

Consolidated Financial Statements for the the 12-month period Ended March 31st, 2019 (FY2019/3), Japan GAAP

May 14th, 2019

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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Date of Shareholders Meeting (planned): June 24th, 2019

Dividend Payment Date (planned): June 25th, 2019

Date of Annual Financial Statement Filing (planned) : June 26th, 2019

Supplementary document for Quarterly Financial Results : Yes

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

(Millions of yen, rounded down)

1. Consolidated Results for Period of FY2019/3 (April 1st, 2018 – March 31st, 2019)

(1) Consolidated sales and earnings (Percentage figures represent changes from of previous year)

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit Attributable to Owners of the Parent (Millions of Yen)	
FY2019/3	101,520	15.1%	20,221	17.0%	20,805	20.1%	14,665	15.3%
FY2018/3	88,194	13.4%	17,283	26.5%	17,316	24.9%	12,717	28.3%

Note: Comprehensive Income in FY2019/3 12,240 million yen (- 19.1%), in FY2018/3 15,124 million yen (45.8%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)	Return on Equity	Recurring Profit on Total Assets	Operating Profit Ratio
FY2019/3	352.92	350.23	14.4%	14.3%	19.9%
FY2018/3	306.41	304.02	13.8%	14.0%	19.6%

Note: Equity in earnings of affiliated companies in FY2019/3: - million yen, in FY2018/3: - million yen

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio	Net Assets per Share (yen)
FY2019/3	157,573	107,403	67.3%	2,551.20
FY2018/3	132,893	99,354	74.0%	2,367.92

Note: Equity in FY2019/3: 106,031 million yen FY2018/3: 98,362 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)
FY2019/3	12,932	- 13,952	5,443	41,290
FY2018/3	10,931	- 4,649	- 3,163	37,090

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	%	%
FY2018/3	-	41.00	-	51.00	92.00	3,820	30.0	4.1
FY2019/3	-	59.00	-	66.00	125.00	5,195	35.4	5.1
FY2020/3 (Projected)	-	38.00	-	38.00	76.00		35.0	

Note: Q2 End and Q4 End dividend for FY2019/3 include 70th anniversary commemorative dividend of 10 yen respectively.

3. Forecast for FY2020/3 (April 1st, 2019-March 31st, 2020) (% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit attributable to Owners of the Parent (Millions of Yen)		Net Profit per Share (yen)
Interim	43,000	- 16.0%	5,900	- 42.4%	5,900	- 45.2%	4,200	- 46.8%	101.00
Full Year	88,000	- 13.3%	12,500	- 38.2%	12,500	- 39.9%	9,000	- 38.6%	216.00

*** 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.: No
- 2) Changes other than 1): No
- 3) Changes in accounting estimates: No
- 4) Restatement: No

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):	FY2019/3	41,598,381 shares	FY2018/3	41,575,881 shares
2) Number of treasury shares at the end of period:	FY2019/3	36,791 shares	FY2018/3	36,251 shares
3) Average Number of shares outstanding during the period:	FY2019/3	41,554,806 shares	FY2018/3	41,504,855 shares

Reference: Summary of non-consolidated results

Non-Consolidated Results for the Period of FY2019/3 (April 1st, 2018 - March 31st, 2019)

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

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit (Millions of Yen)	
FY2019/3	84,655	16.5%	13,173	15.0%	14,895	19.6%	11,110	15.4%
FY2018/3	72,635	13.1%	11,453	20.1%	12,450	15.4%	9,628	17.7%

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2019/3	267.37	265.33
FY2018/3	231.99	230.18

(2) Non-consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY2019/3	125,784	80,992	63.8%	1,929.86
FY2018/3	104,110	74,930	71.4%	1,788.82

Notes: Equity in FY2019/3: 80,207 million yen, in FY2018/3: 74,307 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 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]

In the Fiscal Year 2019/3 ended March 2019, EU economies and China have had lack of confidence in economic expansion, however the US and Japanese economies continued to recover, led by strong private consumption and corporate capital investment and therefore global economy maintained gradual growth. On the other hand, there were the potential risks of economic slowdown due to the trade friction led by protectionism, and complications from the withdrawal of the United Kingdom from the EU.

