

Financial Information
As of March 31st, 2017

(The English translation of the
“有価証券報告書”
(Yuukashoken-Houkokusho)
For the fiscal year ended March 31st, 2017)

Tokyo Seimitsu Co., Ltd.

This report is based on the Company's Japanese-language annual filing “有価証券報告書 (Yuukashoken-Houkokusho, Securities Report)”, with the Financial Services Agency “Kanto Local Finance Bureau” (Translated from Part 1 “Company Information”, section 1 “Company Overview” to Part 1, section 5 “Financial Information” - 1. “Consolidated Financial Statements”) for reference purposes only.

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[Cover]

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Part I [Company Information]

Section 1 [Company Overview]

1 [Key financial data and trends]

(1) Trends in consolidated management indicators and related data

Fiscal term	90 th	91 st	92 nd	93 rd	94 th
Fiscal Year ended	March, 2013	March, 2014	March, 2015	March, 2016	March, 2017
Net sales (Millions yen)	51,013	55,268	66,445	70,274	77,792
Ordinary income (Millions yen)	7,892	9,024	12,791	13,232	13,864
Net income attributable to owners of the parent (Millions yen)	3,995	5,858	8,993	9,704	9,909
Comprehensive income (Millions yen)	4,718	7,168	10,969	7,199	10,371
Net assets (Millions yen)	57,304	64,668	74,371	79,418	87,194
Total assets (Millions yen)	77,862	82,565	98,457	101,933	114,463
Net assets per share (yen)	1,384.43	1,557.28	1,787.05	1,903.29	2,083.40
Net income per share (yen)	96.93	142.06	217.97	234.58	239.32
Diluted net income per share (yen)	96.72	141.49	216.93	233.29	237.80
Equity ratio (%)	73.3	77.8	75.0	77.3	75.5
Return on equity (%)	7.3	9.7	13.0	12.7	12.0
Price earnings ratio (Times)	20.2	12.8	12.6	9.4	14.6
Cash flow from operating activities (Millions yen)	8,337	6,434	10,820	7,210	12,809
Cash flow from investing activities (Millions yen)	- 3,019	- 1,374	- 2,958	- 3,823	- 3,486
Cash flow from financing activities (Millions yen)	- 4,322	- 3,244	- 1,762	- 2,851	- 2,953
Cash and cash equivalents at end of fiscal year (Millions yen)	18,147	20,411	26,775	27,308	33,825
Number of Employees (Average number of part-time employees, not included in the above figure.) (Person)	1,275 (495)	1,393 (540)	1,447 (620)	1,559 (690)	1,784 (720)

Notes: 1. "Net sales" are presented exclusive of consumption tax.

2. Upper number in "Employees" indicates the number of full-time employees.

(2) The Trends in non-consolidated management indicators and related data

Fiscal term	90 th	91 st	92 nd	93 rd	94 th
Fiscal Year ended	March, 2013	March, 2014	March, 2015	March, 2016	March, 2017
Net sales (Millions yen)	40,887	45,189	54,577	59,159	64,223
Ordinary income (Millions yen)	6,277	7,046	10,048	10,051	10,786
Net income (Millions yen)	3,626	4,999	7,497	7,851	8,183
Common stock (Millions yen)	10,216	10,238	10,295	10,374	10,462
Number of shares issued (shares)	41,254,781	41,278,381	41,340,681	41,423,381	41,495,581
Net assets (Millions yen)	44,921	49,910	57,000	61,806	67,527
Total assets (Millions yen)	64,979	65,653	78,157	81,641	92,543
Net assets per share (yen)	1,084.04	1,202.32	1,370.62	1,482.79	1,616.53
Cash dividends per share (yen)	16.00	23.00	55.00	59.00	72.00
(Interim cash dividends included herein) (yen)	(8.00)	(10.00)	(22.00)	(26.00)	(34.00)
Net income per share (yen)	87.97	121.22	181.72	189.80	197.65
Diluted net income per share (yen)	87.78	120.73	180.86	188.76	196.39
Equity ratio (%)	68.8	75.5	72.4	75.2	72.4
Return on equity (%)	8.4	10.6	14.1	13.3	12.7
Price earnings ratio (Times)	22.2	15.0	15.2	11.6	17.7
Dividend payout ratio (%)	18.2	19.0	30.3	31.1	36.4
Number of Employees (Person)	613	618	637	679	726
(Average number of temporary employees, not included in the above figure).	(285)	(330)	(380)	(440)	(445)

Notes: 1. "Net sales" are presented exclusive of consumption tax.

2. Upper number in "Employees" indicates the number of full-time employees.

2 [History]

March, 1949	Tokyo Seimitsu Kogu Co., Ltd. (the predecessor of Tokyo Seimitsu Co., Ltd.) was established, and began production and sales of cutting tools for sewing machine manufactures and various precision parts and tools. Capital: 1,600,000 yen
January, 1953	The company successfully developed Japan's first high pressure flow-type micrometer.
October, 1957	The company successfully developed Japan's first LVDT-type electric micrometer.
April, 1962	The company was renamed Tokyo Seimitsu Co., Ltd.
August, 1962	The company's stock was listed on the Second Section of the Tokyo Stock Exchange.
December, 1963	First phase construction at the Hachioji Plant was completed.
February, 1967	Second phase construction at the Hachioji Plant was completed.
April, 1969	Tosei Engineering Services Co., Ltd. (now Tosei Engineering Corp.) was established as a company for providing post-sales services.
July, 1969	First phase construction at the Tsuchiura Plant was completed.
January, 1971	Construction of the main building at the Hachioji Plant was completed.
August, 1981	Construction of the Tsuchiura coordinate measuring machine plant was completed.
October, 1985	Tosei Systems Co., Ltd. was established as a company for carrying out software development.
September, 1986	The company's stock was selected for listing on the First Section of the Tokyo Stock Exchange.
March, 1989	Tokyo Seimitsu Europe GmbH (now Accretech (Europe) GmbH) was established in West Germany (now Germany) as a center for overseas business operations.
October, 1989	Tokyo Seimitsu America, Inc. was established in the U.S. as a center for overseas business operations.
October, 1992	Tokyo Seimitsu purchased the U.S. company Silicon Technology Corporation in order to obtain an overseas production center.
April, 1995	The holding company TSK America, Inc. was established for integrated management of U.S. subsidiaries.
July, 1997	Construction for expansion of the Hachioji Plant (No. 2 plant building) was completed.
January, 1998	In order to streamline production and sales for the North America region, four local subsidiaries in the U.S. were merged, with TSK America, Inc. as the surviving company.
February, 1999	Tokyo Seimitsu increased the capitalization of Micro Technologies Co., Ltd. and reorganized it as a company for production of wafer inspection systems.
April, 1999	Construction of the Tsuchiura head office building and plant for our subsidiary Tosei Engineering Corp. was completed.
March, 2001	Construction of the new main building at the Hachioji Plant was completed.
June, 2001	Stock of Tokyo Seimitsu subsidiary Tosei Engineering Corp. was listed on the Second Section of the Tokyo Stock Exchange.
October, 2002	Accretech (China) Co., Ltd. was established as a center for sales, distribution, and maintenance services in China.
March, 2005	Construction of the Hachioji No. 3 Plant and Tsuchiura new main building was completed.
October, 2005	In order to increase the competitiveness and improve the corporate value of the Tokyo Seimitsu Group, Tokyo Seimitsu carried out a share exchange in order to make the subsidiary Tosei Engineering Corp. a wholly owned subsidiary. As a result, Tosei Engineering Corp. was delisted from the Tokyo Stock Exchange.

January, 2007	Tokyo Seimitsu increased the capitalization and reorganized a former local company to create Accretech Korea Co., Ltd. in order to strengthen the sales, service, and support operations for the Korea semiconductor market.
April, 2007	Tokyo Seimitsu merged the subsidiary Accretech Micro Technologies Co., Ltd. in order to strengthen the competitiveness of the wafer inspection systems business.
March, 2008	Construction of the Tsuchiura semiconductor plant at our subsidiary Tosei Engineering Corp. was completed.
April, 2008	Construction of the CMM building at the Tsuchiura Plant was completed.
April, 2009	Tokyo Seimitsu Co., Ltd. USA office was opened as a center for sales in North America.
June, 2010	Head office was relocated from Mitaka-shi, Tokyo to Hachioji-shi, Tokyo.
June, 2011	Construction of the Hachioji No. 5 Plant was completed.
April, 2012	Tokyo Seimitsu closed USA office and established Accretech America Inc. as a center of sales in North America.
August, 2012	Tokyo Seimitsu started precision dicing blade business after assignment of business.
September, 2014	Accretech Adamas (Thailand) Co., Ltd. was established for constructing an overseas plant to manufacture Precision dicing blades.
May, 2016	Construction for expansion of the Hachioji Plant (No. 6 plant building) was completed.

3 [Business overview]

The Tokyo Seimitsu Group (the "Group") is composed of Tokyo Seimitsu Co., Ltd. (the "Company") and 31 subsidiary companies, with its primary business being the manufacturing and sales of Semiconductor production equipment (SPE) and Metrology instruments.

Segmentation (as per Financial Announcements) of results is provided on the basis of business categories as shown below.

Semiconductor production equipment (SPE) business

This business handles manufacturing and inspection equipment such as wafer probing machines, wafer dicing machines, and other machines used in the semiconductor manufacturing and testing process. In this business, the Company is responsible for the primary production elements. Our subsidiary Tosei Engineering Corp is responsible for production of other related products, and our subsidiary Accretech Adamas (Thailand) Co., Ltd is responsible for production of other consumable parts. Sales and post-sales service are carried out primarily by the Company and software is provided by our subsidiary Tosei Systems Co., Ltd.

For overseas sales, in addition to exports by the Company, sales are conducted in America by our subsidiary Accretech America Inc., in Europe by our subsidiary Accretech (Europe) GmbH, and in Asia by our subsidiaries such as Accretech Korea Co., Ltd., Accretech (China) Co., Ltd., and Accretech Taiwan Co., Ltd. etc.

<Major affiliates>

Tosei Engineering Corp., Tosei Systems Co., Ltd., Accretech America Inc., Accretech (Europe) GmbH, Accretech Korea Co., Ltd, Accretech (China) Co., Ltd., Accretech Taiwan Co., Ltd., Accretech (Malaysia) Sdn Bhd., and Accretech Adamas (Thailand) Co., Ltd.

Metrology business

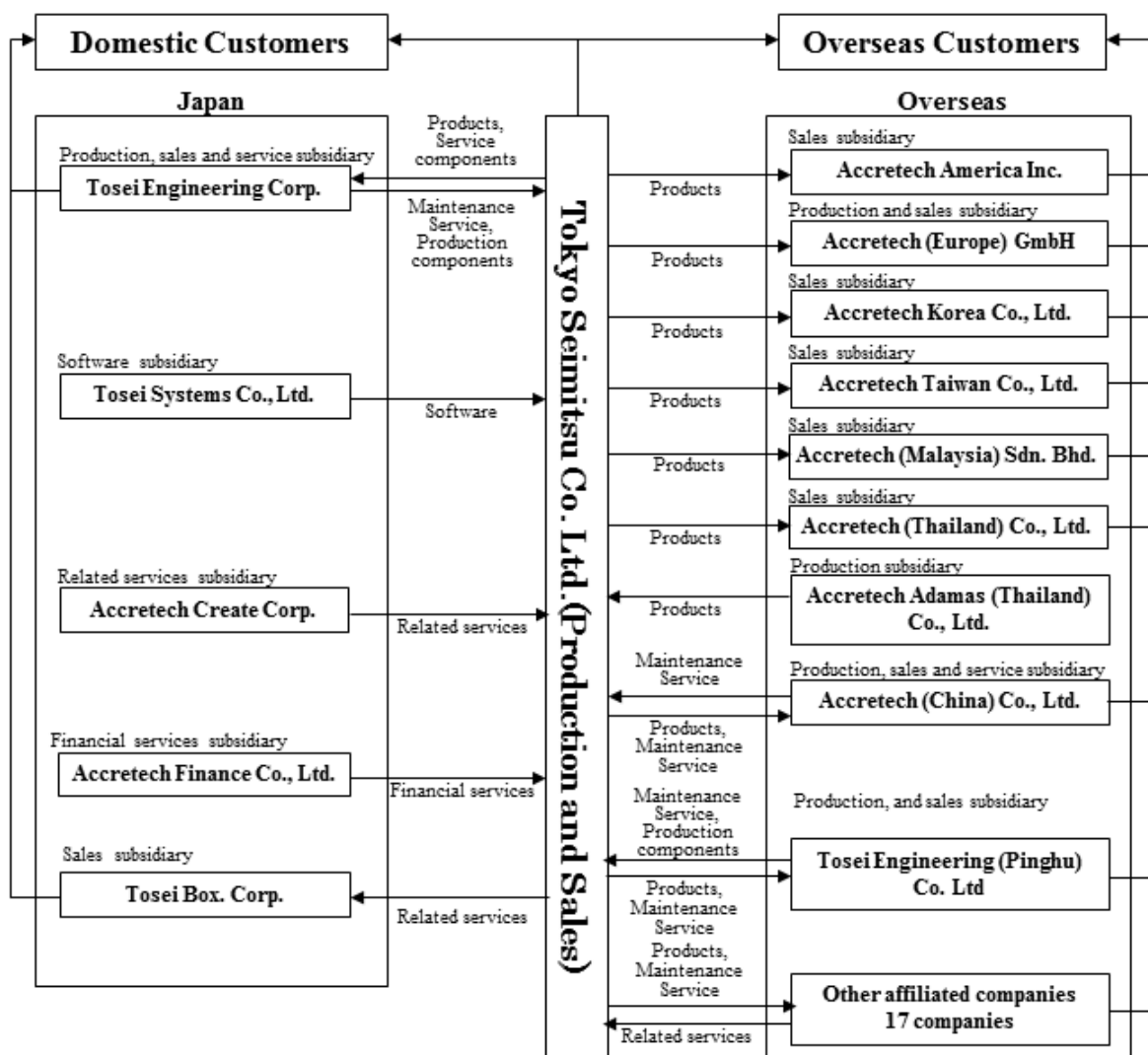
This business handles 3D coordinate measuring machines, surface texture and contour measuring systems, and other precision measuring systems. For this business, the Company and Tosei Engineering Corp. are responsible for primary elements of the production and sales and our subsidiary Tosei Systems Co., Ltd. provides software. Certain related products are manufactured also by Tosei Engineering (Pinghu) Co., Ltd. and Tosei (Thailand) Co., Ltd.

For overseas sales, in addition to exports by the Company and Tosei Engineering Corp, sales are conducted in America by our subsidiary Tosei America., Inc., in Europe by our subsidiary Accretech (Europe) GmbH and in Asia by our subsidiaries such as Accretech Korea Co., Ltd. and Accretech (China) Co., Ltd. etc.

<Major affiliates>

Tosei Engineering Corp., Tosei Systems Co., Ltd., Accretech (Europe) GmbH, Accretech (China) Co., Ltd., Accretech (Thailand) Co., Ltd., Tosei Engineering (Pinghu) Co., Ltd., Tosei (Thailand) Co., Ltd. and Tosei America., Inc.

The correlation between Company and Group subsidiary are as shown below.



Our consolidated and non-consolidated subsidiaries are as shown below.

	Consolidated subsidiaries	Non-consolidated subsidiaries	Affiliated companies
Company Name	Tosei Engineering Corp Tosei Systems Co., Ltd Accretech Create Corp Tosei Box Corp Accretech Finance Co., Ltd Accretech America Inc. Accretech (Europe) GmbH Accretech Korea Co., Ltd Accretech (China) Co., Ltd Accretech Taiwan Co., Ltd Accretech (Malaysia) Sdn Bhd Accretech Adamas (Thailand) Co., Ltd Accretech (Thailand) Co., Ltd Tosei Engineering (Pinghu) Co., Ltd Tosei (Thailand) Co., Ltd Tosei America., Inc.	Accretech (Singapore) Pte. Ltd Accretech Vietnam Co., Ltd PT Accretech Indonesia Accretech Do Brazil Ltda Tosei Korea Co., Ltd. Tosei Taiwan Co., Ltd. PT Tosei Indonesia Tosei Engineering Malaysia Sdn. Bhd Tosei Philippines Corporation Tosei Engineering Private Limited Tosei Canada Measuring Inc. Tosei Mexico S.A. De.C.V Tosei Brasil Comércio de Instrumentos de Medição Ltda Accretech-Tosei Hungary Kft Accretech (Pinghu) Co., Ltd	No corresponding companies

4 [Overview of affiliates]

Name of company	Location	Capital or investment	Description of Principal business	Percentage voting rights held by Company (holding Company)		Relationship with the Company				
				Hold by Company (%)	Holding Company (%)	Concurrent Position as Directors		Business transactions	Financial assistance	Leasing of fixed assets
						by directors	by employees			
(Consolidated subsidiaries)										
Tosei Engineering Corp	Tsuchiura, Ibaraki	(Millions yen) 988	SPE business Metrology business	100.0	-	2	-	Supply of products for SPE to the Company, and maintenance and services for products related to the Company's metrology instruments	No	Yes
Tosei Systems Co., Ltd	Hachioji, Tokyo	(Millions yen) 50	SPE business Metrology business	100.0	-	3	-	Provision of software to the Company's products	No	Yes
Accretech Create Corp.	Hachioji, Tokyo	(Millions yen) 10	SPE business Metrology business	100.0	-	1	1	Transit insurance services to the Company's products	No	Yes
Tosei Box Corp	Hachioji, Tokyo	(Millions yen) 10	Metrology business	100.0 (30.0)	-	1	-	Provision of office facilities to the Company	No	Yes
Accretech Finance Co., Ltd	Hachioji, Tokyo	(Millions yen) 50	SPE business Metrology business	100.0	-	1	1	Provision of short-term loans to the Company	No	No
Accretech America Inc.	Richardson, Texas, USA	(1,000s USD) 4,500	SPE business	100.0	-	2	1	Sales of products related to the Company's SPE	No	No
Accretech (Europe) GmbH	Munich, Bavaria, Germany	(1,000s Euro) 1,500	SPE business Metrology business	100.0	-	3	-	Sales of products related to the Company's SPE and metrology instruments	No	No
Accretech Korea Co., Ltd.	Seongnam-si, Gyeonggi-do Korea	(Millions KRW) 1,000	SPE business Metrology business	100.0	-	3	1	Sales of products related to the Company's SPE and metrology instruments	No	No
Accretech (China) Co., Ltd.	Shanghai, China	(1,000s CNY) 15,211	SPE business Metrology business	100.0	-	3	2	Sales of products related to the Company's SPE and metrology instruments	No	No
Accretech Taiwan Co., Ltd.	Jhubei, Hsinchu, Taiwan	(1,000s TWD) 60,000	SPE business Metrology business	100.0	-	4	-	Sales of products related to the Company's SPE and metrology instruments	No	No
Accretech (Malaysia) Sdn Bhd.	Petaling Jaya, Selangor Malaysia	(1,000s MYR) 1,000	SPE business Metrology business	100.0	-	1	2	Sales of products related to the Company's SPE and metrology instruments	No	No
Accretech Adamas (Thailand) Co., Ltd	Klongluang, Pathumthani, Thailand	(1,000s THB) 250,000	SPE business	64.2 (34.4)	-	2	1	Provision of parts to the Company's SPE	Yes	No
Accretech (Thailand) Co., Ltd	Bangplee, Samutprakarn, Thailand	(1,000s THB) 10,000	SPE business Metrology business	49.0	-	2	1	Sales of products related to the Company's SPE and metrology instruments	Yes	No
Tosei Engineering (Pinghu) Co., Ltd.	Pinghu, Zhejiang, China	(1,000s CNY) 39,480	SPE business Metrology business	100.0 (100.0)	-	1	-	-	No	No
Tosei (Thailand) Co., Ltd	Muang Chonburi, Thailand	(1,000s THB) 6,000	Metrology business	49.0 (49.0)	-	-	-	-	No	No
Tosei America, Inc.	Cincinnati, Ohio, USA	(1,000s USD) 1	SPE business Metrology business	100.0 (100.0)	-	-	-	-	No	No

Notes: 1. The “Description of Principal business” column lists the name of the business segment(s).

