



Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Japanese GAAP)

April 26, 2019

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo
 Security Code: 8035
 URL: <https://www.tel.com>
 Representative: Toshiki Kawai, Representative Director, President & CEO
 Contact: Ken Sasagawa, Vice President of Accounting Dept.
 Telephone: +81-3-5561-7000
 Scheduled start date of dividends payment: May 28, 2019
 Preparation of supplementary materials for the financial results: Yes
 Earnings release conference: Yes (for investors and analysts)

Note: Amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Year ended			
	March 31, 2018		March 31, 2019	
		%		%
Net sales (Millions of yen)	1,130,728	41.4	1,278,240	13.0
Operating income (Millions of yen)	281,172	80.6	310,571	10.5
Ordinary income (Millions of yen)	280,737	78.2	321,662	14.6
Net income attributable to owners of parent (Millions of yen)	204,371	77.4	248,228	21.5
Net income per share of common stock (Yen):				
Basic	1,245.48		1,513.58	
Diluted	1,241.22		1,507.22	
Return on equity (%)	29.0		30.1	
Ordinary income to total assets (%)	26.0		26.1	
Operating income to net sales (%)	24.9		24.3	
Comprehensive income:	Year ended March 31, 2019:	242,696 million yen, 17.7%	Year ended March 31, 2018:	206,152 million yen, 71.8%
Profit (loss) on equity method:	Year ended March 31, 2019:	817 million yen	Year ended March 31, 2018:	571 million yen

(2) Consolidated Financial Position

	As of	
	March 31, 2018	March 31, 2019
Total assets (Millions of yen)	1,202,796	1,257,627
Total net assets (Millions of yen)	771,509	888,117
Equity ratio (%)	63.8	70.0
Net assets per share (Yen)	4,674.49	5,371.78
Equity:	880,748 million yen (as of March 31, 2019)	767,146 million yen (as of March 31, 2018)

(3) Consolidated Cash Flows

	Year ended	
	March 31, 2018	March 31, 2019
Cash flows from operating activities	186,582	189,572
Cash flows from investing activities	(11,833)	(84,033)
Cash flows from financing activities	(82,549)	(129,761)
Cash and cash equivalents at end of period	257,877	232,634

2. Dividends

	Year ended		Year ending
	March 31, 2018	March 31, 2019	March 31, 2020 (Forecast)
1Q-end dividends per share (Yen)	-	-	-
2Q-end dividends per share (Yen)	277.00	413.00	193.00
3Q-end dividends per share (Yen)	-	-	-
Year-end dividends per share (Yen)	347.00	345.00	309.00
Annual dividends per share (Yen)	624.00	758.00	502.00
Total dividends (Millions of yen)	102,398	124,458	
Payout ratio (%)	50.1	50.1	50.2
Dividend on equity (%)	14.5	15.1	

Note: The year-end dividends per share for the year ended March 31, 2019 shown above are forecast. Please refer to the press release "Announcement on Dividends Forecast Revision for the Fiscal Year Ended March 31, 2019" published today.

3. Financial Forecasts for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Year ending			
	September 30, 2019		March 31, 2020	
		%		%
Net sales (Millions of yen)	490,000	(29.1)	1,100,000	(13.9)
Operating income (Millions of yen)	85,000	(51.5)	220,000	(29.2)
Ordinary income (Millions of yen)	85,000	(53.1)	220,000	(31.6)
Net income attributable to owners of parent (Millions of yen)	63,000	(53.4)	164,000	(33.9)
Net income per share (Yen)	384.24		1,000.25	

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries associated with changes in scope of consolidation): None

New: 0 company (-) Excluded: 0 company (-)

(2) Changes in accounting policies, changes in accounting estimates and restatements

1. Changes in accounting policies along with changes in accounting standards: None

2. Other changes of accounting policies besides the number 1 above: None

3. Changes in accounting estimates: None

4. Restatements: None

(3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)

As of March 31, 2019 : 165,210,911 shares

As of March 31, 2018 : 165,210,911 shares

2. Number of shares of treasury stock

As of March 31, 2019: 1,252,517 shares

As of March 31, 2018: 1,097,342 shares

3. Average number of shares outstanding

Year ended March 31, 2019: 164,000,466 shares

Year ended March 31, 2018: 164,090,594 shares

Note: The number of shares of treasury stock includes the Company's shares held by "Executive compensation Board Incentive Plan (BIP) trust" and "share-delivering Employee Stock Ownership Plan (ESOP) trust". (249,701 shares as of March 31, 2019)

In addition, these Company's shares are included in the treasury stock which is deducted in calculating the average number of shares.

