

Financial Information
As of March 31st, 2015

(The English translation of the
“有価証券報告書”
(Yuukashoken-Houkokusho)
For the fiscal year ended March 31st, 2015)

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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[Business year]	92 nd Fiscal Term (from April 1 st , 2014 to March 31 st , 2015)
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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	88 th	89 th	90 th	91 st	92 nd
Year ended	March, 2011	March, 2012	March, 2013	March, 2014	March, 2015
Net sales (Millions yen)	49,676	57,727	51,013	55,268	66,445
Ordinary income or loss (Millions yen)	6,030	9,301	7,892	9,024	12,791
Net income or loss (Millions yen)	6,103	8,607	3,995	5,858	8,993
Comprehensive income (Millions yen)	6,170	8,361	4,718	7,168	10,969
Net assets (Millions yen)	44,928	52,789	57,304	64,668	74,371
Total assets (Millions yen)	77,038	77,845	77,862	82,565	98,457
Net assets per share (yen)	1,086.96	1,276.39	1,384.43	1,557.28	1,787.05
Net income or loss per share (yen)	148.10	208.83	96.93	142.06	217.97
Diluted net income per share (yen)	147.95	208.54	96.72	141.49	216.93
Equity ratio (%)	58.2	67.6	73.3	77.8	75.0
Return on equity (%)	14.6	17.7	7.3	9.7	13.0
Price earnings ratio (Times)	10.0	8.2	20.2	12.8	12.6
Cash flow from operating activities (Millions yen)	7,569	8,914	8,337	6,434	10,820
Cash flow from investing activities (Millions yen)	1,029	- 3,298	- 3,019	- 1,374	- 2,958
Cash flow from financing activities (Millions yen)	- 4,399	- 5,327	- 4,322	- 3,244	-1,762
Cash and cash equivalents at end of fiscal year (Millions yen)	16,194	16,452	18,147	20,411	26,775
Employees (Average number of part-time employees, not included in the above figure.) (Person)	1,058 (410)	1,144 (470)	1,275 (495)	1,393 (540)	1,447 (620)

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	88 th	89 th	90 th	91 st	92 nd
Year ended	March, 2011	March, 2012	March, 2013	March, 2014	March, 2015
Net sales (Millions yen)	43,373	50,316	40,887	45,189	54,577
Ordinary income or loss (Millions yen)	4,332	7,167	6,277	7,046	10,048
Net income or loss (Millions yen)	5,569	7,773	3,626	4,999	7,497
Common stock (Millions yen)	10,209	10,215	10,216	10,238	10,295
Number of shares issued (shares)	41,249,481	41,253,981	41,254,781	41,278,381	41,340,681
Net assets (Millions yen)	34,469	41,633	44,921	49,910	57,000
Total assets (Millions yen)	64,807	66,877	64,979	65,653	78,157
Net assets per share (yen)	833.20	1,005.76	1,084.04	1,202.32	1,370.62
Cash dividends per share (yen)	10.00	16.00	16.00	23.00	55.00
(Interim cash dividends included herein) (yen)	(5.00)	(8.00)	(8.00)	(10.00)	(22.00)
Net income or loss per share (yen)	135.14	188.59	87.97	121.22	181.72
Diluted net income per share (yen)	135.01	188.32	87.78	120.73	180.86
Equity ratio (%)	53.0	62.0	68.8	75.5	72.4
Return on equity (%)	17.6	20.5	8.4	10.6	14.1
Price earnings ratio (Times)	11.0	9.1	22.2	15.0	15.2
Cash dividends as a percentage of net income (%)	7.4	8.5	18.2	19.0	30.3
Employees (Average number of temporary employees, not included in the above figure). (Person)	569 (240)	582 (280)	613 (285)	618 (330)	637 (380)

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.

3 [Business overview]

The Tokyo Seimitsu Group (the "Group") is composed of Tokyo Seimitsu Co., Ltd. (the "Company") and 26 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. 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 north 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.

<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., and Accretech (Malaysia) Sdn Bhd.

Metrology business

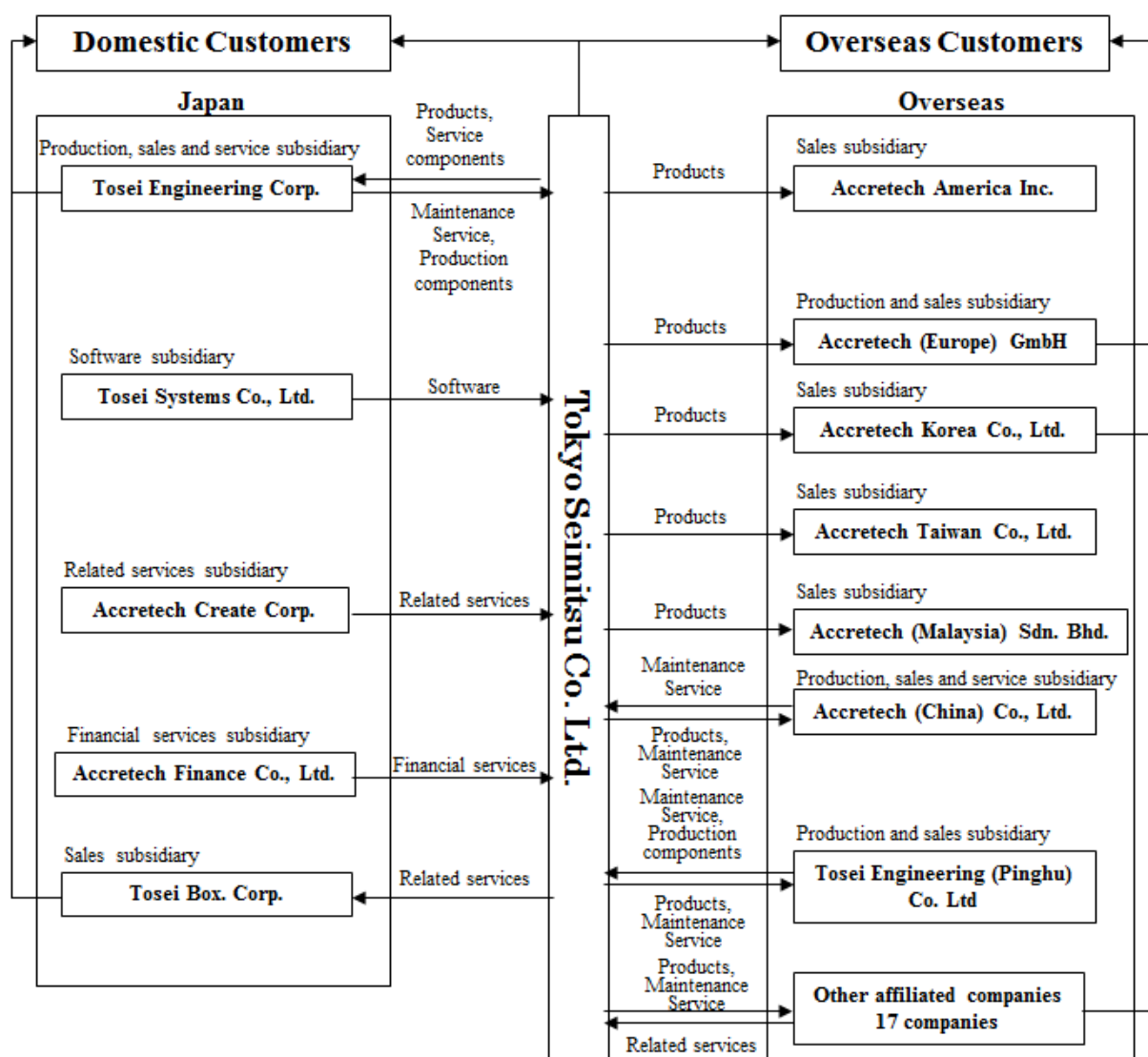
This business handles 3D coordinate measuring machines, surface texture and contour measuring systems, and other precision measuring systems. For this business, the Company and Tosei Engineering Corp. are responsible for the production and primary elements of sales and our subsidiary Tosei Systems Co.,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

<Major affiliates>

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

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 Tosei Engineering(Pinghu) Co., Ltd Accretech Taiwan Co., Ltd Accretech (Malaysia) Sdn Bhd Tosei (Thailand) Co., Ltd	Accretech (Singapore) Pte. Ltd Tokyo Seimitsu (Thailand) Co., Ltd Accretech Adamas (Thailand) Co., Ltd Accretech Vietnam Co., Ltd. PT Accretech Indonesia Accretech Do Brazil Ltda Tosei America, Inc. Tosei Korea Co., Ltd. Tosei Taiwan Co., Ltd. PT Tosei Indonesia Tosei Engineering Malaysia Sdn. Bhd Tosei Philippines Corporation Tosei Engineering Private Limited Tosei Mexico S.A. De.C.V Tosei Brazil Engenharia E Representacao Comercial Ltda 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 Company					
				Hold by Company (%)	Holding Company (%)	Concurrent Position as Directors		Business transactions	Financial assistance	Leasing of fixed assets	
						Company directors	Company 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	-	2	1	Provision of software to the Company	No	Yes	
Accretech Create Corp.	Hachioji, Tokyo	(Millions yen) 10	SPE business Metrology business	100.0	-	-	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	Yes	Yes	
Accretech Finance Co., Ltd	Hachioji, Tokyo	(Millions yen) 50	SPE business Metrology business	100.0	-	1	1	Provision of financial services to the Company	No	No	
Accretech America Inc.	Richardson, Texas, USA	(1,000s USD) 4,500	SPE business	100.0	-	2	2	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	-	2	-	Sales of products related to the Company's SPE and metrology instruments	No	No	
Accretech Korea Co., Ltd.	Seognami-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 measuring instruments	No	No	
Accretech (China) Co., Ltd.	Shanghai, China	(1,000s CNY) 15,211	SPE business Metrology business	100.0	-	3	1	Sales of products related to the Company's SPE and measuring instruments	No	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	
Accretech Taiwan Co., Ltd.	Jhubei, Hsinchu, Taiwan	(1,000s TWD) 60,000	SPE business	100.0	-	2	1	Sales of products related to the Company's SPE	No	No	
Accretech (Malaysia) Sdn Bhd.	Petaling Jaya, Selangor Malaysia	(1,000s MYR) 1,000	SPE business	100.0	-	1	1	Sales of products related to the Company's SPE	No	No	
Tosei (Thailand) Co., Ltd	Muang Chonburi, Thailand	(1,000s THB) 6,000	Metrology business	49.0 (49.0)	-	-	-	-	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 Tosei (Thailand) Co., Ltd., however, it is listed as a subsidiary because the Company substantially controls Tosei (Thailand) Co., Ltd.

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, 2015

Name of business segment	Number of employees (person)
SPE business	727 (300)
Metrology business	630 (290)
Company-wide (corporate staff)	90 (30)
Total	1,447 (620)

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, 2015

Number of employees (person)	Average age (years)	Average years of continuous service (years)	Average annual salary (yen)
637 (380)	41.8	13.2	7,329,971

Name of business segment	Number of employees (person)
SPE business	411 (260)
Metrology business	191 (100)
Company-wide (corporate staff)	35 (20)
Total	637 (380)

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

Overall global business conditions in the Fiscal Year 2015 ended March 31st, 2015 can be described in the following way. A gradual economic recovery continues in the USA, accompanied by an improvement in the employment market, a steady housing market, and strong private consumption. European economies, however, are at a standstill generally, and signs of recovery are weak. Economic growth in emerging Asian countries continues to slow, with falling real estate values and a decline in domestic demand in China. In Japan, a gradual recovery trend emerged accompanied by some improvement in corporate income and the labor market, although weak consumer spending was influenced by adjustments in response to the increase in the domestic consumption tax (from 5% to 8%).