2. Figures listed in (%) in the “Percentage voting rights held by Company (holding Company)” indicate the (%) indirectly held.

3. Company holds 49.0% of Voting Rights for both Accretech(Thailand) Co., Ltd. and Tosei (Thailand) Co., ltd., however, these are listed as subsidiaries because the Company substantially controls these company.

4. Of the above companies, Tosei Engineering Corp and Accretech Taiwan Co., Ltd. are specified subsidiaries.

5. None of the above companies has filed a securities registration statement or securities report (“Yuukashoken-Houkokusho”).

5 [Employees]

(1) Consolidated companies

At March 31st, 2017

Name of business segment	Number of employees (person)
SPE business	935 (350)
Metrology business	712 (330)
Company-wide (corporate staff)	137 (40)
Total	1,784 (720)

Notes: 1. The number of employees presented above represents full-time employees.

2. The number in parentheses in the “Number of employees” column is the average annual number of part-time employees which have not been included in the number of full-time employees.

(2) The Company

At March 31st, 2017

Number of employees (person)	Average age (years)	Average years of continuous service (years)	Average annual salary (yen)
726 (445)	41.4	12.5	7,426,572

Name of business segment	Number of employees (person)
SPE business	472 (300)
Metrology business	201 (120)
Company-wide (corporate staff)	53 (25)
Total	726 (445)

Notes: 1. The number of employees presented above represents full-time employees.

2. The number in parentheses in the “Number of employees” column is the average annual number of part-time employees which have not been included in the number of full-time employees.

3. The average annual salary includes bonuses and overtime pay.

(3) Trade union

The trade union for this company is a member of Japan Association of Metal, Machinery, and Manufacturing workers (JAM). There are no particular items concerning labor-management relations which require mentioning. While trade unions have not been formed at our consolidated subsidiaries, the labor-management relationships in those subsidiaries are good.

Section 2 [Business Overview]

1 [Overview of business results]

(1) Operating results

Global business conditions in the Fiscal Year 2017/3 ended March 31st, 2017 (hereinafter referred to as FY2017/3) continued to recover mainly in the developed countries. The US economy continued to expand modestly backed by a recovery in job markets and strong private consumption. The European economies continued to recover and the influence of Brexit was relatively limited, although concern about financial systems was seen temporarily. Also the Japanese economy continued to recover modestly accompanied by some improvement in corporate income and the labor market, on the back of the devaluing Japanese Yen in the latter half. The Chinese economy showed some signs of recovery thanks to some government economic policies, however, other emerging Asian countries showed patchy results across their economies. Under the business conditions outlined above, Consolidated Business Performance improved both in Sales and Profits, with active investments by our main users in the Semiconductor Production Equipment segment. Consolidated Sales in the Fiscal Year 2017/3 (April 1st, 2016 – March 31st, 2017) were ¥77.792 billion (up 10.7% YoY), Operating Income was ¥13.659 billion (up 3.3% YoY), Ordinary Income was ¥13.864 billion (up 4.8% YoY), and Net Income Attributable to Owners of the Parent was ¥9.909 billion (up 2.1% YoY). Business results during the term in each segment were as follows.

A. SPE business segment

Semiconductor manufacturers and electronics component manufacturers had been actively investing in SPE through this whole Fiscal Year, specifically in equipment for Memory devices (led by memory capacity enlargement for smart phones and storages), power control devices and automotive devices. Although the trend in the past few years had shown fluctuating demand within short cycles including a decrease in demand in the summer period, the company could enjoy relatively high level orders in this Fiscal Year without such fluctuations.

Accordingly, Sales for our SPE segment were ¥50.291 billion (up 20.4% YoY), and Segment Profit was ¥8.820 billion (up 20.2% YoY).

B. Metrology business Segment

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

As a result, Sales for our Metrology Equipment segment was ¥27.501 billion (down 3.5% YoY) and Segment Profit was ¥4.839 billion (down 17.7% YoY).

Note: The above amounts are exclusive of consumption tax.

(2) Cash flows

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

Cash and cash equivalents earned from operating activities (amount of positive cash flow) significantly increased from ¥7.210 billion in FY2016/3 to ¥12.809 billion in FY2017/3. This was primarily due to the fact that Change in trade notes and accounts payable increased from ¥268 million to ¥3.885 billion in FY2017/3, and also that Income before income taxes and minority interests increased from ¥13.240 billion to ¥14.415 billion in FY2017/3.

Cash and cash equivalents used in investment activities decreased from ¥3.823 billion in FY2016/3 to ¥3.486 billion in FY2017/3. This is mainly because of an increase of Payment for purchase of tangible fixed assets from ¥3.162 billion to ¥5.118 billion in FY2017/3, increase of Proceeds from sales of investment securities from ¥0 to ¥1.705 billion in FY2017/3, and also decrease of Payment for loans receivable from ¥727 million to ¥5 million in FY2017/3.

Net cash used in financing activities increased from ¥2.851 billion in FY2016/3 to ¥2.953 billion in FY2017/3, due to an increase in Dividend payments from ¥2.438 billion to ¥2.773 billion in FY2017/3.

2 [Production, orders, and sales]

(1) Actual Production

The production results for each business segment in FY2017/3 are shown below.

Business segment	Production (Millions yen)	YoY (%)
SPE business	47,061	18.5
Metrology business	25,275	- 5.4
Total	72,337	8.9

Notes: 1. The above production results are based on the sales prices.

2. The above amounts are exclusive of consumption tax.

(2) Orders received

The orders received for each business segment in FY2017/3 are shown below.

Business segment	Orders received (Millions yen)	YoY (%)	Order backlog (Millions yen)	YoY (%)
SPE business	56,232	37.0	17,647	50.8
Metrology business	27,254	- 3.1	6,015	- 4.3
Total	83,487	20.7	23,663	31.5

Note: The above amounts are exclusive of consumption tax.

(3) Actual Sales

The sales amounts for each business segment in FY2017/3 are shown below.

Business segment	Sales (Millions yen)	YoY (%)
SPE business	50,291	20.4
Metrology business	27,501	- 3.5
Total	77,792	10.7

Notes: 1. The sales amounts for each major customer and their ratio to total sales are omitted because there are no customers with sales amounts that account for 10% or more of total sales.

2. The above amounts are exclusive of consumption tax.

3 [Management policy, Management Strategies and Issues]

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2017/3.

(1) Management Policy

1. 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.
2. 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.
3. 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 performance indicators for corporate Management

Under a business environment that requires high levels of technological innovation with high speed, Tokyo Seimitsu aims to establish higher profitability and structural efficiency by providing world No.1 products with advanced technology into growing markets, and continuously improve capital efficiency by effectively using funds for investment for growth. The company aims to "maintain a business structure with at least 10% ROE" as a long-term target, and to obtain ¥15,000 billion of consolidated annual operating income as a mid-term target (FY2017/3-FY2019/3).

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

1. Ongoing growth strategy and increase in business performance

Tokyo Seimitsu Group has promoted further quality improvement and product innovation, and established a profitable operational structure to continuously provide world leading 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 its solid company structure.

2. Sustainable Profit Distribution

Company management believes that increasing corporate value and sustainable profit distribution remain a key indicator of business success and thorough business growth.

3 Governance

The Company Group holds that corporate governance is essential to improve corporate value and to conduct 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.

(4) Globalization

Since the Sales organization has been fully localized in each region across the Company Group overseas sales have exceeded domestic sales, the Company Group has also commenced local manufacturing such as in China and Thailand. With this continuing outlook, the Company Group will optimize management organization for its global operations through actions such as hiring local management executives, establishing localized supply chains, and standardizing management information flows to and from Head Office.

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.

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as at the end of FY2017/3.

(1) Fluctuations in market conditions

The Group conducts SPE business and Metrology business on a global scale. 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.

(2) Exchange rate fluctuations

In principle, the 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. For receivables denominated in U.S. dollars, foreign currency risks will be hedged using forward agreements and other methods if necessary, and whenever possible the transaction contracts themselves are changed to Japanese yen basis. However, in the event of unforeseen exchange rate fluctuations, the Group's business results may be influenced.

(3) Natural disasters and accidental disasters

In order to minimize damage caused by a possible interruption of production activities, the 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.

(4) 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 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.

(5) 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 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.

(6) Country risk

The 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.

(7) Protection of intellectual property rights

The Group's SPE and precision Metrology instruments 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.

(8) Technological innovation

New technologies are developed on nearly a daily basis in the business areas of the 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.

(9) Product quality

The Group gives priority to improving quality and reliability of both its products and service activities. However, if an unexpected quality-related failure should occur, the expenditure to remedy such an issue might impact the Group's business performance.

(10) Information security

The 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 these 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.

5 [Important business contracts]

<The Company>

Mutual Agency Agreement

Name of counterparty	Contents of contract	Contract period
Carl Zeiss Inc. (Germany)	Mutual Agency Agreement in the multi-purpose measuring instruments field	Five years maximum beginning October 1 st , 2015

<Consolidated subsidiaries>

There are no notable contracts.

6 [R&D Activities]

The R&D activities of the Group are carried out primarily at the Company. They cover the full range of SPE products and measuring instrument products. Through these activities, we carry out fundamental research aimed at long-term growth, product improvements to boost the competitiveness of existing products, and the development of new product models.

The total amount of R&D costs for the Group in FY2017/3 was ¥6.791 billion. A description of the specific activities in each business segment is provided below.

a. SPE business

In the SPE field, as the trends toward higher-precision LSI with pattern-shrinkage and toward larger diameter wafers continue, the equipment at our customer companies is becoming increasingly diversified, as these companies pursue automation, higher precision, higher performance, and higher reliability in order to improve production yields and throughput. In recent years, significant advancements have been made in terms of higher wafer densities, multiple wafer layers, and thinner wafer sizes needed to accompany these finer structures. The Group is working for rapid development of next-generation devices in order to meet these market needs.

The major research and development results from FY2017/3 include, mostly continued from FY2016/3, “Probing machine performance improvement”, “Blade Dicing machine performance improvement”, “Polish Grinder performance improvement”, “CMP application technology development” and “HRG hard-to-cut materials grinding process improvement”.

The total amount of R&D costs for this business area in FY2017/3 was ¥5.443 billion.

b. Metrology business

As our customers continue to rationalize their production processes and implement factory automation, there are increasing demands for lower prices, in addition to demands for higher precision measurement accuracy and functionality. We are working to develop and improve a range of products to meet these needs.

The major research and development results from FY2017/3 include, mostly continued from FY2016/3, “Analysis software ACCTee performance improvement”, “The development of an entry-class surface texture measuring system”, and “Opt-Scope performance improvement.”.

The total amount of R&D costs for this business area in FY2017/3 was ¥1.347 billion.

7 [Analysis of financial position and operating results, and Cash Flow]

(1) Significant accounting policies and estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. When preparing the consolidated financial statements, we perform specific estimates which are necessary for calculations such as assets and liabilities at the end of the consolidated fiscal year, and income and expenses during the consolidated fiscal year. These estimates were performed for inventories, allowance for bad debts, deferred tax assets, investment securities, cost of sales, employee retirement benefit expenses, and other items. These estimates are based on past results with consideration for future expectations, and are performed with an emphasis on sustainable, rational, and conservative evaluation.

(2) Analysis of financial position for FY2017/3

The financial position of the Group at the end of FY2017/3 consisted of total assets in the amount of ¥114.463 billion (¥82.792 billion in current assets and ¥31.670 billion in fixed assets), liabilities in the amount of ¥27.269 billion, and total net assets of ¥87.194 billion.

[1] Assets

There were a drastic increase in Cash and cash equivalents driven by good business performance, and an increase in Tangible fixed assets through construction of a new factory plant.

Total assets at the end of FY2017/3 have increased ¥12.529 billion from the end of FY2016/3.

[2] Liabilities

Through an increase in business operations and scope, there were increases in Trade payables such as Trade notes and accounts payable and Electronically recorded obligations-operating. In addition, there was an increase also in Income taxes payable.

An amount of Liabilities at the end of FY2017/3 increased by ¥4.753 billion from the end of FY2016/3.

[3] Net assets

Total net assets at the end of FY2017/3 have increased by ¥7.775 billion from the end of FY2016/3, due to a huge increase in Shareholder's equity through Net income attributable to owners of the parent and in Accumulated other comprehensive income, which comes from stock market and foreign exchange market fluctuations.

(3) Analysis of operating results for FY2017/3

[1] Sales

Sales for FY2017/3 were ¥50.291 billion for the SPE business and ¥27.501 billion for the Metrology business, with a combined total of the two businesses of ¥77.792 billion. Business results in FY2017/3 have increased comprehensively because of firm demand for SPE segments.

[2] Cost of goods sold, and Selling, general and administrative expenses

Cost of goods sold for FY2017/3 was ¥48.152 billion and the Selling, general and administrative expenses were ¥15.981 billion. The ratio of the Cost of goods sold to Total sales was 61.9% in FY2017/3 (60.6% in FY2016/3), and the ratio of the Selling, general and administrative expenses to Total sales was 20.5% in FY2017/3 (21.2% in FY2016/3).

[3] Operating income

As results of [1] and [2] above, operating income for FY2017/3 was ¥13.659 billion.

[4] Non-operating income and expenses

Non-operating income for FY2017/3 was ¥318 million mainly from Dividend income, and Non-operating expenses for the same term was ¥112 million mainly due to Foreign exchange losses.

[5] Ordinary income

As recorded above, Ordinary income for FY2017/3 was ¥13.864 billion.

[6] Extraordinary gains and losses

Extraordinary gains in FY2017/3 were ¥583 million mainly from a Gain on sales of investment securities. Extraordinary losses were ¥32 million mainly from a Loss on valuation of investments in capital of affiliates.

[7] Income before income taxes and minority interests

As a result, Income before taxes and minority interests for FY2017/3 was ¥14.415 billion.

[8] Income taxes

Income taxes and other taxes in FY2017/3 were ¥4.464 billion and the ratio to income before income taxes and minority interests was 31.0%.

[9] Net income attributable to non-controlling interests

Net income attributable to non-controlling interests for FY2017/3 was ¥41 million.

[10] Net Income attributable to owners of the parent

As a result of the above, Net Income attributable to owners of the parent for FY2017/3 was ¥9.909 billion.

(4) Analysis of Cash Flow for FY2017/3

FY2017/3 Cash and cash equivalents earned from operating activities were ¥12.809 billion of positive cash flow, used in investing activities was ¥3.486 billion of negative cash flow, and used in financing activities was ¥2.953 billion of negative cash flow. As a result, Cash and cash equivalents at the end of FY2017/3 increased by ¥6.238 billion to ¥33.825 billion. This was primarily due to factors including an increase in Trade payables from operating activities, Payment for purchase of tangible fixed assets from investment activities, and Dividend payments from financing activities.

(5) Factors having important effects on the operating performance

Both the SPE and Metrology industries, which are the primary fields of activity for the Group, are industries with a fast pace of technological innovation and with intense competition, producing high-level technological demands. The industry which our customers operate in is the semiconductor industry, which regularly experiences cycles of expansion and contraction on a large-scale. The performance of the Group has been affected by these cycles many times in the past. In this environment, our most important tasks are to constantly develop new products and to continue creating a highly competitive product lineup which can keep the effects of market volatility to a minimum.

Section 3 [Equipment and Facilities]

1 [Overview of capital expenditures]

Capital expenditures of the Group are primarily centered on production equipment in both the SPE business and Metrology business, in order to expand future business opportunities and product differentiation versus competitors, and are aimed at rationalizing and labor-saving.

The total amount of capital expenditures in FY2017/3 was ¥4.145 billion. An overview of this investment by business segment is provided below.

(1) SPE business

Capital expenditures in this business are conducted primarily in preparation for expanding production of existing products, and for production lines to be available to respond quickly to the market situation and customer needs in a timely manner.

The primary contents of this investment in FY2017/3 were ¥1.318 billion as construction of the Company's Hachioji Plant No. 6, ¥125 million for CMP equipment for evaluation, and ¥102 million for Vertical-type Machining Center. Total capital expenditures in this business during FY2017/3 were ¥3.647 billion.

(2) Metrology business

Capital expenditures in this business were conducted primarily in preparation for expanding production, and also aimed at achieving cost reductions and constructing efficient and flexible production lines.

The primary contents of this investment in FY2017/3 were ¥62 million XENOS 3D coordinate measuring machine for demonstration by the Company, and by the Company's subsidiary, Tosei Engineering, ¥24 million for purchase of a CNC precision lathe and ¥24 million for purchase of an Electric discharge machine. Total capital expenditures in this business during FY2017/3 were ¥498 million.

2 [Major equipment and facilities]

(1) The Company

At March 31st, 2017

Location	Business segment	Description	Book value (Millions yen)						Number of employees (person)	
			Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m ²)	Lease assets	Construction in Progress		Total
Hachioji Headquarters, Plant (Hachioji, Tokyo)	SPE business	Production equipment, others	9,947	1,320	1,255	3,436 (37)	21	92	16,075	489
Tsuchiura Plant (Tsuchiura, Ibaraki)	Metrology business	Production equipment, others	1,483	53	237	151 (17)	4	4	1,934	148
Sales offices and satellite offices	SPE business, Metrology business	Air conditioning system, others	22	0	5	- (-)	-	-	26	89
Others	SPE business, Metrology business	Guest houses, others	14	-	-	50 (3)	-	-	65	0

Notes: 1. Currently there is no idle equipment.

2. The above amounts are exclusive of consumption tax.

(2) Domestic subsidiaries

At March 31st, 2017

Company	Location	Business segment	Description	Book value (Millions yen)						Number of employees (person)	
				Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m ²)	Lease assets	Construction in Progress		Total
Tosei Engineering Corp.	Head Office & Plants (Tsuchiura, Ibaraki, others)	SPE business Metrology business	Production equipment, others	1,915	470	83	1,914 (42)	-	0	4,383	314
Tosei Systems Co., Ltd.	Head Office (Hachioji, Tokyo)	SPE business Metrology business	Instrument supplies, others	1	-	0	- (-)	-	-	2	109
Accretech Create Corp.	Head Office (Hachioji, Tokyo)	SPE business Metrology business	Instrument supplies, others	0	-	0	- (-)	-	-	0	1
Tosei Box Corp.	Head Office (Hachioji, Tokyo)	Metrology business	Head office building, others	91	-	0	1 (1)	-	-	93	16

Notes: 1. Currently there is no idle equipment.

2. The above amounts are exclusive of consumption tax.

(3) Overseas subsidiaries

At March 31st, 2017

Company	Location	Business segment	Description	Book value (Millions yen)						Number of employees (person)	
				Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m ²)	Lease assets	Construction in Progress		Total
Accretech America Inc.	Head Office (Richardson, Texas, USA)	SPE business	Head office building, others	9	-	7	- (-)	-	-	16	39
Accretech (Europe) GmbH	Head Office (Munich, Bavaria, Germany)	SPE business Metrology business	Head office building, others	35	12	50	- (-)	-	-	98	55
Accretech Korea Co., Ltd.	Head Office (Seongnam-si, Gyeonggi-do, Korea)	SPE business Metrology business	Instrument supplies, others	-	1	7	- (-)	-	-	8	49
Accretech (China) Co., Ltd.	Head Office (Shanghai, China)	SPE business Metrology business	Instrument supplies, others	-	5	99	- (-)	-	-	105	122
Accretech Taiwan Co., Ltd.	Head Office (Jhubei, Hsin-chu, Taiwan)	SPE business Metrology business	Instrument supplies, others	1	-	10	- (-)	-	-	12	80
Accretech (Malaysia) Sdn Bhd.	Head Office (Petaling Jaya, Selangor Malaysia)	SPE business Metrology business	Instrument supplies, others	3	25	8	- (-)	-	-	37	32
Accretech Adamas (Thailand) Co., Ltd	Head Office (Klongluang, Pathum-thani, Thailand)	SPE business	Production equipment, others	564	255	13	203 (18)	5	-	1,041	91
Accretech (Thailand) Co., Ltd	Head Office (Bangplee, Samutprakarn, Thailand)	SPE business Metrology business	Instrument supplies, others	1	0	1	- (-)	-	-	3	34
Tosei Engineering (Pinghu) Co., Ltd.	Head Office (Pinghu, Zhejiang, China)	SPE business Metrology business	Production equipment, others	282	35	5	- (-)	-	-	323	58
Tosei (Thailand) Co., Ltd	Head Office (Muang Chonburi, Thailand)	Metrology business	Production equipment, others	101	30	25	48 (4)	-	-	206	45
Tosei America, Inc.	Head Office (Cincinnati, Ohio, USA)	SPE business Metrology business	Instrument supplies, others	-	9	2	- (-)	-	-	11	13

Notes: 1. Currently there is no idle equipment.