(Reference) Non-consolidated Financial Results for the Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)**(1) Operating results**

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Year ended			
	March 31, 2018		March 31, 2019	
		%		%
Net sales (Millions of yen)	1,052,741	40.2	1,158,480	10.0
Operating income (Millions of yen)	122,841	102.9	146,269	19.1
Ordinary income (Millions of yen)	128,549	107.7	352,693	174.4
Net income (Millions of yen)	91,376	95.7	312,750	242.3
Net income per share of common stock (Yen):				
Basic	556.87		1,907.01	
Diluted	554.96		1,898.99	

(2) Financial position

	As of	
	March 31, 2018	March 31, 2019
Total assets (Millions of yen)	994,055	978,113
Total net assets (Millions of yen)	357,928	540,384
Equity ratio (%)	35.6	54.5
Net assets per share (Yen)	2,154.40	3,250.92
Equity:	533,015 million yen (as of March 31, 2019)	353,565 million yen (as of March 31, 2018)

*** Status of implementation of audit procedures**

This Summary of Consolidated Financial Results is outside the scope of external auditor's audit procedures under the Financial Instruments and Exchange Act.

*** Explanation of the appropriate use of financial forecast:**

The financial forecasts and estimates in this Summary of Consolidated Financial Results are based on information available to the Company at the time of report issuance and certain assumptions judged to be reasonable by the Company, and therefore are not guarantees of future performance. Consequently, actual results may differ substantially from those described in this Summary of Consolidated Financial Results. Please refer to "1. Overview of Operating Results and Consolidated Financial Conditions (3) "Future Forecast" on page 7. The Company plans to hold an earnings release conference for investors and analysts on April 26, 2019. Supplementary materials to be handed out at the conference will be posted on the Company's website.

1. Overview of Operating Results and Consolidated Financial Conditions

(1) Overview of Operating Results

(i) Business Environment during the Fiscal Year Ended March 31, 2019

During the fiscal year under review, although there were signs of an economic slowdown in the Asia region including China, and in Europe, the US economy remained strong, and the global economy was robust overall.

In the electronics industry, where the Tokyo Electron (TEL) Group operates, memory semiconductors led the expansion of the market on the strength of investments in data centers and demand for smartphones. Investments in memory have been in an adjustment phase since the second half of the fiscal year. However, in the medium to long term, demand for semiconductors is expected to continue to expand as a result of new technologies such as artificial intelligence (AI) and the next-generation communication standard (5G), in addition to conventional PCs and mobile devices.

(ii) Overview of Profit and Loss during the Fiscal Year Ended March 31, 2019

In this environment, the consolidated business results for the fiscal year under review are as follows.

Net sales for the fiscal year increased 13.0% from the previous year to 1,278,240 million yen. Domestic net sales increased 40.4% from the previous year to 208,796 million yen, while overseas net sales increased 8.9% to 1,069,443 million yen to account for 83.7% of net sales.

Cost of sales increased 14.7% to 752,057 million yen and gross profit increased 10.8% to 526,183 million yen. As a result, the gross profit margin declined by 0.8 points to 41.2%.

Selling, general and administrative (SG&A) expenses increased 11.2% to 215,612 million yen, while the ratio to consolidated net sales declined by 0.2 points to 16.9%.

As a result, operating income increased 10.5% to 310,571 million yen and operating profit ratio decreased 0.6 points to 24.3%. After netting of non-operating income of 11,354 million yen and non-operating expenses of 263 million yen, ordinary income increased 14.6% to 321,662 million yen.

