

# Consolidated Financial Statements for the 12-month period Ended March 31<sup>st</sup>, 2014 (FY2014), Japan GAAP

May 14<sup>th</sup>, 2014

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 24<sup>th</sup>, 2014

Dividend Payment Date (planned): June 25<sup>th</sup>, 2014

Date of Annual Financial Statement Filing (planned) : June 26<sup>th</sup>, 2014

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 FY2014 (April 1<sup>st</sup>, 2013 – March 31<sup>st</sup>, 2014)

### (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 (Millions of Yen)	
FY2014	55,268	8.3%	8,466	12.8%	9,024	14.3%	5,858	46.6%
FY2013	51,013	-11.6%	7,505	-22.7%	7,892	-15.1%	3,995	-53.6%

Note: Comprehensive Income in FY2014: 7,168 million yen (51.9%), in FY2013: 4,718 million yen (-43.6%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)	Return on Net Assets	Ordinary Income on Total Assets	Operating Income Ratio
FY2014	142.06	141.49	9.7%	11.3%	15.3%
FY2013	96.93	96.72	7.3%	10.1%	14.7%

Note: Equity in earnings of affiliated companies in FY2014: - million yen (- %), in FY2013: - million yen (- %)

### (2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY2014	82,565	64,668	77.8%	1,557.28
FY2013	77,862	57,304	73.3%	1,384.43

Notes: Equity in FY2014: 64,229 million yen, in FY2013: 57,069 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)
FY2014	6,434	-1,374	-3,244	20,411
FY2013	8,337	-3,019	-4,322	18,147

## 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	%	%
FY2013	-	8.00	-	8.00	16.00	659	16.5	1.2
FY2014	-	10.00	-	13.00	23.00	948	16.2	1.6
FY2015 (Projected)	-	15.00	-	15.00	30.00		20.6	

## 3. Forecast for FY 2015 (April 1<sup>st</sup>, 2014-March 31<sup>st</sup>, 2015)

(% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)		Net Income per Share (yen)
Interim	32,000	12.8%	5,300	21.4%	5,300	16.0%	3,300	15.1%	80.01
Full Year	60,000	8.6%	9,400	11.0%	9,400	4.2%	6,000	2.4%	145.47

## 4. Others

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

New: - Excluded: -

(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

(4) 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:

FY2014	41,278,381 shares	FY2013	41,254,781 shares
FY2014	33,542 shares	FY2013	32,292 shares
FY2014	41,238,949 shares	FY2013	41,221,825 shares

### Reference: Summary of non-consolidated results

#### Non-Consolidated Results for the Period of FY2014 (April 1<sup>st</sup>, 2013 - March 31<sup>st</sup>, 2014)

(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)	
FY2014	45,189	10.5%	6,077	24.5%	7,046	12.3%	4,999	37.9%
FY2013	40,887	-18.7%	4,882	-29.8%	6,277	-12.4%	3,626	-53.3%

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2014	121.22	120.73
FY2013	87.97	87.78

(2) Non-consolidated financial position (percentage figures represent changes from previous year)

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY2014	65,653	49,910	75.5%	1,202.32
FY2013	64,979	44,921	68.8%	1,084.04

Notes : Equity in FY2014: 49,589 million yen; FY2013: 44,686 million yen

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

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

#### \* Cautionary Statements with Respect to Forward-looking Statements

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

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

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

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# 1. Analysis of Business Performance and Financial Position

## (1) Analysis of Business Performance

### (i). Analysis of Business Performance for Fiscal Year 2014

#### [Overall]

Overall business conditions in the Fiscal Year 2014 ended March 31<sup>st</sup>, 2014 can be described in the following way. A moderate recovery trend continued in Japan corresponding with improvement in corporate profits and an increase in private consumption underpinned by the correction of the high Japanese Yen and revalued stock prices prompted by monetary and economic policies of the government. A similar continuous recovery was seen in the USA accompanied by strong private consumption and improvement in corporate performance and the employment market. There has been a respite in the debt crisis and a slight recovery in the European economies from recent lows. Economic growth in emerging Asian countries such as China, however, continued to decrease with decelerating exports and excess capacity pointing to over investment in the industrial sector.

In line with the conditions outlined above, Consolidated Sales in the Fiscal Year 2014 (April 1<sup>st</sup>, 2013 – March 31<sup>st</sup>, 2014) was ¥55.268 billion (up 8.3% YoY), which consists of ¥25.062 billion from Japanese domestic markets and ¥30.206 billion from overseas markets, and consequently the Overseas Sales Ratio was 54.7%. Consolidated Orders was ¥57.692 billion (up 10.7% YoY), and the Order backlog at the end of this Fiscal Year was ¥14.866 billion (up 19.5% YoY).