2. The above amounts are exclusive of consumption tax.

3 [Plans for equipment and facility additions or disposals]

(1) Additions of major equipment and facilities

Company	Location	Business segment	Equipment or facility		Expected amount of investment		Start date	Expected completion date	
			Type	Description	Total (Millions yen)	Amount already invested (Millions yen)			
The Company	Hachioji Plant (Hachioji, Tokyo)	SPE business	Buildings and structures	Power line Construction for Hachioji 3 rd plant Equipment's	145	-	April, 2017	March, 2018	
			Machinery	Horizontal machining center, others	772	15	March, 2017	March, 2018	
			Tools, instruments	Room access and attendance management system, others	584	77	March, 2017	March, 2018	
			Software	Process management online system, others	111	-	April, 2017	March, 2018	
					1,612	92			
	Tsuchiura Plant (Tsuchiura, Ibaraki)	Metrology business	Buildings and structures	Security System, others	254	-	April, 2017	March, 2018	
			Machinery	Coordinates measuring system, others	9	4	March, 2017	Sep., 2017	
			Tools, instruments	Ultra-precision electronic leveler, others	143	-	April, 2017	Oct., 2017	
			Software	Gross cost management system update, others	25	-	April, 2017	March, 2018	
					431	4			
	Head Office (Hachioji, Tokyo)	SPE business, Metrology business	Tools, instruments	Virtual File Server, others	165	-	April, 2017	Dec., 2017	
			Software	ERP system, others	811	-	April, 2017	March, 2018	
					976	-			
	Total					3,019	97		
	Tosei Engineering Corp.	Head Office, plants, and others (Tsuchiura, Ibaraki-ken, and elsewhere)	SPE business, Metrology business	Machinery	Grinding Center, others	122	-	April, 2017	July, 2017
Vehicles				Sales vehicles	35	-	April, 2017	July, 2017	
Tools, instruments				Gauge, Mold, others	54	0	March, 2017	Sep., 2017	
					211	0			

Note: 1. Future required capital will be financed internally.

2. Because it is difficult to quantitatively estimate the capacity increase after completion, this information has been omitted.

3. The above amounts do not include consumption tax.

(2) Disposal of major equipment and facilities

Except for disposals conducted in the course of the Group's routine renewal of its equipment and facilities, there is no plan for significant disposals of any major equipment and facilities.

Section 4 [Corporate Information]

1 [Information on the Company's shares]

(1) Number of shares and others

[1] Number of shares

Type	Total number of shares authorized to be issued
Common stock	110,501,100
Total	110,501,100

[2] Number of shares issued

Type	Number of shares issued at end of the fiscal year (As of March 31 st , 2017)	Number of shares issued on the filing date of the securities report (As of June 28 th , 2017)	Stock exchanges on which the Company is listed	Description
Common stock	41,495,581	41,507,381	Tokyo Stock Exchange (First Section)	Unit amount of stocks is 100.
Total	41,495,581	41,507,381	-	-

Note: The number of shares issued as of the filing date of the securities report does not include those issued upon the exercise of share subscription rights (including bonds with warrants for the purchase of shares of common stock issued under former Commercial Code of Japan) during the period from June 1st, 2017, through the filing date of this report.

(2) Status of share subscription rights

The 8th share subscription rights

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	152 *Note 1	134 *Note 1
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	15,200 *Note 1	13,400 *Note 1
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1,642 per share *Note 2	Same as at left
Exercise period for share subscription rights	July 13 th , 2013-June 30 th , 2018	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1,642 Amount to be credited to common stock *Note3	Same as at left
Conditions for exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note5	Same as at left

The 9th share subscription rights

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	212 *Note 1	185 *Note 1
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	21,200 *Note 1	18,500 *Note 1
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1,428 per share *Note 2	Same as at left
Exercise period for share subscription rights	July 24 th , 2014-June 30 th , 2019	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1,428 Amount to be credited to common stock *Note3	Same as at left
Conditions for exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

The 10th share subscription rights

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	403 *Note 1	362 *Note 1
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	40,300 *Note 1	36,200 *Note 1
Amount to be subscribed upon the exercise of the share subscription rights (yen)	2,162 per share *Note 2	Same as at left
Exercise period for share subscription rights	July 23 rd , 2015-June 30 th , 2020	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 2,162 Amount to be credited to common stock *Note3	Same as at left
Conditions for exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

The 11th share subscription rights

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	423 *Note 1	391 *Note1
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	42,300 *Note 1	39,100 *Note1
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1,876 per share *Note 2	Same as at left
Exercise period for share subscription rights	July 23 rd , 2017-June 30 th , 2021	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1,876 Amount to be credited to common stock *Note3	Same as at left
Conditions for exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

The 12th share subscription rights

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	736 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	73,600 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	2,825 per share *Note 2	Same as at left
Exercise period for share subscription rights	July 23 rd , 2017-June 30 th , 2022	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 2,825 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

The 13th share subscription rights

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	763 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	76,300 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	2,527 per share *Note 2	Same as at left
Exercise period for share subscription rights	July 22 nd , 2018-June 30 th , 2023	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 2,527 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Share subscription rights issued June 2005 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	80 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	8,000 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	June 30 th , 2005-June 30 th , 2025	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock 1	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	-	-

Share subscription rights issued July 2006 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	55 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	5,500 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 15 th , 2006-July 14 th , 2026	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Share subscription rights issued July 2007 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	72 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	7,200 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 20 th , 2007-July 19 th , 2027	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Share subscription rights issued July 2011 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	275 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	27,500 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 13 th , 2011-July 12 th , 2031	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Share subscription rights issued July 2012 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	275 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	27,500 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 24 th , 2012-July 23 rd , 2032	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Share subscription rights issued July 2013 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	306 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	30,600 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 23 rd , 2013-July 22 nd , 2033	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Share subscription rights issued July 2014 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	336 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	33,600 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 23 rd , 2014-July 22 nd , 2034	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Share subscription rights issued July 2015 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	361 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	36,100 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 23 rd , 2015-July 22 nd , 2035	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Share subscription rights issued July 2016 (stock-based compensation type)

	As of the end of the fiscal year (March 31 st , 2017)	As of the end of the month prior to the date this report was submitted (May 31 st , 2017)
Number of share subscription rights	370 *Note 1	Same as at left
Number of share subscription rights held by the Company	-	-
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	37,000 *Note 1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 22 nd , 2016-July 21 st , 2036	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note 3	Same as at left
Conditions for exercise of the share subscription rights	*Note 6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	-	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note 5	Same as at left

Notes:

- The number of shares issued upon the exercise of the share subscription rights (hereafter referred to as “Number of Shares Granted”) is 100. Meanwhile, the Number of Shares granted may be adjusted by following adjustment methods.

(Adjustment of the Number of Shares Granted)

If the Company conducts a stock split or reverse stock split, the Number of Shares Granted shall be adjusted according to the following formula, with resulting fractions less than 1 share to be rounded down.

Adjusted Number of Shares Granted

= Number of Shares Granted before adjustment × Stock split (or reverse stock split) ratio

In addition, if another unavoidable circumstance which requires adjusting the Number of Shares Granted occurs, the Number of Shares Granted shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

- The amount to be paid by the holders upon the exercise of each share subscription right shall be the amount calculated by multiplying the amount to be subscribed per share (hereafter the “Exercise Price”) for the Company’s shares of common stock that may be issued upon the exercise of share subscription rights by the number of shares granted. However, if any of the cases below takes places, the Exercise Price shall be adjusted by applying the following formulas, with resulting fractions less than one yen to be rounded up.

- A stock split or reverse stock split of the Company stock occurs.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Stock split (or reverse stock split) ratio}}$$

- If the Company issues shares of new common stock or disposes of its treasury stock at prices less than the then-current market price (excluding the exercise of share subscription rights).

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of new shares to be issued (disposed of)} \times \text{Issue (disposal) price per share}}{\text{Market price}}}{\text{Number of shares already issued} + \text{Number of new shares to be issued}}$$

- If another unavoidable circumstance which requires adjusting the Exercise Price occurs, the Exercise Price shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

- The amount of capital increase occurring when shares are issued upon exercise of a share subscription right shall be 1/2 of the capital increase limit as calculated according to Article 17, Item 1 of the Corporate Calculation Rules, with resulting fractions less than one yen to be rounded up.

4. In the event that the Company experiences a merger (only if the company is eliminated as a result of the merger), absorption-type company split or incorporation-type company split (in each case only if the Company becomes a split company), or stock swap or stock transfer (in each case only if the Company becomes a wholly owned subsidiary) (the above events hereafter collectively referred to by the general term “Structural Reorganization”), then the holders of share subscription rights remaining at the time the Structural Reorganization takes effect (hereafter referred to as “Remaining share subscription rights”) shall be provided with share subscription rights based on the conditions below for the public company as indicated in Article 236, Item 1, Number 8, (a) - (e) of the Corporation Law of Japan (hereafter referred to as “Reorganized Company”).

However, the provision of share subscription rights for the Reorganized Company in accordance with the conditions below shall occur only when such provision is specified in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, stock swap agreement, or stock transfer plan.

(1) Number of share subscription rights for the Reorganized Company to be provided

The number of provided share subscription rights shall be the same as the number of Remaining share subscription rights possessed by the holder of the Remaining share subscription rights.

(2) Type of Reorganized Company shares issued upon exercise of the share subscription rights

The issued shares shall be common stock of the Reorganized Company.

(3) Number of Reorganized Company shares issued upon exercise of the share subscription rights

The number of issued shares shall be determined in accordance with “Number of shares issued upon exercise of stock acquisition rights” in the table above, with consideration for the conditions and other details of the Structural Reorganization.

(4) Amount to be paid by the holder of the share subscription right upon exercise of that right

The amount to be paid by the holder of the provided share subscription right upon exercise of that right shall be the amount calculated by multiplying the post-reorganization paid-in amount (determined by adjusting the Exercise Price with consideration for the conditions and other details of the Structural Reorganization) by the number of Reorganized Company shares issued upon exercise of the stock acquisition rights as determined according to (3) above.

For the post-reorganization paid-in amount of share subscription rights provided as stock-based compensation, the amount shall be 1 yen per share of the Reorganized Company.

(5) Period in which the share subscription rights can be exercised

The period shall be from either the later of the start date determined in “Exercise period for share subscription rights” above or the date on which the Structural Reorganization took effect until the end date determined in “Exercise period for stock acquisition rights” above.

(6) Restrictions on acquisition of share subscription rights by transfer

The acquisition of share subscription rights by transfer requires approval by a resolution of the Reorganized Company Board of Directors.

(7) Provisions for acquisition of the share subscription rights

This shall be determined in accordance with “Items related to the provisions for acquisition of share subscription rights” above.

(8) Other conditions concerning exercise of the share subscription rights

These shall be decided in accordance with “Conditions for exercise of the share subscription rights” above.

5. If any of resolutions (1) - (5) listed below is approved by a General Meeting of Shareholders of the Company or, when a resolution of the General Meeting of Shareholders is not required, if a resolution by the Board of Directors or decision by a representative executive officer occurs, the Company shall be permitted to acquire share subscription rights at no cost on the date decided separately by the Board of Directors.

(1) A resolution approving a merger agreement by which the Company becomes an extinct company

(2) A resolution approving a split agreement or split plan by which the Company becomes a split company

(3) A resolution approving a stock swap agreement or stock transfer plan by which the Company becomes a wholly owned subsidiary

(4) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of any shares issued by the Company

(5) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of shares which were issued by the company upon exercise of share subscription rights, or in order for the Company to acquire all of this class of stock pursuant to a resolution by the General Meeting of Shareholders.

6. (1) The share subscription rights can only be exercised when the holder of the share subscription rights has lost his/her position as a director of the Company (including executive officers of the Company with a committee system of corporate governance) or executive officer. However, the share subscription rights can be exercised only during the period from the date following the day on which the holder of the share subscription rights lost his/her position (hereafter referred to as the “Right Exercise Start Date”) until the day when 7 days have passed after the Right Exercise Start Date (or if that day is not a business day, the preceding business day).

(2) In the event that the holder of the share subscription rights dies, the heirs of the holder may exercise the share subscription rights. However in this case, the share subscription rights can be exercised only during the period from the date following the next date of the holder’s death until the day when 6 months have passed from this date (or if that day is not a business day, the preceding business day).

(3) Status of exercise of corporate bond with share subscription rights with an amended exercise price, others

Not applicable.

(4) Contents of the rights plan

Not applicable.

(5) Changes in the number of shares issued, the amount of common stock and related others

Period	Changes in the number of shares issued (shares)	Balance of the number of shares issued (shares)	Changes in common stock (Millions yen)	Balance of common stock (Millions yen)	Changes in additional paid-in capital (Millions yen)	Balance of additional paid-in capital (Millions yen)
April 1 st , 2012- March 31 st , 2013 *Note 1	800	41,254,781	0	10,216	0	17,588
April 1 st , 2013- March 31 st , 2014 *Note 1	23,600	41,278,381	21	10,238	21	17,610
April 1 st , 2014- March 31 st , 2015 *Note 1	62,300	41,340,681	57	10,295	57	17,667
April 1 st , 2015- March 31 st , 2016 *Note 1	82,700	41,423,381	79	10,374	79	17,746
April 1 st , 2016- March 31 st , 2017 *Note 1	72,200	41,495,581	87	10,462	87	17,834

Note1: Breakdown by reason for changes in the number of shares issued, the amount of capital, and the amount of paid-in capital

Date	Reason for change	Changes in the number of shares issued (shares)	Changes in common stock (Millions yen)	Changes in the amount of paid-in capital (Millions yen)
April 1 st , 2012 - March 31 st , 2013	Increase due to exercise of share subscription rights of stock option	800	0	0
April 1 st , 2013 - March 31 st , 2014	Increase due to exercise of share subscription rights of stock option	23,600	21	21
April 1 st , 2014 - March 31 st , 2015	Increase due to exercise of share subscription rights of stock option	62,300	57	57
April 1 st , 2015 - March 31 st , 2016	Increase due to exercise of share subscription rights of stock option	82,700	79	79
April 1 st , 2016 - March 31 st , 2017	Increase due to exercise of share subscription rights of stock option	72,200	87	87

Note2: Due to exercise of share subscription rights of stock option, the number of shares issues increased by 11,800 shares and common stock and paid-in capital increased by ¥13 million each during April 1st, 2017 to May 31st, 2017.

(6) Details of shareholders

At March 31st, 2017

Classification	Status of shares (1 unit = 100 shares)								Shares under 1 unit (shares)
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders (person)	-	52	40	208	210	17	15,666	16,193	-
Number of shares held (units)	-	146,188	9,460	41,115	119,247	132	98,380	414,522	43,381
Ratio (%)	-	35.27	2.28	9.92	28.77	0.03	23.73	100.00	-

Notes: 1. Treasury stock of 35,819 shares is included in "Individuals and other" for 358 units and in "Shares under 1 unit" for 19 shares. The effective number as of March 31st, 2017 was also 35,819 shares.

(7) Principal shareholders

At March 31st, 2017

Name	Address	Number of Shares held (1,000s)	Number of Shares held as a percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. Trust account	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	4,122	9.93
Japan Trustee Services Bank, Ltd. Trust account	1-8-11 Harumi, Chuo-ku, Tokyo	2,324	5.60
Japan Trustee Services Bank, Ltd. Trust account No.9	1-8-11 Harumi, Chuo-ku, Tokyo	1,993	4.81
The Precise Measurement Technique Promotion Foundation	3-1-6-203 Kyonan-cho, Musashino-shi, Tokyo	1,058	2.55
Tsugami Corporation	12-20 Tomizawa-cho, Nihombashi, Chuo-ku, Tokyo	1,033	2.49
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	840	2.02
Japan Trustee Services Bank, Ltd. Trust account No.5	1-8-11 Harumi, Chuo-ku, Tokyo	709	1.71
Ayako Yano	Chiyoda-ku, Tokyo	612	1.48
Hideko Takagi	Mitaka-shi, Tokyo	610	1.47
State Street Bank and Trust Company (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Sales Department)	One Lincoln Street, Boston MA, USA (3-11-1 Nihombashi, Chuo-ku, Tokyo)	587	1.42
Total	-	13,891	33.48

Notes: The following corporations have submitted a Large Shareholding Report (change report). The reports of the number of shares held have been submitted on the dates listed below. However, because the Company was unable to verify the actual number of shares held at the end of FY2017/3, they are not considered to be among the "Major shareholders" above.

Name	Address	Shares held (1,000s)	Shares held as a percentage of total shares issued (%)	Reported date (Reporting obligation date)
Mizuho Bank, Ltd. (*1)	1-5-5 Otemachi, Chiyoda-ku, Tokyo	2,989	7.21	Oct., 21 st , 2016 (Oct., 14 th 2016)
FIL Investments (Japan) Limited	7-7-7 Roppongi, Minato-ku, Tokyo	2,801	6.76	Feb., 22 nd , 2017 (Feb., 15 th , 2017)

(*1) Co-ownership among Mizuho Bank, Ltd. (840 thousand shares), Mizuho Securities Co., Ltd. (49 thousand shares), Mizuho Trust & Banking Co., Ltd. (100 thousand shares), Asset Management One Co., Ltd. (1,738 thousand shares), and Asset Management One International Ltd. (261 thousand shares).

(8) Status of voting rights

[1] Shares issued

At March 31st, 2017

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	-	-	-
Shares with limited voting rights (treasury stock, etc.)	-	-	-
Shares with limited voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock: 35,800	-	-
Shares with full voting rights (others)	Common stock: 41,416,400	414,164	-
Shares under one unit	Common stock: 43,381	-	-
Total shares issued	41,495,581	-	-
Total voting rights held by all shareholders	-	414,164	-

Note) The common stock in the "Shares under one unit" includes 19 shares of treasury stock owned by the Company.

[2] Treasury stock, etc.

At March 31st, 2017

Shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total (Shares)	Percent of total shares issued (%)
(Treasury stock) Tokyo Seimitsu Co., Ltd.	2968-2 Ishikawa-machi, Hachioji-shi, Tokyo	35,800	-	35,800	0.09
Total	-	35,800	-	35,800	0.09

(9) Stock option plans

The Company has adopted a stock option plan under which share subscription rights are granted to directors and employees of the Company and its subsidiaries and affiliates in accordance with the former Commercial Code of Japan and the Company Law.

The details of the plan are as follows.