Income before income taxes was 321,508 million yen (year-on-year growth of 16.8%) and net income attributable to owners of parent was 248,228 million yen (year-on-year growth of 21.5%).

As a result, net income per share was 1,513.58 yen compared to net income per share of 1,245.48 yen in the previous fiscal year.

(iii) Overview of Operations by Business Segment during the Fiscal Year Ended March 31, 2019

The overview of each business segment is as described below.

Semiconductor Production Equipment

With regard to DRAM and 3D NAND flash memory, capital investment plans by memory manufacturers have been in a correction phase since the second half of the fiscal year. However, the memory market was robust over the full fiscal year due to heightened demand for mobile devices and data centers. In addition, capital investment in logic semiconductors has resumed due to the transition to the latest generation, resulting in a robust market for semiconductor production equipment. Consequently, net sales to external customers in this segment during the fiscal year under review year were 1,166,781 million yen (year-on-year growth of 10.6%).

In this segment, new products, the “Triase+™ EX-II Pro™” single wafer deposition system and the batch spray cleaner “MERCURY™+”, were released during this fiscal year.

Flat Panel Display (FPD) Production Equipment

The FPD production equipment market was robust, with continued capital investment for small to medium-sized OLED panels for mobile devices in addition to strong capital investment in China for large-sized LCD panels for televisions. Consequently, net sales to external customers in this segment during the fiscal year under review were 111,261 million yen (year-on-year growth of 48.2%).

Furthermore, in this segment, two new products, the 10.5 generation dry etching device “Impressio™3300 PICP™” for high-definition flat panel displays and the inkjet drawing device “Elius™1000” for producing organic EL displays, were launched during this fiscal year.

Other

Net sales to external customers in this segment during the fiscal year under review totaled 197 million yen (year-on-year decrease of 53.5%).

(For reference)**Consolidated Operating Results**

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019						
				First Half		Second Half		Full Year
		1Q	2Q	3Q	4Q			
Net Sales	1,130,728	295,569	395,465	691,034	268,169	319,036	587,205	1,278,240
Semiconductor Production Equipment	1,055,234	280,400	358,057	638,457	239,525	288,798	528,323	1,166,781
Japan	145,507	51,146	58,048	109,195	54,095	42,743	96,839	206,035
North America	119,243	28,496	45,910	74,406	22,767	34,757	57,524	131,931
Europe	96,940	17,755	31,345	49,101	18,613	25,398	44,012	93,113
South Korea	371,946	88,986	86,558	175,545	60,960	68,917	129,877	305,422
Taiwan	169,063	26,315	48,057	74,372	29,384	59,165	88,549	162,922
China	104,322	54,964	71,306	126,270	38,099	42,544	80,643	206,914
Southeast Asia	48,210	12,734	16,830	29,564	15,604	15,271	30,875	60,440
FPD Production Equipment	75,068	15,113	37,354	52,468	28,598	30,195	58,793	111,261
Other	425	55	53	108	46	42	89	197
Operating Income	281,172	72,418	103,000	175,418	58,735	76,416	135,152	310,571
Ordinary Income	280,737	75,212	106,034	181,247	60,660	79,754	140,415	321,662
Net Income Attributable to Owners of Parent	204,371	55,741	79,553	135,294	48,831	64,101	112,933	248,228

Note: Intersegment sales or transfers are eliminated.

(2) Overview of Consolidated Financial Conditions

(i) Financial Conditions

Current assets at the end of the current fiscal year were 982,897 million yen, an increase of 36,299 million yen compared to the end of the previous fiscal year. This was largely due to an increase of 90,256 million yen in cash and deposits, a decrease of 71,500 million yen in short-term investments included in securities.

Tangible fixed assets increased by 24,116 million yen from the end of the previous fiscal year to 150,069 million yen.

Intangible fixed assets decreased by 6,827 million yen from the end of the previous fiscal year to 9,054 million yen.

Investments and other assets increased by 1,242 million yen from the end of the previous fiscal year to 115,607 million yen.

As a result, total assets increased by 54,830 million yen from the end of the previous fiscal year to 1,257,627 million yen.