Under these business conditions, expanding demands both in Semiconductor and Automotive related industry increased and recorded the highest both of the Company's Sales and Profits since established 70 years ago. Consolidated Orders in the Fiscal Year 2019/3 (April 1st, 2018 - March 31st, 2019) were ¥98.909 billion (down 4.9% YoY), Sales were ¥101.520 billion (up 15.1% YoY), Operating Profit was ¥20.221 billion (up 17.0% YoY), Recurring Profit was ¥20.805 billion (up 20.1% YoY) and Net Profit Attributable to Owners of the Parent was ¥14.665 billion (up 15.3% YoY).

[Performance by Business Segments]

A. Semiconductor Production Equipment (SPE)

In the SPE business segment, investment in memory due to expanding demand for data capacity and storage was strong in the 1st half sequentially, while, in the 2nd half, there was a reduction underpinned by a lowering spot price and inventory adjustments. On the other hand, investment in equipment for MCU(Micro Control Units) and power management ICs for vehicles, and display drives, electronic components and sensors for high functionalization of smartphones as well as advancements from IoT (Internet of Things) and AI (Artificial Intelligence) were stable during the entire year. In addition, equipment demand from China, where the related emerging enterprises grow rapidly, kept firm. Consequently, Sales in the SPE segment increased from the previous year, but Orders were decreased.

As to products, Wafer Probing Machines (equipment for the Testing Process), which are our main products were consistently ordered in Taiwan, Japan, China and Korea, and Equipment for the Assembly Processes such as Wafer Dicing Dicing Machines and Polish Grinders were consistently ordered in South East Asia and China.

Orders for our SPE segment in the same period was ¥65.335 billion (down 10.9% YoY), Sales was ¥69.117 billion (up 16.1% YoY), and Operating Profit was ¥13.195 billion (up 16.8% YoY).

B. Metrology Equipment Segment

The automotive industry, which is the major user of our products in our Metrology Equipment segment, has continued to invest for production innovation to improve world-wide production efficiency and in-line measurement. While the demand in Machine Tool showed slowdown in the 2nd half, the demand from the mechanical components and the aircraft-related sectors remained steady. Under these business conditions, both Orders and Sales increased in the Metrology segment YoY.

As a result, Orders in our Metrology Equipment segment in the same period was ¥33.573 billion (up 9.5% YoY), Sales was ¥32.403 billion (up 13.0% YoY) and Operating Profit was ¥7.025 billion (up 17.3% YoY).

(2) Analysis of Financial Position

Total Assets as at the as at March 31st, 2019 amounted to ¥157.573 billion, an increase of ¥24.680 billion from the end of FY2018/3. The major factors behind this change include increases in Inventories including raw materials and work in progress of ¥7.669 billion, in Land of ¥7.378 billion, in Cash and cash equivalents of ¥4.297 billion, in Notes and accounts receivable (include Electronically recorded monetary claims) of ¥2.706 billion, in Software for own use of ¥1.997 billion, in Building and structures of ¥1.409 billion and in Deffered tax assets of ¥1.105 billion, and decreases in Investment securities of ¥1.323 billion and Net defined benefit assets of ¥1.298 billion.

Total Liabilities increased by ¥16.631 billion to ¥50.169 billion. This was mainly from an increase in Long-term loans payable of ¥10.000 billion and an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥4.458 billion.

Net Assets increased by ¥8.049 billion and totaled ¥107.403 billion and, the Equity Ratio became decreased by 6.7% and came to 67.3%.

(3) Overview of Cash Flows

Cash and cash equivalents as at March 31st, 2019 amounted to ¥41.290 billion, an increase of ¥4.200 billion from the end of FY2018/3. The status of cash flows and factors behind them are given below.

Net cash earned from operating activities was ¥12.932 billion, mainly due to Income before income taxes and minority interests of ¥20.443 billion, an increase in Inventories of ¥7.891 billion, Payment of income taxes of ¥5.769 billion, an increase in Notes and accounts payable of ¥4.273 billion, Depreciation and amortization of ¥2.655 billion and an increase in Notes and accounts receivable of ¥2.031 billion.

Net cash used in investment activities was ¥13.952 billion, mainly reflected by Purchases of tangible fixed assets of ¥11.205 billion and intangible fixed assets of ¥1.751 billion.

Net cash earned from financing activities came to ¥5.443 billion. The major element of this was Proceed from long-term debt of ¥10.000 billion and Payment of dividends of ¥4.570 billion.