The 8th share subscription rights

Date for resolution	June 27 th , 2011 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 7 Employees of the Company: 191 Directors of subsidiaries: 10 Employees of subsidiaries: 72
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

The 9th share subscription rights

Date for resolution	June 25 th , 2012 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 8 Employees of the Company: 235 Directors of subsidiaries: 9 Employees of subsidiaries: 74
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

The 10th share subscription rights

Date for resolution	June 24 th , 2013 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 8 Employees of the Company: 235 Directors of subsidiaries: 9 Employees of subsidiaries: 71
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

The 11th share subscription rights

Date for resolution	June 24 th , 2014 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 9 Employees of the Company: 250 Directors of subsidiaries: 11 Employees of subsidiaries: 80
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

The 12th share subscription rights

Date for resolution	June 23 rd , 2015 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 9 Employees of the Company: 256 Directors of subsidiaries: 13 Employees of subsidiaries: 89
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

The 13th share subscription rights

Date for resolution	June 21 st , 2016 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 9 Employees of the Company: 257 Directors of subsidiaries: 13 Employees of subsidiaries: 93
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

Share subscription rights issued in June 2005 (stock-based compensation type)

Date for resolution	June 29 th , 2005 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 7 Employees of the Company (executive officers): 11
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

Share subscription rights issued in July 2006 (stock-based compensation type)

Date for resolution	June 29 th , 2006 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 6 Employees of the Company (executive officers): 12
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

Share subscription rights issued in July 2007 (stock-based compensation type)

Date for resolution	June 28 th ,2007 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 6 Employees of the Company (executive officers): 12
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

Share subscription rights issued in July 2011 (stock-based compensation type)

Date for resolution	June 27 th , 2011 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 6 Employees of the Company (executive officers): 2
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

Share subscription rights issued in July 2012 (stock-based compensation type)

Date for resolution	July 6 th , 2012 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 7 Employees of the Company (executive officers): 2
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

Share subscription rights issued in July 2013 (stock-based compensation type)

Date for resolution	July 5 th , 2013 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 7 Employees of the Company (executive officers): 2
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

Share subscription rights issued in July 2014 (stock-based compensation type)

Date for resolution	July 4 th , 2014 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 8 Employees of the Company (executive officers): 2
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

Share subscription rights issued in July 2015 (stock-based compensation type)

Date for resolution	July 7 th , 2015 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 8 Employees of the Company (executive officers): 1
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

Share subscription rights issued in July 2016 (stock-based compensation type)

Date for resolution	July 6 th , 2016 (Board of Directors)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 8 Employees of the Company (executive officers): 1
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above
Matters relating to the conditions of acquisition of share subscription rights	Same as above

The 14th share subscription rights

Date for resolution	June 21 st , 2016 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors and Employees of the Company (not include external directors) and the Directors and Employees of Subsidiaries (not include external directors). *Note 1
Type of shares to be issued upon the exercise of the share subscription rights	Common Stock
Number of shares	90,000 in Maximum *Note 2
Amount to be subscribed upon the exercise of the share subscription rights (yen)	*Note 3
Exercise period	From the day two years after the day following the Allocation Date to June 30 th , 2024
Conditions for the exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.
Matters relating to subrogation payment	-
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4
Matters relating to the conditions of acquisition of share subscription rights	*Note 5

Notes:

- Detail of Categories and numbers of persons to whom rights are granted will be separately ratified at Board of Directors of the Company.
- The number of shares issued upon the exercise of the share subscription rights (hereafter referred to as “Number of Shares Granted”) is 100. Meanwhile, the Number of Shares granted may be adjusted by following adjustment methods.)
If the Company conducts a stock split or reverse stock split, the Number of Shares Granted shall be adjusted according to the following formula, with resulting fractions less than 1 share to be rounded down.
Adjusted Number of Shares Granted
= Number of Shares Granted before adjustment × Stock split (or reverse stock split) ratio
In addition, if another unavoidable circumstance which requires adjusting the Number of Shares Granted occurs, the Number of Shares Granted shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.
- The amount to be paid by the holders upon the exercise of each share subscription right shall be the amount calculated by multiplying the amount to be subscribed per share (hereafter the “Exercise Price”) for the Company’s shares of common stock that may be issued upon the exercise of share subscription rights by the number of shares granted. Exercise Price shall be the higher of 1) averaged share price, which shall be calculated from the closing price of the shares at Tokyo Stock Exchange each day for a month before the month of exercise, or 2) closing price of the shares on the day before the day of exercise, multiplied by 1.025. However, if any of the

cases below takes places, the Exercise Price shall be adjusted by applying the following formulas, with resulting fractions less than one yen to be rounded up.

- (1) A stock split or reverse stock split of the Company stock occurs.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Stock split (or reverse stock split) ratio}}$$

- (2) If the Company issues shares of new common stock or disposes of its treasury stock at prices less than the then-current market price (excluding the exercise of share subscription rights).

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{\frac{\text{Number of shares already issued} + \text{Number of new shares to be issued (disposed of)} \times \text{Issue (disposal) price per share}}{\text{Market price}}}{\text{Number of shares already issued} + \text{Number of new shares to be issued}}$$

- (3) If another unavoidable circumstance which requires adjusting the Exercise Price occurs, the Exercise Price shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

4. In the event that the Company experiences a merger (only if the company is eliminated as a result of the merger), absorption-type company split or incorporation-type company split (in each case only if the Company becomes a split company), or stock swap or stock transfer (in each case only if the Company becomes a wholly owned subsidiary) (the above events hereafter collectively referred to by the general term “Structural Reorganization”), then the holders of share subscription rights remaining at the time the Structural Reorganization takes effect (hereafter referred to as “Remaining share subscription rights”) shall be provided with share subscription rights based on the conditions below for the public company as indicated in Article 236, Item 1, Number 8, (a) - (e) of the Corporation Law of Japan (hereafter referred to as “Reorganized Company”).

However, the provision of share subscription rights for the Reorganized Company in accordance with the conditions below shall occur only when such provision is specified in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, stock swap agreement, or stock transfer plan.

- (1) Number of share subscription rights for the Reorganized Company to be provided
The number of provided share subscription rights shall be the same as the number of Remaining share subscription rights possessed by the holder of the Remaining share subscription rights.
- (2) Type of Reorganized Company shares issued upon exercise of the share subscription rights
The issued shares shall be common stock of the Reorganized Company.
- (3) Number of Reorganized Company shares issued upon exercise of the share subscription rights
The number of issued shares shall be determined in accordance with “Number of shares issued upon exercise of stock acquisition rights” in the table above, with consideration for the conditions and other details of the Structural Reorganization.
- (4) Amount to be paid by the holder of the share subscription right upon exercise of that right
The amount to be paid by the holder of the provided share subscription right upon exercise of that right shall be the amount calculated by multiplying the post-reorganization paid-in amount (determined by adjusting the Exercise Price with consideration for the conditions and other details of the Structural Reorganization) by the number of Reorganized Company shares issued upon exercise of the stock acquisition rights as determined according to (3) above.
- (5) Period in which the share subscription rights can be exercised
The period shall be from either the later of the start date determined in “Exercise period for share subscription rights” above or the date on which the Structural Reorganization took effect until the end date determined in “Exercise period for stock acquisition rights” above.
- (6) Restrictions on acquisition of share subscription rights by transfer
The acquisition of share subscription rights by transfer requires approval by a resolution of the Reorganized Company Board of Directors.
- (7) Provisions for acquisition of the share subscription rights
This shall be determined in accordance with “Items related to the provisions for acquisition of share subscription rights” above.

5. If any of resolutions (1) - (5) listed below is approved by a General Meeting of Shareholders of the Company or, when a resolution of the General Meeting of Shareholders is not required, if a resolution by the Board of Directors or decision by a representative executive officer occurs, the Company shall be permitted to acquire share subscription rights at no cost on the date decided separately by the Board of Directors.

- (1) A resolution approving a merger agreement by which the Company becomes an extinct company
- (2) A resolution approving a split agreement or split plan by which the Company becomes a split company
- (3) A resolution approving a stock swap agreement or stock transfer plan by which the Company becomes a wholly owned subsidiary
- (4) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of any shares issued by the Company
- (5) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of shares which were issued by the Company upon exercise of share subscription rights, or in order for the Company to acquire all of this class of stock pursuant to a resolution by the General Meeting of Shareholders.

2 [Acquisition of treasury stock]

Type of shares: Acquisition of shares of common stock under Article 155, Paragraph 7 of the Company Law of Japan

(1) Acquisition of treasury stock based on a resolution approved at the annual general meeting of shareholders

Not applicable.

(2) Acquisition of treasury stock based on a resolution approved by the Board of Directors

Not applicable.

(3) Acquisition of treasury stock not based on a resolution approved at the general meeting of shareholders or Board of Directors

Classification	Number of shares(shares)	Total amount (Millions yen)
Treasury stock acquired during FY2017/3	426	1
Treasury stock acquired during the period for acquisition	0	-

Note: "Treasury stock acquired during the period for acquisition" does not include the number of shares under 1 unit purchased during the period from June 1st, 2017 to the filing date of this Financial Document (Yuukashoken-houkokusho).

(4) Current status of disposition and holding of acquired treasury stock

Classification	FY2017/3		Period for acquisition	
	Number of shares	Total disposition amount (Millions yen)	Number of shares	Total disposition amount (Millions yen)
Acquired treasury stock for which subscribers were solicited	-	-	-	-
Acquired treasury stock which was disposed	-	-	-	-
Acquired treasury stock for which transfer of shares was conducted in association with merger, stock exchange, or corporate separation.	-	-	-	-
Others (-)	-	-	-	-
Number of shares of treasury stock held	35,819	-	35,819	-

Note: "Number of shares of treasury stock held during the period for acquisition" does not include shares under 1 unit which were sold between June 1st, 2017 to the filing date of this Financial Report (Yuukashoken-houkokusho) was submitted.

3 [Dividend policy]

The Company 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 growth fields.

The Company makes it a basic policy to distribute dividends from surplus twice annually (an interim dividend and a year-end dividend). Dividends are determined with consideration for various factors, including consolidated business results, financial position, investments for business expansion, and shareholders' long-term prospects.

For FY2017/3, the Company paid ¥72 per share as the dividend, including an interim dividend (¥34 per share) paid on Dec. 7th, 2016. The Company considers maintaining a core policy regarding the distribution of profits linked to the business performance of the Company and aims to pay stable dividends targeting a consolidated dividend payout ratio of 30%. Also, considering the aim to provide stable and continuous dividend payments, the Company deems to maintain an annual dividend of ¥20 per share regardless of consolidated profits of the Company. However, it is at the discretion of the Board to review this basic policy if the Company experiences losses in two consecutive years.

Retained earnings will be used effectively for the research and development, optimization of production, sophistication of Information security systems, expansion of overseas sales, 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 has included the following statement in its articles of incorporation. "Pursuant to a resolution of the Board of Directors, interim dividends may be paid to shareholders or registered pledges listed or recorded in the latest shareholder registry on September 30th of each year." The Board of Directors acts as the deciding body for the interim dividend, while the General Meeting of Shareholders acts as the deciding body for the year-end dividend.

(Note): Dividends for which the record date belongs to the current fiscal year are as follows.

Date of resolution	Total dividend amount (Millions yen)	Dividend per share (yen)
November 11 th , 2016 Resolution of the Board of Directors meeting	1,407	34.00
June 26 st , 2017 Resolution of the annual general meeting of shareholders	1,575	38.00

4 [Changes in the market price of the Company's share]

(1) Highest and lowest share prices during the past 5 fiscal years

Fiscal term	90 th	91 st	92 nd	93 rd	94 th
Fiscal Year-end	March, 2013	March, 2014	March, 2015	March, 2016	March, 2017
Highest (yen)	2,093	2,528	2,985	2,987	3,965
Lowest (yen)	962	1,635	1,610	1,970	2,038

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

(2) Highest and lowest share prices during the past 6 months

Month	Oct., 2016	November	December	Jan., 2017	February	March
Highest (yen)	2,869	3,260	3,620	3,840	3,965	3,795
Lowest (yen)	2,676	2,583	3,090	3,415	3,625	3,475

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

5 [Directors and Auditors]

Number of Male director : 15, Female director:0 (Female-to-number of Directors ratio:0%)

Function	Position	Name	Date of birth	Career profile		Term of office	Number of shares owned (1,000s)
Director	Chairman	Kunimasa Ota	Feb. 16 th , 1949	April 1971 June 1999 April 2001 April 2002 June 2002 April 2003 June 2004 April 2011 April 2015 April 2017	Joined The Fuji Bank Limited. (now Mizuho Bank, Ltd.) Director and Accounting Division Manager at Toho Rayon Co., Ltd. Joined the Company Managing Executive Officer of Administration Company Director President of the Administration Company Representative Director President Chairman (Representative Director) Chairman (Director)(current position)	*Note 3	15
Representative Director	President and CEO	Hitoshi Yoshida	Nov. 26 th , 1959	April 1983 April 2002 June 2005 Oct. 2007 June 2011 April 2015	Joined the Company Executive Officer of Metrology Company Director President of Metrology Company Representative Director President and CEO (current position)	*Note 3	6
Representative Director	Vice President and COO	Ryuichi Kimura	Dec. 30 th , 1962	April 1986 April 2005 June 2005 Aug. 2007 June 2011 April 2015	Joined the Company Executive Officer of Semiconductor Company Director President of Semiconductor Company Representative Director Vice President and COO (current position)	*Note 3	2
Representative Director	CFO	Koichi Kawamura	Oct. 5 th , 1957	April 1980 April 2008 June 2009 June 2011 April 2015	Joined The Fuji Bank Limited. (now Mizuho Bank, Ltd.) Joined the Company, Senior Executive officer of Administration Company Director President of Administration Company Representative Director and CFO (current position)	*Note 3	5
Director	Senior Executive Officer of Semiconductor Company	Akihiro Endo	Jan. 10 th , 1958	April 1981 Oct. 2002 Oct. 2005 April 2009 April 2012 June 2012	Joined Oki Electric Industry Co., Ltd. Joined the Company Executive Officer of Semiconductor Company General manager of Technology div. (current position) Senior executive officer of Semiconductor Company (current position) Director (current position)	*Note 3	2
Director	Senior Executive Officer of Metrology Company	Masahiro Tomoeda	May 4 th , 1955	April 1986 Oct. 2002 April 2005 April 2013 June 2014	Joined the Company Executive Officer of Metrology Company General Manager of Sales Division, Metrology Company (current position) Senior Executive Officer of Metrology Company (current position) Director (current position)	*Note 3	2
Director	Managing Executive Officer of Semiconductor Company	Takahiro Hokida	April 24 th , 1962	July 1986 Oct. 1995 April 2010 April 2012 April 2014 June 2015	Joined YDK Co., Ltd Joined the Company Executive officer of Semiconductor Company General Manager of Test Technology Division (current position) Managing executive officer of Semiconductor Company (current position) Director (current position)	*Note 3	1

Function	Position	Name	Date of birth	Career history		Term of office	Number of shares owned (1,000s)
Director	Part-time	Wolfgang Bonatz	Dec. 21 st , 1964	Oct. 1992 April 1996 Nov. 1999 Oct. 2001 June 2002	Joined Tokyo Seimitsu Europe GmbH (now Accretech (Europe) GmbH). Operations Manager Director President (current position) Director (part-time) of the Company (current position)	*Note 3	2
Director	Part-time	Hirokazu Matsumoto	Sep. 28 th , 1947	April 1976 Mar. 1983 Feb. 1988 Aug. 1997 April 1999 April 2001 Jan. 2007 April 2008 April 2013 June 2013	Researcher, Measurement Research Center at Agency of Industrial Science and Technology Visiting Researcher, National Bureau of Standards, USA Optical Measurement Section Manager, Quantum Dept., Agency of Industrial Science and Technology General Manager of Quantum Dept. Visiting Professor of Graduate School at Tokyo University of Science Deputy Director / Lengths and Dimensions Division Leader, Metrology Institute of Japan Senior Research Fellow of National Institute of Advanced Industrial Science and Technology Project Professor of Dept. of Precision Engineering, School of Engineering at the University of Tokyo Project Researcher (Current position) Director (part-time) of the Company (Current position)	*Note 3	-
Director	Part-time	Shozo Saito	July 9 th , 1950	June 2007 June 2010 June 2012 June 2015	Executive Officer, Corporate Senior Vice President of Toshiba Corporation Executive Officer, Corporate Executive Vice President Director, Representative Executive Officer, and Corporate Senior Executive Vice President Director (part-time) of the Company (Current position)	*Note 3	-
Director	Part-time	Donglei Tang	Nov., 27 th , 1962	Nov. 2005 June 2010 May 2015 June 2017	Joined Tsugami Corporation Vice Chairman and CEO of Precision Tsugami (China) Corporation (current position) Director of Precision Tsugami (Hong Kong) Limited (current position), and CEO of Precision Tsugami (China) Corporation Limited (current position) Director (part-time) of the Company (Current position)	*Note 3	-
Auditor	Full-time	Hideo Sawada	Jan. 26 th , 1947	April 1969 Mar. 1997 Nov. 2002 April 2005 Jan. 2007 April 2010 June 2010	Joined Hitachi Ltd. General Manager of Patent Promotion Center Joined the Company Executive Officer of Administration Company, General Manager of IP Dept. Section Adviser, General Manager of Legal and IP Dept. Section Adviser Auditor (current position)	*Note 4	7
Auditor	Part-time	Naomi Inoue	Nov. 6 th , 1950	April 1974 May 1998 April 2002 April 2007 April 2008 Mar. 2010 June 2013	Joined The Fuji Bank, Limited. Joined The Fuji Bank Limited. (now Mizuho Bank, Ltd.,) General Manager, Related Business Dept. Executive Officer of Mizuho Bank, Ltd. Managing Director Auditor of Mizuho Securities Co., Ltd. President of Mizuho Information & Research Institute, Inc. President of Joban Kosan, Ltd. (current position) and Auditor (part-time) of the Company (current position)	*Note 6	-

Function	Position	Name	Date of birth	Career history		Term of office	Number of shares owned (1,000s)
Auditor	Part-time	Yoshiro Hayashi	July 2 nd , 1948	June 2003 June 2006 June 2014 June 2015	Audit & Supervisory Board Member of Toyota Motor Corporation President of Panasonic EV Energy Co., Ltd (now Primearth EV Energy Co., Ltd) External Director of Toyo Kohan Co., Ltd (Current Position) External Auditor of Toyoda Gosei Co., Ltd.(Current Position) Auditor (part-time) of the Company (current position)	*Note 5	-
Auditor	Part-time	Masahiro Maeda	July 15 th , 1957	Mar. 1981 Jan.1991 Jan. 2000 Feb. 2000 Feb. 2005 June 2015 June 2017	Joined Tohmatsu Aoki & Co. Joined Tadashi Furumoto Certified public Accounting and Tax Office Representative of <i>Masahiro Maeda</i> Certified Public Accounting and Tax Office (current position) Representative of Mas Tax Consulting Co., Ltd. (current position) CEO of Revival Support Co. Ltd. (current position) External Auditor of Japan Pile Corporation (now Asia Pile Holding Corporation)(current position) Auditor (part-time) of the Company (current position)	*Note 6	-
Total							46

Notes:

1. Directors Hirokazu Matsumoto, Shozo Saito, and Donglei Tang are external corporate directors.
2. Auditors Naomi Inoue, Yoshiro Hayashi, and Masahiro Maeda are external corporate auditors.
3. Until the conclusion of the Regular General Meeting of Shareholders for the final fiscal year ending within 1 year following the conclusion of the Regular General Meeting of Shareholders which was held on June 26th, 2017.
4. Until the conclusion of the Regular General Meeting of Shareholders for the final fiscal year ending within 4 years following the conclusion of the Regular General Meeting of Shareholders which was held on June 24th, 2014.
5. Until the conclusion of the Regular General Meeting of Shareholders for the final fiscal year ending within 4 years following the conclusion of the Regular General Meeting of Shareholders which was held on June 23rd, 2015.
6. Until the conclusion of the Regular General Meeting of Shareholders for the final fiscal year ending within 4 years following the conclusion of the Regular General Meeting of Shareholders which was held on June 26th, 2017.