Current liabilities decreased by 63,570 million yen compared to the previous fiscal year to 304,882 million yen. This was largely due to a decrease in trade notes and accounts payable of 33,158 million yen, a decrease in customer advances of 22,961 million yen.

Long-term liabilities increased by 1,793 million yen compared to the previous fiscal year to 64,628 million yen.

Net assets increased by 116,607 million yen compared to the previous fiscal year to 888,117 million yen. This was largely due to an increase of 248,228 million yen in net income attributable to owners of parent and a decrease resulting from the payment of 124,754 million yen in year-end dividends for the previous fiscal year and an interim dividend for the current fiscal year. As a result, the equity ratio was 70.0%.

The above comparisons to the previous fiscal year are made on the condition that "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of this fiscal year, and such amendments were also retrospectively applied to the balances as of the end of previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents at the end of the current fiscal year decreased by 25,243 million yen compared to the same period of the previous fiscal year to 232,634 million yen. The combined balance including 160,000 million yen time deposits and short-term investments with maturities of more than three months that are not included in cash and cash equivalents increased by 18,756 million compared to the previous fiscal year to 392,634 million yen. The state of cash flows in the current fiscal year are as described below.

Cash flows from operating activities were a positive 189,572 million yen, an increase of 2,990 million yen compared to the same period of the previous fiscal year. The major positive factors were 321,508 million yen in income before income taxes, 24,323 million yen in depreciation and amortization, and a decrease in trade notes and accounts receivable of 10,541 million yen. The major negative factors were income taxes paid of 102,932 million yen, a decrease in trade notes and accounts payable of 31,752 million yen, a decrease in customer advances of 22,077 million yen, and an increase in inventories of 14,765 million yen.

Cash flows from investing activities were a negative 84,033 million yen compared to a negative 11,833 million yen in the same period of the previous fiscal year due largely to the payment of 46,517 million yen for the purchase of tangible fixed assets and an outflow of 44,000 million yen due to an increase in short-term investments.

Cash flows from financing activities were a negative 129,761 million yen compared to a negative 82,549 million yen in the same

period of the previous fiscal year. This was largely due to the payment of 124,754 million yen in dividends.

(3) Future Forecast

While current market conditions for our main business of semiconductor production equipment is in a temporary consumption phase, we expect capital investment to trend towards recovery as the balance between supply and demand improves in the second half of the year. In the medium to long term, further market expansion is expected due to the commencement of investments in semiconductors supported by IoT, artificial intelligence (AI), the next-generation communication standard (5G), and other factors. With regard to FPD production equipment as well, while there has been an adjustment of investment in large panels, a recovery in investment sentiment is expected from the second half of the year. Based on the current business and economic environment, the consolidated financial forecasts for next fiscal year (the year ending March 31, 2020) are set out below.

Consolidated Forecast

(Billions of yen, Y/Y change)

Year ending March 31, 2020	Interim		Full Year	
Net Sales	490.0	(29.1)%	1,100.0	(13.9)%
Semiconductor Production Equipment	450.0	(29.5)%	1,030.0	(11.7)%
FPD Production Equipment	40.0	(23.8)%	70.0	(37.1)%
Operating Income	85.0	(51.5)%	220.0	(29.2)%
Ordinary Income	85.0	(53.1)%	220.0	(31.6)%
Net Income Attributable to Owners of Parent	63.0	(53.4)%	164.0	(33.9)%

Note: Intersegment sales or transfers are eliminated.

Note: The financial forecasts and estimates stated in this announcement are based on certain assumptions judged to be reasonable by the Company in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in foreign exchange rates, and other factors that may have an impact on performance. The company does not promise that the forecasts or estimates will be accurate.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products (and their success or failure), and global conditions in the semiconductor related industry. Consequently, actual sales and profits may differ substantially from the projections stated in this announcement.

(4) Basic Policy on Profit Allocation and Payment of Dividends for the Current and Next Fiscal Years

TEL utilizes capital reserves to raise corporate value through earnings growth and provide returns directly to shareholders by concentrating investment in high-growth areas and linking dividend payments to business performance.