Despite the business conditions outlined above, Consolidated Business Performance was improved both in Sales and Profit, underpinned by active investment by our main users both in the Semiconductor Production Equipment and Metrology Equipment segments. Consolidated Orders in the Fiscal Year 2015 (April 1st, 2014 – March 31st, 2015) were ¥70.241 billion (up 21.8% YoY), Sales were ¥66.445 billion (up 20.2% YoY), Operating Income was ¥12.124 billion (up 43.2% YoY), Ordinary Income was ¥12.791 billion (up 41.8% YoY), and Net Income was ¥8.993 billion (up 53.5% YoY).

Business results during the term in each segment were as follows.

A. SPE business

In the SPE business segment, semiconductor manufacturers and electronics component manufacturers have been actively investing in SPE for wide range of memory, logic, sensor and communication devices. Key factors affecting this are the success of new models of high-end smartphones, the rapid expansion of the smartphone market in to emerging countries, and demand for online storage increasing by spread of “cloud” services and “big data”. As a result, inquiries for our SPE products have generally trended higher YoY, with some downward fluctuations within short term cycles.

As a result, Orders for our SPE segment were ¥43.297 billion (up 29.5% YoY), Sales were ¥40.179 billion (up 28.1% YoY), and Operating Income was ¥6.963 billion (up 87.2% YoY).

B. Metrology business

The automobile industry, which is the major user of our products, has continued to establish world-wide production structures. The machine tools sector continued to recover mainly because of increased foreign demand. Government policies to provide financial support for the investment of domestic small and medium enterprises, have also had a notable consistent positive effect. In response, the Tokyo Seimitsu Group expanded sales & service subsidiaries overseas and made efforts to penetrate such business opportunities.

Orders for our Metrology Equipment segment in this Fiscal Year were ¥26.943 billion (up 11.1% YoY), Sales were ¥26.266 billion (up 9.9% YoY) and Operating Income was ¥5.160 billion (up 8.7% YoY).

Note: The above amounts are exclusive of consumption tax.

(2) Cash flows

Cash and cash equivalents as of March 31st, 2015 amounted to ¥26.775 billion, an increase of ¥6.363 billion from the end of FY2014. 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 ¥6.434 billion in FY2014 to ¥10.820 billion in FY2015. This was primarily due to the fact that Income (or loss) before income taxes and minority interests increased from ¥9.090 billion to ¥12.796 billion in FY2015.

Cash and cash equivalents used in investment activities increased from ¥1.374 billion in FY2014 to ¥2.958 billion in FY2015. This is mainly because there were no major impact from Proceeds from sales of investment securities while it was ¥702 million in FY2014, and of an increase of Payment for loans receivable from ¥1 million in FY2014 to ¥759 million in FY2015.

Net cash used in financing activities significantly decreased from ¥3.244 billion in FY2014 to ¥1.762 billion in FY2015, made up of an offsetting increase in Divided payments from ¥742 million in FY2014 to ¥1.443 billion in FY2015 and a decrease in Repayment of long-term debt from ¥2.500 billion in FY2014 to ¥400 million in FY2015.

2 [Production, orders, and sales]

(1) Actual Production

The production results for each business segment in FY2015 are shown below.

Business segment	Production (Millions yen)	YoY (%)
SPE business	38,071	39.7%
Metrology business	25,370	12.2%
Total	63,441	27.2%

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 FY2015 are shown below.

Business segment	Orders received (Millions yen)	YoY (%)	Order backlog (Millions yen)	YoY (%)
SPE business	43,297	29.5%	12,467	33.4%
Metrology business	26,943	11.1%	6,194	12.3%
Total	70,241	21.8%	18,662	25.5%

Note: The above amounts are exclusive of consumption tax.

(3) Actual Sales

The sales amounts for each business segment in FY2015 are shown below.

Business segment	Sales (Millions yen)	YoY (%)
SPE business	40,179	28.1%
Metrology business	26,266	9.9%
Total	66,445	20.2%

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 [Issues for the Company and the Group]

(1) Establishing profitable structure

To keep providing the World's No.1 products, the Company Group is striving to proceed with product quality improvement and innovation of manufacturing. The Group has already obtained excellent business results in many measures, however, the Group will continue to proceed with its growth strategy to achieve further improvements in business results.

(2) Continuous profit distribution

Company management is acutely aware that continuous dividend payments remain a key indicator of business success and thorough business recovery.

(3) Strengthening corporate governance

While corporate governance and risk management have become increasingly important, Tokyo Seimitsu Group will endeavor to strengthen its corporate governance by maintaining effective internal control systems and a proper compliance management system, thereby ensuring sound and transparent management.

In addition, in regards to CSR, the Group is striving to augment its healthy and safe office environment. The Group also accelerates development and/or improvement of eco-friendly factory and products in line with expectations of corporate and social responsibility.

(4) Globalization

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

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 FY2015.

(1) Fluctuations in market conditions

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

(3) Natural disasters and accidental disasters

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

(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 Tokyo Seimitsu Group operates under a multiple source procurement system, the Group's business performance could be impacted due to the shortage of supply or delivery delay because some of the materials can be procured by some limited suppliers or it may become very difficult to change supplier due to the peculiarity. Also, the surge of materials and services' prices from the change of supply-demand could affect the Group's business performance.

(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 Tokyo Seimitsu Group in both Japan and overseas. The Group takes several measures in product development and manufacturing in order to reduce the impact to the environment and to comply with the related regulations. However, if these measures do not achieve the expected results or regulations and their enforcement are changed or become stricter, the Group's business performance could be adversely affected with limited production activities and increased costs incurred to comply with regulations.

(6) Country risk

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

(7) Protection of intellectual property rights

The Tokyo Seimitsu Group's SPE and precision Metrology equipment embody cutting edge technologies. Particular attention is paid to the protection of rights related to these technologies. Specifically, the Group has taken measures to defend its interest with regard to such matters as attribution of patent-related rights and protection of trademarks and brands. However, if a lawsuit or

other legal dispute with a third party in Japan or overseas were to arise concerning rights, the Group's business performance could be affected.

(8) Technological innovation

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

(9) Product quality

The Tokyo Seimitsu 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 Tokyo Seimitsu Group possesses the customers' confidential information or personal information, and the Group's confidential information related to technologies, sales and others. The Group pays special attention to 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)	Mutually Exclusive agency agreement in the multi-purpose measuring instruments field	Five years maximum beginning October 1 st , 2010

<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 FY2015 was ¥5.744 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 finer structures 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 FY2015 include, mostly continued from FY2014, “Probing machine performance improvement”, “Blade dicing machine performance improvement”, and “Development of PG(Polish Grinder)”.

The total amount of R&D costs for this business area in FY2015 was ¥4.645 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 FY2015 include, mostly continued from FY2014, “The development of SVA3”, “Analysis software ACCTee performance improvement”, and “The development of White-light Interference Microscope”.

The total amount of R&D costs for this business area in FY2015 was ¥1.098 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 FY2015

The financial position of the Group at the end of FY2015 consisted of total assets in the amount of ¥98.457 billion (¥67.873 billion in current assets and ¥30.584 in fixed assets), liabilities in the amount of ¥24.085 billion, and total net assets of ¥74.371 billion.

[1] Assets

Total assets in FY2015 have increased ¥15.891 billion from the end of FY2014 mainly due to a significant increase in Cash and cash equivalents, an increase in Accounts receivable such as Trade notes and accounts receivable and Electronically recorded monetary claims, and an increase in inventories such as Merchandise and finished goods and Work in progress.

[2] Liabilities

Through an increase in the Groups' business scope and profits, Accounts payable such as Notes and accounts payable and Electronically recorded obligations-operating, and Income taxes payable were significantly increased. Consequently, total Liabilities in FY2015 have increased by ¥6.189 billion from the end of FY2014.

[3] Net assets

Total net assets in FY2015 have increased by ¥9.702 billion from the end of FY2014, primarily because of net profits and an increase in Accumulated other comprehensive income from increased stock price and depreciation of the Japanese Yen.

(3) Analysis of operating results for FY2015

[1] Sales

Sales for FY2015 were ¥40.179 billion for the SPE business and ¥26.266 billion for the Metrology business, with a combined total of the two businesses of ¥66.445 billion. Business results in FY2015 have increased sequentially because of firm demand consistent with worldwide, moderate recovery trends.

[2] Cost of sales, selling and general administrative expenses

Cost of sales for FY2015 was ¥40.275 billion and the Selling and general administrative expenses were ¥14.044 billion. The ratio of the cost of sales to total sales in FY2014 decreased from 63.0% in FY2014 to 60.6%. On the other hand, the ratio of the selling and general administrative expenses to total sales in FY2015 was mostly equivalent from 21.6% in FY2014, to 21.1%. This was due to a positive impact both of cost reduction activities and an improvement in the factory utilization ratio.

[3] Operating income

As results of [1] and [2] above, operating income for FY2015 was ¥12.124 billion.

[4] Non-operating income and expenses

Non-operating income for FY2015 was ¥726 million mainly from Foreign exchange income as a result of the Japanese Yen depreciation. Non-operating expenses for FY2015 decreased to ¥59 million due to the reduction of interest-bearing debts.

[5] Ordinary income

As recorded above, Ordinary income for FY2015 was ¥12.791 billion.

[6] Extraordinary gains and losses

Extraordinary gains in FY2015 were limited to ¥9 million from a Gain on reversal of share subscription rights. Extraordinary losses were limited to ¥4 million from a Loss on valuation of golf club membership.

[7] Income before income taxes and minority interests

As a result, Income before taxes and minority interests for FY2015 was ¥12.796 billion.

[8] Income taxes

Income taxes and others in FY2015 were ¥3.767 billion and the ratio to income before income taxes and minority interests was 29.4%.

[9] Minority interests

Minority interests in FY2015 were ¥35 million.

[10] Net income

As a result of the above, Net income for FY2015 was ¥8.993 billion.

(4) Analysis of Cash Flow for FY2015

FY2015 Cash and cash equivalents earned from operating activities were ¥10.820 billion of positive cash flow, used in investing activities was ¥2.958 billion of negative cash flow, and used in financing activities was ¥1.762 billion of negative cash flow. As a result, Cash and cash equivalents at the end of FY2015 increased by ¥6.363 billion to ¥26.775 billion. This was primarily due to factors including Income before income taxes and minority interests 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.

(6) Medium- and long-term management strategies

The Company builds cooperative Win-Win relationships with domestic and overseas companies and individuals that share a common goal. Behind all our efforts is the goal of being a truly global company. To accomplish this goal, the Company will concentrate resources into selected products targeting each business segment.

In recent years, the Company Group's overseas sales have exceeded domestic sales. Therefore, sales organization has been fully localized in each region, and such as in China and Thailand, local manufacturing has commenced. The Company Groups 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.

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 FY2015 was ¥3.249 billion. An overview of this investment by business segment is provided below.

(1) SPE business

Capital expenditures in this business during FY2015 were conducted primarily in preparation for expanding production of existing products, and for re-engineering 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 were ¥1.392 billion as mobilization costs for Hachioji Plant No. 6, ¥158 million for the purchase of a CNC cylindrical grinding machine, and ¥22 million for the purchase of a multi-purpose cylindrical grinding machine. Total capital expenditures in this business during FY2015 were ¥2.459 billion.

(2) Metrology business

Capital expenditures in this business during FY2015 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 were ¥69 million by the Company's subsidiary, Tosei Engineering for purchase of a Precision 3D laser cutting machine, ¥38 million for purchase of CNC combined machine tools, and ¥35 million for purchase of a CNC precision turning center. Total capital expenditures in this business during FY2015 were ¥7.89 million.