6 [Corporate governance and others]

(1) Status of Corporate Governance

(1) Corporate Governance philosophy

I. The Company operates corporate governance systems described as follows, which have been ratified by the Board of Director in May, 2006(most recently revised in January, 2016).

1. Basic corporate governance philosophy

The philosophy of the Company can be expressed as “Creating the World’s No.1 products through uniting worldwide outstanding technologies, wisdoms, and information, and growing together”. In order to establish WIN-WIN relationship with all stakeholders including shareholders, customers, suppliers and employees and to sustain long-term growth, the Company keeps diligent and transparent operations through strengthening corporate governance and compliance.

2. Systems to ensure that Directors of the Company, directors of its subsidiaries, and these employees’ business dealings meet laws and articles of incorporation

i. To meet appropriate corporate governance standards, the Board of Directors of the Company and its subsidiaries have put in place an effective internal control system and established a system for compliance with laws, regulations, and the articles of incorporation.

ii. The Company has the “Accretech Group Code of Conduct” to ensure that in all business activities, employees always observe laws, regulations, the articles of incorporation, company rules, and social rules, to conduct themselves in an ethical and honest manner.

iii. The Company has a “Compliance Committee,” chaired by the Director in charge of the Administration Company, to maintain the internal organization for the compliance and to promotion of compliance policies, and to set up procedures that all personnel in the Company and affiliated companies must adhere to.

iv. The Company has a system for reporting incidents relating to compliance, by which the responsible directors report details and action plans to the Board of Directors and Auditors in a timely manner.

v. The Company has the Audit dept. which is overseen directly by the President and CEO, and carries out the Company and its subsidiaries’ internal audits in order to verify issues such as compliance with laws, regulations, the articles of incorporation, company rules, and validity of management decision making.

vi. The Company has an internal whistleblower system to accept reports or provide consultation on incorrect behaviors of the Company and its subsidiaries that are against social norms or corporate ethics. Appropriate measures are taken to protect whistleblowers and maintain transparency.

vii. The Board of Auditors audits the effectiveness and functions of the internal control system.

3. Systems of information management of Director’s business dealings

i. Directors shall secure all information and documents related to business dealings based on the “Information Security Control Rules”.

ii. Upon requests by Directors and Auditors, this information will be made available for inspection.

4. Systems for the Company and its subsidiaries’ risk managements

i. The Company works to prevent potential risks. If risks appear, all personnel in the Company immediately carry out activities quickly and calmly.

ii. The Company has “Regulations for risk management” for the purpose of understanding risks that may affect the business operations and its management. The Company has also a “Risk Management Committee,” chaired by President and CEO. This committee helps prevent potential risks, while developing a system for emergency preparedness in accordance with Regulations for risk management.

iii. If the Audit dept. finds any violation of laws, regulations, the articles of corporation or internal rules, or any performance of duties that may cause a loss due to some other reasons at the Company or its subsidiaries, the Manager of the Audit dept. immediately notifies the President and CEO and instructs employees to implement corrective or improvement actions.

iv. In the event of a risk scenario arising, the committee would immediately establish a

- “Risk Response Team ” managed by the President and CEO, and carry out activities aimed at responding to the risk and quickly bringing it under control.
5. Systems for effect business operations by Directors of the Company and its subsidiaries
 - i. The Boards of Directors of the Company and its subsidiaries determine material issues pertaining to management policy and other items and oversees the performance of duties by the Directors, in accordance with the internal rules including those of the Boards of Directors. They have a framework to ensure the distribution of sufficient materials related to the agenda to all the Directors.
 - ii. In order to realize quick business decisions for R&D and/or tactics based on market conditions, the Company adopts an executive officer system. The Company holds regular executive officer meetings to monitor the status of business plans.
 - iii. For the execution of routine business, the Company delegates authority and responsibility to appropriate personnel based on the Company’s regulations in accordance with business authorization and responsibility.
 6. Systems to ensure the proper performance of other duties at the Company and its subsidiaries
 - i. The Company has “Regulations for applications and reports from Subsidiaries” on matters to be declared or reported to the Company from subsidiaries, based on which important issues are reported to the Company, and some require the approval of the Company.
 - ii. The Management Support Dept. under the direct control of the President and CEO collects information on important issues and serious risks at the subsidiaries to share information between the Company and the subsidiaries and properly perform duties in the interest of the Group.
 - iii. If the Management Support Dept. identifies a risk of loss at an affiliated company, it immediately reports to the Board of Directors and divisions concerned the nature, degree and impact of the loss.
 - iv. The Management Support Dept. actively shares information with the Audit Dept. and other relevant divisions of the Company or subsidiaries in order to prevent improper transaction or accounting related to the Company and its subsidiaries.
 7. Systems to ensure the creditability of financial statements
 - i. The Company has “Basic Policy on Internal Control over Financial Reporting” to sufficiently reduce risks against the credibility of financial reporting by the Company and its subsidiaries.
 - ii. The Company and its subsidiaries strive to ensure the validity of financial reporting by segregating responsibilities and conducting daily monitoring in the performance of their daily duties.
 - iii. The Audit Dept. evaluates and checks the validity of internal control systems related to financial reporting at the Company and its subsidiaries.
 - iv. For matters which are highly likely to have significant impact on the financial situation, the Directors, Auditors, and Public Accountants properly share information among themselves.
 8. Matters for employees who have been appointed to support Auditor’s tasks
If necessary, the Company assigns around two employees belonging to the Management Support Dept. and/or Audit Dept. to assist the Auditors.
 9. Systems to ensure the independence of employees who assist auditors from the Directors, and those on the effectiveness of instructions of the Auditors to such employees
 - i. The employees who assist the Auditors described in the preceding paragraph do not receive any instructions from superiors of the division they belong to for matters for which they receive instructions from the Auditors.
 - ii. The appointment and/or transfer of employees to support Auditors shall be agreed by the Board of Auditors.
 - iii. The assessment of employees to support Auditors shall be referred for Auditor’s opinion.

10. Systems for reporting from Directors of the Company and/or the subsidiaries, employees and/or Auditors of the subsidiaries to the Auditors of the Company
 - i. The Directors and employees of the Company and its subsidiaries shall make report or provide information as necessary, as determined by the Board of Auditors of the Company, on request of the Auditors.
 - ii. Major matters to be reported on are as follows.
 - Internal Control System activities of the Audit Dept. and Management support Dept.
 - Activities of the Auditors and internal audit divisions of subsidiaries
 - Significant accounting principles and standards of the Company and their significant changes
 - Contents of business results and forecast to be announced, and contents of important disclosure documents
 - Management of the internal whistleblower system and reported contents
 - Distribution of internal *Ringi* (Ratification request) and minutes of meetings requested by the Auditors
 - iii. The Company and its subsidiaries ensure that their Directors and employees and the Auditors of subsidiaries are not treated unreasonably because of such reporting or information provision to the Auditors.
11. Systems to ensure effective Audit by other Auditors
 - i. The Representative Directors hold regular meetings with the Auditors to exchange opinions on the management of the Company and communicate each other, separately from the reporting of the performance of duties.
 - ii. The Board of Directors ensures that the Auditors participate in important meetings such as Executive Management Meetings to ensure proper performance of their duties.
 - iii. The Company shall bear all the necessary expenses or debts for the Auditors to perform their duties. Upon claim of advance payment of such expenses pursuant to the Companies Act, it shall immediately pay after confirming with the relevant divisions.
12. Policies and preparations for the severance of relationships with anti-social forces
 - i. The Company and its subsidiaries does not have any relationships with anti-social forces. In a case where anti-social forces contact the Company or its subsidiaries, the Group will immediately notify and inform the police department and other relevant organizations, and will manage it with lawyers and other relevant organizations as necessary.
 - ii. The Company and its subsidiaries mandate the severance of relationships with anti-social forces as a part of the "Accretech Group Code of Conduct," and collects related information from sources such as the relevant police departments and the shareholder registry, in order to understand the most recent changes in preparation for unforeseen events. Responses to anti-social forces are determined by each responsible department, and are carried out in cooperation with external organizations as necessary.

II. Status of the risk management system

The Company has “Risk Management Regulations,” and a “Risk Management Committee” chaired by the President and CEO, which is intended to identify and manage risks associated with our business practices. Based on the Risk Management Regulations, the Risk Management Committee helps prevent potential risks, while developing a system for emergency preparedness. In addition, during risks situations, this committee immediately establishes a “Risk Response Team” that is managed by the President and CEO, and carries out activities aimed at responding to the risk and quickly bringing it under control.

1. Composition of the Risk Management Committee
 - i. The committee chairman is the President and CEO.
 - ii. The Vice Chairman and committee members are appointed from the executive officers at each internal company, the directors of subsidiaries, or equivalent persons.
 - iii. The secretariat is the director in charge of Administration Company.
2. Activities of the Risk Management Committee
 - i. The Risk Management Committee initially formulates the risk management action plan in the beginning of any Fiscal Year, then follows that action plan and convenes regular meetings of the committee at least once every 2 months, and requests reports from primary risk divisions concerning activities to prevent potential risks.
 - ii. The Risk Management Committee reports the minutes of the regular meetings as necessary to the Board of Directors.
3. Communication system for manifested risks

If a risk becomes manifested, the Risk Management Committee and primary risk divisions immediately report the details of the manifested risk and the plan for correction to the Board of Directors and Board of Auditors via the Risk Management Committee members and the responsible officials. If necessary, the “Risk Response Team” is also immediately established.
4. Composition of the Risk Response Team
 - i. The team is managed by the President and CEO.
 - ii. The secretariat is the director in charge of Administration Company.
 - iii. The team members are the related directors and auditors, as well as persons assigned by the President and CEO.
5. Duties of the Risk Response Team
 - i. Collect information concerning the manifested risk
 - ii. Review, decide on, and carry out response plan
 - iii. Communicate with and respond to related government agencies
 - iv. Create a plan for and respond to media institutions
 - v. Review, decide on, and carry out plans to prevent recurrence
 - vi. All other duties related to the manifested risk
6. Notification of the manifest risk
 - i. When notification to the government agencies concerning the manifested risk is necessary, the notification shall be made to the responsible government agencies quickly and accurately.
 - ii. Notification to government agencies is the duty of the Risk Response Team chief secretariat.
 - iii. The chief secretariat must obtain the advance approval of the Board of Directors for the contents of the notification to the government agencies.
7. Important points concerning the Risk Response Team
 - i. When reviewing and deciding on response plans and recurrence prevention plans, the Risk Response Team shall pay sufficient attention to the effects on the company trust and reputation, and to the effects on business performance.
 - ii. In order to resolve the manifested risk, the Risk Response Team is permitted to request the advice of third parties as necessary.
8. Disbanding of the Risk Response Team

The Risk Response Team is disbanded by a decision of the team secretariat when the manifested risk has been eliminated.

III. Outline of the contract between the Company and Directors (excluding those who have executive authority over operations) and Auditors as stipulated in Article 427, No. 1 of the Company Law of Japan

As stipulated in Article 427, No. 1 of the Company Law of Japan, the Company concludes a contract with Hirokazu Matsumoto, Shozo Saito, and Donglei Tang of external corporate directors, and with Naomi Inoue, Yoshiro Hayashi and Masahiro Maeda of external corporate auditors. The Outline of the contract is as follows.

1. Limited indemnity

Where external Corporate Director and/or Auditors violates in Article 423, No. 1 of the Company Law of Japan, forgetting duty of external corporate director/auditors, and made loss to the Company, if it was a benevolent act and without obvious negligence is confirmed, then the upper limit of indemnity shall be set as the limit of indemnity as stipulated in Article 425, No. 1 of the Company Law of Japan.

2. Ratification of compliance with limited responsibility

The Company will ratify if the act of related external corporate director/auditors comply with the limited responsibility described above.

3. Approval from shareholder's meeting

If the Company's external Corporate Director and/or auditors acts cause loss to the Company over range as described by the limited liability, and if the contracts limited these Director/Auditor's liability, these Director/Auditors shall not receive any financial benefits including, but not limited to retirement benefits from the Company without approval from a shareholders meeting.

4. Expiration of limited liability contract

If the external Corporate Director/auditors are appointed to director, executive officer, and/or employees of the Company and/or subsidiaries, the contract shall be expired thereafter.

(2) Internal audits and independent auditor audits

I. Organization, personnel, and procedures for internal audits and independent auditor audits

1. The Board of Auditors, as a parallel organization to the Board of Directors, is composed of 1 internal auditor and 3 external corporate auditors. Through means such as attending meetings of the Board of Directors and other important meetings, holding hearings concerning the status of business practices, and examining important financial documents, the members carry out audits related to the business practices, accounting processes, financial management, and other activities of the Company, checking for any actions which violate laws, regulations, or the duty of good faith.

2. The Audit Dept. is a different internal auditing organization. This organization is overseen directly by the President and CEO, and is composed of 1 member. It is primarily tasked with checking compliance against laws and regulations, conforming to the articles of incorporation, and validating management actions through internal audit. If the Audit dept. finds any violation against laws, article of incorporation and /or regulations, the Audit dept. must immediately report to the Company's President and CEO and issue instructions for corrections.

II. Cooperation among internal audits, independent auditor audits, and accounting audits

When reviewing to determine whether or not the annual financial reports reflect the true status of the Company, the Board of Auditors receives reports and explanations from the accounting auditors. The Board of Auditors and the accounting auditors hold meetings for reporting and reviews related to matters such as accounting audit systems, plans, and operating conditions once every 3 months, working to maintain close cooperation. The Board of Auditors and the Audit dept. hold meetings for reporting and review once a month. The Auditors also comprise the members of the Advisory Committee, which assists the Chairperson of the Board of Directors. This committee advises on various topics of management. Upon request such as from the Board of Directors or Executive Officers Meeting, this committee may also provide advices for necessary actions within the Audit dept.

III. Auditors financial expertise

The auditors, especially external corporate auditors have significant knowledge of finance and accounting matters through their abundant corporate experience including working at the financial institutions.

(3) External Corporate Directors and Auditors

I. Personal relationships, capital relationships, and commercial or other business relationships between the Company and the outside Directors/Auditors

1. Number of external corporate directors: 3, Number of external corporate auditors: 3
2. The relationships between the external corporate auditors and the Company are as follows.

	Name	Relationship	Capital relationship (number of shares of the Company owned)	Commercial or other business relationship
External corporate directors	Hirokazu Matsumoto	Not applicable	0 shares	None
	Shozo Saito	Not applicable	0 shares	None
	Donglei Tang	Not applicable	0 shares	None
External corporate auditors	Naomi Inoue	Not applicable	0 shares	None
	Yoshiro Hayashi	Not applicable	0 shares	None
	Masahiro Maeda	Not applicable	0 shares	None

- Hirokazu Matsumoto, an external corporate director, is a researcher at the University of Tokyo. There is no business relationship and/or interest to be stated in this report between the Company and the University.
 - Shozo Saito, an external corporate director, had joined Toshiba Corporation. There is a business relationship that the Company sells some equipment to Toshiba Corporation.
 - Donglei Tang, an external corporate director, had joined Tsugami Corporation and is currently assigned as a director of its affiliated company. The Company and Tsugami Corporation have a mutual relationship in shareholding and corporate auditor assignment. There is a business relationship that the Company sells some equipment to Tsugami Corporation.
 - Naomi Inoue, an external corporate auditor, had joined the Mizuho Bank., Ltd. The Company has loans payable from Mizuho Banking Group. He is also a President of Joban Kosan, Ltd. There is no business relationship between the Company and Joban Kosan, Ltd.
 - Yoshiro Hayashi, an external corporate auditor, had joined Toyota Motor Corporation. There is a business relationship that the Company sells some equipment to Toyota Motor Corporation. He is also an external director of Toyo Kohan Co., Ltd., but there is no business relationship and/or interest to be stated in this report between the Company and Toyo Kohan Co., Ltd.
 - Masahiro Maeda, external corporate auditor, is certified as both public accountant and Tax accountant. He is also a representative of an accounting firm, but there is no business relationship and/or interest to be stated in this report between the Company and his accounting firm. In addition, there is no business relationship between the Company and the companies of which he is assigned as a representative.
- II. The roles and functions of external corporate director and auditors in order to maintain Corporate Governance
1. The external Corporate Director shall participate in important meetings such as Board of Directors, and supervise business decisions, and business dealings in areas relating to his/her special knowledge and operations of his/her organizations experiences.
 2. The external Corporate Auditors shall participate in important meetings such as Board of Directors, and audit functionality and effectiveness of internal control systems in keeping with each special knowledge and operations of his/her organizations experiences.
 3. The external Corporate Director and Auditors shall carry out their functions as independent positions which shall not cause conflict of interest against general shareholders.
- III. Status of appointing external corporate director and auditors
1. The Company has regulation defining independence between external Corporate Director and Auditors and the Company. Based on the regulation, the Company appoints persons to these roles who are independent of the general shareholders, and are available to scrutinize Company management from a neutral position.
 2. The external corporate director has been appointed with the expectation that his special knowledge in engineering and experience leading his organization at the companies and research institutes may positively affect the Company's business operations.

3. The external corporate auditors have been appointed with expectation that their special knowledge of finance, service, and manufacturing and their abundant experiences may positively affect the Company's audit.
- IV. Coordination among audits by external corporate director/auditors, internal audits, audits by auditors and accounting audits, and relationships to internal control division
1. The external Corporate Director shall participate in important meetings such as Board of Directors, and supervise director's business dealings, and/or freely provide advice differing from the views of other executive directors.
 2. The external corporate auditors shall cooperate with the Board of Auditors and have mutual relationship among Board of Directors, Audit dept. and related agency and/or division.

(4) Compensation paid to directors and auditors

I. Total amounts and types of compensation to the Directors/Auditors of the Company

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

Type	Total numbers of compensation (Millions yen)	Type of compensation (Millions yen)				Applicable directors and auditors (person)
		Basic compensation	Stock Option	Bonus	Retirement Benefits	
Directors (except external Corporate Director)	349	273	75	-	-	9
Auditors (except external Corporate Auditors)	19	19	-	-	-	1
External Corporate Director and Auditors	39	39	-	-	-	5

Notes

1: Compensation to directors shall be less than ¥360 million per year based on the ratification at the 83rd annual shareholders meeting held in June, 2006. In addition to this ratification, the 83rd annual shareholders meeting also ratified that the compensation by the share subscription rights as stock options shall be less than ¥200 million per year.

2: Compensation to the auditors shall be less than ¥60 million per year based on the ratification at the 83rd annual shareholders meeting held in June, 2006. In addition to this ratification, the 83rd annual shareholders meeting also ratified that the compensation by the share subscription rights as stock options shall be less than ¥15 million per year.

II. Consolidated Compensation paid to each Directors/Auditors by the Company

Consolidated compensation paid to each Directors/Auditors omitted because there are no Directors/Auditors who are paid over ¥100 million per year by the Company.

III. Important notification of salary to the director-employees

Not applicable.

IV. Policy of determining compensation for the Directors/Auditors

The Company has a procedure for determining compensation for Directors/Auditors, as follows.

1. Compensation for the Directors

The compensation committee, organized by a part of representative directors and other directors are entrusted by Board of Directors to determine compensation to each director based on the representative director compensation multiplied by a certain ratio for each position. This committee consults the Audit committee in relation to such matters and the Audit committee reports to representative directors.

Compensation for internal directors consists of monthly compensation, performance-linked compensation and incentive compensation in order to make compensation levels appropriately linked to the business performance and sustainable growth of the company value.

The compensation for the external directors is consists of only monthly compensation.

2. Compensation for the Auditors

Compensation to the Auditors is determined by the Board of Auditors.