As to profit, Operating Income was ¥8.466 billion (up 12.8% YoY), Ordinary Income was ¥9.024 billion (up 14.3% YoY) and Net Income was ¥5.858 billion (up 46.6% YoY).

#### [Performance by Business Segments]

##### A. Semiconductor Production Equipment (SPE) Segment

In the SPE business segment, semiconductor manufacturers have been actively investing in Front-End-of-Line Equipment throughout this fiscal year. Back-End-of-Line Equipment business, to which our products belong, has been influenced by the market demand for end-products in recent years. The demand for memory devices has grown throughout this fiscal year, driven by data server centers backing increasing cloud computing and the use of “Big Data”. Smartphones and Tablet PCs, which are shifting to low-end models for emerging countries, continue to be the driver of the market, but with intense fluctuations. As a result, we have seen a similar cycle in short term demand as in past years, namely strong demand for our products until the middle of 2Q, then continuous low-level demand until the beginning of 4Q, and then sudden & fast recovery in the final period.

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

As a result, Orders of SPE segment was ¥33.434 billion (up 11.6% YoY), Sales was ¥31.360 billion (up 6.5% YoY), and Operating Income was ¥3.720 billion (up 31.4% YoY).

As to Regional segments, Japan domestic sales was ¥10.710 billion, Overseas sales was ¥20.649 billion, and accordingly the Overseas sales ratio was 65.8%.

## B. Metrology Equipment Segment

The automobile industry, which is the major user of our products, has continued to establish world-wide production structures, back grounded by increasing overseas demand. The machine tools sector, which had adjusted production schedules, began to recover mainly for the same reason in the latter half of this fiscal year. Government policies to provide financial support for the investment of domestic small and medium enterprises, has also had a notable effect.

In response, Tokyo Seimitsu Group was engaged in active marketing to specific investment projects. As a result, Orders in this Fiscal Year was ¥24.257 billion (up 9.4% YoY), Sales was ¥23.908 billion (up 10.9% YoY) and Operating Income was ¥4.745 billion (up 1.5% YoY).

As to Regional segments, Japan Domestic Sales was ¥14.351 billion, Overseas sales was ¥9.556 billion, and accordingly the Overseas sales ratio was 40.0%.

### (ii). Forecasts for Next Fiscal Year

#### [Overall and Business Segment-based Forecasts]

Looking to the Fiscal Year 2015 (ending March 31<sup>st</sup>, 2015), the world economic situation generally seems to be improving, in spite of such unclear elements as the political situation in Ukraine and the deceleration risk across emerging economies, offset by continuing recovery of developed countries such as USA and Japan.

In line with the conditions outlined above, we will be engaged to take 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 ending March 31<sup>st</sup>, 2015 are as follows;

	Interim	Full Year
Sales	¥32.0 billion (up 12.8% YoY)	¥60.0 billion (up 8.6% YoY)
SPE	¥20.0 billion (up 14.8% YoY)	¥35.0 billion (up 11.6% YoY)
Metrology	¥12.0 billion (up 9.7% YoY)	¥25.0 billion (up 4.6% YoY)
Operating Income	¥5.3 billion (up 21.4% YoY)	¥9.4 billion (up 11.0% YoY)
Ordinary Income	¥5.3 billion (up 16.0% YoY)	¥9.4 billion (up 4.2% YoY)
Net Income	¥3.3 billion (up 15.1% YoY)	¥6.0 billion (up 2.4% YoY)

## A. Semiconductor Production Equipment (SPE) Segment

The driving force in the Semiconductor market will continue to be Smartphones and Tablet PCs, and it is considered that their market trends will influence capital investments for semiconductor devices and electronic components. The big demand is moving to middle-end and/or low-end models from high-end ones, and the market needs for production equipment is diversified accordingly. In addition, there are potential market fields such as automotive devices for hybrid cars and devices for communications infrastructure to meet cloud computing expansion.

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 resumed needs of customers. The Company will follow investment projects diligently and develop new business opportunities.

## B. Metrology business segment

The automobile industry, which is the major user of our Metrology products, has actively planned and executed capital investments mainly overseas such as in China, South East Asia and North/Middle/South America and this trend is expected to continue. In addition, not only recovery in capital investment in machine tools is in sight but also continuous steady investment in the aeroplane industry is expected.

Given these business conditions, the Company will focus on understanding the needs of our main users, keeping track of sales opportunities and expanding personnel, sales & service networks in China, South East Asia, and North/Middle/South America where business demand is expected to grow. The Company will further proceed with launching optical measuring instruments developed as a new product category and take more business opportunities to meet customer needs more precisely and provide continuing customer satisfaction.