Trends in financial indices are shown below.

	FY2017/3	FY2018/3	FY2019/3
Equity ratio (%)	75.5	74.0	67.3
Equity ratio, based on market value (%)	127.0	134.1	74.3
Interest-bearing debt/cash flow ratio	0.1	0.1	0.9
Interest coverage ratio (times)	616.9	662.9	690.1

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:

- All indices are calculated on consolidated financial statements.
- 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.
- “Operating cash flows” refers to cash flows from operating activities as shown in the consolidated cash flow statements.
- 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.

(4) Forecasts for Next Fiscal Year

[Overall and Business Segment-based Forecasts]

Looking ahead to the Fiscal Year 2020/3 (ending March 31st, 2020), multiple economic uncertainties which may lead to a slowdown in the economy will remain, such as trade friction led by protectionism, political risks such as the withdrawal of the United Kingdom from the EU and various geographical risks.

In line with these conditions, Tokyo Seimitsu Group believes mid to long term market growth in SPE segment. However, the Group anticipates recovery will be in the latter half of FY2020/3, therefore, the Group will continue proactive Research and Development of the products. In the Metrology segment, the Group anticipates stable demand, therefore will proceed with Market expansion. And the entire Group will continue to correspond to customers needs by engaging in developing advanced technologies, reducing costs, taking business opportunities firmly and responding to our customers' demand of shorter lead-time.

Expected Consolidated Business Results for the Fiscal Year 2020/3 ending March 31st, 2020 are as follows;

	Interim	Full Year
Sales	¥43.0 billion (down 16.0% YoY)	¥88.0 billion (down 13.3% YoY)
SPE	¥27.5 billion (down 23.2% YoY)	¥55.0 billion (down 20.4% YoY)
Metrology	¥15.5 billion (up 0.8% YoY)	¥33.0 billion (up 1.8% YoY)
Operating Profit	¥5.9 billion (down 42.4% YoY)	¥12.5 billion (down 38.2% YoY)
Recurring Profit	¥5.9 billion (down 45.2% YoY)	¥12.5 billion (down 39.9% YoY)
Net Profit attributable to owners of the parent	¥4.2 billion (down 46.8% YoY)	¥9.0 billion (down 38.6% YoY)

A. Semiconductor Production Equipment (SPE) Segment

Currently, Semiconductor and Electric components manufacturers have become conservative toward Capital expenditures due to adjustments of inventory (especially in Memory device) and various uncertainties in worldwide economies. Tokyo Seimitsu Group anticipates market recovery from supply-demand balancing in the latter half of FY2020/3.

Tokyo Seimitsu Group believes demand in technology innovation of the existing semiconductor, the end user products for 5G telecommunication technologies will be the driving force in the Semiconductor market. The high speed internet could realize IoT, AI and self driving cars and the demand in memories and devices for accumulated information and related electric components would expand dramatically that is expected to bring the higher demands of our products for long period of time.

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, High Rigid Grinders, Wafer Manufacturing Machines and Precision Dicing Blades to meet specific needs of customers. The Company will follow investment projects diligently and develop new business opportunities.

B. Metrology Segment

Even if global economy becomes stagnant, the business of Metrology product that underlay wide and precision production remains steady. The automotive industry, which is the major user of our Metrology products, has been actively expanding production overseas and continues capital investment for production innovation and efficiency improvement like in-line metrology in both Japan and overseas. In addition, the demand in increased capital investment in the aviation industries is expected.

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 and service/support representation. The Company will further proceed with expanding business for optical measuring instruments and charge/discharge testing systems 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 2019/3 and 2020/3

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 FY2019/3, Tokyo Seimitsu plans to issue an additional ¥7 per share on top of the forecasted ¥66 per share year-end dividend previously announced on February 13th, 2019 in line with the policy relating to dividend payment, targeting a consolidated dividend payout ratio of 30% with a commemorative dividend for the Company's 70th anniversary.

Consequently, including the interim dividend (¥59 per share) already paid on December 10th, 2018, dividend payments in the FY2019/3 will increase by ¥33 YoY to total ¥125 per share.