Basic policy concerning shareholder return is as follows.

Shareholder Return Policy

- Our dividend policy is to link dividend payments to business performance on an ongoing basis and a payout ratio is around 50% based on net income attributable to owners of parent, with the conditions that an annual dividend per share is not less than 150 yen.

Note: A dividend policy review is required if TEL does not generate net income for two consecutive fiscal years.

- TEL will flexibly consider share buybacks.

The year-end dividend for the current fiscal year (the year ended March 31, 2019) is scheduled to be 345 yen per share. The dividend for the full year will be 758 yen per share, which includes the interim dividend of 413 yen per share.

Dividends are forecasted for the next fiscal year (the year ending March 31, 2020) to be 502 yen per share for the entire year which consists of an interim dividend of 193 yen and year-end dividend of 309 yen, in accordance with the above consolidated forecast for net income attributable to owners of parent for the next fiscal year pursuant to the stated dividend policy.

	Dividend per share		
	2Q-end	Year-end	Total
Current fiscal year (ended March 31, 2019)	413 yen	345 yen	758 yen
Next fiscal year (ending March 31, 2020)	193 yen	309 yen	502 yen

2. Basic philosophy on the selection of accounting standards

The consolidated financial statements of TEL group have been prepared in conformity with accounting principles generally accepted in Japan. In regard to the application of IFRS, we will pay close attention to domestic and international implementation adoption trends and respond accordingly.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
ASSETS		
Current assets		
Cash and deposits	87,377	177,634
Trade notes and accounts receivable	159,570	146,971
Securities	286,500	215,000
Merchandise and finished goods	220,497	234,102
Work in process	75,504	62,785
Raw materials and supplies	48,069	57,331
Others	69,137	89,156
Allowance for doubtful accounts	(59)	(84)
Total current assets	946,597	982,897
Long-term assets		
Tangible fixed assets		
Buildings and structures	159,474	169,682
Accumulated depreciation	(103,229)	(103,692)
Buildings and structures, net	56,245	65,990
Machinery and carriers	109,064	122,206
Accumulated depreciation	(84,918)	(91,846)
Machinery and carriers, net	24,145	30,359
Land	28,030	26,849
Construction in progress	11,060	19,643
Others	29,868	31,623
Accumulated depreciation	(23,397)	(24,397)
Others, net	6,470	7,225
Total tangible fixed assets	125,952	150,069
Intangible fixed assets		
Others	15,882	9,054
Total intangible fixed assets	15,882	9,054
Investments and other assets		
Investment securities	33,128	27,853
Deferred tax assets	62,442	63,925
Net defined benefit assets	-	3,065
Others	20,215	22,189
Allowance for doubtful accounts	(1,422)	(1,426)
Total investments and other assets	114,364	115,607
Total long-term assets	256,199	274,730
Total assets	1,202,796	1,257,627

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	108,607	75,448
Income taxes payable	66,046	57,671
Customer advances	100,208	77,247
Accrued employees' bonuses	34,467	33,139
Accrued warranty expenses	11,284	14,097
Others	47,837	47,277
Total current liabilities	368,452	304,882
Long-term liabilities		
Net defined benefit liabilities	59,309	60,600
Others	3,525	4,027
Total long-term liabilities	62,834	64,628
Total liabilities	431,287	369,510
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	625,390	748,827
Treasury stock, at cost	(7,518)	(11,821)
Total shareholders' equity	750,843	869,977
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	17,134	13,024
Net deferred gains (losses) on hedging instruments	278	(34)
Foreign currency translation adjustments	5,507	4,366
Accumulated remeasurements of defined benefit plans	(6,618)	(6,585)
Total accumulated other comprehensive income (loss)	16,302	10,770
Share subscription rights	4,363	7,368
Total net assets	771,509	888,117
Total liabilities and net assets	1,202,796	1,257,627

