



Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Japanese GAAP)

April 25, 2018

Name of Listed Company: Tokyo Electron Limited
 Security Code: 8035
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 Telephone: +81-3-5561-7000
 Stock Exchange Listing: Tokyo
 Scheduled start date of dividends payment: May 29, 2018
 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, 2018 (April 1, 2017 to March 31, 2018)

(1) Consolidated Operating Results

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

		Year ended			
		March 31, 2017		March 31, 2018	
			%		%
Net sales (Millions of yen)		799,719	20.4	1,130,728	41.4
Operating income (Millions of yen)		155,697	33.3	281,172	80.6
Ordinary income (Millions of yen)		157,549	32.0	280,737	78.2
Net income attributable to owners of parent (Millions of yen)		115,208	47.9	204,371	77.4
Net income per share of common stock (Yen):					
Basic		702.26		1,245.48	
Diluted		700.35		1,241.22	
Return on equity (%)		19.1		29.0	
Ordinary income to total assets (%)		18.0		25.9	
Operating income to net sales (%)		19.5		24.9	
Comprehensive income:	Year ended March 31, 2018:	206,152 million yen, 71.8%			
	Year ended March 31, 2017:	119,998 million yen, 96.8%			
Profit (loss) on equity method:	Year ended March 31, 2018:	571 million yen			
	Year ended March 31, 2017:	342 million yen			

(2) Consolidated Financial Position

	As of	
	March 31, 2017	March 31, 2018
Total assets (Millions of yen)	957,447	1,208,705
Total net assets (Millions of yen)	645,999	771,509
Equity ratio (%)	67.2	63.5
Net assets per share (Yen)	3,919.50	4,674.49
Equity:		
767,146 million yen (as of March 31, 2018)		
643,094 million yen (as of March 31, 2017)		

(3) Consolidated Cash Flows

	Year ended	
	March 31, 2017	March 31, 2018
Cash flows from operating activities	136,948	186,582
Cash flows from investing activities	(28,893)	(11,833)
Cash flows from financing activities	(39,380)	(82,549)
Cash and cash equivalents at end of period	164,366	257,877

2. Dividends

	Year ended		Year ending
	March 31, 2017	March 31, 2018	March 31, 2019 (Forecast)
1Q-end dividends per share (Yen)	-	-	-
2Q-end dividends per share (Yen)	128.00	277.00	390.00
3Q-end dividends per share (Yen)	-	-	-
Year-end dividends per share (Yen)	224.00	347.00	433.00
Annual dividends per share (Yen)	352.00	624.00	823.00
Total dividends (Millions of yen)	57,752	102,398	
Payout ratio (%)	50.1	50.1	50.00
Dividend on equity (%)	9.6	14.5	

Note: The year-end dividends per share for the year ended March 31, 2018 shown above are forecast. Please refer to the press release "Announcement on Dividends Forecast Revision for the Fiscal Year Ended March 31, 2018" published today.

3. Financial Forecasts for the Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

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

	Year ending			
	September 30, 2018		March 31, 2019	
		%		%
Net sales (Millions of yen)	690,000	33.5	1,400,000	23.8
Operating income (Millions of yen)	173,000	40.3	366,000	30.2
Ordinary income (Millions of yen)	173,000	40.6	366,000	30.4
Net income attributable to owners of parent (Millions of yen)	128,000	41.2	270,000	32.1
Net income per share (Yen)	779.95		1,645.20	

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries associated with changes in scope of consolidation): Yes

New: 0 company (-) Excluded: 1 company (Tokyo Electron Tohoku Ltd.)

Please refer to "Notes" on page 16 for further information.