2 [Major equipment and facilities]

(1) The Company

At March 31st, 2015

Location	Business segment	Description	Book value (Millions yen)						Number of employees (person)
			Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m ²)	Lease assets	Total	
Hachioji Headquarters, Plant (Hachioji, Tokyo)	SPE business	Production equipment, others	5,995	1,244	719	3,436 (37)	7	11,404	397
Tsuchiura Plant (Tsuchiura, Ibaraki)	Metrology business	Production equipment, others	1,397	25	153	151 (17)	1	1,728	151
Sales offices and satellite offices	SPE business Metrology business	Air conditioning system, others	2	0	4	- (-)	-	25	89
Others	SPE business Metrology business	Guest houses, others	16	-	-	52 (3)	-	68	0

Notes: 1. The book value does not include amounts for construction in progress account.

2. Currently there is no idle equipment.

(2) Domestic subsidiaries

At March 31st, 2015

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	Total	
Tosei Engineering Corp.	Head Office & Plants (Tsuchiura, Ibaraki, others)	SPE business Metrology business	Production equipment, others	2,146	447	94	1,914 (42)	-	4,603	282
Tosei Systems Co., Ltd.	Head Office (Hachioji, Tokyo)	SPE business Metrology business	Instrument supplies, others	0	-	1	- (-)	-	2	94
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	99	-	0	1 (1)	-	101	11

Notes: 1. The book value does not include amounts for construction in progress account.

2. Currently there is no idle equipment.

(3) Overseas subsidiaries

At March 31st, 2015

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	Total	
Accretech America Inc.	Head Office (Richardson, Texas, USA)	SPE business	Head office building, others	17	5	10	- (-)	-	33	36
Accretech (Europe) GmbH	Head Office (Munich, Bavaria, Germany)	SPE business	Demonstration Equipment, others	5	23	25	- (-)	-	54	50
AccretechKorea Co., Ltd.	Head Office (Seongnam-si, Gyeonggi-do, Korea)	SPE business	Instrument supplies, others	-	0	10	- (-)	-	11	40
Accretech (China) Co., Ltd.	Head Office (Shanghai, China)	SPE business	Instrument supplies, others	-	10	56	- (-)	0	66	105
Tosei Engineering (Pinghu) Co., Ltd.	Head Office (Pinghu, Zhejiang, China)	SPE business	Production equipment, others	363	65	7	- (-)	-	435	56
Accretech Taiwan Co., Ltd.	Head Office (Jhubei, Hsin-chu, Taiwan)	SPE business	Instrument supplies, others	2	-	12	- (-)	-	14	68
Accretech (Malaysia) Sdn Bhd.	Head Office (Petaling Jaya, Selangor Malaysia)	SPE business	Instrument supplies, others	2	23	2	- (-)	-	29	26
Tosei (Thailand) Co., Ltd	Head Office (Muang Chonburi, Thailand)	Metrology business	Production equipment, others	52	46	25	54 (4)	-	179	41

Notes: 1. The book value does not include amounts for construction in progress account.

2. Currently there is no idle equipment.

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	Construction of Hachioji 6 th plant, others	3,005	1,392	Feb., 2015	March, 2016	
			Machinery	CNC cylindrical grinder, others	663	61	Jan., 2015	Dec., 2015	
			Tools, instruments	Telephone system update, others	560	2	March, 2015	March, 2016	
			Software	AA-Project's trimming system development, others	133	-	April, 2015	March, 2016	
					4,361	1,455			
	Tsuchiura Plant (Tsuchiura, Ibaraki-ken)	Metrology business	Buildings and structures	Air conditioning system update, others	343	-	April, 2015	March, 2016	
			Machinery	Ultra precision surface grinding machine, others	63	-	April, 2015	Oct., 2015	
			Tools, instruments	UPS for Server system, others	185	18	March, 2015	March, 2016	
			Software	Order management system, others	15	-	April, 2015	Sep., 2015	
					606	18			
	Head Office (Hachioji, Tokyo)	SPE business, Metrology business	Tools, instruments	Chemical substance monitoring tool, others	136	80	March, 2015	Sep., 2015	
			Software	HR Payroll system, others	215	-	April, 2015	March, 2016	
					351	80			
	Total					5,318	1,553		
	Tosei Engineering Corp.	Head Office, plants, and others (Tsuchiura, Ibaraki-ken, and elsewhere)	SPE business, Metrology business	Machinery	Precision tool grinder, others	223	33	March, 2015	Aug., 2015
Vehicles				Sales vehicles	19	-	April, 2015	Aug., 2015	
Tools, instruments				Field path testing system, others	65	-	April, 2015	Aug., 2015	
Total					307	33			

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 , 2015)	Number of shares issued on the filing date of the securities report (As of June 26 th , 2015)	Stock exchanges on which the Company is listed	Description
Common stock	41,340,681	41,373,881	Tokyo Stock Exchange (First Section)	Unit amount of stocks is 100.
Total	41,340,681	41,373,881	-	-

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, 2015, through the filing date of this report.

(2) Status of share subscription rights

The 7th share subscription rights

	As of the end of the fiscal year (March 31 st , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	301 *Note 1	144 *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	30,100 *Note 1	14,400 *Note 1
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1,525 per share *Note 2	Same as at left
Exercise period for share subscription rights	September 26 th , 2010-June 30 th , 2015	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 1,525 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 8th share subscription rights

	As of the end of the fiscal year (March 31 st , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	399 *Note1	316 *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	39,900 *Note 1	31,600 *Note1
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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	468 *Note 1	376 *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	46,800 *Note 1	37,600 *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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	685 *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	68,500 *Note 1	Same as at left
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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	713 *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	71,300 *Note 1	Same as at left
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 , 2016-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

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

	As of the end of the fiscal year (March 31 st , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	128 *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	12,800 *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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	88 *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	8,800 *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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	108 *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	10,800 *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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	331 *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	33,100 *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 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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	331 *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	33,100 *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 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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	326 *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	32,600 *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 , 2015)	As of the end of the month prior to the date this report was submitted (May 31 st , 2015)
Number of share subscription rights	356 *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	35,600 *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

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.

- (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).

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

- (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.

- 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.
- 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 , 2010- March 31 st , 2011 *Note	8,400	41,249,481	11	10,209	11	17,581
April 1 st , 2011- March 31 st , 2012 *Note	4,500	41,253,981	6	10,215	6	17,587
April 1 st , 2012- March 31 st , 2013 *Note	800	41,254,781	0	10,216	0	17,588
April 1 st , 2013- March 31 st , 2014 *Note	23,600	41,278,381	21	10,238	21	17,610
April 1 st , 2014- March 31 st , 2015 *Note	62,300	41,340,681	57	10,295	57	17,667

Note: 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 , 2010 - March 31 st , 2011	Increase due to exercise of share subscription rights of stock option	8,400	11	11
April 1 st , 2011 - March 31 st , 2012	Increase due to exercise of share subscription rights of stock option	4,500	6	6
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

Note: Due to exercise of share subscription rights of stock option, the number of shares issues increased by 33,200 shares and common stock and paid-in capital increased by ¥30 million each during April 1st, 2015 to May 31st, 2015.

(6) Details of shareholders

At March 31st, 2015

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)	-	48	50	256	190	10	19,581	20,135	-
Number of shares held (units)	-	129,731	6,577	43,123	107,099	95	126,332	412,957	44,981
Ratio (%)	-	31.42	1.59	10.44	25.94	0.02	30.59	100.00	-

Notes: 1. Treasury stock of 34,609 shares is included in "Individuals and other" for 346 units and in "Shares under 1 unit" for 9 shares. The effective number as of March 31st, 2015 was also 34,609 shares.

(7) Principal shareholders

At March 31st, 2015

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	4,063	9.83
Japan Trustee Services Bank, Ltd. Trust account No.9	1-8-11 Harumi, Chuo-ku, Tokyo	1,532	3.71
Japan Trustee Services Bank, Ltd. Trust account	1-8-11 Harumi, Chuo-ku, Tokyo	1,276	3.09
The Precise Measurement Technique Promotion Foundation	3-1-6-203 Kyonan-cho, Musashino-shi, Tokyo	1,058	2.56
Tsugami Corporation	12-20 Tomizawa-cho, Nihombashi, Chuo-ku, Tokyo	1,033	2.50
Northern Trust Company (AVFC) RE-HCR00 (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited)	50 Bank Street Canary Wharf London, E14 5NT, UK (3-11-1 Nihombashi, Chuo-ku, Tokyo)	855	2.07
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	840	2.03
CBNY-Government of Norway (Standing Proxy: Citibank Japan, Ltd.)	388 Greenwich street, New York, NY 10013 USA (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	619	1.50
Ayako Yano	Chiyoda-ku, Tokyo	612	1.48
Hideko Takagi	Mitaka-shi, Tokyo	610	1.48
Total	-	12,501	30.24

Notes: The following corporations have submitted a Large Shareholding Report (change report) in FY2015. 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 as of the end of the most recent fiscal year, 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 (%)	Reporting obligation date
Mitsubishi UFJ Financial Group, Inc. (*1)	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	2,659	6.44	June 23 rd , 2014
Nomura Securities Co., Ltd. (*2)	1-9-1 Nihombashi, Chuo-ku, Tokyo	2,144	5.19	Feb. 13 th , 2015

(*1) Co-ownership between Mitsubishi UFJ Trust and Banking Corporation (2,371 thousand shares), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd (210 thousand shares) and Mitsubishi UFJ Asset Management Co., Ltd. (78 thousand shares).

(*2) Co-ownership between Nomura Asset Management Co., Ltd (1,834 thousand shares) Nomura International PLC (361 thousand shares) and Nomura Security Co., Ltd (-51 thousand shares).

(8) Status of voting rights

[1] Shares issued

At March 31st, 2015

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: 34,600	-	-
Shares with full voting rights (others)	Common stock: 41,261,100	412,611	-
Shares under one unit	Common stock: 44,981	-	-
Total shares issued	41,340,681	-	-
Total voting rights held by all shareholders	-	412,611	-

Note) The common stock in the "Shares under one unit" includes 9 shares of treasury stock owned by the Company.

[2] Treasury stock, etc.

At March 31st, 2015

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	34,600	-	34,600	0.08
Total	-	34,600	-	34,600	0.08

(9) Stock option plans

The Company has adopted a stock option plan under which share subscription rights are granted to directors, auditors 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 7th share subscription rights

Date for resolution	June 27 th , 2008 (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: 301 Directors of subsidiaries: 8 Employees of subsidiaries: 15
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 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

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

The 12th share subscription rights

Date for resolution	June 23 th , 2015 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors and Employees of the Company and the Directors and Employees of Subsidiaries. *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.

$$\text{Adjusted Number of Shares Granted} = \text{Number of Shares Granted before adjustment} \times \text{Stock split (or reverse stock split) ratio}$$
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).

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

- (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 FY2015	1,067	2
Treasury stock acquired during the period for acquisition	214	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, 2015 to the filing date of this Financial Document (Yuukashoken-houkokusho).

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

Classification	FY2015		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	34,609	-	34,823	-

Note: 1 "Acquired treasury stock which was disposed of during the period" does not include shares under 1 unit which were sold between June 1st, 2015 to the filing date of this Financial Report (Yuukashoken-houkokusho) was submitted.

2 "Treasury stock held during the period for acquisition" does not include shares under 1 unit which were purchased or sold between June 1st, 2015 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 FY2015, the Company paid ¥55 per share as the dividend, including an interim dividend (¥22 per share) paid on Dec. 2nd, 2014. The Company maintains a core policy regarding the distribution of profits linked to the business performance of the Company and the Company aims to pay stable dividends targeting a consolidated dividend payout ratio of 25%. Also, considering the aim to provide stable and continuous dividend payments, the Company deems to maintain a minimum annual dividend of ¥20 per share regardless of consolidated profits in the case where the Company experiences losses in two consecutive years.