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net sales	1,130,728	1,278,240
Cost of sales	655,695	752,057
Gross profit	475,032	526,183
Selling, general & administrative expenses		
Salaries and allowances	24,079	26,035
Research and development expenses	97,103	113,980
Others	72,677	75,595
Total selling, general and administrative expenses	193,860	215,612
Operating income	281,172	310,571
Non-operating income		
Dividend income	325	1,790
Foreign exchange gain	-	3,623
Others	2,433	5,941
Total non-operating income	2,758	11,354
Non-operating expenses		
Maintenance and operation costs of closed facilities	71	57
Foreign exchange loss	2,897	-
Others	224	206
Total non-operating expenses	3,193	263
Ordinary income	280,737	321,662
Unusual or infrequent profit		
Gain on sales of fixed assets	77	101
Gain on sales of investment securities	-	768
Total unusual or infrequent profit	77	870
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	487	967
Loss on impairment of fixed assets, goodwill and other assets	925	-
Loss on revision of retirement benefit plan	3,154	-
Others	1,004	56
Total unusual or infrequent loss	5,572	1,024
Income before income taxes	275,242	321,508
Provision for income taxes and enterprise taxes	83,434	72,478
Deferred income taxes	(12,591)	801
Total income taxes	70,842	73,280
Net income	204,399	248,228
Net income attributable to non-controlling interests	28	-
Net income attributable to owners of parent	204,371	248,228

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net income	204,399	248,228
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	6,337	(4,102)
Net deferred gains (losses) on hedging instruments	198	(272)
Foreign currency translation adjustments	(242)	(1,170)
Remeasurements of defined benefit plans	(4,494)	(106)
Share of other comprehensive income of associates accounted for using the equity method	(46)	119
Total other comprehensive income (loss)	1,752	(5,531)
Comprehensive income	206,152	242,696
(Breakdown)		
Comprehensive income attributable to owners of parent	206,122	242,696
Comprehensive income attributable to non-controlling interests	29	-

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	54,961	78,023	503,325	(7,766)	628,543
Changes of items during the period					
Cash dividends			(82,203)		(82,203)
Net income attributable to owners of parent			204,371		204,371
Repurchase of treasury stock				(16)	(16)
Disposal of treasury stock			(102)	264	161
Change in equity of parent arising from transactions with non-controlling shareholders		(12)			(12)
Net changes except for shareholders' equity					
Total changes of items during the period	-	(12)	122,064	247	122,300
Balance at end of period	54,961	78,011	625,390	(7,518)	750,843

	Accumulated other comprehensive income					Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on investment securities	Net deferred gains (losses) on hedging instruments	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)			
Balance at beginning of period	10,788	59	5,789	(2,086)	14,551	2,620	284	645,999
Changes of items during the period								
Cash dividends								(82,203)
Net income attributable to owners of parent								204,371
Repurchase of treasury stock								(16)
Disposal of treasury stock								161
Change in equity of parent arising from transactions with non-controlling shareholders								(12)
Net changes except for shareholders' equity	6,345	219	(281)	(4,531)	1,751	1,742	(284)	3,209
Total changes of items during the period	6,345	219	(281)	(4,531)	1,751	1,742	(284)	125,509
Balance at end of period	17,134	278	5,507	(6,618)	16,302	4,363	-	771,509

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	54,961	78,011	625,390	(7,518)	750,843
Changes of items during the period					
Cash dividends			(124,754)		(124,754)
Net income attributable to owners of parent			248,228		248,228
Repurchase of treasury stock				(5,004)	(5,004)
Disposal of treasury stock			(36)	701	664
Net changes except for shareholders' equity					
Total changes of items during the period	-	-	123,437	(4,303)	119,133
Balance at end of period	54,961	78,011	748,827	(11,821)	869,977

	Accumulated other comprehensive income					Share subscription rights	Total net assets
	Net unrealized gains (losses) on investment securities	Net deferred gains (losses) on hedging instruments	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	17,134	278	5,507	(6,618)	16,302	4,363	771,509
Changes of items during the period							
Cash dividends							(124,754)
Net income attributable to owners of parent							248,228
Repurchase of treasury stock							(5,004)
Disposal of treasury stock							664
Net changes except for shareholders' equity	(4,109)	(313)	(1,141)	33	(5,531)	3,005	(2,526)
Total changes of items during the period	(4,109)	(313)	(1,141)	33	(5,531)	3,005	116,607
Balance at end of period	13,024	(34)	4,366	(6,585)	10,770	7,368	888,117