(5) Shares held by the Company

- I. Description of shares held by the Company without a purpose of net investment and accounted on balance sheet

Number of Brands: 31 brands

Total amounts Accounted on Balance Sheet: ¥2,678 million

- II. Types, Brands, Number of holdings, Amount recorded on Balance Sheet, and Purpose of shareholdings by the Company without the purpose of net investment

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

Specific Shares for investment

Brand	Number of share holdings by the Company (shares)	Accounted on Balance Sheet (Millions yen)	Purpose of share holdings
Chipmos Technologies (Bermuda) Ltd	380,506	738	Sales activity(such as smooth dealing)
Toyota Motor Corporation	100,000	595	Same as at above
Asahi Diamond Industrial Co., Ltd.	400,000	403	Same as at above
NSK Ltd.	296,900	305	Same as at above
TPR Co., Ltd.	100,000	295	Same as at above
Tokyo Electron Limited	23,300	170	Same as at above
KYOCERA Corporation	31,000	153	Same as at above
Yamazaki Co., Ltd.	160,000	136	Same as at above
THK CO., LTD.	60,000	124	Same as at above
Toa Corporation	380,000	101	Same as at above
Tomita Co., Ltd.	125,538	87	Same as at above
Formfactor, Inc.	66,667	54	Same as at above
Tokyo TY Financial Group, Inc.	18,500	48	Same as at above
Mitsubishi UFJ Financial Group, Inc.	80,000	41	Same as at above
Asahi Glass Co., Ltd.	51,000	31	Same as at above
Micron Machinery Co., Ltd.	10,000	29	Same as at above
Taiho Kogyo Co., Ltd.	20,000	23	Same as at above
Eiwa Corporation	29,040	19	Same as at above
Joyo Bank, LTD.	48,510	18	Same as at above
Daiichi Sankyo Company, Limited	4,636	11	Same as at above
Sato Shoji Corporation	14,834	9	Same as at above
JX Holdings, Inc.	21,400	9	Same as at above
Tsukuba Bank, Ltd.	28,000	8	Same as at above
Nippon Telegraph and Telephone Corporation	1,428	6	Same as at above
Resona Holdings Inc.	16,275	6	Same as at above

Shares subject to deemed holding

Brand	Number of share holdings by the company (shares)	Accounted on Balance Sheet (Millions yen)	Purpose of share holdings
Tsugami Corporation	2,592,000	1,060	The Company holds voting rights.
Advantest Corporation	40,400	42	Same as at above
Sumitomo Mitsui Financial Group, Inc.	10,800	36	Same as at above
Nikon Corporation	19,000	32	Same as at above
Oki Electric Industry Co., Ltd.	51,000	8	Same as at above

Note: Upon listing higher-ranked brands accounted on Balance Sheet, totaling of Specific shares for investment and Shares subject to deemed holding is not performed.

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

Specific Shares for investment

Brand	Number of share holdings by the Company (shares)	Accounted on Balance Sheet (Millions yen)	Purpose of share holdings
NSK Ltd.	296,900	472	Sales activity(such as smooth dealing)
TPR Co., Ltd.	100,000	365	Same as at above
Mizuho Financial Group, Inc.	1,767,410	360	Same as at above
Asahi Diamond Industrial Co., Ltd.	400,000	326	Same as at above
Kyocera Corporation	31,000	192	Same as at above
THK Co., Ltd.	60,000	168	Same as at above
Yamazen Co., Ltd.	160,000	160	Same as at above
Formfactor, Inc.	66,667	87	Same as at above
Tomita Co., Ltd.	126,794	96	Same as at above
Toa Corporation	38,000	76	Same as at above
Tokyo TY Financial Group, Inc.	18,500	61	Same as at above
Mitsubishi UFJ Financial Group, Inc.	80,000	55	Same as at above
Asahi Glass Co., Ltd.	51,000	46	Same as at above
Micron Machinery Co., Ltd.	10,000	35	Same as at above
Taiho Kogyo Co., Ltd.	20,000	33	Same as at above
Eiwa Corporation	29,040	26	Same as at above
Mebuki Financial Group, Inc.	56,756	25	Same as at above
Kuroda Precision Industries Ltd.	40,750	15	Same as at above
Sato Shoji Corporation	14,834	12	Same as at above
JX Holdings, Inc.	21,400	11	Same as at above
Resona Holdings Inc.	16,275	9	Same as at above
Okuma Corporation	7,497	8	Same as at above
Tsukuba Bank, Ltd.	28,000	8	Same as at above
Nihon Denkei co.ltd.	6,348	7	Same as at above

Shares subject to deemed holding

Brand	Number of share holdings by the company (shares)	Accounted on Balance Sheet (Millions yen)	Purpose of share holdings
Tsugami Corporation	2,592,000	1,918	The Company holds voting rights.
Advantest Corporation	40,400	84	Same as at above
Sumitomo Mitsui Financial Group, Inc.	10,800	43	Same as at above
Nikon Corporation	19,000	30	Same as at above
Oki Electric Industry Co., Ltd.	5,100	8	Same as at above
Innotech Corporation	10,000	6	Same as at above

Note: Upon listing higher-ranked brands accounted on Balance Sheet, totaling of Specific shares for investment and Shares subject to deemed holding is not performed.

III. Purposes of share holdings by the Company with the purpose of net investment Not applicable.

(6) Financial Auditing

I. Names, affiliated independent auditors, and years of continuous auditing service for the Certified Public Accountants who have carried out auditing work

Name of Certified Public Accountant		Affiliated independent auditor	Years of continuous auditing service
Designated employee and partner	Yuji Mukaide	Ernst & Young ShinNihon LLC	-
	Kanako Kitamoto		-

II. Assistants to the audits Certified Public Accountants: 5, Others: 19

(7) Authority for the Board of Directors to decide resolutions of the General Meeting of Shareholders

- I. In order for the Company to be able to carry out its capital strategy in a flexible manner that is appropriate for changes in the business environment, the articles of incorporation state that "under the provisions of Article 165, Paragraph 2 of the Company Law of Japan, the Company may, by resolution of the Board of Directors, acquire its own shares through market trading and other means that are identified in Paragraph 1 of the same article."
- II. In order to return profits to the shareholders in a flexible manner, the articles of incorporation state that "the Company may, by resolution of the Board of Directors, pay an interim dividend to shareholders or registered pledgees listed or recorded in the latest shareholder registry on September 30th of each year."

(8) The maximum number of directors as determined by the articles of incorporation The Company determined maximum number of directors as 15 by the articles of incorporation.

(9) Resolutions to appoint directors as determined by the articles of incorporation The articles of incorporation of the Company require that "resolutions which appoint directors must be made at meetings where shareholders with a minimum of 1/3 of the exercisable shareholder voting rights are present, and must be approved by a majority of the present voting rights," and also that such resolutions "shall not be decided by cumulative voting."

(10) Requirements for special resolutions of the General Meeting of Shareholders In order to ensure smooth operation of the General Meeting of Shareholders by reducing the quorum required for a special resolution, the articles of incorporation state that "the resolutions which are identified in Article 309, Paragraph 2 of the Company Law of Japan require the attendance of 1/3 or more of shareholders with voting rights, and shall be decided by a minimum 2/3 majority of the voting rights present."

(2) Status of remuneration to auditors, and others

(1) Remuneration for public accountants

	FY2016/3		FY2017/3	
	Remuneration related to Audit & assurance (Millions yen)	Remuneration not related to Audit & assurance (Millions yen)	Remuneration related to Audit & assurance (Millions yen)	Remuneration not related to Audit & assurance (Millions yen)
The Company	40	-	43	8
Consolidated Subsidiaries	13	-	12	-
Total	53	-	56	8

(2) Other important remunerations

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

The Company and its consolidated subsidiaries, Accretech America Inc., Accretech (Europe) GmbH, Accretech (China) Co., Ltd., Accretech Taiwan Co., Ltd., and Tosei Engineering (Pinghu) Co., Ltd., paid total ¥12 million to Ernst & Young, which belongs to the same network as the Company's Public Accountant as remuneration for audit & assurance for the Fiscal Year. In addition, there has been remuneration of ¥5 million other than for the purpose of audit & assurance.

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

The Company's consolidated subsidiaries, Accretech America Inc., Accretech (Europe) GmbH, Accretech (China) Co., Ltd., Accretech Taiwan Co., Ltd., and Tosei Engineering (Pinghu) Co., Ltd., paid total ¥13 million to Ernst & Young, which belongs to the same network as the Company's Public Accountant as remuneration for audit & assurance for the Fiscal Year. In addition, there has been remuneration of ¥2 million other than for the purpose of audit & assurance.

(3) Business from Certified Public Accountants to the Company without a purpose of audit and assurance

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

Not applicable.

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

Financial Consulting and others.

(4) Policy of determining remuneration to independent auditors

Although there is no specific policy of determining remuneration from the Company to the Certified public accountants, both mutually discusses and determines it based on the days spent for the audit, estimated workforce and turnover volume of the Company.

Section 5 [Financial Information]

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with “Regulations Concerning the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with “Regulations Concerning the Terminology, Forms, and Preparation Methods of Non-Consolidated Financial Statements” (Ministry of Finance Ordinance No. 59, 1963).

Also, the Company fulfills the conditions of filing financial statements prepared in accordance with special provisions (特例財務諸表提出会社), therefore the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulation of Financial Statements.

2. Audit reports

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, the Company has had its consolidated financial statements of FY2017/3 (April 1st, 2016 - May 31st, 2017), and non-consolidated financial statements of FY2017/3 (April 1st, 2016 - May 31st, 2017) audited by Ernst & Young ShinNihon LLC.

3. System to secure appropriate Consolidated Financial Statements

In order to secure appropriate Consolidated Financial Statements, the Company collects necessary information to ensure the details and changes in accounting standards in a timely manner, receives updated training from organizations such as the Financial Accounting Standards Foundation, participates in seminars sponsored by public accountants and industry forums, and subscribes accounting specialized magazines.

1. [Consolidated Financial Statements]

(1) Consolidated financial statements

[1] Consolidated balance sheets

Millions yen

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

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

[2] Consolidated statements of income and comprehensive income
 [Consolidated statements of income]

Millions yen

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Net Sales	70,274	77,792
Cost of Goods Sold	*1, *3 42,185	*1, *3 48,152
Gross Profit on Sales	28,089	29,640
Selling, general and administrative expenses	*2, *3 14,867	*2, *3 15,981
Operating income (loss)	13,222	13,659
Non-operating income		
Interest	39	21
Dividend income	94	144
Subsidy income	24	54
Others	85	98
Total Non-operating income	243	318
Non-operating expenses		
Interest expenses	31	25
Foreign exchange loss	176	68
Others	25	18
Total Non-operating expenses	232	112
Ordinary income (loss)	13,232	13,864
Extraordinary gains		
Gain on sales of investment securities	-	527
Gain on sales of subsidiary's shares	6	-
Others	1	56
Total Extraordinary gains	8	583
Extraordinary losses		
Loss on valuation of investments in capital of affiliates	-	26
Others	0	6
Total extraordinary losses	0	32
Income (loss) before income taxes and minority interests	13,240	14,415
Income tax and other taxes	3,358	5,678
Adjustment on income tax	126	- 1,213
Total Income tax and others	3,484	4,464
Income (loss) before minority interests	9,756	9,951
Net income(loss) attributable to non-controlling interests	52	41
Net Income (loss) attributable to Owners of the Parent	9,704	9,909

[Consolidated statements of comprehensive income]

Millions yen

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

[3] Consolidated statements of changes in net assets

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

Millions yen

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

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

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

Millions yen

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

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

[4] Consolidated statements of cash flows

Millions yen

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

[Significant accounting policies]

(Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries (16 companies)

Tosei Engineering Corp.
Tosei Systems Co., Ltd.
Accretech Create Corp.
Tosei Box Corp.
Accretech Finance Co., Ltd.
Accretech America Inc.
Accretech (Europe) GmbH
Accretech Korea Co., Ltd.
Accretech (China) Co., Ltd.
Accretech Taiwan Co., Ltd.
Accretech (Malaysia) Sdn Bhd.
Accretech Adamas (Thailand) Co., Ltd.
Accretech (Thailand) Co., Ltd.
Tosei Engineering (Pinghu) Co., Ltd.
Tosei (Thailand) Co., Ltd.
Tosei America Inc.

Accretech Adamas (Thailand) Co., Ltd. and Accretech (Thailand) Co., Ltd, that were excluded from the consolidation range until FY2016/3, have been newly included to the consolidation range because effects on our financial statements became significant.

(2) Non- Consolidated subsidiaries

Accretech (Singapore) Pte, Ltd.
Accretech Vietnam Co., Ltd.
PT Accretech Indonesia
Accretech Do Brasil Ltda
Tosei Korea Co., Ltd.
Tosei Taiwan Co., Ltd.
PT Tosei Indonesia
Tosei Engineering Malaysia Sdn. Bhd.
Tosei Philippines Corporation
Tosei Engineering Private Limited
Tosei Canada Measuring Inc.
Tosei Mexico S.A.DE.C.V
Tosei Brasil Comércio de Instrumentos de Medição Ltda
Accretech-Tosei Hungary Kft
Accretech (Pinghu) Co., Ltd.

All of the above 15 companies which were excluded from the consolidation range are all small companies, in terms of their total assets, total sales, total net income(depending on their equity), total retained earnings(depending on their equity), and others, and do not have a significant effect on our financial statements.

2. Equity Method

The equity method is not applied to any non-consolidated subsidiary

Non-consolidated subsidiaries where the equity method is not used all have an extremely small effect on the consolidated net income (depending on their equity), consolidated retained earnings (depending on their equity), and other financial amounts, and overall are of low importance. For these reasons, the equity method is not used for these companies, and a cost evaluation method is used for evaluation.

3. Accounting period of consolidated subsidiaries

The end-date of Fiscal term for following 6 companies are at December 31st. In order to prepare this Consolidated Financial Statement, the Company applied statements of these subsidiaries as of December 31st. Any significant business transactions which were completed between their Fiscal end and the Company's Fiscal end were properly adjusted in the consolidated review. The end of the fiscal year for remaining consolidated subsidiaries matches the end of the consolidated fiscal year of the Company.

Companies where end-date of fiscal term differs from consolidated fiscal term:

- Accretech (China) Co., Ltd.
- Accretech Adamas (Thailand) Co., Ltd.
- Accretech (Thailand) Co., Ltd.
- Tosei Engineering (Pinghu) Co., Ltd.
- Tosei (Thailand) Co., Ltd.
- Tosei America Inc.

4. Significant accounting policies

(1) Valuation standards and methods for important assets

(A) Securities

Other securities

Marketable securities : Marketable securities as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Costs of securities sold are calculated by the moving average method.

Non-marketable securities : Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

(B) Inventories

Goods, finished products, materials, and supplies of the Company and its domestic consolidated subsidiaries are stated at cost determined by the first-in, first-out method. Work in progress is stated at specific identification costs (using the method of devaluing the book price to reflect declines in profitability); however, overseas consolidated subsidiaries use the lower of cost determined by the first-in, first-out method.

(2) Depreciation of significant assets

(A) Tangible fixed assets (except leasing assets)

The Company and its domestic consolidated subsidiaries use the declining balance method. However, the straight-line method is used for buildings (excluding equipment attached to buildings) which were acquired on or after April 1st, 1998, and the Leasehold and Constructs that were acquired on or after April 1st, 2016.

Overseas consolidated subsidiaries use the straight-line method.

The significant useful lives are as follows.

Buildings and structures 8 – 38 years

Machinery and equipment 2 - 11 years

- (B) Intangible fixed assets (except lease assets)
Goodwill is amortized using a straight-line method. Software for use by the Company is depreciated using a straight-line method based on the estimated life at the Company. Other intangible fixed assets are depreciated using the straight-line method.
- (C) Lease assets
Lease assets (Financial leases other than those deemed to transfer ownership of properties to lessees) is depreciated using the straight-line method under leasing term to be considered as useful lives.
- (3) Basis for significant reserves
- (A) Allowance for doubtful accounts
For covering probable losses on collection of receivables, the allowance for doubtful accounts is calculated based on past experience for ordinary receivables. For companies in financial difficulties, it is based on individual estimates of the collectability of receivables, and consists of the amount estimated to be uncollectible.
- (B) Allowance for bonuses
The Company and its domestic consolidated subsidiaries calculate the allowance for bonuses to employees based on the expected amount of payment.
- (C) Accrued director's bonuses
The Company's domestic consolidated subsidiaries calculate the allowance for bonuses to directors based on the expected amount of payment during that consolidated fiscal year.
- (D) Accrued director's retirement benefits
Domestic consolidated subsidiaries calculate the allowance for payment of director retirement benefits that are forecasted to occur upon director retirement based on internal regulations as at the end-date of fiscal year.
- (4) Accounting Method for retirement obligations
- (A) Method of periodic attribution of the estimated amount of retirement benefits
The attribution of estimated amounts for the current Fiscal year is based on the fixed amount method.
- (B) Actuarial gain or loss, and Prior service cost
For actuarial gains and losses, proportional amounts are amortized beginning from the consolidated fiscal year following the next fiscal year in which it occurs, using a fixed number of years (10) that is within the average estimated remaining service time of the employees for each consolidated fiscal year. For Prior service cost, proportional amounts are amortized beginning from the consolidated fiscal year in which it occurs, using a fixed number of years (10) that is within the average estimated remaining service time of the employees for each consolidated fiscal year.
- (5) Standard of Foreign currency translation of significant foreign currency based assets/liabilities
Receivables and payables denominated in foreign currencies are translated into yen at the rate of exchange in effect on the balance sheet date, and differences arising from the translation are processed as gains or losses. Assets, liabilities, gains and losses of overseas consolidated subsidiaries denominated in foreign currencies are translated into yen at the rate of exchange in effect on the balance sheet date, and differences arising from the translation are processed as Foreign currency translation adjustment or Minority interests in the net assets.
- (6) Amortization of goodwill
Amortization of goodwill is evaluated for each acquisition, and is carried out over a reasonable number of years (7 or 10 years).
- (7) Cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents in the consolidated statements consist of cash on hand, available funds on deposit, and short-term, highly liquid investments that are readily convertible to cash, with original maturities of three months or less, and that are substantially free of price fluctuation risk.

(8) Other significant accounting policies

(A) Accounting for consumption tax

Transactions subject to national and local consumption taxes are recorded as amounts exclusive of consumption tax.

(B) Consolidated tax-reporting

The Company Group applies consolidated tax-reporting system.

[Changes in accounting principles]

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

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

[Changes in presentation]

(Consolidated statements of income)

In FY2016/3, “Subsidy income” was included in the “Non-operating income” – “Others”. However, it was listed separately in FY2017/3 because it exceeded 10% of the total amount of “Non-operating income”. Accordingly, applicable accounts in the Consolidated Financial Statements for FY2016/3 have been denotatively reclassified. Therefore, the amount shown in the FY2016/3 Statements of ¥109 million in “Non-operating income” - “Others” was reclassified into ¥24 million of “Subsidy income” and ¥2 million of “Others”.