(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, 2018 : 165,210,911 shares

As of March 31, 2017 : 165,210,911 shares

2. Number of shares of treasury stock

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

As of March 31, 2017: 1,135,104 shares

3. Average number of shares outstanding

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

Year ended March 31, 2017: 164,054,693 shares

(Reference) Non-consolidated Financial Results for the Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)**(1) Operating results**

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

	Year ended			
	March 31, 2017		March 31, 2018	
		%		%
Net sales (Millions of yen)	751,097	28.9	1,052,741	40.2
Operating income (Millions of yen)	60,557	43.9	122,841	102.9
Ordinary income (Millions of yen)	61,895	(17.3)	128,549	107.7
Net income (Millions of yen)	46,682	(26.5)	91,376	95.7
Net income per share of common stock (Yen):				
Basic	284.56		556.87	
Diluted	283.78		554.96	

(2) Financial position

	As of	
	March 31, 2017	March 31, 2018
Total assets (Millions of yen)	768,651	994,055
Total net assets (Millions of yen)	340,518	357,928
Equity ratio (%)	44.0	35.6
Net assets per share (Yen)	2,059.40	2,154.40
Equity:		
353,565 million yen (as of March 31, 2018)		
337,898 million yen (as of March 31, 2017)		

* Status of implementation of audit procedures

This Summary of Consolidated Financial Results is outside the scope of the 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. Operating Results (3) Future Forecast" on page 7.

The Company plans to hold an earnings release conference for investors and analysts on April 25, 2018.

Supplementary materials to be handed out at the conference will be posted simultaneously on the Company's website.

1. Operating Results

(1) Overview of Operating Results

(i) Business Environment during the Fiscal Year Ended March 31, 2018

For the fiscal year under review, the global economy remained stable, with economic recovery progressing steadily in the U.S. and Europe, and solid economy in the Asian region, as well as in China.

In the electronics industry, where the Tokyo Electron (TEL) Group operates, demand for memory increased dramatically as manufacturers continued to step up investments in memory used in data centers amid the increase in high volume data transmission, such as video streaming by every kind of cloud services. In addition, the semiconductor and electronic components market was buoyant against the background of robust demand for semiconductors in products such as increased demand for uses in automobiles and industrial equipment.

(ii) Overview of Profit and Loss during the Fiscal Year Ended March 31, 2018

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

Net sales for the fiscal year were 1,130,728 million yen (year-on-year growth of 41.4%). Domestic net sales increased 47.1% from the previous year to 148,760 million yen, while overseas net sales increased 40.6% to 981,967 million yen to account for 86.8% of net sales.

Cost of sales increased 37.3% to 655,695 million yen and gross profit increased 47.4% to 475,032 million yen. As a result, the gross profit ratio expanded by 1.7 points to 42.0%.

Selling, general and administrative (SG&A) expenses increased 16.4% to 193,860 million yen, while the ratio to consolidated net sales declined 3.7 points to 17.1%.

As a result, operating income increased 80.6% to 281,172 million yen and operating profit ratio increased 5.4 points to 24.9%. After netting of non-operating income of 2,758 million yen and non-operating expenses of 3,193 million yen, ordinary income increased 78.2% to 280,737 million yen.

Unusual or infrequent net loss totaled 5,495 million yen (compared to a loss of 8,433 million yen in the previous fiscal year) mainly due to the transfer of a part of the defined benefit plan to a defined contribution plan, effective April 1, 2018.

Income before income taxes was 275,242 million yen (year-on-year growth of 84.6%) and net income attributable to owners of parent was 204,371 million yen (year-on-year growth of 77.4%).

As a result, net income per share was 1,245.48 yen, compared to net income per share of 702.26 yen in the previous fiscal year.

(iii) Overview of Operations by Business Segment during the Fiscal Year Ended March 31, 2018

The overview of each business segment is as described below.