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

The Company 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 , 2014 Resolution of the Board of Directors meeting	907	22.00
June 23 rd , 2015 Resolution of the annual general meeting of shareholders	1,363	33.00

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	88 th	89 th	90 th	91 st	92 nd
Fiscal Year-end	March, 2011	March, 2012	March, 2013	March, 2014	March, 2015
Highest (yen)	1,698	1,797	2,093	2,528	2,985
Lowest (yen)	991	1,117	962	1,635	1,610

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., 2014	November	December	Jan., 2015	February	March
Highest (yen)	1,863	2,326	2,537	2,489	2,722	2,985
Lowest (yen)	1,610	1,765	2,271	2,270	2,262	2,606

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

5 [Directors and Auditors]

Function	Position	Name	Date of birth	Career profile		Term of office	Number of shares owned (1,000s)
Representative Director	Chairman	Kunimasa Ohta	Feb. 16 th , 1949	April 1971 April 1996 June 1999 April 2001 April 2002 June 2002 April 2003 June 2004 April 2011 April 2015	Joined The Fuji Bank, Limited. Kobe Branch Manager 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 (current position)	*Note 3	14
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	5
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 July 2002 April 2007 April 2008 June 2009 June 2011 April 2015	Joined The Fuji Bank, Limited. Mizuho Bank, Ltd. Fujisawa Branch Manager General Manager Financial Institutions & Public Sector Banking Division Joined the Company, Senior Executive officer of Administration Company Director President of Administration Company Representative Director and CFO (current position)	*Note 3	4
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	1
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 2011 April 2012 April 2014 June 2015	Joined YDK Co., Ltd Joined the Company Executive officer of Semiconductor Company General Manager of IT Strategic Management Dept (current position) General Manager of Test Technology Division (current position) Managing executive officer of Semiconductor Company (current position) Director (current position)	*Note 3	0

Function	Position	Name	Date of birth	Career history		Term of office	Number of shares owned (1,000s)
Director	Part-time	Shigeru Umenaka	March 17 th , 1948	Feb. 1970 June 1992 June 1996 Oct. 1997 April 2004 June 2004 June 2011 April 2015	Joined Tosei Engineering Service Co., Ltd. (now Tosei Engineering Corp.). Director Managing Director Representative Senior Managing Director President (current position) Director of the Company Representative Director Director (part-time) of the Company (current position)	*Note 3	19
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 Accretch (Europe) GmbH). Operations Manager Director President (current position) Director (part-time) of the Company (current position)	*Note 3	1
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 2013 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 Senior Adviser (Current position), and External director of Ividen Co., Ltd (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	6
Auditor	Part-time	Yoshiharu Kikuchi	April 17 th , 1948	April 1971 June 2000 June 2001 April 2004 April 2006 June 2010 June 2011	Joined Tsugami Corporation Director and Leader of the Automatic Lathe Group, Nagaoka Factory Managing Director and Leader of the Automatic Lathe Group, Nagaoka Factory Director, Senior Executive Officer and General Manager of the Sales Headquarters Representative Director, Senior Executive Officer and General Manager of the Sales Headquarters Auditor (part-time) of the Company (current position) Principal Adviser of Tsugami Corporation (current position)	*Note 4	-

Function	Position	Name	Date of birth	Career history		Term of office	Number of shares owned (1,000s)
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. 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 5	-
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 Primeearth EV Energy Co., Ltd) Adviser (Current Position) and External Director of Toyo Kohan Co., Ltd (Current Position) Auditor (current position) of the Company	*Note 6	-
Total							60

Notes:

1. Directors Hirokazu Matsumoto and Shozo Saito are external corporate directors.
2. Auditors Yoshiharu Kikuchi, Naomi Inoue and Yoshiro Hayashi 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 23rd, 2015.
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 24th, 2013.
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 23rd, 2015.

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.
 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 Director’s business dealings meet laws and articles
 - i. To meet appropriate corporate governance standards, the Board of Directors has put in place an effective internal control system and established a system for compliance with laws, regulations, and the articles of incorporation.
 - ii. The Board of Auditors monitors the effectiveness and function 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 “Tokyo Seimitsu’s Basic policy for confidential information control”.
 - ii. Upon requests by Directors and Auditors, this information will be made available for inspection.
 4. Systems for risk managements
 - i. The Company works to prevent potential risks. If risks appear, all personnel in the Company, chaired by President, 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 a “Risk Management Committee,” chaired by the President. This committee helps prevent potential risks, while developing a system for emergency preparedness in accordance with Regulations for risk management.
 - iii. In the event of a risk scenario arising, the committee would immediately establish a “Risk Response Team ” managed by the President, and carry out activities aimed at responding to the risk and quickly bringing it under control.
 5. Systems for effect business operations by Directors
 - i. The Board of Directors holds regular meetings once each month. It makes decisions concerning important operational matters such as half fiscal year business forecasts and monitors the status of business execution. The Company is strictly observant to ratify the matters that are defined under regulations of the Board of Directors and/or the matters to be ratified. All necessary documents are properly distributed to all Directors and auditors.
 - 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 once each month 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 employees’ activities observe laws and articles of incorporation
 - i. The Company has a “Compliance Committee,” chaired by the director in charge of the Administration Company, and 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.
 - ii. The Company has a system for reporting incidence relating to compliance, by which the responsible directors and/or executive officers report details and action plans to the Board of Directors and Auditors in a timely manner.
 - iii. The internal reporting system guards the reporter and establishes systems to

- undertake appropriate action.
- iv. The Company has the Audit dept. which is overseen directly by the President, and carries out 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.
7. Systems for ensuring the correctness of operations in the Group
 - i. The Company and Subsidiaries (Group) have the Management Support dept. which collects information concerning various problems and major risks within the Group, and works to share the information throughout the Group and to ensure the correctness of business activities from the overall Group's profit point of view.
 - ii. If the Management Support dept. notifies risk of loss occurring at Subsidiaries, the Management Support dept. collects information concerning problems and major risks and reports details to Board of Directors and responsible departments.
 - iii. In order to avoid unfair and/or improper transactions and/or accounting, the Management Support dept. shares information with the Company's Audit dept. and/or equivalent dept. in subsidiaries frequently.
 8. Matters for employees who have been appointed to support Auditor's tasks
 - i. If necessary, the Company appoints approximately 2 employees who belong to the Management Support dept. and/or Audit dept. to support Auditors task.
 - ii. The direction from Auditors is fully quarantined from the original organization from which the co-opted employees belong.
 9. Independence of employees who supports Auditors from Directors
 - i. The appointment and/or transfer of employees to support Auditors shall be agreed by the Board of Auditors.
 - ii. The assessment of employees to support Auditors shall be referred for Auditor's opinion.
 10. Systems for reporting from Directors and/or employees to Auditors, and related to the reports to other Auditors
 - i. Based on regulations of the Board of Auditors, Directors and employees shall brief and share necessary information to/with Auditors upon request.
 - ii. Major matters to be reported on are as follows.
 - Status of Audit dept. and Management Support dept. relating to the Company's internal control system.
 - Status of Auditors and internal Audit dept. of the Subsidiaries
 - Company's important accounting policies, standards, and methods, and these revisions
 - Contents of business results and forecasts to be in public, and/or the content of important disclosure documents
 - Status of operation of internal reporting system and detail of reports
 - Internal Ringi (Ratification) document and meeting minutes requested by Auditors
 11. Systems to ensure issuing reliable financial reports

Dealing with the risk related to the reliability of financial reporting on the Company and its subsidiaries, the Company institutes "Basic Principles of Internal Control over Financial Reporting" as a policy to ensure the control activity to reduce the risk sufficiently.
 12. Systems to ensure that Auditor enables effective audit
 - i. Representative Director of the Company communicates with Auditors as much as possible and shares the comments for not only business reports but also operations.
 - ii. Board of Directors shall reserve Auditor's availability for attendance to meetings such as executive officers meeting that are important to assessing proper business operations.
 13. Policies and preparations for the severance of relationships with anti-social forces
 - i. The Group does not have any relationships with anti-social forces. In a case where anti-social forces contact the company, 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 Group mandates 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 established a "Risk Management Regulations," and a "Risk Management Committee" chaired by the President, 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 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.
 - 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.
 - 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.
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 secretariat.
 - iii. The 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 and Shozo Saito of external corporate directors, and with Yoshiharu Kikuchi, Naomi Inoue and Yoshiro Hayashi 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 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 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: 2, 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
External corporate auditors	Yoshiharu Kikuchi	Not applicable	0 shares	None
	Naomi Inoue	Not applicable	0 shares	None
	Yoshiro Hayashi	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, has joined Toshiba Corporation and is currently assigned as Senior Adviser. There is a business relationship that the Company sells some equipment to Toshiba Corporation.
- Yoshiharu Kikuchi, an external corporate auditor, had joined Tsugami Corporation and is currently assigned as Principal Adviser. 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, has 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, has joined Toyota Motor Corporation. There is a business relationship that the Company sells some equipment to Toyota Motor Corporation. He is also an adviser of Primearth EV Co., Ltd, but there is no business relationship and/or interest to be stated in this report between the Company and Primearth EV Co., Ltd.

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. Even though there is no company regulation defining independence between external Corporate Director and Auditors and the Company, 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 university and administrative agencies, and various experiences in foreign countries, 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

FY2015 (from April 1st, 2014 - March 31st, 2015)

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)	301	241	60	-	-	9
Auditors (except external Corporate Auditors)	18	18	-	-	-	1
External Corporate Director and Auditors	24	24	-	-	-	4

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.

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: 38 brands

Total amounts Accounted on Balance Sheet: ¥4,931 million

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

FY2014 (from April 1st, 2013 - March 31st, 2014)

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	855	Sales activity(such as smooth dealing)
Toyota Motor Corporation	100,000	582	Same as at above
Asahi Diamond Industrial Co., Ltd.	400,000	525	Same as at above
NSK Ltd.	296,900	315	Same as at above
TPR Co.,Ltd.	100,000	157	Same as at above
Tokyo Electron Limited	23,300	147	Same as at above
KYOCERA Corporation	31,000	144	Same as at above
THK CO., LTD.	60,000	139	Same as at above
Yamazen Co., Ltd.	160,000	108	Same as at above
Tomita Co., Ltd.	123,345	80	Same as at above
Toa Corporation	380,000	80	Same as at above
The Yachiyo Bank, Limited	18,500	52	Same as at above
Mitsubishi UFJ Financial Group, Inc.	80,000	45	Same as at above
Formfactor, Inc	66,667	43	Same as at above
Asahi Glass Co., Ltd.	46,431	27	Same as at above
Micron Machinery Co., Ltd.	10,000	25	Same as at above
Joyo Bank, LTD.	48,510	24	Same as at above
Taiho Kogyo Co., Ltd.	20,000	19	Same as at above
Eiwa Corporation	29,040	12	Same as at above
Tsukuba Bank, Ltd.	28,000	11	Same as at above
JX Holdings, Inc.	21,400	10	Same as at above
Sato Shoji Corporation	14,834	10	Same as at above
Resona Holdings Inc.	16,275	8	Same as at above
Daiichi Sankyo Company, Limited	4,636	8	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	4,592,000	2,833	The Company holds voting rights.
Hulic Co., Ltd.	399,300	564	Same as at above
Sumitomo Mitsui Financial Group, Inc.	10,800	47	Same as at above
Advantest Corporation	40,400	45	Same as at above
Nikon Corporation	19,000	31	Same as at above
Oki Electric Industry Co., Ltd.	51,000	11	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.