(Additional Information)

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

[Notes]

(Consolidated balance sheet)

*1 Investment in non-consolidated subsidiaries

	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Investment securities	¥376 million	¥100 million
Other investment or other assets(Capital stock)	¥256 million	¥229 million

(Consolidated statements of income)

*1 Devaluing the book price of inventories (primarily for sales) to reflect declines in profitability

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Cost of sales	¥ - 70 million	¥64 million

*2 Primary items of selling, general, and administrative expenses

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Research and development costs	¥4,280 million	¥4,663 million
Salaries for employees	¥3,426 million	¥3,726 million
Provision for employees' bonuses	¥154 million	¥200 million
Provision for retirement benefits for employees	¥3 million	¥81 million
Provision of allowance for doubtful accounts	-	¥76 million
Provision for retirement benefits for directors and corporate auditors	¥16 million	¥14 million
Provision for directors' and corporate auditors' bonuses	¥11 million	¥11 million

*3 Research and development costs included in general and administrative expenses and manufacturing costs

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Research and development costs	¥6,292 million	¥6,791 million

(Consolidated statements of comprehensive income)

*1 Adjustments and Tax effects related to Comprehensive income

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Unrealized Holding gain or loss on investment		
Arising during the Fiscal Year	¥ - 1,232 million	¥679 million
Reclassification Adjustments	¥0 million	¥ - 583 million
Before Tax effect adjustment	¥ - 1,232 million	¥95 million
Tax effect	¥417 million	¥ - 29 million
Unrealized Holding gain or loss on investment	¥ - 814 million	¥66 million
Foreign currency translation adjustment		
Arising during the Fiscal Year	¥ - 749 million	¥ - 369 million
Reclassification Adjustments	-	-
Before Tax effect adjustment	¥ - 749 million	¥ - 369 million
Tax effect	-	-
Foreign currency translation adjustment	¥ - 749 million	¥ - 369 million
Remeasurements of defined benefit plans		
Arising during the Fiscal Year	¥ - 1,196 million	¥940 million
Reclassification Adjustments	¥ - 277 million	¥102 million
Before Tax effect adjustment	¥ - 1,474 million	¥1,043 million
Tax effect	¥481 million	¥ - 319 million
Remeasurements of defined benefit plans	¥ - 993 million	¥723 million
Total other comprehensive income	¥ - 2,557 million	¥420 million

(Consolidated statements of changes in net assets)

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

1. Issued stock

Stock class	At beginning of Fiscal Year	Increase	Decrease	At end of Fiscal Year
Common stock (shares)	41,340,681	82,700	-	41,423,381

Note: Reason for the increase of 82,700 shares is exercise of share subscription rights from stock options.

2. Treasury stock

Stock class	At beginning of Fiscal Year	Increase	Decrease	At end of Fiscal Year
Common stock (shares)	34,609	784	-	35,393

Note: The increase of 784 shares was due to purchases of shares less than 1 unit.

3. Share subscription rights

Company name	Breakdown	Class of stock issued upon exercise of the right	Number of shares issued upon exercise of the right (shares)				Balance at end of FY2016/3 (millions yen)
			At beginning of Fiscal Year	Increase	Decrease	At end of Fiscal Year	
The Company	The 8 th share subscription rights (stock options) (Issued 2011)	-		-		12	
	The 9 th share subscription rights (stock options) (Issued 2012)	-		-		10	
	The 10 th share subscription rights (stock options) (Issued 2013)	-		-		40	
	The 11 th share subscription rights (stock options) (Issued 2014)	-		-		31	
	The 12 th share subscription rights (stock options) (Issued 2014)	-		-		14	
	Share subscription rights issued July 2006 (stock-based compensation options)	-		-		32	
	Share subscription rights issued July 2007 (stock-based compensation options)	-		-		33	
	Share subscription rights issued July 2011 (stock-based compensation options)	-		-		39	
	Share subscription rights issued July 2012 (stock-based compensation options)	-		-		28	
	Share subscription rights issued July 2013 (stock-based compensation options)	-		-		59	
	Share subscription rights issued July 2014 (stock-based compensation options)	-		-		56	
	Share subscription rights issued July 2015 (stock-based compensation options)	-		-		76	
Total		-		-		436	

4. Dividends

(1) Amounts of dividends paid

Resolution	Class of stock	Total amount of dividends (millions yen)	Dividend per share (yen)	Cut-off date	Effective date
June 23 th , 2015 Regular General Meeting of Shareholders	Common stock	1,363	33.00	March 31 st , 2015	June 24 th , 2015
November 9 th , 2015 Board of Directors	Common stock	1,075	26.00	September 30 th , 2015	December 4 th , 2015

(2) Dividends with a shareholders' cut-off date in FY2016/3 and an effective date in FY2017/3

Resolution	Class of stock	Resource for dividends	Total amount of dividends (millions yen)	Dividend per share (yen)	Cut-off date	Effective date
June 21 st , 2016, Regular General Meeting of Shareholders	Common stock	Retained earnings	1,365	33.00	March 31 st , 2016	June 22 nd , 2016

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

2. Issued stock

Stock class	At beginning of Fiscal Year	Increase	Decrease	At end of Fiscal Year
Common stock (shares)	41,423,381	72,200	-	41,495,581

Note: Reason for the increase of 72,200 shares is exercise of share subscription rights from stock options.

2. Treasury stock

Stock class	At beginning of Fiscal Year	Increase	Decrease	At end of Fiscal Year
Common stock (shares)	35,393	426	-	35,819

Note: The increase of 426 shares was due to purchases of shares less than 1 unit.

3. Share subscription rights

Company name	Breakdown	Class of stock issued upon exercise of the right	Number of shares issued upon exercise of the right (shares)				Balance at end of FY2017/3 (millions yen)
			At beginning of Fiscal Year	Increase	Decrease	At end of Fiscal Year	
The Company	The 8 th share subscription rights (stock options) (Issued 2011)	-		-		8	
	The 9 th share subscription rights (stock options) (Issued 2012)	-		-		7	
	The 10 th share subscription rights (stock options) (Issued 2013)	-		-		26	
	The 11 th share subscription rights (stock options) (Issued 2014)	-		-		22	
	The 12 th share subscription rights (stock options) (Issued 2015)	-		-		35	
	The 13 th share subscription rights (stock options) (Issued 2016)	-		-		15	
	Share subscription rights issued July 2006 (stock-based compensation options)	-		-		27	
	Share subscription rights issued July 2007 (stock-based compensation options)	-		-		29	
	Share subscription rights issued July 2011 (stock-based compensation options)	-		-		39	
	Share subscription rights issued July 2012 (stock-based compensation options)	-		-		28	
	Share subscription rights issued July 2013 (stock-based compensation options)	-		-		59	
	Share subscription rights issued July 2014 (stock-based compensation options)	-		-		56	
	Share subscription rights issued July 2015 (stock-based compensation options)	-		-		76	
	Share subscription rights issued July 2016 (stock-based compensation options)	-		-		74	
	Total	-		-		506	

4. Dividends

(1) Amounts of dividends paid

Resolution	Class of stock	Total amount of dividends (millions yen)	Dividend per share (yen)	Cut-off date	Effective date
June 21 st , 2016 Regular General Meeting of Shareholders	Common stock	1,365	33.00	March 31 st , 2016	June 22 nd , 2016
November 11 th , 2016 Board of Directors	Common stock	1,407	34.00	September 30 th , 2016	December 7 th , 2016

(2) Dividends with a shareholders' cut-off date in FY2017/3 and an effective date in FY2018/3

Resolution	Class of stock	Resource for dividends	Total amount of dividends (millions yen)	Dividend per share (yen)	Cut-off date	Effective date
June 26 th , 2017, Regular General Meeting of Shareholders	Common stock	Retained earnings	1,575	38.00	March 31 st , 2017	June 27 th , 2017

(Consolidated statements of cash flows)

*1 Relationship between cash and cash equivalents at year end and the amounts for items listed in the consolidated balance sheet

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Cash and cash equivalents (Balance sheets)	¥27,389 million	¥33,853 million
Time deposits with original maturities over three months	¥ - 80 million	¥ - 28 million
Cash and cash equivalents(Statement of cash flows)	¥27,308 million	¥33,825 million

(Lease transactions)

1. Finance lease transactions

(Lessee)

Financial lease transactions other than those deemed to transfer ownership of properties to lessees

(1) Description of lease assets

Mainly consisted of Vehicles and Machinery and equipment for SPE business.

(2) Formulas for calculating estimated depreciation expense of lease assets

Calculated by the straight-line method using the lease term as the effective life and with zero residual value.

2 Operation Lease Transaction

(Lessee)

Estimative balance of lease premiums included in undissolvable operating lease transactions

	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Current portion	¥20 million	¥21 million
Non-current portion	¥39 million	¥37 million
Total	¥59 million	¥58 million

(Investment securities)

1. Status of Financial Instruments

(1) System for managing financial instruments in the Company Group

The Group accommodates long-term finances based on the forecast of Group investments for SPE and Metrology business mainly by loans from banks. Short term finance is derived mainly by loans from banks, and temporarily unused funds are managed with low-risk financial assets.

Derivatives are only to be applied for the purpose of risk management, and not applied for speculative purposes.

(2) Detail and risk of Financial Instruments

Trade notes and accounts receivable face reliability risks of these customers and foreign-currency based bonds though the Group's global business also face foreign currency risk. Investment securities, mainly stocks related to correspondent companies or capital and business alliances therefore face market price fluctuation risk.

The due date of most of the operating receivables such as trade notes, accounts payable and electronically recorded obligations occur within one year. Some interest bearing debts such as loans payable and/or lease liabilities are set to variable rates and therefore face interest rate fluctuation risk.

(3) Risk management for Financial Instruments

(A) Credit risk management (risk of client's breach of contract)

The Company controls trade notes and balances and due dates per each client working with both Accounting Dept. and Sales Division in order to assess the financial status of each client and avoid contract breach risk. The consolidated subsidiaries apply same method for credit risk management.

(B) Market risk management (risk of fluctuation in exchange rates or interest rates)

The Company periodically checks market prices of investment securities and the financial status of those who issued these securities. In parallel, the amount of holding investment securities is also reviewed and revised as necessary based on the conditions of trade between the Company and those who issued these securities.

(C) Liquidity risk management in financing operations

The company actively manages liquidity risk. The Accounting dept. of the Company generates and revises financial plans as necessary to keep short-term liquidity to appropriate levels based on business activity forecasts such as orders, production and sales. The consolidated subsidiaries apply the same method for liquidity risk management.

(4) Additional information for the current value of Financial Instruments

Current value of Financial Instruments includes not only the value based on a current market price (or the reasonably calculated value if market price does not exist), but is also formulated using an allowance for price fluctuations that may affect expected market value.

2. Current Value of Financial Instruments

Accounted value on Balance Sheet, Current Value and balance are as follows.

The items for which current value cannot accurately be estimated are omitted (refer to Notes 2.)

FY2016/3 (March 31st, 2016)

Millions Yen

	Accounted value on consolidated balance sheet	Current Value	Difference
(1) Cash and cash equivalents	27,389	27,389	-
(2) Notes and accounts receivable	23,484	23,484	-
(3) Electronically recorded monetary claims	2,522	2,522	-
(4) Investment securities (Others)	3,458	3,458	-
Assets Total	56,855	56,855	-
(1) Notes and accounts payable	6,094	6,094	-
(2) Electronically recorded obligations-operating	5,724	5,724	-
(3) Short-term debt	1,200	1,200	-
(4) Long-term debt (current portion)	400	401	1
Liability Total	13,419	13,420	1

FY2017/3 (March 31st, 2017)

Millions Yen

	Accounted value on consolidated balance sheet	Current Value	Difference
(1) Cash and cash equivalents	33,853	33,853	-
(2) Notes and accounts receivable	23,675	23,675	-
(3) Electronically recorded monetary claims	4,733	4,733	-
(4) Investment securities (Others)	2,677	2,677	-
Assets Total	64,940	64,940	-
(1) Notes and accounts payable	7,497	7,497	-
(2) Electronically recorded obligations-operating	8,291	8,291	-
(3) Short-term debt	1,300	1,300	-
Liability Total	17,089	17,089	-

Notes 1. Evaluation method of financial instrument and information for investment securities and derivatives

Assets

(1) Cash and cash equivalents

Based on book value because all cash equivalents are current amounts, current value is mostly equivalent to book value.

(2) Notes and Account receivables, (3) Electronically recorded monetary claims

Based on book value because all settlements are planned in short-term, current value is mostly equivalent to book value.

(4) Investment Securities

These are based on market price because all of securities are the stocks. Additional notes are described in "Securities".

Liabilities

(1) Notes and account payables, (2) Electronically recorded obligations-operating, and (3) short term debts

Based on book value because all settlements are planned in short-term, current value is mostly equivalent to book value.

(2) Long term debts

Current value of long-term debt is calculated based on original value and discounted by an estimated interest rate and credit risk discount factor.

Notes 2. Accounted value on consolidated balance sheet of Financial Instruments where current value is omitted (Millions yen)

Type	March 31 st , 2016	March 31 st , 2017
Investment Securities (unlisted stock)	620	101

These securities are excluded from (3) Investment Securities - other because these securities do not have a listed Market value, the cost/benefit of further estimating their value is negligible.

Notes 3. Notes due for redemption

FY2016/3 (March 31st, 2016)

Millions yen

Category	Less than 1 year	1-5 years	5 - 10 years	Over 10 years
Bank deposits	27,384	-	-	-
Notes and accounts receivable	23,484	-	-	-
Electronically recorded monetary claims	2,522	-	-	-
Total	53,391	-	-	-

FY2017/3 (March 31st, 2017)

Millions yen

Category	Less than 1 year	1-5 years	5 - 10 years	Over 10 years
Bank deposits	33,845	-	-	-
Notes and accounts receivable	23,675	-	-	-
Electronically recorded monetary claims	4,733	-	-	-
Total	62,255	-	-	-

Notes 4. Repayment schedule after Fiscal year end for short-term and long-term loans

FY2016/3 (March 31st, 2016)

Millions yen

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years
Short-term	1,200	-	-	-	-
Long-term	400	-	-	-	-
Total	1,600	-	-	-	-

FY2017/3 (March 31st, 2017)

Millions yen

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years
Short-term	1,300	-	-	-	-
Total	1,300	-	-	-	-

(Securities)

1. Other Securities

FY2016/3 (March 31st, 2016)

Millions yen

Type	Accounted value on consolidated balance sheet	Carrying value	Difference
Securities with a carrying value higher than the acquisition cost Stocks	3,220	2,080	1,140
Subtotal	3,220	2,080	1,140
Securities with a carrying value no higher than the acquisition cost Stocks	238	283	- 45
Subtotal	238	283	- 45
Total	3,458	2,364	1,094

FY2017/3 (March 31st, 2017)

Millions yen

Type	Accounted value on consolidated balance sheet	Carrying value	Difference
Securities with a carrying value higher than the acquisition cost Stocks	2,665	1,472	1,192
Subtotal	2,665	1,472	1,192
Securities with a carrying value no higher than the acquisition cost Stocks	11	14	- 2
Subtotal	11	14	- 2
Total	2,677	1,487	1,190

2. Securities sold during the Fiscal term

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

Millions yen

Type	Sale price	Proceeds from sales	Loss on sales
Stocks	0	-	0
Total	0	-	0

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

Millions yen

Type	Sale price	Proceeds from sales	Loss on sales
Stocks	1,558	527	-
Total	1,558	527	-

(Retirement benefits)

1. Description of retirement benefit plans

The Company has a Lump-sum Retirement Allowance Plan (Savings-type, Retirement Benefits Trust is set), a Defined Benefit Pension Plan (Savings-type) and a Defined Contribution Pension Plan.

Our domestic consolidated subsidiaries utilize the Lump-sum Retirement Allowance Plan (except savings-type), and some of our domestic consolidated subsidiaries also apply a Defined Benefit Pension Plan (Savings-type) or a Defined Contribution Pension Plan.

Both Net defined liabilities and Retirement benefit costs on domestic consolidated subsidiaries accounted through their Defined Benefit Pension Plan or a Defined Contribution Pension Plan are calculated by the simplified method.

2. Defined Benefit Pension Plan (except the plan which applies simplified method)

(1) Adjustment of Opening balance and Closing Balance of projected benefit obligations

	Millions Yen	
	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Opening Balance	3,319	3,309
Service Cost	236	248
Interest Cost	26	26
Recognized Actuarial Differences	- 10	58
Benefit Paid	- 262	- 112
Closing Balance	3,309	3,530

(2) Adjustment of Opening balance and Closing Balance of Plan assets (Pension)

	Millions Yen	
	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Opening Balance	5,938	4,932
Expected return on plan assets	31	34
Recognized Actuarial Differences	- 1,207	998
Contribution from Entrepreneurs	290	193
Benefit Paid	- 120	- 60
Closing Balance	4,932	6,098

(3) Adjustment between the closing balances of projected benefit obligations and Plan assets (Pension), and Net defined liabilities/assets accounted on Balance sheet

	Millions Yen	
	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Projected retirement obligation (savings-type)	3,309	3,530
Plan assets(pension)	- 4,932	- 6,098
	- 1,622	- 2,568
Projected retirement obligation (except savings-type)	-	-
Net defined liabilities/assets on Balance sheet (net)	- 1,622	- 2,568
Net defined liabilities	105	-
Net defined assets	- 1,727	- 2,568
Net defined liabilities/assets on Balance sheet (net)	- 1,622	- 2,568

(4) Components of net periodic pension and severance costs	Millions Yen	
	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Service Cost	236	248
Interest Cost	26	26
Expected return on plan assets	- 31	- 34
Expense for actuarial difference	- 221	158
Expense for prior service cost	- 55	- 55
net periodic pension and severance costs	- 45	343

(5) Adjustments for retirement obligations

Detail of adjustments accounted for as Adjustment for retirement obligation (before tax effect) is as shown below.

	Millions Yen	
	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Unrecognized prior service cost	- 55	- 55
Unrecognized actuarial gain or loss	- 1,418	1,099
Total	- 1,474	1,043

(6) Accumulated adjustments for retirement obligations

Detail of adjustments accounted for as Accumulated adjustment for retirement obligation (before tax effect) is as shown below.

	Millions Yen	
	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Unrecognized prior service cost	307	251
Unrecognized actuarial gain or loss	- 191	908
Total	116	1,159

(7) Detail of Plan Assets

7-1. Detail of Plan Assets

The ratio of each type of assets consisted with plan assets (pension) is as shown below.

	Millions Yen	
	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Shares	33%	43%
Deposits	48%	39%
General Account	14%	12%
Bonds	4%	5%
Others	1%	1%
Total	100%	100%

7-2. Method of defining long-term expected returns

Expected returns on Plan assets takes into account the portfolio of assets and current and future accumulating long term earning rates.