Semiconductor Production Equipment

DRAM memory manufacturer's capital investments expanded in response to the favorable DRAM supply-demand conditions driven by increased demand for servers used in data centers. Investment in 3D NAND flash memory to boost production capacity rose as well because of the increase in installations of SSDs (solid state drives) in servers. In addition, investments in logic semiconductor used in the development of advanced technology also expanded in response to growth in demand for servers. As a result, demand for semiconductor production equipment was strong. Consequently, the net sales to external customers in this segment for the fiscal year under review were 1,055,234 million yen, and increased 40.7% compared to the previous fiscal year over the growth of the Wafer Fab Equipment market.

Flat Panel Display (FPD) Production Equipment

Together with increased capital investment in large-sized LCD panels used for televisions in China, capital investment also continued for small to medium-sized LCD panels used in mobile devices, and the FPD production equipment market remained strong. As a result, net sales to external customers in this segment for the fiscal year under review were 75,068 million yen (year-on-year growth of 52.0%).

In this segment, the company also introduced the dry etching equipment "Betelex™ 1800 PICP" for use in high-definition flat panel displays for the fiscal year under review.

Other

Net sales to external customers in this segment for the fiscal year under review totaled 425 million yen (year-on-year decrease of 3.1%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018						
				First Half			Second Half	Full Year
		1Q	2Q		3Q	4Q		
Net Sales	799,719	236,396	280,580	516,976	257,773	355,977	613,751	1,130,728
Semiconductor Production Equipment	749,893	221,969	265,773	487,743	241,411	326,079	567,490	1,055,234
Japan	91,203	26,776	38,468	65,244	35,112	45,150	80,263	145,507
North America	101,559	24,097	32,077	56,174	29,121	33,946	63,068	119,243
Europe	59,929	25,382	26,931	52,314	19,621	25,005	44,626	96,940
South Korea	137,788	68,375	101,790	170,165	79,479	122,301	201,780	371,946
Taiwan	225,910	45,897	36,646	82,543	42,155	44,364	86,519	169,063
China	90,669	26,757	23,073	49,830	22,648	31,842	54,491	104,322
Southeast Asia	42,832	4,683	6,786	11,469	13,271	23,468	36,740	48,210
FPD Production Equipment	49,387	14,323	14,701	29,024	16,264	29,779	46,044	75,068
Other	438	104	104	208	97	118	216	425
Operating Income	155,697	54,790	68,527	123,318	58,092	99,761	157,854	281,172
Ordinary Income	157,549	55,149	67,917	123,066	57,360	100,311	157,671	280,737
Net Income Attributable to Owners of Parent	115,208	41,252	49,415	90,668	40,715	72,986	113,702	204,371

Note: Intersegment sales or transfers are eliminated.

(2) Qualitative Information on Consolidated Financial Conditions

(i) Financial Conditions

Current assets at the end of the fiscal year totaled 997,102 million yen, an increase of 221,164 million yen when compared to the end of the previous fiscal year. This was mainly attributable to an increase of 107,814 million yen in inventories, an increase of 42,000 million yen in short-term investments included in securities, an increase of 25,712 million yen in trade notes and accounts receivable, and an increase in cash and deposit of 16,511 million yen.

Tangible fixed assets increased by 25,511 million yen from the end of the previous fiscal year, to 125,952 million yen.

Intangible fixed assets increased by 480 million yen from the end of the previous fiscal year, to 15,882 million yen.

Investments and other assets increased by 4,101 million yen from the end of the previous fiscal year, to 69,768 million yen.

As a result, total assets increased by 251,258 million yen from the end of the previous fiscal year, to 1,208,705 million yen.

Current liabilities increased by 120,682 million yen when compared to the end of the previous fiscal year, to 368,452 million yen.

This was largely due to a 34,977 million yen increase in income taxes payable, a 32,232 million yen increase in customer advances, a 29,390 million yen increase in trade notes and accounts payable, and a 12,613 million yen increase in accrued employees' bonuses.

Long-term liabilities increased by 5,065 million yen when compared to the end of the previous fiscal year, to 68,742 million yen.

Net assets increased by 125,509 million yen when compared to the end of the previous fiscal year, to 771,509 million yen.