### (2) Analysis of Financial Position

#### (i). Assets, Liabilities and Net Assets

Total Assets as at March 31<sup>st</sup>, 2014, amounted to ¥82.565 billion, an increase of ¥4.703 billion from the end of FY2013. The major factors behind this increase include an increase in Notes and accounts receivable of ¥4.495 billion, an increase in Cash and cash equivalents of ¥2.188 billion, a decrease in Deferred tax assets of ¥2.355 billion, and a decrease in Inventories such as Work in progress of ¥1.516 billion.

Total Liabilities decreased by ¥2.661 billion, to ¥17.896 billion. This was mainly because of a decrease in Interest-bearing debt of ¥2.536 billion.

Net Assets increased ¥7.364 billion and totaled ¥64.668 billion. The Equity Ratio increased 4.5%, to 77.8%.

#### (ii). Cash Flows

Cash and cash equivalents as at March 31<sup>st</sup>, 2014 amounted to ¥20.411 billion, an increase of ¥2.107 billion from the end of FY2013. The status of cash flows and factors behind them are given below.

Net cash earned from operating activities was ¥6.434 billion, mainly due to Income before income taxes and minority interests of ¥9.090 billion, Depreciation and amortization of ¥1.830 billion, a decrease in Inventories of ¥1.329 billion, and an increase in Notes and accounts receivable of ¥4.182 billion.

Net cash used in investment activities was ¥1.374 billion, mainly reflected by Purchase of tangible fixed assets of ¥1.607 billion.

Net cash used in financing activities came to ¥3.244 billion. The major element of this was Repayment of long-term debt of ¥2.500 billion and Payment of dividends of ¥742 million.

Trends in financial indices are shown below.

	FY2012	FY2013	FY2014
Equity ratio (%)	67.6	73.3	77.8
Equity ratio, based on market value (%)	90.9	103.5	90.8
Interest-bearing debt / cash flow ratio	0.9	0.6	0.4
Interest coverage ratio (times)	26.7	94.6	118.5

Equity ratio: Net assets/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 debts refer to all debts in Consolidated Balance Sheet on which we pay interest. "Interest payments" denotes interest payments as reflected in the consolidated cash flow statements.

### **(3) Policy for Profit Distribution and Dividends for Fiscal Year 2014 and 2015**

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 profit contemplating various factors, including its consolidated business results, financial position, investments for business expansion and shareholders' long-term prospects.

For FY 2014, in recognition of continued support from shareholders, Tokyo Seimitsu plans to issue an additional ¥3 yen per share on top of the ¥10 yen per share final dividend previously announced on November 11<sup>th</sup>, 2013. Therefore the Tokyo Seimitsu year end dividend will be ¥13yen per share. Consequently, including the interim dividend paid on December 3<sup>rd</sup>, 2013, dividend payments in the Fiscal Year 2014 will total ¥23 per share.

Looking forward to FY 2015, the Company anticipates paying ¥15 yen per share interim dividend, ¥15 yen per share year end dividend, totaling ¥30 yen per share annual dividends.

### **(4) Business and Other Risks**

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

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

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

#### **(i). Fluctuations in market conditions**

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

#### **(ii). Exchange rate fluctuations**

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

**(iii). Natural disasters and accidental disasters**

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

**(iv). 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.

**(v). Protection of intellectual property rights**

The Tokyo Seimitsu Group's SPE and precision Metrology equipments 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.