For profit distribution, the company changes target consolidated dividend payout ratio from 30% to 35% in order to respond to shareholders' expectation and enhance profit distribution. Looking ahead to FY2020/3, the Company anticipates paying ¥38 per share interim dividend, ¥38 per share year-end dividend, totaling ¥76 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 35%. 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 a business environment that requires a high level of technological innovation with high speed, Tokyo Seimitsu aims to establish a highly profitable and efficient structure by providing the world's No.1 products with advanced technology into growing markets, and continuously improves capital efficiency by effectively using funds to invest for growth. The company targets to "maintain a business structure with at least 10% ROE" as long-term target, and an increasing profit per share and the resulting long-term growth in corporate value are important indicators for management.

In the medium-term, the consolidated operating profit target that rolls over every three years is shared within the Tokyo Seimitsu Group, and the Company continues to adopt a Plan-Do-Check-Action management approach.

(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). Company Group believes that corporate governance is essential to improving corporate value and conducting fair and transparent business activities as a global corporate citizen, and has established a "core policy for corporate governance."
 - 1. The Board of Directors strives to properly perform its roles and responsibilities to make transparent, fair, timely and committed decisions.
 - 2. The Company respects the rights of shareholders and ensures the equality of shareholders.
 - 3. The Company strives to have constructive dialogue 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 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.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2018/3 (March 31 st , 2018)	FY2019/3 (March 31 st , 2019)
ASSETS		
Current Assets		
Cash and cash equivalents	37,220	41,518
Notes and accounts receivable	28,005	29,230
Electronically recorded monetary claims	5,434	6,915
Merchandise and finished goods	1,918	1,830
Work in progress	15,223	19,999
Raw materials and supplies	5,183	8,165
Others	2,146	2,510
Allowance for doubtful accounts	- 142	- 75
Total current assets	94,990	110,094
Fixed Assets		
Tangible fixed assets		
Building and structures	26,091	28,180
Accumulated depreciation	- 12,093	- 12,772
Building and structures(net)	13,998	15,407
Machinery, equipment and vehicles	9,065	9,368
Accumulated depreciation	- 7,109	- 7,626
Machinery, equipment and vehicles (net)	1,956	1,742
Equipment	6,410	7,459
Accumulated depreciation	- 4,391	- 4,967
Equipment(net)	2,019	2,492
Land	5,822	13,201
Lease assets	94	130
Accumulated depreciation	- 47	- 48
Lease assets (net)	47	81
Construction in process account	413	222
Total Tangible Fixed Assets	24,258	33,147
Intangible Fixed Assets		
Goodwill	185	82
Lease assets	-	29
Others	1,671	3,661
Total Intangible Fixed Assets	1,857	3,773
Investments and other assets		
Investment securities	5,684	4,361
Long-term loans receiveable	89	123
Net defined benefit assets	4,124	2,825
Differed tax assets	1,367	2,473
Others	522	774
Allowance for doubtful accounts	- 0	- 0
Total Investments and other assets	11,787	10,557
Total Fixed Assets	37,902	47,478
Total Assets	132,893	157,573

(Millions of Yen)

	FY2018/3 (March 31 st , 2018)	FY2019/3 (March 31 st , 2019)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	8,200	9,350
Electronically recorded obligations-operating	13,670	16,977
Short-term debt	1,300	1,300
Current portion of long-term debt	-	2,000
Lease liabilities	18	32
Income taxes payable	3,254	3,519
Bonus reserve	1,238	1,364
Reserve for director's bonuses	10	10
Others	5,115	6,392
Total current liabilities	32,807	40,948
Long-term Liabilities		
Long-term debt	-	8,000
Lease liabilities	33	83
Deferred tax liabilities	-	7
Allowance for director retirement benefits	139	53
Net defined benefit liabilities	542	809
Asset retirement obligations	-	241
Others	16	25
Total long-term liabilities	731	9,220
Total Liabilities	33,538	50,169
NET ASSETS		
Shareholder's Equity		
Common stock	10,561	10,591
Capital surplus	21,579	21,608
Retained earnings	62,105	72,200
Treasury stock	- 118	- 120
Total Shareholder's Equity	94,128	104,280
Accumulated other comprehensive income		
Holding gain or loss in investment	1,564	868
Foreign currency translation adjustment	811	199
Remeasurements of defined benefit plans	1,858	683
Total accumulated other comprehensive income	4,234	1,751
Share subscription rights	623	784
Non-controlling interests	368	587
Total Net Assets	99,354	107,403
Total Liabilities and Net Assets	132,893	157,573