Contributing factors were a 204,371 million yen increase in net income attributable to owners of parent and a decrease resulting from the payment of 82,203 million yen in year-end dividends for the previous fiscal year and interim dividends for the current fiscal year. As a result, the equity ratio was 63.5%.

(ii) Cash Flows

Cash and cash equivalents at the end of the current fiscal year increased by 93,511 million yen compared to the end of the previous fiscal year, to 257,877 million yen. The combined balance including time deposits and short-term investments with maturities of at least three months that are not included in cash and cash equivalents was 373,877 million yen, an increase of 58,511 million yen from the end of the previous fiscal year. The overall situation regarding cash flows for the fiscal year was as described below.

Cash flows from operating activities were a positive 186,582 million yen, an increase of 49,633 million yen compared to the same period of the previous fiscal year. The major positive factors were 275,242 million yen in net income before income taxes, a 31,684 million yen increase in customer advances, a 28,535 million yen increase in trade notes and accounts payable, and 20,619 million yen in depreciation and amortization. The major negative factors were a 109,846 million yen increase in inventories, 49,771 million yen in income taxes paid, and a 25,971 million yen increase in trade notes and accounts receivable.

Cash flows from investing activities were a negative 11,833 million yen compared to a negative 28,893 million yen in the same period of the previous fiscal year. These were largely due to the payment of 41,750 million yen for the purchase of fixed assets and an inflow of 35,000 million yen from a decrease in short-term investments.

Cash flows from financing activities were a negative 82,549 million yen compared to a negative 39,380 million yen in the same period of the previous fiscal year. This was largely due to the payment of 82,203 million yen in dividends.

(3) Future Forecast

In semiconductor production equipment, continued strength in capital investment is expected in light of the continuing buoyant demand for memory and the expansion of applications for semiconductors. In FPD production equipment, we expect robust demand with capital investment continuing in large-sized LCD panel displays. Based on this business environment, financial forecasts for the next fiscal year (the year ending March 31, 2019) are set forth below. Regarding the impact on the consolidated financial results of the ownership transfer of its consolidated subsidiary TEL NEXX, Inc. that was announced on April 4, 2018, TEL expects that the effect will be immaterial.

Consolidated Forecast

(Billions of yen, Y/Y change)

Year ending March 31, 2019		Interim		Full Year	
Net Sales		690.0	33.5%	1,400.0	23.8%
	Semiconductor Production Equipment	634.0	30.0%	1,288.0	22.1%
	FPD Production Equipment	56.0	92.9%	112.0	49.2%
Operating Income		173.0	40.3%	366.0	30.2%
Ordinary Income		173.0	40.6%	366.0	30.4%
Net Income Attributable to Owners of Parent		128.0	41.2%	270.0	32.1%

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, 2018) is scheduled to be 347 yen per share. The dividend for the full year will be 624 yen per share, which includes the interim dividend of 277 yen per share.

Dividends are forecasted for the next fiscal year (the year ending March 31, 2019) to be 823 yen per share for the entire year which consists of an interim dividend of 390 yen and year-end dividend of 433 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, 2018)	277 yen	347 yen	624 yen
Next fiscal year (ending March 31, 2019)	390 yen	433 yen	823 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	As of
	March 31, 2017	March 31, 2018
ASSETS		
Current assets		
Cash and deposit	70,866	87,377
Trade notes and accounts receivable	133,858	159,570
Securities	244,500	286,500
Merchandise and finished goods	152,629	220,497
Work in process	51,112	75,504
Raw materials and supplies	32,514	48,069
Deferred income taxes	36,892	50,505
Others	53,628	69,137
Allowance for doubtful accounts	(63)	(59)
Total current assets	775,938	997,102
Long-term assets		
Tangible fixed assets		
Buildings and structures	145,901	159,474
Accumulated depreciation	(100,003)	(103,229)
Buildings and structures , net	45,898	56,245
Machinery and carriers	102,144	109,064
Accumulated depreciation	(83,804)	(84,918)
Machinery and carriers , net	18,340	24,145
Land	24,855	28,030
Others	35,925	40,928
Accumulated depreciation	(24,577)	(23,397)
Others, net	11,347	17,530
Total tangible fixed assets	100,441	125,952
Intangible fixed assets		
Others	15,401	15,882
Total intangible fixed assets	15,401	15,882
Investments and other assets		
Investment securities	24,119	33,128
Deferred income taxes	19,128	17,846
Net asset for defined benefits	4,818	-
Others	19,416	20,215
Allowance for doubtful accounts	(1,816)	(1,422)
Total investments and other assets	65,666	69,768
Total long-term assets	181,508	211,603
Total assets	957,447	1,208,705