(8) Major basis of calculating actuarial gains or losses

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Discount Rate	0.8%	0.8%
Expected Rate of return on plan assets	2.5%	2.5%
Expected salary increase rate	0.1% - 4.7%	0.1% - 4.4%

3. Defined benefit plan applying the simplified method

(1) Adjustment of Opening balance and Closing Balance of Net defined liabilities which applied the simplified method for calculation

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Opening Balance of net defined liabilities	550	541
Cost for retirement allowance	53	85
Retirement allowance paid	- 24	- 47
Allowances allocated to plan assets	- 38	- 33
Closing Balance of net defined liabilities	541	545

(2) Adjustment between the closing balances of projected benefit obligations and Plan assets, and Net defined liabilities/assets accounted on Balance sheet

	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Projected retirement obligation (savings-type)	250	784
Plan assets (pension)	- 82	- 298
	- 32	485
Projected retirement obligation (except savings-type)	573	59
Net defined liabilities/assets on Balance sheet (net)	541	545
Net defined liabilities	541	545
Net defined liabilities/assets on Balance sheet (net)	541	545

(3) Cost for retirement allowances

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Cost for retirement allowances (calculated by simplified method)	53	85

4. Defined Contribution plan

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Contribution payable by the Company and consolidated subsidiaries	266	138
(transferred amount from the lump-sum retirement allowance plan to the defined contribution plan)	(136)	-

(Stock options and others)

1. Account and amount charged as expenses

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

Millions yen

Breakdown	Account name: "Stock-based compensation expense"			
	Cost of sales	Selling expense	General and administrative expenses	Total
The 10 th share subscription rights	2	1	2	6
The 11 th share subscription rights	7	3	7	18
The 12 th share subscription rights	6	2	5	14
Share subscription rights issued July 2015 (stock-based compensation type)	-	-	76	76
Total	16	7	92	116

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

Millions yen

Breakdown	Account name: "Stock-based compensation expense"			
	Cost of sales	Selling expense	General and administrative expenses	Total
The 11 th share subscription rights	2	0	2	5
The 12 th share subscription rights	8	3	8	20
The 13 th share subscription rights	6	2	6	15
Share subscription rights issued July 2016 (stock-based compensation type)	-	-	74	74
Total	17	7	91	116

2. Gains and accounts from the expiration of exercising rights

Millions yen

	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Reversal of Share Subscription Rights (Extraordinary Gains)	1	0

3. Description, scale, and movement of stock options

The Company

(1) Description of stock options

The 8th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 7 Employees of the Company: 191 Directors of subsidiaries: 10 Employees of subsidiaries: 72
Number and class of shares to be provided (shares)	Common stock: 62,400
Date of issue	July 12 th , 2011
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	July 12 th , 2011 - July 12 th , 2013
Exercise period	July 13 th , 2013 - June 30 th , 2018

The 9th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 8 Employees of the Company: 235 Directors of subsidiaries: 9 Employees of subsidiaries: 74
Number and class of shares to be provided (shares)	Common stock: 66,900
Date of issue	July 23 rd , 2012
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	July 23 rd , 2012 - July 23 rd , 2014
Exercise period	July 24 th , 2014 - June 30 th , 2019

The 10th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 8 Employees of the Company: 235 Directors of subsidiaries: 9 Employees of subsidiaries: 71
Number and class of shares to be provided (shares)	Common stock: 68,500
Date of issue	July 22 nd , 2013
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	July 22 nd , 2013 - July 22 nd , 2015
Exercise period	July 23 rd , 2015 - June 30 th , 2020

The 11th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 9 Employees of the Company: 250 Directors of subsidiaries: 11 Employees of subsidiaries: 80
Number and class of shares to be provided (shares)	Common stock: 71,300
Date of issue	July 22 nd , 2014
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	July 22 nd , 2014 - July 22 nd , 2016
Exercise period	July 23 rd , 2016 - June 30 th , 2021

The 12th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 9 Employees of the Company: 256 Directors of subsidiaries: 13 Employees of subsidiaries: 89
Number and class of shares to be provided (shares)	Common stock: 74,800
Date of issue	July 22 nd , 2015
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	July 22 nd , 2015 - July 22 nd , 2017
Exercise period	July 23 rd , 2017 - June 30 th , 2022

The 13th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 9 Employees of the Company: 257 Directors of subsidiaries: 13 Employees of subsidiaries: 93
Number and class of shares to be provided (shares)	Common stock: 76,500
Date of issue	July 21 st , 2016
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	July 21 st , 2016 - July 21 st , 2018
Exercise period	July 22 nd , 2018 - June 30 th , 2023

Share subscription rights issued June 2005 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 7 Employees of the Company (executive officers): 11
Number and class of shares to be provided (shares)	Common stock: 47,000
Date of issue	June 29 th , 2005
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	June 30 th , 2005 - June 30 th , 2025

Share subscription rights issued July 2006 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 6 Employees of the Company (executive officers): 12
Number and class of shares to be provided (shares)	Common stock: 29,600
Date of issue	July 14 th , 2006
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	July 15 th , 2006 - July 14 th , 2026

Share subscription rights issued July 2007 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 6 Employees of the Company (executive officers): 12
Number and class of shares to be provided (shares)	Common stock: 32,000
Date of issue	July 19 th , 2007
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	July 20 th , 2007 - July 19 th , 2027

Share subscription rights issued July 2011 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 6 Employees of the Company (executive officers): 2
Number and class of shares to be provided (shares)	Common stock: 33,100
Date of issue	July 12 th , 2011
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	July 13 th , 2011 - July 12 th , 2031

Share subscription rights issued July 2012 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 7 Employees of the Company (executive officers): 2
Number and class of shares to be provided (shares)	Common stock: 35,600
Date of issue	July 23 rd , 2012
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	July 24 th , 2012 - July 23 rd , 2032

Share subscription rights issued July 2013 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 7 Employees of the Company (executive officers): 2
Number and class of shares to be provided (shares)	Common stock: 35,100
Date of issue	July 22 nd , 2013
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	July 23 rd , 2013 - July 22 nd , 2033

Share subscription rights issued July 2014 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 8 Employees of the Company (executive officers): 2
Number and class of shares to be provided (shares)	Common stock: 38,100
Date of issue	July 22 nd , 2014
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	July 23 rd , 2014 - July 22 nd , 2034

Share subscription rights issued July 2015 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 8 Employees of the Company (executive officers): 1
Number and class of shares to be provided (shares)	Common stock: 36,100
Date of issue	July 22 nd , 2015
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	July 23 rd , 2015 - July 22 nd , 2035

Share subscription rights issued July 2016 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 8 Employees of the Company (executive officers): 1
Number and class of shares to be provided (shares)	Common stock: 37,000
Date of issue	July 21 st , 2016
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of rights allotment, the length of service shall not be considered.
Exercise period	July 22 nd , 2016 - July 21 st , 2036

(2) Scale and movement of stock options

[1] Numbers of stock options

	The 8 th share subscription rights	The 9 th share subscription rights	The 10 th share subscription rights	The 11 th share subscription rights	The 12 th share subscription rights	The 13 th share subscription rights
Non-exercisable stock options						
Stock options outstanding at end of previous Fiscal Year (shares)	-	-	-	70,900	74,500	-
Stock options granted (shares)	-	-	-	-	-	76,500
Forfeitures (shares)	-	-	-	300	900	200
Conversion to exercisable stock options (shares)	-	-	-	70,600	-	-
Stock options outstanding (shares)	-	-	-	-	73,600	76,300
Exercisable stock options						
Stock options outstanding at end of previous Fiscal Year (shares)	22,900	30,600	63,300	-	-	-
Conversion from non-exercisable stock options (shares)	-	-	-	70,600	-	-
Stock options exercised (shares)	7,700	9,400	23,000	28,200	-	-
Forfeitures (shares)	-	-	-	100	-	-
Stock options outstanding (shares)	15,200	21,200	40,300	42,300	-	-

	Share subscription rights issued June 2005 (stock-based compensation type)	Share subscription rights issued July 2006 (stock-based compensation type)	Share subscription rights issued July 2007 (stock-based compensation type)	Share subscription rights issued July 2011 (stock-based compensation type)	Share subscription rights issued July 2012 (stock-based compensation type)	Share subscription rights issued July 2013 (stock-based compensation type)
Non-exercisable stock options						
Stock options outstanding at end of previous Fiscal Year (shares)	9,600	6,600	8,400	27,500	27,500	30,600
Stock options granted (shares)	-	-	-	-	-	-
Forfeitures (shares)	-	-	-	-	-	-
Conversion to exercisable stock options (shares)	1,600	1,100	1,200	-	-	-
Stock options outstanding (shares)	8,000	5,500	7,200	27,500	27,500	30,600
Exercisable stock options						
Stock options outstanding at end of previous Fiscal Year (shares)	-	-	-	-	-	-
Conversion from non-exercisable stock options (shares)	1,600	1,100	1,200	-	-	-
Stock options exercised (shares)	1,600	1,100	1,200	-	-	-
Forfeitures (shares)	-	-	-	-	-	-
Stock options outstanding (shares)	-	-	-	-	-	-

	Share subscription rights issued July 2014 (stock-based compensation type)	Share subscription rights issued July 2015 (stock-based compensation type)	Share subscription rights issued July 2016 (stock-based compensation type)
Non-exercisable stock options			
Stock options outstanding at end of previous Fiscal Year (shares)	33,600	36,100	-
Stock options granted (shares)	-	-	37,000
Forfeitures (shares)	-	-	-
Conversion to exercisable stock options (shares)	-	-	-
Stock options outstanding (shares)	33,600	36,100	37,000
Exercisable stock options			
Stock options outstanding at end of previous Fiscal Year (shares)	-	-	-
Conversion from non-exercisable stock options (shares)	-	-	-
Stock options exercised (shares)	-	-	-
Forfeitures (shares)	-	-	-
Stock options outstanding (shares)	-	-	-

[2] Price information

	The 8 th share subscription rights	The 9 th share subscription rights	The 10 th share subscription rights	The 11 th share subscription rights	The 12 th share subscription rights	The 13 th share subscription rights
Paid-in value (yen)	1,642	1,428	2,162	1,876	2,825	2,527
Average market price of the stock at the time of exercise (yen)	3,461	3,549	3,636	3,327	-	-
Fair value at the date of grant (yen)	541	334	646	521	572	580

	Share subscription rights issued June 2005 (stock-based compensation type)	Share subscription rights issued July 2006 (stock-based compensation type)	Share subscription rights issued July 2007 (stock-based compensation type)	Share subscription rights issued July 2011 (stock-based compensation type)	Share subscription rights issued July 2012 (stock-based compensation type)	Share subscription rights issued July 2013 (stock-based compensation type)
Paid-in value (yen)	1	1	1	1	1	1
Average market price of the stock at the time of exercise (yen)	2,434	2,434	2,434	-	-	-
Fair value at the date of grant (yen)	-	4,944	4,046	1,431	1,036	1,957

	Share subscription rights issued July 2014 (stock-based compensation type)	Share subscription rights issued July 2015 (stock-based compensation type)	Share subscription rights issued July 2016 (stock-based compensation type)
Paid-in value (yen)	1	1	1
Average market price of the stock at the time of exercise (yen)	-	-	-
Fair value at the date of grant (yen)	1,672	2,129	2,022

4. Valuation of fair value of stock options granted during Fiscal Year

(1) Calculation method used : Black Scholes option pricing model

(2) Basic assumption and valuation method used

	The 13th share subscription rights	Share subscription rights issued July 2016 (stock-based compensation type)
Stock Price Volatility	35.140% *Note 1	41.768% * Note 2
Expected life	4.5 years *Note 3	10 years *Note 3
Expected dividend per share	¥59 *Note 4	¥59 *Note 4
Risk-free interest rate	- 0.332% *Note 5	- 0.238% *Note 5

Notes:

1. Calculated based on the list stock price records from the past 4.5 years (Closing price of each business day from January 21st, 2012 - July 21st, 2016).
2. Calculated based on the list stock price records from the past 10 years (Closing price of each business day from July 21st, 2006 - July 21st, 2016).
3. Assumed to be the mid-point between the vesting date and the end of the contractual term.
4. Based on the dividend records from the 12 months preceding the vesting date (¥26 interim dividend and ¥33 year-end dividend for FY2016/3).
5. Based on the yield of Japanese government bonds over the expected life.

5. Estimation of the number of stock options vested

Because it is fundamentally difficult to reasonably estimate the future number of forfeitures, we have adopted a method which utilizes only historical data for the number of forfeitures.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities	Millions yen	
	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Deferred tax assets		
Tangible fixed assets	66	808
Inventories	300	466
Securities contribution to employees' retirement benefits trust	388	399
Provision for employees' bonuses	311	342
Net defined benefit liabilities	565	275
Accrued enterprise tax	183	194
Share subscription rights	133	119
Accrued expense	104	112
Investment Securities	126	88
Others	207	238
Gross deferred tax asset subtotal	2,389	3,046
Less valuation allowance	- 353	-
Total Deferred tax assets	2,036	3,046
Deferred tax liabilities		
Undistributed earnings of foreign subsidiaries	- 575	- 698
Gain on securities contribution to employees' retirement benefits trust	- 365	- 365
Holding gain or loss in investment	- 335	- 364
Others	- 36	- 31
Total deferred tax liabilities	- 1,312	- 1,459
Net deferred tax assets	723	1,586

Note: Net deferred tax assets for FY2016/3 and FY2017/3 are included in following accounts on the Consolidated Balance sheet.

	Millions yen	
	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Current Assets - Deferred tax assets	984	1,156
Fixed Assets - Deferred tax assets	29	437
Current Liabilities - Deferred tax liabilities	-	- 6
Fixed Liabilities - Deferred tax liabilities	- 289	- 2

2. Reconciliations between the effective corporate tax rates reflected in the consolidated financial statements and the statutory tax rate

	FY2016/3	FY2017/3
	(March 31 st , 2016)	(March 31 st , 2017)
Statutory tax rate of the Company	33.06%	-
(Reconciliation)		
Effect by special tax credits	- 8.29%	-
Effect by differences of corporate tax rate between the Company and consolidated subsidiaries	- 0.80%	-
Undistributed earnings of foreign subsidiaries	0.69%	-
Effect by change in corporate tax rate	0.47%	-
Amortization of goodwill	0.42%	-
Others	0.76%	-
Effective corporate tax rate	26.31%	-

Note: In FY2017/3. The Reconciliations between the effective corporate tax rates reflected in the consolidated financial statements and the statutory tax rate was less than 5% of statutory tax rate therefore these numbers are omitted.

(Segment information)

1. Overview of reportable segments

(1) Method of defining reportable segments

The reportable segments of the Company 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 instrument" as reportable segments based on the intercompany system and their outputs.

The "SPE" consists of manufacturing and sales of process and inspection 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 and surface texture and contour measuring instruments.

(2) Primary products of each reportable segment

SPE segment: Wafer probing machines, wafer dicing machines, polish grinders,
Wafer manufacturing machines, CMPs, precision dicing blades

Metrology segment: 3D coordinate measuring machines, roundness and cylindrical profile
Measuring instruments, surface texture and contour measuring
instruments, machine control gauges, various automated measuring,
sorting, and assembling machines

2. 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.

3. Net sales, profit/loss, assets/liabilities and/or others in reportable segments

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

Millions yen

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

Notes

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

*2: Segment profit is same amount as operating income stated in the consolidated financial statements.

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

Millions yen

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

Notes

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

*2: Segment profit is same amount as operating income stated in the consolidated financial statements.

*3: As described in [Changes in accounting principles], Because of the change in Corporate Income Tax Act, the Company changed the depreciation method from a declining balance method to a straight-line depreciation method in relation to building and structures purchased after April 1st, 2017, for both the SPE and Metrology segments. As a result, Segment Profit increased respectively by ¥125 million in the SPE segment, and ¥4 million in the Metrology segment.

(Related Information)

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

1. Information per each product and service

Data for this period is intentionally omitted because the same information is disclosed in “segment information”.

2. Information per geographical segment

(1) Sales

Millions yen

Japan	East Asia				South East Asia	Other Areas	Total
	Taiwan	China	Others	Total			
31,534	9,819	7,865	4,363	22,049	6,600	10,089	70,274

Note) Country segments are determined based on the country where the customer is located.

(2) Tangible fixed assets

Data for this period is intentionally omitted because over 90% of tangible fixed assets accounted on Consolidated Balance Sheets are located in Japan.

3. Transaction with Significant Customers

There is no third party which exceeds over 10% of total sales accounted on Consolidated Statements of Income.

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

1. Information per each product and service

Data for this period is intentionally omitted because the same information is disclosed in “segment information”.

2. Information per geographical segment

(1) Sales

Millions yen

Japan	East Asia				South East Asia	Other Areas	Total
	Taiwan	China	Others	Total			
31,888	14,331	12,200	5,096	31,628	5,278	8,997	77,792

Note) Country segments are determined based on the country where the customer is located.

(2) Tangible fixed assets

Data for this period is intentionally omitted because over 90% of tangible fixed assets accounted on Consolidated Balance Sheets are located in Japan.

3. Transaction with Significant Customers

There is no third party which exceeds over 10% of total sales accounted on Consolidated Statements of Income.

(Impairment losses on fixed assets per each reportable segment)

Not applicable.

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

Millions yen

	Reportable Segments			Consolidation and elimination	Total
	SPE	Metrology Equipment	Total		
Balance as at FY2016/3 end	315	-	315	-	315

Note) The amortization of goodwill is intentionally omitted because the same information is disclosed in “segment information”.

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

Millions yen

	Reportable Segments			Consolidation and elimination	Total
	SPE	Metrology Equipment	Total		
Balance as at FY2017/3 end	284	-	284	-	284

Note) The amortization of goodwill is intentionally omitted because the same information is disclosed in “segment information”.

(Gain on negative goodwill per each reportable segment)

Not applicable.

(Related parties' information)

1. Related party transactions

Business transaction between the Company (Consolidated Financial Statement-Submitting Company) and Related parties

Director and/or the shareholders (limited to individual shareholders) of the Company (Consolidated Financial Statement-Submitting Company)

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

Not Applicable.

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

Type	Name of party or person	Address	Common Stock	Business or occupation	Percentage voting rights held by Company (holding Company) (%)	Relationship between the related party	Detail of transaction	Amount of transaction (Millions Yen)	Ledger	Closing Balance (Millions yen)
Director	Hitoshi Yoshida	-	-	President and CEO	(holding) Direct: 0.00	-	Exercise of stock options (Note)	10	-	-

Note) These are the exercise of share subscription rights resolved at Regular General Meeting of Shareholders held on each June 27th, 2011, June 25th, 2012, June 24th, 2013 and June 24th, 2014. Amount of transaction describes an amount to be subscribed upon the exercise of the rights.

2. Notes for Significant affiliates

Not applicable.

(Per share information)

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

Note: Basis for calculations

1 Basic net income per share and diluted net income in per share

Item	FY2016/3 (April 1 st , 2015- March 31 st , 2016)	FY2017/3 (April 1 st , 2016- March 31 st , 2017)
Basic net income per share		
Net income attributable to owners of the parent (Millions yen)	9,704	9,909
Amount not attributed to common shareholders (Millions yen)	-	-
Net income attributable to common shares (Millions yen)	9,704	9,909
Average number of shares of common stock during the fiscal year (shares)	41,368,276	41,406,762
Diluted net income per share		
Details of adjusted net income (Millions yen)	-	-
Details of increase in common stock (shares)	227,674	264,511
(Share Subscription rights(shares))	(227,674)	(264,511)
Securities excluded the calculation of diluted net income per share due to lack of dilutive effects	Share Subscription rights (Stock Option Type)(shares) The 12 th 74,800	Share Subscription rights (Stock Option Type)(shares) The 12 th 73,600

2. Net assets per share

Item	FY2016/3 (March 31 st , 2016)	FY2017/3 (March 31 st , 2017)
Total in the Net assets column of the consolidated balance sheet (Millions yen)	79,418	87,194
Amounts to be excluded from Net assets (Millions yen)	645	816
(Share subscription rights (Millions yen))	(436)	(506)
(Minority interest (Millions yen))	(208)	(310)
Net assets as at end of Fiscal Year available to common shareholders (Millions yen)	78,773	86,377
Number of common stock shares used to calculate net assets per share (shares)	41,387,988	41,459,762

(Significant subsequent events)

Not applicable.

[5] Consolidated supplemental statement
 (Statement of bonds payable)
 Not applicable.

(Schedule of borrowings)

Category	Balance at beginning of Fiscal Year (Millions yen)	Balance at end of Fiscal Year (Millions yen)	Average interest rate (%)	Repayment term
Short-term loans payable	1,200	1,300	0.53	-
Long-term loans payable scheduled to be paid within 1 year	400	-	-	-
Lease obligation scheduled to be paid within 1 year	5	8	6.46	-
Lease obligation (expecting obligations scheduled to be paid within 1 year)	16	24	7.11	April 30 th , 2018 – May 31 st , 2021
Total	1,621	1,332	-	-

Notes

1. The “Average interest rate” represents the weighted-average rate applicable to the year-end balance.
2. The amounts of the long term loans payable (excepting loans scheduled to be paid within 1 year) that are scheduled to be paid within the 5 years following consolidated settlement date are as follows:

Category	1-2 years (Millions yen)	2-3 years (Millions yen)	3-4 years (Millions yen)	4-5years (Millions yen)
Lease obligation	9	8	5	1
Total	9	8	5	1

(Detail of Asset Retirement Obligations)

Not applicable.

(2) Others

[1] Status following the end of the consolidated fiscal year
Not Applicable.

[2] Quarterly business result of the consolidated fiscal year

(Accumulated period)	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Quarterly Net Sales (Millions yen)	16,323	37,190	56,697	77,792
Quarterly income before income taxes and minority interests (Millions yen)	2,582	6,305	9,813	14,415
Quarterly net income attributable to Owners of the parent (Millions yen)	1,875	4,668	6,035	9,909
Quarterly net income per share (yen)	45.32	112.77	145.80	239.32

(Non-accumulated period)	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Quarterly net income per share (yen)	45.32	67.45	33.03	93.52

[3] Important lawsuits or similar issues
Not applicable.

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