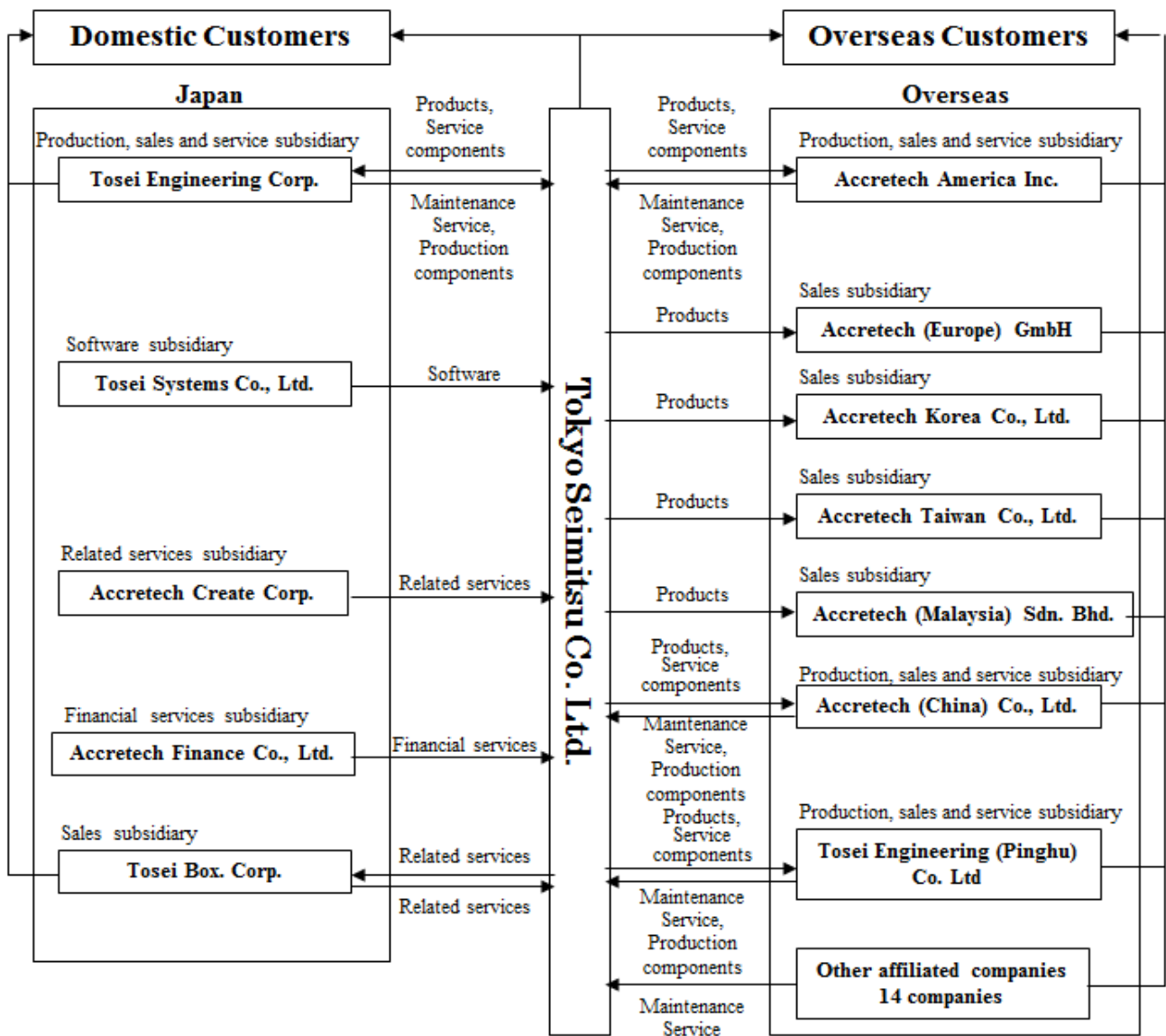
**(vi). Technological innovation**

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.



## 2. Tokyo Seimitsu Corporate Group

### Group Business Network



### 3. Management Policy

#### (1) Core Policy

- (i). As a manufacturer of SPE and precision Metrology instruments, Tokyo Seimitsu Group has consistently focused on developing state-of-the-art products that contribute to improving our customers' productivity and on providing good customer support. Since a bold "selection and concentration" strategy and restructuring of the Company was carried out after recent global economic shocks precipitated by the Lehman Brothers bankruptcy in 2008, Tokyo Seimitsu Group has established management systems which enable fast decision making and a corporate structure which enables high profitability. The Company has positioned itself to relaunch solidly and contribute to continuously developing precision measurement and processing technology, while meeting the commitments that are the requirements of a growing company; Health and Safety, Quality Control, Environmental Sustainability, and Consideration for all our Employees.
- (ii). Tokyo Seimitsu Group has adopted as a corporate motto "Win-Win Relationships Create the World's No. 1 Products." 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

Tokyo Seimitsu conducts its management in a manner that conforms to the goals of all of its shareholders. We believe that long-term growth in earnings 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 for Tokyo Seimitsu

- (i). Tokyo Seimitsu Group has dramatically reorganized itself in order to be flexible in the face of global economic challenges and consistently positioned itself for future growth opportunities. Tokyo Seimitsu Group, after restructuring, has promoted further quality improvement and product innovation, and established a profitable operational structure. 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 is acutely aware that dividend payments remain a key indicator of business success and thorough business growth.
- (iii). Corporate governance and risk management have become increasingly important. Tokyo Seimitsu will endeavor to strengthen its corporate governance by maintaining effective internal control systems and a proper compliance management system, thereby ensuring sound and transparent management.
- (iv). The Company Group's overseas sales have exceeded domestic sales. Therefore sales organization has been fully localized in each region, and regional manufacturing such as in China and Thailand has commenced. The Company Groups will further optimize management organization for its global operations through actions such as hiring local management executives, building/enhancing global infrastructure, establishing localized supply chains, and standardizing management information flows to and from Head Office.