Consolidated Balance Sheets

	(Millions of yen)	
	As of	As of
	March 31, 2017	March 31, 2018
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	79,217	108,607
Income taxes payable	31,069	66,046
Accrued employees' bonuses	21,853	34,467
Customer advances	67,976	100,208
Others	47,653	59,122
Total current liabilities	247,770	368,452
Long-term liabilities		
Net liability for defined benefits	55,825	59,309
Others	7,851	9,433
Total long-term liabilities	63,677	68,742
Total liabilities	311,447	437,195
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,023	78,011
Retained earnings	503,325	625,390
Treasury stock, at cost	(7,766)	(7,518)
Total shareholders' equity	628,543	750,843
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	10,788	17,134
Net deferred gains (losses) on hedging instruments	59	278
Foreign currency translation adjustments	5,789	5,507
Accumulated remeasurements of defined benefit plans	(2,086)	(6,618)
Total accumulated other comprehensive income (loss)	14,551	16,302
Share subscription rights	2,620	4,363
Non-controlling interests	284	-
Total net assets	645,999	771,509
Total liabilities and net assets	957,447	1,208,705

Consolidated Statements of Income

	(Millions of yen)	
	Year ended	Year ended
	March 31, 2017	March 31, 2018
Net sales	799,719	1,130,728
Cost of sales	477,427	655,695
Gross profit	322,291	475,032
Selling, general & administrative expenses		
Salaries and allowances	23,724	24,079
Research and development expenses	83,800	97,103
Others	59,069	72,677
Total selling, general and administrative expenses	166,594	193,860
Operating income	155,697	281,172
Non-operating income		
Interest income	722	533
Dividend income	310	325
Share of profit of associates accounted for using the equity method	342	571
Dividend income of insurance	300	334
Others	1,255	992
Total non-operating income	2,931	2,758
Non-operating expenses		
Foreign exchange loss	791	2,897
Others	287	295
Total non-operating expenses	1,079	3,193
Ordinary income	157,549	280,737
Unusual or infrequent profit		
Gain on sales of fixed assets	55	77
Gain on sales of investment securities	6	-
Total unusual or infrequent profit	61	77
Unusual or infrequent loss		
Loss on impairment of fixed assets, goodwill and other assets	362	925
Loss on disaster	7,521	-
Loss on revision of retirement benefit plan	-	3,154
Others	610	1,492
Total unusual or infrequent loss	8,494	5,572
Income before income taxes	149,116	275,242
Provision for income taxes and enterprise taxes	40,633	83,434
Deferred income taxes	(6,765)	(12,591)
Total income taxes	33,867	70,842
Net income	115,248	204,399
Net income attributable to non-controlling interests	39	28
Net income attributable to owners of parent	115,208	204,371

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Year ended	Year ended
	March 31, 2017	March 31, 2018
Net income	115,248	204,399
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	2,875	6,337
Net deferred gains (losses) on hedging instruments	10	198
Foreign currency translation adjustments	(933)	(242)
Remeasurements of defined benefit plans	2,682	(4,494)
Share of other comprehensive income of associates accounted for using the equity method	114	(46)
Total other comprehensive income (loss)	4,750	1,752
Comprehensive income	119,998	206,152
(Breakdown)		
Comprehensive income attributable to owners of parent	119,942	206,122
Comprehensive income attributable to non-controlling interests	56	29