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

(Millions of Yen)

	FY2018/3 (April 1 st , 2017- March 31 st , 2018)	FY2019/3 (April 1 st , 2018- March 31 st , 2019)
Net Sales	88,194	101,520
Cost of goods sold	53,818	60,430
Gross Profit on Sales	34,375	41,090
Selling, general and administrative expenses	17,092	20,869
Operating profit (loss)	17,283	20,221
Non-operating income		
Interest income	24	29
Dividend income	58	123
Foreign exchange gains	-	385
Subsidy income	20	73
Others	67	75
Total Non-operating income	170	688
Non-operating expenses		
Interest expenses	25	43
Foreign exchange loss	75	-
Loss on sales and disposal of fixed assets	23	48
Others	14	13
Total Non-operating expenses	138	104
Recurring profit (loss)	17,316	20,805
Extraordinary gains		
Gain on sales of investment securities	3	55
Gain on reversal of subscription rights to shares	1	2
Total Extraordinary gains	4	58
Extraordinary losses		
Loss on valuation of investment securities	-	121
Loss on valuation of shares of affiliates	-	263
Loss on valuation of investments in capital of affiliates	-	33
Loss on valuation of golf club membership	2	-
Total extraordinary losses	2	419
Profit (loss) before income taxes and minority interests	17,318	20,443
Income tax and other taxes	5,115	5,999
Adjustment on income tax	- 572	- 279
Total Income tax and others	4,542	5,719
Profit (loss) before minority interests	12,775	14,724
Net Profit(loss) attributable to minority interests	58	58
Net Profit (loss) attributable to Owners of the Parent	12,717	14,665

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2018/3 (April 1 st , 2017- March 31 st , 2018)	FY2019/3 (April 1 st , 2018- March 31 st , 2019)
Profit (Loss) before minority interests	12,775	14,724
Accumulated other comprehensive income		
Holding gain or loss in investment	738	- 696
Foreign currency translation adjustment	555	- 612
Remeasurements of defined benefit plans	1,054	- 1,174
Total accumulated other comprehensive income	2,348	- 2,483
Comprehensive Income	15,124	12,240
(breakdown)		
Comprehensive income attributable to owners of the parent	15,066	12,182
Comprehensive income attributable to non-controlling interests	58	57

(3) Consolidated Statements of Changes in Net Assets

FY 2018/3 (April 1st, 2017 – March 31st, 2018)

(Millions of Yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,462	21,480	52,665	- 116	84,491
Changes during the fiscal year					
Issue of new shares	99	99			198
Cash dividends paid			- 3,277		- 3,277
Net Profit (loss) attributable to Owners of the Parent			12,717		12,717
Purchases of treasury stock				- 2	- 2
Sales of treasury stock		0		0	0
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	99	99	9,440	- 1	9,636
Balance as of end of the fiscal year	10,561	21,579	62,105	- 118	94,128

	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	825	255	804	1,885	506	310	87,194
Changes during the fiscal year							
Issue of new shares							198
Cash dividends paid							- 3,277
Net Profit (loss) attributable to Owners of the Parent							12,717
Purchases of treasury stock							- 2
Sales of treasury stock							0
Changes of items other than Shareholders' equity(net)	738	555	1,054	2,348	117	58	2,523
Total changes during the fiscal year	738	555	1,054	2,348	117	58	12,160
Balance as of end of the fiscal year	1,564	811	1,858	4,234	623	368	99,354

FY 2019/3 (April 1st, 2018 – March 31st, 2019)

(Millions of Yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,561	21,579	62,105	- 118	94,128
Changes during the fiscal year					
Issue of new shares	29	29			58
Cash dividends paid			- 4,570		- 4,570
Net Profit (loss) attributable to Owners of the Parent			14,665		14,665
Purchases of treasury stock				- 1	- 1
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	29	29	10,094	- 1	10,152
Balance as of end of the fiscal year	10,591	21,608	72,200	- 120	104,280