#### Cautionary Statements with Respect to Forward-looking Statements

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

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

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Millions of Yen)

	FY2013 (Mar 31 <sup>st</sup> , 2013)	FY2014 (Mar 31 <sup>st</sup> , 2014)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	18,251	20,439
Notes and accounts receivable	16,346	20,841
Merchandise and finished goods	1,758	1,814
Work in progress	8,916	7,776
Raw materials and supplies	3,532	3,099
Differed tax assets	2,017	1,114
Others	1,154	868
Allowance for doubtful accounts	- 168	- 89
<b>Total current assets</b>	<b>51,809</b>	<b>55,865</b>
Fixed Assets		
Tangible fixed assets		
Building and structures	18,439	18,843
Accumulated depreciation	- 8,192	- 8,907
Building and structures(net)	10,247	9,936
Machinery, equipment and vehicles	6,779	7,849
Accumulated depreciation	- 5,117	- 5,829
Machinery, equipment and vehicles (net)	1,662	2,019
Equipment	3,716	3,783
Accumulated depreciation	- 3,143	- 3,207
Equipment(net)	572	576
Land	5,498	5,547
Lease assets	285	18
Accumulated depreciation	- 239	- 6
Lease assets (net)	46	12
Construction in process account	207	676
<b>Total Tangible Fixed Assets</b>	<b>18,234</b>	<b>18,769</b>
Intangible Fixed Assets		
Goodwill	1,432	1,005
Others	371	421
<b>Total Intangible Fixed Assets</b>	<b>1,804</b>	<b>1,426</b>
Investments and other assets		
Investment securities	3,076	3,870
Long-term loans	30	10
Net defined benefit assets	-	2,187
Differed tax assets	1,452	-
Others	1,485	440
Allowance for doubtful accounts	- 31	- 5
<b>Total Investments and other assets</b>	<b>6,014</b>	<b>6,503</b>
<b>Total Fixed Assets</b>	<b>26,052</b>	<b>26,699</b>
<b>Total Assets</b>	<b>77,862</b>	<b>82,565</b>

(Millions of Yen)

	<b>FY2013</b> (Mar 31 <sup>st</sup> , 2013)	<b>FY2014</b> (Mar 31 <sup>st</sup> , 2014)
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable	9,328	9,124
Short-term debt	1,300	1,300
Current portion of long-term debt	2,500	400
Lease liabilities	36	3
Income taxes payable	399	1,156
Deferred tax liabilities	80	1
Bonus reserve	801	844
Reserve for director's bonuses	5	5
Others	2,952	2,736
Total current liabilities	17,403	15,571
Long-term Liabilities		
Long-term debt	1,200	800
Lease liabilities	12	9
Deferred tax liabilities	-	103
Allowance for employee retirement benefits	1,465	-
Allowance for director retirement benefits	113	120
Net defined benefit liabilities	-	1,111
Long-term accounts payable	362	180
Total Long-term liabilities	3,154	2,324
Total Liabilities	20,557	17,896
<b>NET ASSETS</b>		
Shareholder's Equity		
Common stock	10,216	10,238
Capital surplus	21,234	21,255
Retained earnings	25,609	30,776
Treasury stock	- 108	- 111
Total Shareholder's Equity	56,951	62,158
Accumulated other comprehensive income		
Holding gain or loss in investment	109	714
Foreign currency translation adjustment	7	672
Remeasurements of Defined benefit plans	-	683
Total accumulated other comprehensive income	117	2,071
Share subscription rights	234	320
Minority interests	-	118
Total Net Assets	57,304	64,668
Total Liabilities and Net Assets	77,862	82,565

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

(Millions of Yen)

	<b>FY2013</b> (April 1 <sup>st</sup> , 2012- Mar 31 <sup>st</sup> , 2013)	<b>FY2014</b> (April 1 <sup>st</sup> , 2013- Mar 31 <sup>st</sup> , 2014)
Net Sales	51,013	55,268
Cost of Sales	33,041	34,845
Gross Profit on Sales	17,971	20,422
Selling, general and administrative expenses	10,466	11,956
Operating income (loss)	7,505	8,466
Non-operating income		
Interest	9	9
Dividend income	55	65
Foreign exchange income	377	366
Reversal of allowance for doubtful accounts	-	100
Others	75	83
Total Non-operating income	519	626
Non-operating expenses		
Interest expenses	97	42
Loss on sales and disposal of fixed assets	13	14
Others	21	11
Total Non-operating expenses	132	68
Ordinary income (loss)	7,892	9,024
Extraordinary gains		
Gain on sales of investment securities	13	72
Gain on reversal of share subscription rights	0	6
Total Extraordinary gains	13	79
Extraordinary losses		
Loss on liquidation of subsidiaries	-	12
Loss on withdrawal from employee's pension funds	2,092	-
Loss on valuation of golf club membership	5	-
Total extraordinary losses	2,098	12
Income (loss) before income taxes and minority interests	5,807	9,090
Income tax and other taxes	828	1,539
Adjustment on income tax	984	1,662
Total Income tax and others	1,812	3,201
Income (loss) before minority interests	3,995	5,889
Minority Interests	-	30
Net Income (loss)	3,995	5,858