FY2015 (from April 1st, 2014 - March 31st, 2015)

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	1,119	Sales activity(such as smooth dealing)
Toyota Motor Corporation	100,000	838	Same as at above
Asahi Diamond Industrial Co., Ltd.	400,000	550	Same as at above
NSK Ltd.	296,900	521	Same as at above
TPR Co., Ltd.	100,000	322	Same as at above
KYOCERA Corporation	31,000	204	Same as at above
Tokyo Electron Limited	23,300	195	Same as at above
THK CO., LTD.	60,000	183	Same as at above
Yamazaki Co., Ltd.	160,000	157	Same as at above
Tomita Co., Ltd.	124,561	78	Same as at above
Toa Corporation	380,000	76	Same as at above
Formfactor, Inc	66,667	70	Same as at above
Tokyo TY Financial Group, Inc.	18,500	59	Same as at above
Mitsubishi UFJ Financial Group, Inc.	80,000	59	Same as at above
Micron Machinery Co., Ltd.	10,000	40	Same as at above
Asahi Glass Co., Ltd.	49,407	38	Same as at above
Joyo Bank, LTD.	48,510	29	Same as at above
Taiho Kogyo Co., Ltd.	20,000	28	Same as at above
Eiwa Corporation	29,040	20	Same as at above
Sato Shoji Corporation	14,834	12	Same as at above
Tsukuba Bank, Ltd.	28,000	10	Same as at above
JX Holdings, Inc.	21,400	9	Same as at above
Resona Holdings Inc.	16,275	8	Same as at above
Daiichi Sankyo Company, Limited	4,636	8	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	4,592,000	3,531	The Company holds voting rights.
Hulic Co., Ltd.	399,300	539	Same as at above
Advantest Corporation	40,400	61	Same as at above
Sumitomo Mitsui Financial Group, Inc.	10,800	49	Same as at above
Nikon Corporation	19,000	30	Same as at above
Oki Electric Industry Co., Ltd.	51,000	12	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) Names, affiliated independent auditors, and years of continuous auditing service for the Certified Public Accountants who have carried out auditing work, and Assistants to the audits

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: 7, Junior accountants: 11, Others: 4

(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

	FY2014		FY2015	
	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	39	-	39	-
Consolidated Subsidiaries	12	-	12	-
Total	51	-	51	-

(2) Other important remunerations

FY2014 (April 1st, 2013 - March 31st, 2014)

The Company's consolidated subsidiaries, Accretech America Inc., Accretech (Europe) GmbH, Accretech (China)Co., Ltd., Tosei Engineering (Pinghu) Co., Ltd., Accretech Taiwan Co., Ltd., and Accretech (Malaysia) Sdn. Bhd. paid total ¥15 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 ¥15 million other than for the purpose of audit & assurance.

FY2015 (April 1st, 2014 - March 31st, 2015)

The Company's consolidated subsidiaries, Accretech America Inc., Accretech (Europe) GmbH, Accretech (China)Co., Ltd., Tosei Engineering (Pinghu) Co., Ltd., Accretech Taiwan Co., Ltd., and Accretech (Malaysia) Sdn. Bhd. paid total ¥14 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 ¥8 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

FY2014 (April 1st, 2013 - March 31st, 2014)

Not applicable.

FY2015 (April 1st, 2014 - March 31st, 2015)

Not applicable.

(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).

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 FY2015 (April 1st, 2014 - May 31st, 2015), and non-consolidated financial statements of FY2015 (April 1st, 2014 - May 31st, 2015) 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

	FY2014	FY2015
	(March 31 st , 2014)	(March 31 st , 2015)
ASSETS		
Current Assets		
Cash and cash equivalents	20,439	26,864
Notes and accounts receivable	20,841	22,399
Electronically recorded monetary claims	399	914
Merchandise and finished goods	1,814	2,464
Work in progress	7,776	9,532
Raw materials and supplies	3,099	3,177
Deferred tax assets	1,114	782
Others	468	1,852
Allowance for doubtful accounts	- 89	- 114
Total current assets	55,865	67,873
Fixed Assets		
Tangible fixed assets		
Building and structures	18,843	19,760
Accumulated depreciation	- 8,907	- 9,638
Building and structures(net)	9,936	10,121
Machinery, equipment and vehicles	7,849	8,103
Accumulated depreciation	- 5,829	- 6,209
Machinery, equipment and vehicles (net)	2,019	1,894
Equipment	3,783	4,534
Accumulated depreciation	- 3,207	- 3,409
Equipment(net)	576	1,124
Land	5,547	5,610
Lease assets	18	18
Accumulated depreciation	- 6	- 9
Lease assets (net)	12	9
Construction in process account	676	1,598
Total Tangible Fixed Assets	18,769	20,359
Intangible Fixed Assets		
Goodwill	1,005	577
Others	421	548
Total Intangible Fixed Assets	1,426	1,125
Investments and other assets		
Investment securities	*1 3,870	*1 5,544
Long-term loans	10	56
Net defined benefit assets	2,187	2,886
Differed tax assets	-	155
Others	*1 440	*1 460
Allowance for doubtful accounts	- 5	- 4
Total Investments and other assets	6,503	9,098
Total Fixed Assets	26,699	30,584
Total Assets	82,565	98,457

	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	9,124	6,131
Electronically recorded obligations-operating	-	5,789
Short-term debt	1,300	1,300
Current portion of long-term debt	400	400
Lease liabilities	3	3
Income taxes payable	1,156	2,312
Deferred tax liabilities	1	-
Bonus reserve	844	990
Reserve for director's bonuses	5	8
Others	2,736	4,784
Total current liabilities	15,571	21,718
Long-term Liabilities		
Long-term debt	800	400
Lease liabilities	9	6
Deferred tax liabilities	103	996
Allowance for director retirement benefits	120	117
Net defined benefit liabilities	1,111	816
Long-term accounts payable	180	29
Total long-term liabilities	2,324	2,367
Total Liabilities	17,896	24,085
NET ASSETS		
Shareholder's Equity		
Common stock	10,238	10,295
Capital surplus	21,255	21,312
Retained earnings	30,776	38,325
Treasury stock	- 111	- 113
Total Shareholder's Equity	62,158	69,820
Accumulated other comprehensive income		
Holding gain or loss in investment	714	1,574
Foreign currency translation adjustment	672	1,347
Remeasurements of defined benefit plans	683	1,073
Total accumulated other comprehensive income	2,071	3,995
Share subscription rights	320	385
Minority interests	118	169
Total Net Assets	64,668	74,371
Total Liabilities and Net Assets	82,565	98,457

[2] Consolidated statements of income and comprehensive income

[Consolidated statements of income]

Millions yen

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Net Sales	55,268	66,445
Cost of Sales	*1, *3 34,845	*1, *3 40,275
Gross Profit on Sales	20,422	26,169
Selling, general and administrative expenses	*2, *3 11,956	*2, *3 14,044
Operating income (loss)	8,466	12,124
Non-operating income		
Interest	9	20
Dividend income	65	71
Foreign exchange income	366	534
Others	184	99
Total Non-operating income	626	726
Non-operating expenses		
Interest expenses	42	33
Loss on sales and disposal of fixed assets	14	12
Others	11	13
Total Non-operating expenses	68	59
Ordinary income (loss)	9,024	12,791
Extraordinary gains		
Gain on sales of investment securities	72	-
Gain on reversal of share subscription rights	6	9
Total Extraordinary gains	79	9
Extraordinary losses		
Loss on liquidation of subsidiaries	12	-
Loss on valuation of golf club membership	-	4
Total extraordinary losses	12	4
Income (loss) before income taxes and minority interests	9,090	12,796
Income tax and other taxes	1,539	3,190
Adjustment on income tax	1,662	576
Total Income tax and others	3,201	3,767
Income (loss) before minority interests	5,889	9,028
Minority Interests	30	35
Net Income (loss)	5,858	8,993

[Consolidated statements of comprehensive income]

Millions yen

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Income (Loss) before minority interests	5,889	9,028
Accumulated other comprehensive income		
Holding gain or loss in investment	604	859
Foreign currency translation adjustment	674	691
Remeasurements of defined benefit plans	-	389
Total accumulated other comprehensive income	1,278	1,940
Comprehensive Income	*1 7,168	*1 10,969
(breakdown)		
Comprehensive income attributable to owners of the parent	7,126	10,917
Comprehensive income attributable to minority interests	41	51

[3] Consolidated statements of changes in net assets

FY 2014 (April 1st, 2013 – March 31st, 2014)

Millions yen

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

	Accumulated other comprehensive income				Share Subscription Rights	Minority Interests	Total Net Assets
	Holding gain or loss in investment	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of previous fiscal year	109	7	-	117	234	-	57,304
Changes during the fiscal year							
Issue of new shares							43
Cash dividends paid							- 742
Net income(loss)							5,858
Purchases of treasury stock							- 2
Change in scope of consolidation							49
Changes of items other than Shareholders' equity(net)	604	664	683	1,953	86	118	2,157
Total changes during the fiscal year	604	664	683	1,953	86	118	7,364
Balance as of end of the fiscal year	714	672	683	2,071	320	118	64,668

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

Millions yen

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

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

[4] Consolidated statements of cash flows

Millions yen

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014 - March 31 st 2015)
Cash flows from operating activities:		
Income(loss) before income taxes and minority interests	9,090	12,796
Depreciation and amortization	1,830	1,837
Amortization of goodwill	427	427
Stock related expense	99	102
Change in allowance for employee retirement benefits (-:decrease)	- 229	- 237
Change in allowance for director retirement benefits (-:decrease)	6	- 3
Change in allowance for doubtful accounts (-:decrease)	- 107	21
Interest and dividend income	- 75	- 91
Interest expense	42	33
Loss on sales of investment securities (-:income)	- 72	-
Change in trade notes and accounts receivable (-: increase)	- 4,182	- 1,616
Change in inventories (-: increase)	1,329	- 2,763
Change in trade notes and accounts payable(-:decrease)	- 691	2,349
Others	- 218	- 30
Subtotal	7,249	12,824
Proceeds from interest and dividend income	75	89
Payment of interest	- 61	- 34
Payment/Refund of income taxes (-: payment)	- 828	- 2,059
Net cash provided by (used in) operating activities	6,434	10,820
Cash flows from investing activities:		
Payment for time deposits	- 38	- 98
Proceeds from time deposits	117	38
Payment for purchase of tangible fixed assets	- 1,607	- 1,525
Proceeds from sales of tangible fixed assets	0	17
Payment for purchase of intangible fixed assets	- 64	- 138
Payment for purchase of investment securities	- 470	- 3
Proceeds from sales of investment securities	702	0
Payment for purchase of shares of subsidiary company	- 27	- 458
Payment for purchase of investments in capital of subsidiaries	-	- 43
Payment for loans receivable	- 1	- 759
Proceeds from collection of loans receivable	15	13
Net cash provided by (used in) investing activities	- 1,374	- 2,958
Cash flows from financing activities:		
Repayment of long-term debt	- 2,500	- 400
Repayment of lease liability	- 36	- 3
Proceeds from exercise of stock options	36	86
Dividend payments	- 742	- 1,443
Others	- 2	- 2
Net cash provided by (used in) financing activities	- 3,244	- 1,762
Effect of exchange rate changes on cash and cash equivalents	292	265
Net increase/decrease in cash and cash equivalents (-: decrease)	2,107	6,363
Cash and cash equivalents at beginning of year	18,147	20,411
Net increase/decrease in cash and cash equivalents by change in consolidated subsidiaries (-: decrease)	157	-
Cash and cash equivalents at end of year	20,411	26,775

[Significant accounting policies]
(Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries (13 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.
Tosei Engineering (Pinghu) Co., Ltd.
Accretech Taiwan Co., Ltd.
Accretech (Malaysia) Sdn Bhd.
Tosei (Thailand) Co., Ltd.

(2) Non- Consolidated subsidiaries

Accretech (Singapore) Pte, Ltd.
Tokyo Seimitsu (Thailand) Co., Ltd.
Accretech Adamas (Thailand) Co., Ltd.
Accretech Vietnam Co., Ltd.
PT Accretech Indonesia
Accretech Do Brasil Ltda
Tosei America, Inc.
Tosei Korea Co., Ltd.
Tosei Taiwan Co., Ltd.
PT TOSEI Indonesia
Tosei Engineering Malaysia Sdn. Bhd.
Tosei Philippines Corporation
Tosei Engineering Private Limited
Tosei Mexico S.A.DE.C.V
Tosei Brazil Engenharia E Representacao Comercial Ltda
Accretech (Pinghu) Co., Ltd.