	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	1,564	811	1,858	4,234	623	368	99,354
Changes during the fiscal year							
Issue of new shares							58
Cash dividends paid							- 4,570
Net Profit (loss) attributable to Owners of the Parent							14,665
Purchases of treasury stock							- 1
Changes of items other than Shareholders' equity(net)	- 696	- 611	- 1,174	- 2,482	160	219	- 2,102
Total changes during the fiscal year	- 696	- 611	- 1,174	- 2,482	160	219	8,049
Balance as of end of the fiscal year	868	199	683	1,751	784	587	107,403

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2018/3 (April 1 st , 2017- March 31 st , 2018)	FY2019/3 (April 1 st , 2018- March 31 st , 2019)
Cash flows from operating activities:		
Profit(loss) before income taxes and minority interests	17,318	20,443
Depreciation and amortization	2,541	2,655
Amotization of goodwill	102	226
Stock related expense	184	175
Change in allowance for employee retirement benefits (-:decrease)	- 36	- 31
Change in allowance for director retirement benefits (-:decrease)	- 8	- 96
Change in allowance for doubtful accounts (-:decrease)	6	- 65
Interest and dividend income	- 82	- 153
Interest expense	25	43
Gain(loss) on sales of investment securities (-: gain)	- 3	- 55
Gain(loss) on revaluation of investment securities (-: gain)	-	121
Loss on valuation of shares of affiliated company	-	263
Loss on valuation of investments in capital of affiliates	-	33
Change in trade notes and accounts receivable (-: increase)	- 5,030	- 2,031
Change in inventories (-: increase)	- 5,288	- 7,891
Change in trade notes and accounts payable(-:decrease)	6,080	4,273
Others	988	662
Subtotal	16,797	18,575
Proceeds from interest and dividend income	82	153
Payment of interest	- 25	- 27
Payment/Refund of income taxes (-: payment)	- 5,923	- 5,769
Net cash provided by (used in) operating activities	10,931	12,932
Cash flows from investing activities:		
Payment for time deposits	- 133	- 336
Proceeds from time deposits	31	236
Payment for purchase of tangible fixed assets	- 1,679	- 11,205
Proceeds from sales of tangible fixed assets	5	17
Payment for purchase of intangible fixed assets	- 1,121	- 1,751
Payment for purchase of investment securities	- 1,522	- 154
Proceeds from sales of investment securities	63	118
Payment for purchase of shares of subsidiary company	-	- 559
Payment for purchase of shares of affiliated company	- 378	-
Payment for purchase of investments in capital of affiliates	- 19	- 10
Payment for loans receivable	- 1	- 33
Proceeds from collection of loans receivable	108	2
Payments for lease deposits and guarantee deposits	- 12	- 281
Proceed from collection of lease deposits and guarantee deposits	9	5
Net cash provided by (used in) investing activities	- 4,649	- 13,952

	FY2018/3 (April 1 st , 2017- March 31 st , 2018)	FY2019/3 (April 1 st , 2018- March 31 st , 2019)
Cash flows from financing activities:		
Proceeds from long-term loans payable	-	10,000
Repayment of lease liability	- 15	- 31
Proceeds from exercise of stock options	131	46
Dividend payments	- 3,277	- 4,570
Others	- 1	- 1
Net cash provided by (used in) financing activities	- 3,163	5,443
Effect of exchange rate changes on cash and cash equivalents	147	- 223
Net increase/decrease in cash and cash equivalents (-: decrease)	3,264	4,200
Cash and cash equivalents at beginning of year	33,825	37,090
Cash and cash equivalents at end of year	37,090	41,290

(5) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Restatements)

The Company has applied the “Partial Amendments to Accounting Standards for Tax Effect Accounting” (ASBJ Statement No. 28, February 16th, 2018) from the beginning of FY2019/3. Accordingly, deferred tax assets are presented under Investments and other assets, and deferred tax liabilities are presented under Long-term liabilities.

Accordingly, applicable accounts in the Consolidated Balance Sheet for FY2018/3 have been denotatively reclassified. Therefore, the amount of Deffered tax assets in Current Assets (¥1.359 billion) and Deffered tax liabilities in Fixed Liabilities (¥102 million) were set-off. The amount after set off has been added to ¥110 million of deferred tax assets (Total ¥1.367 billion) in Investments and other assets. Consequently, the amount of Total Assets decreased ¥102 million.

(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 Profit. Corporate assets are not allotted to each segment.