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	<b>FY2013</b> (April 1 <sup>st</sup> , 2012- Mar 31 <sup>st</sup> , 2013)	<b>FY2014</b> (April 1 <sup>st</sup> , 2013- Mar 31 <sup>st</sup> , 2014)
Income (Loss) before minority interests	3,995	5,889
Accumulated other comprehensive income		
Holding gain or loss in investment	259	604
Foreign currency translation adjustment	463	674
Total accumulated other comprehensive income	723	1,278
Comprehensive Income	4,718	7,168
(breakdown)		
Comprehensive income attributable to owners of the parent	4,718	7,126
Comprehensive income attributable to minority interests	—	41

### (3) Consolidated Statements of Changes in Net Assets

FY 2013 (April 1<sup>st</sup>, 2012 – March 31<sup>st</sup>, 2013)

(Millions of Yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,215	21,233	21,871	- 108	53,212
Changes during the fiscal year					
Issue of new shares	0	0			1
Cash dividends paid			- 659		- 659
Net income(loss)			3,995		3,995
Purchases of treasury stock				- 0	- 0
Disposal of treasury stock			- 0	0	0
Change in scope of consolidation			402		402
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	0	0	3,738	0	3,739
Balance as of end of the fiscal year	10,216	21,234	25,609	- 108	56,951

	Accumulated other comprehensive income			Share Subscription Rights	Total Net Assets
	Holding gain or loss in investment	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of previous fiscal year	- 149	- 447	- 596	174	52,789
Changes during the fiscal year					
Issue of new shares					1
Cash dividends paid					- 659
Net income(loss)					3,995
Purchases of treasury stock					- 0
Disposal of treasury stock					0
Change in scope of consolidation					402
Changes of items other than Shareholders' equity(net)	259	455	714	60	775
Total changes during the fiscal year	259	455	714	60	4,515
Balance as of end of the fiscal year	109	7	117	234	57,304

**FY 2014 (April 1<sup>st</sup>, 2013 – March 31<sup>st</sup>, 2014)**

(Millions of Yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's equity
Balance as of previous fiscal year	10,216	21,234	25,609	- 108	56,951
Changes during the fiscal year					
Issue of new shares	21	21			43
Cash dividends paid			- 742		- 742
Net income(loss)			5,858		5,858
Purchases of treasury stock				- 2	- 2
Change in scope of consolidation			49		49
Changes of items other than shareholders' equity(net)					
Total changes during the fiscal year	21	21	5,166	- 2	5,206
Balance as of end of the fiscal year	10,238	21,255	30,776	- 111	62,158

	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	109	7	-	117	234	-	57,304
Changes during the fiscal year							
Issue of new shares							43
Cash dividends paid							- 742
Net income(loss)							5,858
Purchases of treasury stock							- 2
Change in scope of consolidation							49
Changes of items other than Shareholders' equity(net)	604	664	683	1,953	86	118	2,157
Total changes during the fiscal year	604	664	683	1,953	86	118	7,364
Balance as of end of the fiscal year	714	672	683	2,071	320	118	64,668



#### (4) Consolidated Statements of Cash Flows

(Millions of Yen)

