purchase of shares of subsidiary company	- 24	-
Proceeds from sales of shares of subsidiary company	173	-
Payment for purchase of investments in capital of subsidiaries	- 47	-
Payment for loans receivable	- 727	- 5
Proceeds from collection of loans receivable	53	3
Net cash provided by (used in) investing activities	- 3,823	- 3,486
Cash flows from financing activities:		
Change in short-term loans payable (-: decrease)	- 100	100
Repayment of long-term debt	- 400	- 400
Repayment of lease liability	- 5	- 7
Proceeds from exercise of stock options	94	128
Dividend payments	- 2,438	- 2,773
Others	- 2	- 1
Net cash provided by (used in) financing activities	- 2,851	- 2,953
Effect of exchange rate changes on cash and cash equivalents	- 273	- 130
Net increase/decrease in cash and cash equivalents (-: decrease)	261	6,238
Cash and cash equivalents at beginning of year	26,775	27,308
Net increase/decrease in cash and cash equivalents by change in consolidated subsidiaries (-: decrease)	271	278
Cash and cash equivalents at end of year	27,308	33,825

(5) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Changes in accounting principles, estimates and restatements)

Change in accounting principles

In accordance with the change in Corporate Income Tax Act, the company applies “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Practical Solution No. 32, June 17th, 2016) from the 1st quarter of Fiscal Year 2017/3 and changed the depreciation method from a declining balance method to a straight-line depreciation method in relation to building and structures purchased after April 1st, 2016.

As a result, operating income, ordinary income, and income before income taxes and others increased respectively by ¥130 million in the Fiscal Year 2017/3.

(Additional Information)

Application in Implementation Guidance on Recoverability of Deferred Tax Assets

The Company applies “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Statement No. 26, March 28th, 2016) from the 1st quarter of Fiscal Year 2017/3.

(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

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

FY2017/3 (April 1st, 2016 – March 31st, 2017)

(Millions of yen)

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	50,291	27,501	77,792	-	77,792
Intersegment sales to transfer	-	-	-	-	-
Total	50,291	27,501	77,792	-	77,792
Segment Profit	8,820	4,839	13,659	-	13,659
Segment Assets	72,530	41,232	113,763	699	114,463
Others					
Depreciation and amortization	1,668	711	2,380	-	2,380
Amortization of goodwill	102	-	102	-	102
Increase in tangible / intangible Fixed assets	3,647	498	4,145	-	4,145

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.

(iv). Change of reportable segment

As stated in Change of accounting principles, the company changed its depreciation method from a declining balance method to a straight-line depreciation method in relation to building and structures purchased after April 1st, 2016. Accordingly, the company changed the depreciation method in each segment.

As a result, profit per segment in SPE increased by ¥125 million and in Metrology increased by ¥ 4 million respectively in the FY2017/3.

(Per Share Information)

FY2016/3 (April 1 st , 2015 - March 31 st , 2016)			FY2017/3 (April 1 st , 2016 - March 31 st , 2017)		
Net assets per share	1,903.29	yen	Net assets per share	2,083.40	yen
Earnings per share	234.58	yen	Earnings per share	239.32	yen
Diluted earnings per share	233.29	yen	Diluted earnings per share	237.80	yen

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

Item	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Total net assets in consolidated balance sheet (millions of yen)	79,418	87,194
Amounts to be deducted from total net assets (millions of yen)	645	816
(Share subscription rights (millions of yen))	(436)	(506)
(Minority Interests(millions of yen))	(208)	(310)
Net assets related to common stock as at the end of Fiscal Year (millions of yen)	78,773	86,377
Number of outstanding shares that are bases for calculation of net assets per share as at the end of Fiscal Year (thousands of shares)	41,387	41,459

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

Item	FY2016/3 (April 1 st , 2015 - March 31 st , 2016)	FY2017/3 (April 1 st , 2016 - March 31 st , 2017)
Earnings per Share		
Net income (loss) attributable to owners of the parent (millions of yen)	9,704	9,909
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)	9,704	9,909
Average number of shares of common stock during the fiscal year (thousands of shares)	41,368	41,406
Diluted earnings per share		
Details of adjusted net income (millions of yen)	-	-
Increase in common stock share subscription rights (thousands of shares)	227	264
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 12 th 74	Share Subscription rights (Stock Option Type)(units) The 12 th 73 The 13 th 76

(Significant subsequent events)

Not applicable.

5. Additional information

(1) Production, Orders and Sales

(i). Actual Production

(Millions of yen)

Reportable Segment	FY2016/3 (April 1 st , 2015 – March 31 st , 2016)	FY2017/3 (April 1 st , 2016 - March 31 st , 2017)
SPE	39,702	47,061
Metrology Equipment	26,720	25,275
Total	66,422	72,337

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

(ii). Actual Orders

(Millions of yen)

Reportable Segment	FY2016/3 (April 1 st , 2015 – March 31 st , 2016)		FY2017/3 (April 1 st , 2016 – March 31 st , 2017)	
	Orders received	Order backlog	Orders received	Order backlog
SPE	41,033	11,706	56,232	17,647
Metrology Equipment	28,126	6,288	27,254	6,015
Total	69,159	17,994	83,487	23,663

Note: The above amounts are exclusive of consumption tax.

(iii). Actual Sales

(Millions of yen)

Reportable Segment	FY2016/3 (April 1 st , 2015 - March 31 st , 2016)	FY2017/3 (April 1 st , 2016 - March 31 st , 2017)
SPE	41,773	50,291
Metrology Equipment	28,500	27,501
Total	70,274	77,792

Note: The above amounts are exclusive of consumption tax.

(2) Executive Changes (Effective date (planned): June 26th, 2017)

(i). Candidate for Director

(To be elected at the Annual General Meeting of Shareholders scheduled for June 26th, 2017)

Corporate Director (External): Donglei Tang
(Current Position: Vice Chairman and President of PRECISION
TSUGAMI (CHINA) CORPORATION)
A candidate of External corporate director

(ii). Retiring Director

Corporate Director: Shigeru Umenaka

(iii). Candidate for Auditor

(To be elected at the Annual General Meeting of Shareholders scheduled for June 26th, 2017)

Corporate Auditor (External): Masahiro Maeda
(Current Position: Representative of Masahiro Maeda Certified Public
Accounting and Tax Office)
A candidate of External corporate auditor

(iv). Retiring Auditor

Corporate Auditor (External): Yoshiharu Kikuchi
(Current Position: External corporate auditor)

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