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

FY2018/3 (April 1st, 2017 – March 31st, 2018)

(Millions of yen)

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	59,523	28,671	88,194	-	88,194
Intersegment sales to transfer	-	-	-	-	-
Total	59,523	28,671	88,194	-	88,194
Segment Profit	11,292	5,990	17,283	-	17,283
Segment Assets	87,412	44,335	131,748	1,144	132,893
Others					
Depreciation and amortization	1,824	716	2,541	-	2,541
Amortization of goodwill	102	-	102	-	102
Increase in tangible / intangible Fixed assets	2,543	1,003	3,547	-	3,547

FY2019/3 (April 1st, 2018 – March 31st, 2019)

(Millions of yen)

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	69,117	32,403	101,520	-	101,520
Intersegment sales to transfer	-	-	-	-	-
Total	69,117	32,403	101,520	-	101,520
Segment Profit	13,195	7,025	20,221	-	20,221
Segment Assets	104,498	52,278	156,777	795	157,573
Others					
Depreciation and amortization	1,909	746	2,655	-	2,655
Amortization of goodwill	102	123	226	-	226
Increase in tangible / intangible Fixed assets	12,235	1,636	13,872	-	13,872

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 Profit stated in the Consolidated Financial Statements.

(Per Share Information)

FY2018/3 (April 1 st , 2017 - March 31 st , 2018)		FY2019/3 (April 1 st , 2018 - March 31 st , 2019)	
Net assets per share	2,367.92 yen	Net assets per share	2,551.20 yen
Earnings per share	306.41 yen	Earnings per share	352.92 yen
Diluted earnings per share	304.02 yen	Diluted earnings per share	350.23 yen

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

Item	FY2018/3 (March 31 st , 2018)	FY2019/3 (March 31 st , 2019)
Total net assets in consolidated balance sheet (millions of yen)	99,354	107,403
Amounts to be deducted from total net assets (millions of yen)	991	1,371
(Share subscription rights (millions of yen))	(623)	(784)
(Minority Interests(millions of yen))	(368)	(587)
Net assets related to common stock as at the end of Fiscal Year (millions of yen)	98,362	106,031
Number of outstanding shares that are bases for calculation of net assets per share as at the end of Fiscal Year (thousands of shares)	41,539	41,561

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

Item	FY2018/3 (April 1 st , 2017 - March 31 st , 2018)	FY2019/3 (April 1 st , 2018 - March 31 st , 2019)
Earnings per Share		
Net profit (loss) attributable to owners of the parent (millions of yen)	12,717	14,665
Amount not attributed to common shareholders (millions of yen)	-	-
Net profit (loss) attributable to owners of the parent related to common stock (millions of yen)	12,717	14,655
Average number of shares of common stock during the fiscal year (thousands of shares)	41,504	41,554
Diluted earnings per share		
Details of adjusted net profit (millions of yen)	-	-
Increase in common stock share subscription rights (thousands of shares)	326	318
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 14 th 77	Share Subscription rights (Stock Option Type)(units) The 14 th 77 The 15 th 74

(Significant subsequent events)

Not applicable.

5. Additional Information

(1) Production, Orders and Sales

(i). Actual Production (Millions of yen)

Reportable Segment	FY2018/3 (April 1 st , 2017 - March 31 st , 2018)	FY2019/3 (April 1 st , 2018 - March 31 st , 2019)
SPE	56,605	67,351
Metrology Equipment	26,877	30,459
Total	83,482	97,811

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

(ii). Actual Orders (Millions of yen)

Reportable Segment	FY2018/3 (April 1 st , 2017 - March 31 st , 2018)		FY2019/3 (April 1 st , 2018 - March 31 st , 2019)	
	Orders received	Order backlog	Orders received	Order backlog
SPE	73,327	31,452	65,335	27,670
Metrology Equipment	30,651	7,996	33,573	9,165
Total	103,979	39,448	98,909	36,836

Note: The above amounts are exclusive of consumption tax.

(iii). Actual Sales (Millions of yen)

Reportable Segment	FY2018/3 (April 1 st , 2017 - March 31 st , 2018)	FY2019/3 (April 1 st , 2018 - March 31 st , 2019)
SPE	59,523	69,117
Metrology Equipment	28,671	32,403
Total	88,194	101,520

Note: The above amounts are exclusive of consumption tax.

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