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended	Year ended
	March 31, 2018	March 31, 2019
Cash flows from operating activities		
Income before income taxes	275,242	321,508
Depreciation and amortization	20,619	24,323
Loss on impairment	925	-
Amortization of goodwill	600	354
Increase (decrease) in accrued warranty expenses	2,769	2,968
Interest and dividend revenue	(859)	(2,573)
Decrease (increase) in trade notes and accounts receivable	(25,971)	10,541
Decrease (increase) in inventories	(109,846)	(14,765)
Increase (decrease) in trade notes and accounts payable	28,535	(31,752)
Decrease (increase) in prepaid consumption tax	(13,896)	6,818
Increase (decrease) in accrued consumption tax	1,297	(2,845)
Increase (decrease) in customer advances	31,684	(22,077)
Others	24,136	(2,735)
Subtotal	235,238	289,766
Receipts from interest and dividends	1,115	2,738
Income taxes paid or refund (paid)	(49,771)	(102,932)
Net cash provided by operating activities	186,582	189,572
Cash flows from investing activities		
Payment for purchase of short-term investments	(131,000)	(209,500)
Proceeds from redemption of short-term investments	166,000	165,500
Payment for purchase of fixed assets	(41,750)	(46,517)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	10,754
Others	(5,082)	(4,270)
Net cash provided by (used in) investing activities	(11,833)	(84,033)
Cash flows from financing activities		
Payment for purchase of treasury stock	(16)	(5,004)
Dividends paid	(82,203)	(124,754)
Others	(329)	(3)
Net cash used in financing activities	(82,549)	(129,761)
Effect of exchange rate changes on cash and cash equivalents	1,312	(1,020)
Net increase (decrease) in cash and cash equivalents	93,511	(25,243)
Cash and cash equivalents at beginning of period	164,366	257,877
Cash and cash equivalents at end of period	257,877	232,634

Notes

Going concern: None

Changes in accounting policies, changes in accounting estimates and restatements: None

Change in presentation

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of this fiscal year, and deferred tax assets are classified as "Investments and other assets" and deferred tax liabilities are classified as "Long-term liabilities", respectively.

As a result, out of "Deferred tax assets" of 50,505 million yen presented under "Current assets" in the previous fiscal year, 44,596 million yen was reclassified to "Deferred tax assets" under "Investments and other assets", and 5,908 million yen was offset by deferred tax liabilities, which are included in "Others" under "Long-term liabilities". Accordingly, total assets as of the end of the previous fiscal year decreased by 5,908 million yen.

Note on Consolidated Statements of Income

Provision for income taxes and enterprise taxes

The Company received notification from the National Tax Agency, Japan (NTA) dated January 24, 2019, that the agreement had been reached through the Mutual Agreement Procedure (MAP) between the NTA and Korean income tax authorities concerning the transfer pricing adjustments assessed during prior historical periods relating to the transactions between the Company and its Korean subsidiary. As a result, 862 million yen of tax benefit is included in current income tax expense as the difference between the actual tax refunds and the estimated amount recorded in prior fiscal year.

Segment information

(i) General information about reportable segments

A reportable segment is a component or an aggregated component of TEL Group. For each of the components, discrete financial information is available and the operating result is regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

The operation of TEL Group consists of segments by products and services based on business units (BUs), and TEL Group identifies as a reportable segment, "semiconductor production equipment (SPE)" and "flat panel display (FPD) production equipment". Products of the SPE segment consist of coater/developers, etch systems, deposition systems, cleaning systems, wafer probers used in the wafer testing process and other semiconductor production equipment. The SPE segment principally develops, manufactures, sells such products and provide services on them.

Products of the FPD production equipment segment consist of coater/developers, etch/ash systems used in the manufacture of flat panel displays. The FPD production equipment segment principally develops, manufactures, sells such products and provide services on them.