All of the above 16 companies which were excluded from the consolidation range are all small companies, in terms of their total assets, total sales, total net income, total retained earnings, and others (amounts commensurate with our equity), 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 Accretech (China) Co., Ltd., Tosei Engineering (Pinghu) Co., Ltd., and Tosei (Thailand) Co., Ltd. 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.

4. Significant accounting policies

(1) Valuation standards and methods for important assets

(A) Securities

Other securities

Marketable securities : Marketable securities classified 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 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, external 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 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.

External consolidated subsidiaries use the straight-line method.

The significant useful lives are as follows.

Buildings and structures 3 - 50 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.
- (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]

The Company applied paragraph 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17th, 2012) and paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26th, 2015) from FY2015.

As a result, there is no impact to Net defined benefit assets, Net defined benefit liabilities or Retained earnings as at the beginning of FY2015. In addition, there is no impact to Operating income, Ordinary income, or Income before income taxes and minority interests for FY2015.

[Accounting Standards to be applied]

-"Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, Sep. 13th, 2013)

-"Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, Sep. 13th, 2013)

-"Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, Sep. 13th, 2013)

-"Accounting Standard for Net Income Per Share" (ASBJ Statement No.2, Sep.13th, 2013)

-"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, Sep.13th, 2013)

-"Guidance on Accounting Standard for Net Income Per Share" (ASBJ Guidance No.4, Sep.13th, 2013)

(1) Outline

These Accounting standards were revised from the viewpoints of 1) how to handle the differences arising from changes in the Company's interests in its subsidiaries (if the Company maintains control of these subsidiaries), 2) how to account for acquisition costs which are incurred, 3) change in presentation of Net income and change in presentation from minority interests to Net income attributable to non-controlling interests, and 4) accounting of provisional amounts recognized.

(2) Target applied date

The Company plans to apply these changes at the beginning of FY2016 ending March, 2016 except 4), which will be applied from the first business combination recognized after the beginning of FY2016.

(3) Effects from the application of the Accounting Standards

Impact from application of these standards and guidelines is under review as at the date of publishing these Financial Statements.

[Changes in presentation]

(Consolidated balance sheet)

In FY2014, "Electronically recorded obligations-operating" was included in the "Current Assets" - "Others". However, it was listed separately in FY2015 because the quantitative significance of this account increased in the Balance Sheet. Accordingly, applicable accounts in the Consolidated Financial Statements for FY2014 have been denotatively reclassified. Therefore, the amount shown in the FY2014 Statements of ¥868 million in "Current Assets" - "Others" was reclassified into ¥399 million of "Electronically recorded obligations-operating" and ¥468 million of "Others".

(Consolidated Statement of Income)

In FY2014, "Reversal of allowance for doubtful accounts" was separately listed in "Non-operating income." However, because in FY2015 this amount did not exceed 10% of the total amount of "Non-operating income", it was included in "Non-operating income" - "Others.". Accordingly, applicable accounts in the Consolidated Financial Statements for FY2014 have been denotatively reclassified. Therefore, amounts showed in the FY2014 Statements of Income; ¥100 million of "Reversal of Allowance for doubtful accounts" and ¥83 million of "Others" are now shown as ¥184 million of "Non-operating income" - "Others".

(Consolidated Statement of Cash Flows)

- (1) In FY2014, “Loss on sales and disposal of tangible fixed assets” and “Loss on liquidation of subsidiaries” were separately listed. However, because the quantitative significance of these accounts decreased in the Cash Flow Statement in FY2015, these were included in “Cash flows from operating activities” – “Others”. Accordingly, applicable accounts in the Consolidated Financial Statements for FY2014 have been denotatively reclassified. Therefore, amounts shown in FY2014 Statement of Cash Flows; ¥14 million of “Loss on sales and disposal of tangible fixed assets”, ¥12 million of “Loss on liquidation of subsidiaries”, and “Others” are now shown as ¥- 218 million of “Cash flows from operating activities” – “Others”.
- (2) In FY2014, “Payment for loans receivable” was included in the “Cash flows from investing activities” – “Others”. However, it was listed separately in FY2015 because the quantitative significance of this account increased in the Cash Flow Statement. Accordingly, applicable accounts in the Consolidated Financial Statement for FY2014 have been denotatively reclassified. Therefore, the amount shown in the FY2014 Statements of ¥13 million in “Cash flows from investing activities” – “Others” was reclassified into ¥ -1 million of “Payment for loans receivable “ and ¥15 million of “Proceeds from collection of loans receivable”.
- (3) In FY2014, “Proceeds from exercise of stock options” was included in the “Cash flows from financing activities” – “Others”. However, it was listed separately in FY2015 because the quantitative significance of this account increased in the Cash Flow Statement. Accordingly, applicable accounts in the Consolidated Financial Statements for FY2014 have been denotatively reclassified. Therefore, the amount shown in the FY2014 Statements of ¥33million in “Cash flows from financing activities” – “Others” was reclassified into ¥36 million of “Proceeds from exercise of stock options“ and ¥ -2 million of “Cash flows from financing activities“ – “Others”.

[Notes]

(Consolidated balance sheet)

*1 Investment in non-consolidated subsidiaries

	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
Investment securities	¥154 million	¥612 million
Other investment or other assets(Capital stock)	¥165 million	¥209 million

(Consolidated statements of income)

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

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Cost of sales	¥92 million	¥ -289 million

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

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Research and development costs	¥3,172 million	¥3,503 million
Salaries for employees	¥2,874 million	¥3,228 million
Provision for employees' bonuses	¥130 million	¥171 million
Provision for retirement benefits for directors and corporate auditors	¥13 million	¥13 million
Provision for directors' and corporate auditors' bonuses	¥5 million	¥8 million
Provision for retirement benefits for employees	¥ - 6 million	¥2 million

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

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Research and development costs	¥4,979 million	¥5,744 million

(Consolidated statements of comprehensive income)

*1 Adjustments and Tax effects related to Comprehensive income

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Unrealized Holding gain or loss on investment		
Arising during the Fiscal Year	¥1,005 million	¥1,216 million
Reclassification Adjustments	¥ - 72 million	¥ - 0 million
Before Tax effect adjustment	¥933 million	¥1,216 million
Tax effect	¥ - 328 million	¥ - 356 million
Unrealized Holding gain or loss on investment	¥604 million	¥859 million
Foreign currency translation adjustment		
Arising during the Fiscal Year	¥674 million	¥691 million
Reclassification Adjustments	-	-
Before Tax effect adjustment	¥674 million	¥691 million
Tax effect	-	-
Foreign currency translation adjustment	¥674 million	¥691 million
Remeasurements of defined benefit plans		
Arising during the Fiscal Year	-	¥789 million
Reclassification Adjustments	-	¥ - 261 million
Before Tax effect adjustment	-	¥527 million
Tax effect	-	¥ - 137 million
Remeasurements of defined benefit plans	-	¥389 million
Total other comprehensive income	¥1,278 million	¥1,940 million

(Consolidated statements of changes in net assets)

FY2014 (April 1st, 2013 - March 31st, 2014)

1. Issued stock

Stock class	At beginning of FY2014	Increase	Decrease	At end of FY2014
Common stock (shares)	41,254,781	23,600	-	41,278,381

Note: Reason for the increase of 23,600 shares is exercise of share subscription rights from stock options.

2. Treasury stock

Stock class	At beginning of FY2014	Increase	Decrease	At end of FY2014
Common stock (shares)	32,292	1,250	-	33,542

Notes: 1. The increase of 1,250 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 FY2014 (millions yen)
			At beginning of FY2014	Increase	Decrease	
The Company	The 6 th share subscription rights (stock options) (Issued 2007)	-		-		5
	The 7 th share subscription rights (stock options) (Issued 2008)	-		-		10
	The 8 th share subscription rights (stock options) (Issued 2011)	-		-		30
	The 9 th share subscription rights (stock options) (Issued 2012)	-		-		18
	The 10 th share subscription rights (stock options) (Issued 2013)	-		-		15
	Share subscription rights issued July 2006 (stock-based compensation options)	-		-		43
	Share subscription rights issued July 2007 (stock-based compensation options)	-		-		43
	Share subscription rights issued July 2011 (stock-based compensation options)	-		-		47
	Share subscription rights issued July 2012 (stock-based compensation options)	--		-		36
	Share subscription rights issued July 2013 (stock-based compensation options)	--		-		68
Total	-		-		320	

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 24 th , 2013 Regular General Meeting of Shareholders	Common stock	329	8.00	March 31 st , 2013	June 25 th , 2013
November 11 th , 2013 Board of Directors	Common stock	412	10.00	September 30 th , 2013	December 3 rd , 2013

(2) Dividends with a shareholders' cut-off date in FY2014 and an effective date in FY2015

Resolution	Class of stock	Resource for dividends	Total amount of dividends (millions yen)	Dividend per share (yen)	Cut-off date	Effective date
June 24 th , 2014 Regular General Meeting of Shareholders	Common stock	Retained earnings	536	13.00	March 31 st , 2014	June 25 th , 2014

(Consolidated statements of changes in net assets)

FY2015 (April 1st, 2014 - March 31st, 2015)

1. Issued stock

Stock class	At beginning of FY2015	Increase	Decrease	At end of FY2015
Common stock (shares)	41,278,381	62,300	-	41,340,681

Note: Reason for the increase of 62,300 shares is exercise of share subscription rights from stock options.

2. Treasury stock

Stock class	At beginning of FY2015	Increase	Decrease	At end of FY2015
Common stock (shares)	33,542	1,067	-	34,609

Notes: 1. The increase of 1,067 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 FY2015 (millions yen)
			At beginning of FY2015	Increase	Decrease	
The Company	The 7 th share subscription rights (stock options) (Issued 2008)	-		-		6
	The 8 th share subscription rights (stock options) (Issued 2011)	-		-		21
	The 9 th share subscription rights (stock options) (Issued 2012)	-		-		15
	The 10 th share subscription rights (stock options) (Issued 2013)	-		-		37
	The 11 th share subscription rights (stock options) (Issued 2014)	-		-		12
	Share subscription rights issued July 2006 (stock-based compensation options)	-		-		43
	Share subscription rights issued July 2007 (stock-based compensation options)	-		-		43
	Share subscription rights issued July 2011 (stock-based compensation options)	-		-		47
	Share subscription rights issued July 2012 (stock-based compensation options)	--		-		34
	Share subscription rights issued July 2013 (stock-based compensation options)	--		-		63
Share subscription rights issued July 2014 (stock-based compensation options)	--		-		59	
Total	-		-		385	

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 24 th , 2014 Regular General Meeting of Shareholders	Common stock	536	13.00	March 31 st , 2014	June 25 th , 2014
November 11 th , 2014 Board of Directors	Common stock	907	22.00	September 30 th , 2014	December 2 nd , 2014

(2) Dividends with a shareholders' cut-off date in FY2015 and an effective date in FY2016

Resolution	Class of stock	Resource for dividends	Total amount of dividends (millions yen)	Dividend per share (yen)	Cut-off date	Effective date
June 23 rd , 2015 Regular General Meeting of Shareholders	Common stock	Retained earnings	1,363	33.00	March 31 st , 2015	June 24 th , 2015

(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

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Cash and cash equivalents (Balance sheets)	¥20,439 million	¥26,864 million
Time deposits with original maturities over three months	¥ - 28 million	¥ - 88 million
Cash and cash equivalents(Statement of cash flows)	¥20,411 million	¥26,775 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 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

	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
Current portion	¥17 million	¥22 million
Non-current portion	¥38 million	¥63 million
Total	¥55 million	¥85 million

(Investment securities)

1. Status of Financial Instruments

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

The Company 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.