	<b>FY2013</b> (April 1 <sup>st</sup> , 2012- Mar 31 <sup>st</sup> , 2013)	<b>FY2014</b> (April 1 <sup>st</sup> , 2013- Mar 31 <sup>st</sup> , 2014)
<b>Cash flows from operating activities:</b>		
Income(loss) before income taxes and minority interests	5,807	9,090
Depreciation and amortization	1,873	1,830
Amotization of goodwill	396	427
Stock related expense	60	99
Change in allowance for employee retirement benefits (-:decrease)	- 159	-
Change in net defined benefit liability (-:decrease)	-	- 229
Change in allowance for director retirement benefits (-:decrease)	12	6
Change in allowance for doubtful accounts (-:decrease)	- 115	- 107
Interest and dividend income	- 65	- 75
Interest expense	97	42
Loss on withdrawal from employee's pension funds	2,092	-
Loss on sales and disposal of tangible fixed assets (-: income)	13	14
Loss on sales of investment securities (-:income)	- 13	- 72
Loss on liquidation of subsidiaries (-:income)	-	12
Change in trade notes and accounts receivable (-: increase)	4,246	- 4,182
Change in inventories (-: increase)	- 1,092	1,329
Change in trade notes and accounts payable(-:decrease)	- 858	- 691
Others	- 1,126	- 245
Subtotal	11,170	7,249
Proceeds from interest and dividend income	65	75
Payment of interest	- 118	- 61
Payment of additional contribution on withdrawal from employee's pension funds	- 2,092	-
Payment/Refund of income taxes (-: payment)	- 686	- 828
Net cash provided by (used in) operating activities	8,337	6,434
<b>Cash flows from investing activities:</b>		
Payment for time deposits	- 114	- 38
Proceeds from time deposits	121	117
Payment for purchase of tangible fixed assets	- 1,922	- 1,607
Proceeds from sales of tangible fixed assets	6	0
Payment for assignment of business	- 1,000	-
Payment for purchase of intangible fixed assets	- 104	- 64
Payment for purchase of investment securities	- 8	- 470
Proceeds from sales of investment securities	83	702
Payment for purchase of shares of subsidiary company	-	- 27
Payment for investment of subsidiary company	- 105	-
Others	24	13
Net cash provided by (used in) investing activities	- 3,019	- 1,374

(Millions of Yen)

	<b>FY2013</b> (April 1 <sup>st</sup> , 2012- Mar 31 <sup>st</sup> , 2013)	<b>FY2014</b> (April 1 <sup>st</sup> , 2013- Mar 31 <sup>st</sup> , 2014)
Cash flows from financing activities:		
Repayment of long-term debt	- 3,200	- 2,500
Repayment of lease liability	- 463	- 36
Dividend payments	- 659	- 742
Others	0	33
Net cash provided by (used in) financing activities	- 4,322	- 3,244
Effect of exchange rate changes on cash and cash equivalents	364	292
Net increase (decrease) in cash and cash equivalents	1,360	2,107
Cash and cash equivalents at beginning of year	16,452	18,147
Net increase (-: decrease) in cash and cash equivalents by change in consolidated subsidiaries	334	157
Cash and cash equivalents at end of year	18,147	20,411

## **(4) Notes**

### **(Note on Assumptions for Going Concern)**

Not applicable.

### **(Changes in accounting principles, estimates and restatements)**

#### **Change in accounting principles**

The Company applies the "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17<sup>th</sup>, 2012, except contents of paragraph 35) (hereinafter referred to as the "Accounting Standard"), and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17<sup>th</sup>, 2012, except paragraph 67) (hereinafter referred to as the "Guidance") from the end of the FY2014. This sets out the method for treatment of actuarial gains and losses and past service costs that are yet to be recognized in profit or loss and the method for calculating defined benefit assets and liabilities. In applying the new Accounting Standard, adjustments have been made to Comprehensive Income and the Consolidated Cash Flows statements.

As a result of these changes in accounting policy, in FY2014, ¥2.187 billion of Net Defined Assets and ¥1.111 billion of Net Defined Liabilities were allocated. In addition, Total accumulated other comprehensive income increased by ¥683 million. The effect on per share information is described in the appropriate statement.

### **(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

**FY 2013 (April 1<sup>st</sup>, 2012 – March 31<sup>st</sup>, 2013)**

(Millions of yen)

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	29,454	21,559	51,013	-	51,013
Intersegment sales to transfer	-	-	-	-	-
Total	29,454	21,559	51,013	-	51,013
Segment Profit	2,832	4,673	7,505	-	7,505
Segment Assets	43,785	33,393	77,178	683	77,862
Others					
- Depreciation and amortization	1,391	481	1,873	-	1,873
- Amortization of goodwill	110	285	396	-	396
- Increase in tangible / intangible Fixed assets	1,955	840	2,795	-	2,795

**FY 2014 (April 1<sup>st</sup>, 2013 – March 31<sup>st</sup>, 2014)**

(Millions of yen)

	Reportable Segments			Adjustment *1	Consolidated Total *2
	SPE	Metrology Equipment	Total		
Sales					
Sales to third party:	31,360	23,908	55,268	-	55,268
Intersegment sales to transfer	-	-	-	-	-
Total	31,360	23,908	55,268	-	55,268
Segment Profit	3,720	4,745	8,466	-	8,466
Segment Assets	46,476	35,516	81,993	572	82,565
Others					
- Depreciation and amortization	1,304	525	1,830	-	1,830
- Amortization of goodwill	140	287	427	-	427
- Increase in tangible / intangible Fixed assets	874	929	1,803	-	1,803