(ii) Means to measure net sales, profit or loss, assets and other items in each reportable segment

The method used to account for each reportable segment is similar to those applied to prepare consolidated financial statements.

Intersegment revenues or transfers are based on prevailing market prices.

Shared assets are not allocated to each reportable segment, but the associated costs are allocated based on reasonable standards.

(iii) Net sales, profit or loss, assets and other items in reportable segments

As of and for the year ended March 31, 2019

(Millions of yen)

	Reportable Segments		Others *1	Total	Adjustments *2	Consolidated *3
	Semiconductor Production Equipment	FPD Production Equipment				
Sales						
Sales to external customers	1,166,781	111,261	197	1,278,240	-	1,278,240
Intersegment sales or transfers	-	-	18,914	18,914	(18,914)	-
Net sales	1,166,781	111,261	19,112	1,297,155	(18,914)	1,278,240
Segment profit (loss)	326,716	24,241	1,035	351,993	(30,484)	321,508
Segment assets	506,929	35,722	2,474	545,126	712,501	1,257,627
Other items						
Depreciation and amortization	14,003	873	126	15,002	9,321	24,323
Amortization of goodwill	354	-	-	354	-	354
Increase in the amount of tangible and intangible fixed assets	22,633	1,507	198	24,340	29,082	53,422

Notes:

*1. "Others" includes all other operating segments which are not included in the reportable segments, including group-wide logistic services, facility maintenance and insurance.

*2. a) "Adjustments" for segment loss totaling 30,484 million yen mainly consists of research and development costs of 15,999 million yen pertaining to the fundamental research and element research of TEL and other general and administrative costs that do not belong to reportable segments.

b) The main elements included in "Adjustments" of segment assets worth 712,501 million yen are cash and deposits, securities, and buildings and structures which are not allocated to each reportable segment.

c) The main elements included in "Adjustments" of tangible and intangible fixed assets worth 29,082 million yen are the investments in buildings and structures which are not allocated to each reportable segment.

*3. Segment profit (loss) is adjusted against income before income taxes in Consolidated Statements of Income.

(iv) Impairment loss on fixed assets in reportable segments

None

(v) Amortization and balance of goodwill in reportable segments

As of and for the year ended March 31, 2019

(Millions of yen)

	Semiconductor Production Equipment	FPD Production Equipment	Total Reportable Segment
Amortization	354	-	354
Balance at end of the period	1,124	-	1,124

(vi) Income related to negative goodwill in reportable segments

None

Per share information

	Year ended March 31, 2019
Net assets per share (Yen)	5,371.78
Net income per share (Yen)	1,513.58
Fully diluted net income per share (Yen)	1,507.22

Notes:

1. Net income per share and fully diluted net income per share are calculated based on the following elements.

Net income per share (Yen)	
Net income attributable to owners of parent (Millions of yen)	248,228
Net income not pertaining to owners of common stock (Millions of yen)	-
Net income attributable to owners of parent pertaining to common stock (Millions of yen)	248,228
The average number of common stock (Thousands of share)	164,000
Fully diluted net income per share (Yen)	
The adjustments to net income attributable to owners of parent (Millions of yen)	-
Increase in common stock (Thousands of share)	692
[Share subscription rights (Thousands of share)]	[692]
Details of dilutive shares, not included in the computation of fully diluted net income per share as there is no dilution effect.	-

2. The shares of the Company held by "Executive compensation Board Incentive Plan (BIP) trust" and "share-delivering Employee Stock Ownership Plan (ESOP) trust", which are recorded in "Treasury stock, at cost" under shareholders' equity, are included in the treasury stock which is deducted from the number of shares issued and outstanding as of the end of the period when calculating net assets per share. The shares held by the trusts are also included in the treasury stock which is deducted from the number of shares used to calculate the average number of shares outstanding in the period when calculating net income per share and fully diluted net income per share.

The number of treasury shares deducted in the calculation of net assets per share was 249 thousand shares as of the end of this fiscal year, and the average number of treasury shares deducted in the calculation of net income per share and fully diluted net income per share was 167 thousand shares in this fiscal year.

Significant subsequent event

None