Liabilities such as trade notes and accounts payables are mostly consistent with current face values. Although these liabilities face interest rate fluctuation risk because interest on loans and leasing bonds are set to variable rates, this is hedged by interest rate swaps.

(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 dept. 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

To manage liquidity risk, 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. The consolidated subsidiaries apply 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.)

FY2014 (March 31st, 2014)

Millions Yen

	Accounted value on consolidated balance sheet	Current Value	Difference
(1) Cash and cash equivalents	20,439	20,439	-
(2) Notes and accounts receivable	20,841	20,841	-
(3) Investment securities (Others)	3,467	3,467	-
Assets Total	44,749	44,749	-
(1) Notes and accounts payable	9,124	9,124	-
(2) Short-term debt	1,300	1,300	-
(3) Long-term debt (includes current portion)	1,200	1,201	1
Liability Total	11,624	11,625	1

FY2015 (March 31st, 2015)

Millions Yen

	Accounted value on consolidated balance sheet	Current Value	Difference
(1) Cash and cash equivalents	26,864	26,864	-
(2) Notes and accounts receivable	22,399	22,399	-
(3) Electronically recorded monetary claims	914	914	-
(4) Investment securities (Others)	4,687	4,687	-
Assets Total	54,866	54,866	-
(1) Notes and accounts payable	6,131	6,131	-
(2) Electronically recorded obligations-operating	5,789	5,789	-
(3) Short-term debt	1,300	1,300	-
(4) Long-term debt (includes current portion)	800	802	2
Liability Total	14,020	14,022	2

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

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

(3) 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 debt

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 , 2014	March 31 st , 2015
Investment Securities (unlisted stock)	402	856

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

FY2014 (March 31st, 2014)

Millions yen

Category	Less than 1 year	1-5 years	5 - 10 years	Over 10 years
Bank deposits	20,432	-	-	-
Notes and accounts receivable	20,841	-	-	-
Total	41,274	-	-	-

FY2015 (March 31st, 2015)

Millions yen

Category	Less than 1 year	1-5 years	5 - 10 years	Over 10 years
Bank deposits	26,855	-	-	-
Notes and accounts receivable	22,399	-	-	-
Electronically recorded monetary claims	914			
Total	50,169	-	-	-

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

FY2014 (March 31st, 2014)

Millions yen

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years
Short-term	1,300	-	-	-	-
Long-term	400	400	400	-	-
Total	1,700	400	400	-	-

FY2015 (March 31st, 2015)

Millions yen

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years
Short-term	1,300	-	-	-	-
Long-term	400	400	-	-	-
Total	1,700	400	-	-	-

(Securities)

1. Other Securities

FY2014 (March 31st, 2014)

Millions yen

Type	Accounted value on consolidated balance sheet	Carrying value	Difference
Securities with a carrying value higher than the acquisition cost Stocks	2,947	1,780	1,166
Subtotal	2,947	1,780	1,166
Securities with a carrying value no higher than the acquisition cost Stocks	520	576	- 56
Subtotal	520	576	- 56
Total	3,467	2,357	1,110

2. Securities sold

FY2014 (April 1st, 2013 – March 31st, 2014)

Millions yen

Type	Sale price	Proceeds from sales	Loss on sales
Stocks	702	72	0
Total	702	72	0

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

Millions yen

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

(Retirement benefits)

1. Description of retirement benefit plans

The Company has a Lump-sum Retirement Allowance Plan (Savings-type), 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	
	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Opening Balance	3,180	3,252
Service Cost	215	225
Interest Cost	25	26
Recognized Actuarial Differences	59	35
Benefit Paid	- 226	- 220
Closing Balance	3,252	3,319

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

	Millions Yen	
	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Opening Balance	4,086	4,906
Expected return on plan assets	19	24
Recognized Actuarial Differences	686	824
Contribution from Entrepreneurs	269	280
Benefit Paid	- 156	- 96
Closing Balance	4,906	5,938

(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	
	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
Projected retirement obligation (savings-type)	3,252	3,319
Plan assets(pension)	- 4,906	- 5,938
	- 1,653	- 2,619
Projected retirement obligation (except savings-type)	-	-
Net defined liabilities/assets on Balance sheet (net)	- 1,653	- 2,619
Net defined liabilities	¥533	266
Net defined assets	- 2,187	- 2,886
Net defined liabilities/assets on Balance sheet (net)	- 1,653	- 2,619

(4) Components of net periodic pension and severance costs	Millions Yen	
	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Service Cost	215	225
Interest Cost	25	26
Expected return on plan assets	- 19	- 24
Expense for actuarial difference	- 237	- 205
Expense for prior service cost	- 55	- 55
net periodic pension and severance costs	- 72	- 34

(5) Adjustments for retirement obligations

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

Millions Yen	Millions Yen	
	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Unrecognized prior service cost	-	- 55
Unrecognized actuarial gain or loss	-	583
Total	-	527

(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	Millions Yen	
	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Unrecognized prior service cost	419	363
Unrecognized actuarial gain or loss	643	1,227
Total	1,062	1,590

(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	
	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
Shares	77%	78%
General Account	10%	10%
Call loan	8%	7%
Bonds	4%	4%
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

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
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% - 4.7%

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

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Opening Balance of net defined liabilities	609	577
Cost for retirement allowance	48	72
Retirement allowance paid	- 49	- 64
Allowances allocated to plan assets	- 31	- 35
Closing Balance of net defined liabilities	577	550

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

	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
Projected retirement obligation (savings-type)	244	254
Plan assets (pension)	- 210	-237
	33	17
Projected retirement obligation (except savings-type)	543	533
Net defined liabilities/assets on Balance sheet (net)	577	550
Net defined liabilities	577	550
Net defined liabilities/assets on Balance sheet (net)	577	550

(3) Cost for retirement allowances

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Cost for retirement allowances (calculated by simplified method)	48	72

4. Defined Contribution plan

	FY2014 (April 1 st , 2013- March 31 st , 2014)	FY2015 (April 1 st , 2014- March 31 st , 2015)
Contribution payable by the Company and consolidated subsidiaries	316	293
(transferred amount from the lump-sum retirement allowance plan to the defined contribution plan)	(196)	(168)

(Stock options and others)

1. Account and amount charged as expenses

FY2014 (April 1st, 2013 to March 31st, 2014)

Millions yen

Breakdown	Account name: "Stock-based compensation expense"			
	Cost of sales	Selling expense	General and administrative expenses	Total
The 8 th share subscription rights	1	0	1	4
The 9 th share subscription rights	4	1	4	11
The 10 th share subscription rights	6	3	6	15
Share subscription rights issued July 2013 (stock-based compensation type)	-	-	68	68
Total	12	5	81	99

FY2015 (April 1st, 2014 to March 31st, 2015)

Millions yen

Breakdown	Account name: "Stock-based compensation expense"			
	Cost of sales	Selling expense	General and administrative expenses	Total
The 9 th share subscription rights	1	0	1	3
The 10 th share subscription rights	8	4	8	22
The 11 th share subscription rights	5	2	5	12
Share subscription rights issued July 2014 (stock-based compensation type)	-	-	63	63
Total	15	7	78	102

2. Gains and accounts from the expiration of exercising rights

Millions yen

	FY2014 (April 1 st , 2013 - March 31 st , 2014)	FY2015 (April 1 st , 2014 - March 31 st , 2015)
Reversal of Share Subscription Rights (Extraordinary Gains)	6	9

3. Description, scale, and movement of stock options

The Company

(1) Description of stock options

FY2014 (April 1st, 2013 to March 31st, 2014)

The 6th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 9 Employees of the Company: 319 Directors of subsidiaries: 8 Employees of subsidiaries: 18
Number and class of shares to be provided (shares)	Common stock: 81,100
Date of issue	July 19 th , 2007
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 19 th , 2007 - July 19 th , 2009
Exercise period	July 20 th , 2009 - June 30 th , 2014

The 7th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 7 Employees of the Company: 301 Directors of subsidiaries: 8 Employees of subsidiaries: 15
Number and class of shares to be provided (shares)	Common stock: 75,500
Date of issue	September 25 th , 2008
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	September 25 th , 2008 - September 25 th , 2010
Exercise period	September 26 th , 2010 - June 30 th , 2015

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
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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

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

FY2015 (April 1st, 2014 to March 31st, 2015)

The 7th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 7 Employees of the Company: 301 Directors of subsidiaries: 8 Employees of subsidiaries: 15
Number and class of shares to be provided (shares)	Common stock: 75,500
Date of issue	September 25 th , 2008
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	September 25 th , 2008 - September 25 th , 2010
Exercise period	September 26 th , 2010 - June 30 th , 2015

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

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

(2) Scale and movement of stock options

[1] Numbers of stock options

FY2014 (April 1st, 2013 to March 31st, 2014)

	The 5 th share subscription rights	The 6 th share subscription rights	The 7 th share subscription rights	The 8 th share subscription rights	The 9 th share subscription rights	The 10 th share subscription rights
Non-exercisable stock options						
Stock options outstanding at end of FY2013 (shares)	-	-	-	61,100	66,700	-
Stock options granted (shares)	-	-	-	-	-	68,500
Forfeitures (shares)	-	-	-	200	-	-
Conversion to exercisable stock options (shares)	-	-	-	60,900	-	-
Stock options outstanding (shares)	-	-	-	-	66,700	68,500
Exercisable stock options						
Stock options outstanding at end of FY2013 (shares)	4,900	4,600	69,600	-	-	-
Conversion from non-exercisable stock options (shares)	-	-	-	60,900	-	-
Stock options exercised (shares)	-	-	18,200	5,400	-	-
Forfeitures (shares)	4,900	-	-	-	-	-
Stock options outstanding (shares)	-	4,600	51,400	55,500	-	-

	Share subscription rights issued June 2005 (stock-based compensatio n type)	Share subscription rights issued July 2006 (stock-based compensatio n type)	Share subscription rights issued July 2007 (stock-based compensatio n type)	Share subscription rights issued July 2011 (stock-based compensatio n type)	Share subscription rights issued July 2012 (stock-based compensatio n type)	Share subscription rights issued July 2013 (stock-based compensatio n type)
Non-exercisable stock options						
Stock options outstanding at end of FY2013 (shares)	12,800	8,800	10,800	33,100	35,600	-
Stock options granted (shares)	-	-	-	-	-	35,100
Forfeitures (shares)	-	-	-	-	-	-
Conversion to exercisable stock options (shares)	-	-	-	-	-	-
Stock options outstanding (shares)	12,800	8,800	10,800	33,100	35,600	35,100
Exercisable stock options						
Stock options outstanding at end of FY2013 (shares)	-	-	-	-	-	-
Conversion from non-exercisable stock options (shares)	-	-	-	-	-	-
Stock options exercised (shares)	-	-	-	-	-	-
Forfeitures (shares)	-	-	-	-	-	-
Stock options outstanding (shares)	-	-	-	-	-	-

FY2015 (April 1st, 2014 to March 31st, 2015)

	The 6 th share subscription rights	The 7 th share subscription rights	The 8 th share subscription rights	The 9 th share subscription rights	The 10 th share subscription rights	The 11 th share subscription rights
Non-exercisable stock options						
Stock options outstanding at end of FY2014 (shares)	-	-	-	66,700	68,500	-
Stock options granted (shares)	-	-	-	-	-	71,300
Forfeitures (shares)	-	-	-	-	-	-
Conversion to exercisable stock options (shares)	-	-	-	-	-	-
Stock options outstanding (shares)	-	-	-	66,700	68,500	71,300
Exercisable stock options						
Stock options outstanding at end of FY2014 (shares)	4,600	51,400	55,500	-	-	-
Conversion from non-exercisable stock options (shares)	-	-	-	66,700	-	-
Stock options exercised (shares)	-	21,200	15,600	19,800	-	-
Forfeitures (shares)	4,600	100	-	100	-	-
Stock options outstanding (shares)	-	30,100	39,900	46,800	-	-