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

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

**(Per Share Information)**

<b>FY 2013</b> (April 1 <sup>st</sup> , 2012 - March 31 <sup>st</sup> , 2013)			<b>FY 2014</b> (April 1 <sup>st</sup> , 2013 - March 31 <sup>st</sup> , 2014)		
Net assets per share	1,384.43	yen	Net assets per share	1,557.28	yen
Earnings per share	96.93	yen	Earnings per share	142.06	yen
Diluted earnings per share	96.72	yen	Diluted earnings per share	141.49	yen

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

<b>Item</b>	<b>FY 2013</b> (March 31 <sup>st</sup> , 2013)	<b>FY 2014</b> (March 31 <sup>st</sup> , 2014)
Total net assets in consolidated balance sheet (millions of yen)	57,304	64,668
Amounts to be deducted from total net assets (millions of yen)	234	439
(Share subscription rights (millions of yen))	(234)	(320)
(Minority Interests(millions of yen))	(-)	(118)
Net assets related to common stock as at the end of Fiscal Year (millions of yen)	57,069	64,229
Number of outstanding shares that are bases for calculation of net assets per share as at the end of Fiscal Year (thousands of shares)	41,222	41,244

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

<b>Item</b>	<b>FY 2013</b> (April 1 <sup>st</sup> , 2012 - March 31 <sup>st</sup> , 2013)	<b>FY 2014</b> (April 1 <sup>st</sup> , 2013 - March 31 <sup>st</sup> , 2014)
Earnings per Share		
Net income (loss) in consolidated statement of income (millions of yen)	3,995	5,858
Amount not attributed to common shareholders (millions of yen)	-	-
Net income (loss) related to common stock (millions of yen)	3,995	5,858
Average number of shares of common stock during the fiscal year (thousands of shares)	41,221	41,238
Diluted earnings per share		
Details of adjusted net income (millions of yen)	-	-
Increase in common stock share subscription rights (thousands of shares)	90	167
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 5 <sup>th</sup> 49 The 6 <sup>th</sup> 46 The 7 <sup>th</sup> 696 The 8 <sup>th</sup> 611 The 9 <sup>th</sup> 667	Share Subscription rights (Stock Option Type)(units) The 6 <sup>th</sup> 46 The 10 <sup>th</sup> 685

Note: As described in "Changes in accounting principles, estimates and restatements", the Company applies "Accounting standard for Retirement Benefits" (ASBJ Statement No.26) and follows the transitional handling methodology stipulated in paragraph 37. As a result of this change, Net assets per share in FY2014 increased by ¥16.58.

**(Significant subsequent events)**

Not applicable.

## 5. Additional information

### (1) Production, Orders and Sales

#### (i). Actual Production

(Millions of yen)

Reportable Segment	<b>FY2013</b> (April 1 <sup>st</sup> , 2012 - March 31 <sup>st</sup> , 2013)	<b>FY2014</b> (April 1 <sup>st</sup> , 2013 - March 31 <sup>st</sup> , 2014)
SPE	25,451	27,249
Metrology Equipment	20,873	22,617
Total	46,324	49,866

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

#### (ii). Actual Orders

(Millions of yen)

Reportable Segment	<b>FY2013</b> (April 1 <sup>st</sup> , 2012 – March 31 <sup>st</sup> , 2013)		<b>FY2014</b> (April 1 <sup>st</sup> , 2013 – March 31 <sup>st</sup> , 2014)	
	Orders received	Order backlog	Orders received	Order backlog
SPE	29,961	7,275	33,434	9,349
Metrology Equipment	22,174	5,169	24,257	5,516
Total	52,135	12,445	57,692	14,866

Note: The above amounts are exclusive of consumption tax.

#### (iii). Actual Sales

(Millions of yen)

Reportable Segment	<b>FY2013</b> (April 1 <sup>st</sup> , 2012 - March 31 <sup>st</sup> , 2013)	<b>FY2014</b> (April 1 <sup>st</sup> , 2013 - March 31 <sup>st</sup> , 2014)
SPE	29,454	31,360
Metrology Equipment	21,559	23,908
Total	51,013	55,268

Note: The above amounts are exclusive of consumption tax.

**(2) Executive Changes (Effective date (planned): June 24<sup>th</sup>, 2014)**

**(i). Candidate for Director**

Corporate Director :

Masahiro Tomoeda

(Current Position: Senior Executive Officer, Sales Division Manager of Tokyo Seimitsu Co., Ltd. Metrology Company)

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