	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)	Share subscription rights issued July 2014 (stock-based compensation type)
Non-exercisable stock options							
Stock options outstanding at end of FY2014 (shares)	12,800	8,800	10,800	33,100	35,600	35,100	-
Stock options granted (shares)	-	-	-	-	-	-	38,100
Forfeitures (shares)	-	-	-	-	-	-	1,800
Conversion to exercisable stock options (shares)	-	-	-	-	2,500	2,500	700
Stock options outstanding (shares)	12,800	8,800	10,800	33,100	33,100	32,600	35,600
Exercisable stock options							
Stock options outstanding at end of FY2014 (shares)	-	-	-	-	-	-	-
Conversion from non-exercisable stock options (shares)	-	-	-	-	2,500	2,500	700
Stock options exercised (shares)	-	-	-	-	2,500	2,500	700
Forfeitures (shares)	-	-	-	-	-	-	-
Stock options outstanding (shares)	-	-	-	-	-	-	-

[2] Price information

FY2014 (April 1st, 2013 to March 31st, 2014)

	The 6 th share subscription rights	The 7 th share subscription rights	The 8 th share subscription rights	The 9 th share subscription rights	The 10 th share subscription rights
Paid-in value (yen)	4,603	1,525	1,642	1,428	2,162
Average market price of the stock at the time of exercise (yen)	-	2,213	1,943	-	-
Fair value at the date of grant (yen)	1,291	209	541	334	646

	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)	-	-	-	-	-	-
Fair value at the date of grant (yen)	-	4,944	4,046	1,431	1,036	1,957

FY2015 (April 1st, 2014 to March 31st, 2015)

	The 7 th share subscription rights	The 8 th share subscription rights	The 9 th share subscription rights	The 10 th share subscription rights	The 11 th share subscription rights
Paid-in value (yen)	1,525	1,642	1,428	2,162	1,876
Average market price of the stock at the time of exercise (yen)	2,424	2,408	2,271	-	-
Fair value at the date of grant (yen)	209	541	334	646	521

	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)	Share subscription rights issued July 2014 (stock-based compensation type)
Paid-in value (yen)	1	1	1	1	1	1	1
Average market price of the stock at the time of exercise (yen)	-	-	-	-	1,905	1,905	1,905
Fair value at the date of grant (yen)	-	4,944	4,046	1,431	1,036	1,957	1,672

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

FY2014 (April 1st, 2013 to March 31st, 2014)

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

(2) Basic assumption and valuation method used

	The 10th share subscription rights	Share subscription rights issued July 2013 (stock-based compensation type)
Stock Price Volatility (annual %)	40.435% *Note 1	42.004% * Note 2
Expected life	4.5 years *Note 3	10 years *Note 3
Expected dividend per share	¥16 *Note 4	¥16 *Note 4
Risk-free interest rate (annual %)	0.229% *Note 5	0.781% *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 22nd, 2009 - July 22nd, 2013).
2. Calculated based on the list stock price records from the past 10 years (Closing price of each business day from July 22nd, 2003 - July 22nd, 2013).
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 (¥8 interim dividend and ¥8 year-end dividend for FY2013).
5. Based on the yield of Japanese government bonds over the expected life.

FY2015 (April 1st, 2014 to March 31st, 2015)

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

(2) Basic assumption and valuation method used

	The 11th share subscription rights	Share subscription rights issued July 2014 (stock-based compensation type)
Stock Price Volatility (annual %)	37.072% *Note 1	41.495% * Note 2
Expected life	4.5 years *Note 3	10 years *Note 3
Expected dividend per share	¥23 *Note 4	¥23 *Note 4
Risk-free interest rate (annual %)	0.13% *Note 5	0.537% *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 22nd, 2010 - July 22nd, 2014).
2. Calculated based on the list stock price records from the past 10 years (Closing price of each business day from July 22nd, 2004 - July 22nd, 2014).
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 (¥10 interim dividend and ¥13 year-end dividend for FY2014).
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	
	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
Deferred tax assets		
Provision for employees' bonuses	300	328
Inventories	387	325
Net defined benefit liabilities	655	276
Accrued enterprise tax	76	181
Securities contribution to employees' retirement benefits trust	142	146
Share subscription rights	114	124
Accrued expense	123	99
Investment Securities	103	93
Tax loss carry forwards	339	-
Others	429	413
Gross deferred tax asset subtotal	2,672	1,988
Less valuation allowance	- 344	- 318
Total Deferred tax assets	2,328	1,670
Deferred tax liabilities		
Holding gain or loss in investment	- 395	- 752
Undistributed earnings of foreign subsidiaries	- 376	- 485
Gain on securities contribution to employees' retirement benefits trust	- 506	- 459
Others	- 39	- 29
Total deferred tax liabilities	- 1,317	- 1,728
Net deferred tax assets	1,010	- 58

Note: Net deferred tax assets for FY2014 and FY2015 are included in following accounts on the Consolidated Balance sheet.

	Millions yen	
	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
Current Assets - Deferred tax assets	1,114	782
Fixed Assets - Deferred tax assets	-	155
Current Liabilities - Deferred tax liabilities	- 1	-
Fixed Liabilities - Deferred tax liabilities	- 103	- 996

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

	FY2014	FY2015
	(March 31 st , 2014)	(March 31 st , 2015)
Statutory tax rate of the Company	38.01%	35.64%
(Reconciliation)		
Effect by special tax credits	- 5.16%	- 8.68%
Effect by differences of corporate tax rate between the Company and consolidated subsidiaries	- 1.83%	- 1.45%
Amortization of goodwill	1.39%	0.93%
Retained earnings on overseas consolidated subsidiaries	1.36%	0.90%
Effect by change in corporate tax rate	0.75%	0.88%
Others	0.70%	1.22%
Effective corporate tax rate	35.22%	29.44%

3. Adjustment of amount of Deferred tax assets and Deferred tax liabilities due to a change of Corporate tax rate

Through the promulgations of “The Law to Revise the Corporate Tax” and “The Law to Revise Local Tax” on March 31st, 2014, Corporate tax rates for the calculation of deferred tax assets and deferred tax liabilities (limited to the ones where differences settled after April 1st, 2015) have changed from 35.64% to 33.10% (for the ones collected or paid from April 1st, 2015 to March 31st, 2016), and to 32.34 (for the ones collected or paid after April 1st, 2016).

As a result of this change, amounts in the following accounts have increased or decreased.

- Deferred tax liabilities (net value after deducting deferred tax liabilities): ¥14 million decrease
- Holding gain or loss in investment: ¥76 million increase
- Accumulated adjustment for retirement obligation: ¥50 million increase
- Adjustment on corporate tax and others: ¥112 million increase.

(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 Equipment" 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

FY2014 (April 1st, 2013 - March 31st, 2014)

Millions yen

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

Notes

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

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

FY2015 (April 1st, 2014 - March 31st, 2015)

Millions yen

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

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.

(Related Information)

FY2014 (April 1st, 2013 - March 31st, 2014)

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
	China	Taiwan	Others	Total			
25,062	7,927	6,373	2,866	17,167	6,093	6,944	55,268

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.

FY2015 (April 1st, 2014 - March 31st, 2015)

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			
26,421	10,599	9,314	3,811	23,725	6,864	9,434	66,445

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.

(Amortization of goodwill per each reportable segment)

FY2014 (April 1st, 2013 - March 31st, 2014)

Millions yen

	Reportable Segments			Consolidation and elimination	Total
	SPE	Metrology Equipment	Total		
Balance as at FY2014 end	575	429	1,005	-	1,005

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

FY2015 (April 1st, 2014 - March 31st, 2015)

Millions yen

	Reportable Segments			Consolidation and elimination	Total
	SPE	Metrology Equipment	Total		
Balance as at FY2015 end	430	146	577	-	577

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)

Not applicable.

(Per share information)

FY2014 (April 1 st , 2013 - March 31 st , 2014)		FY2015 (April 1 st , 2014 - March 31 st , 2015)	
Net assets per share	1,557.28 yen	Net assets per share	1,787.05 yen
Basic net income per share	142.06 yen	Basic net income per share	217.97 yen
Diluted net income per share	141.49 yen	Diluted net income per share	216.93 yen

Note: Basis for calculations

1 Basic net income (or net loss) per share and diluted net income (or loss) in per share

Item	FY2014 (April 1 st , 2013 – March 31 st , 2014)	FY2015 (April 1 st , 2014 – March 31 st , 2015)
Basic net income per share		
Net income(or loss) (Millions yen)	5,858	8,993
Amount not attributed to common shareholders (Millions yen)	-	-
Net income (or loss) attributable to common shares (Millions yen)	5,858	8,993
Average number of shares of common stock during the fiscal year (shares)	41,238,949	41,258,845
Diluted net income per share		
Details of adjusted net income (Millions yen)	-	-
Details of increase in common stock (shares)	167,248	197,615
(Share Subscription rights)(shares)	(167,248)	(197,615)
Securities excluded the calculation of diluted net income per share due to lack of dilutive effects	Share Subscription rights (Stock Option Type)(shares) The 6 th 4,600 The 10 th 68,500	Share Subscription rights (Stock Option Type)(shares) The 10 th 68,500 The 11 th 71,300

2. Net assets per share

Item	FY2014 (March 31 st , 2014)	FY2015 (March 31 st , 2015)
Total in the NET ASSETS column of the consolidated balance sheet (Millions yen)	64,668	74,371
Amounts to be excluded from NET ASSETS (Millions yen)	439	555
(Share subscription rights (Millions yen))	(320)	(385)
(Minority interest (Millions yen))	(118)	(169)
Net assets as at end of Fiscal Year available to common shareholders (Millions yen)	64,229	73,816
Number of common stock shares used to calculate net assets per share (shares)	41,244,839	41,306,072

(Significant subsequent events)

Not applicable.

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

(Schedule of borrowings)

Category	Balance at beginning of FY2015 (Millions yen)	Balance at end of FY2015 (Millions yen)	Average interest rate (%)	Repayment term
Short-term loans payable	1,300	1,300	0.65	-
Long-term loans payable scheduled to be paid within 1 year	400	400	0.76	-
Lease obligation scheduled to be paid within 1 year	3	3	2.14	-
Long term loans payable (excepting loans scheduled to be paid within 1 year)	800	400	0.76	May 31 st , 2016 - November 30 th , 2016
Lease obligation (expecting obligations scheduled to be paid within 1 year)	9	6	1.68	April 30 th , 2016 - October 31 st , 2019
Other interest-bearing debt	-	-	-	-
Total	2,512	2,109	-	-

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)
Long-term loans payable	400	-	-	-
Lease obligation	2	1	1	1
Total	402	1	1	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 (Apr. 1 st , 2014- June 30 th , 2014)	2 nd Quarter (July 1 st , 2014 - Sep. 30 th , 2014)	3 rd Quarter (Oct. 1 st , 2014- Dec. 31 st , 2014)	4 th Quarter (Jan. 1 st , 2015- Mar. 31 st , 2015)
Quarterly Net Sales (Millions yen)	14,076	32,744	48,928	66,445
Quarterly income (or loss) before income taxes and minority interests (Millions yen)	2,177	5,973	9,461	12,796
Quarterly net income (or loss) (Millions yen)	1,528	4,206	6,592	8,993
Quarterly net income (or loss) per share (yen)	37.05	101.99	159.82	217.97

(Non-accumulated period)	1 st Quarter (Apr. 1 st , 2014- June 30 th , 2014)	2 nd Quarter (July 1 st , 2014 - Sep. 30 th , 2014)	3 rd Quarter (Oct. 1 st , 2014- Dec. 31 st , 2014)	4 th Quarter (Jan. 1 st , 2015- Mar. 31 st , 2015)
Quarterly net income (or loss) per share (yen)	37.05	64.94	57.83	58.15

[3] Important lawsuits or similar issues
Not applicable.

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