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2017

(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	427,618	(8,050)	552,551
Changes of items during the period					
Cash dividends			(39,371)		(39,371)
Net income attributable to owners of parent			115,208		115,208
Repurchase of treasury stock				(6)	(6)
Disposal of treasury stock			(130)	290	159
Net changes except for shareholders' equity					
Total changes of items during the period	-	-	75,707	283	75,991
Balance at end of period	54,961	78,023	503,325	(7,766)	628,543

	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	7,902	50	6,742	(4,877)	9,817	1,641	228	564,239
Changes of items during the period								
Cash dividends								(39,371)
Net income attributable to owners of parent								115,208
Repurchase of treasury stock								(6)
Disposal of treasury stock								159
Net changes except for shareholders' equity	2,886	9	(953)	2,791	4,733	979	56	5,769
Total changes of items during the period	2,886	9	(953)	2,791	4,733	979	56	81,760
Balance at end of period	10,788	59	5,789	(2,086)	14,551	2,620	284	645,999

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 Cash Flows

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes	149,116	275,242
Depreciation and amortization	17,872	20,619
Loss on impairment	362	925
Amortization of goodwill	631	600
Increase (decrease) in accrued employees' bonuses	10,112	12,710
Increase (decrease) in accrued directors' bonuses	623	2,573
Increase (decrease) in accrued warranty expenses	(220)	2,769
Interest and dividend revenue	(1,032)	(859)
Decrease (increase) in trade notes and accounts receivable	(17,411)	(25,971)
Decrease (increase) in inventories	(44,102)	(109,846)
Increase (decrease) in trade notes and accounts payable	24,053	28,535
Decrease (increase) in prepaid consumption tax	(12,350)	(13,896)
Increase (decrease) in accrued consumption tax	359	1,297
Increase (decrease) in customer advances	34,444	31,684
Others	5,843	8,851
Subtotal	168,304	235,238
Receipts from interest and dividends	1,266	1,115
Income taxes paid or refund (paid)	(32,622)	(49,771)
Net cash provided by operating activities	136,948	186,582
Cash flows from investing activities		
Payment into time deposits	(25,000)	-
Proceeds from time deposits	50,034	-
Payment for purchase of short-term investments	(177,200)	(131,000)
Proceeds from redemption of short-term investments	142,198	166,000
Payment for purchase of fixed assets	(17,557)	(41,750)
Payment for acquisition of intangible assets	(1,116)	(4,431)
Others	(252)	(651)
Net cash provided by (used in) investing activities	(28,893)	(11,833)
Cash flows from financing activities		
Payment for purchase of treasury stock	(6)	(16)
Dividends paid	(39,371)	(82,203)
Others	(2)	(329)
Net cash used in financing activities	(39,380)	(82,549)
Effect of exchange rate changes on cash and cash equivalents	53	1,312
Net increase (decrease) in cash and cash equivalents	68,728	93,511
Cash and cash equivalents at beginning of period	95,638	164,366
Cash and cash equivalents at end of period	164,366	257,877

Notes

Going concern: None

Changes in significant subsidiaries during the period: Yes

The absorption-type merger of Tokyo Electron Yamanashi Ltd. and Tokyo Electron Tohoku Ltd. was performed, effective July 1, 2017 with Tokyo Electron Yamanashi Ltd. as the surviving company and Tokyo Electron Tohoku Ltd. as the absorbed company, and the name of the surviving company following the merger was changed to Tokyo Electron Technology Solutions Ltd.

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

Notes on Consolidated Statements of Income

Loss on impairment

Tokyo Electron (TEL) Group groups its business assets by the lowest level for which cash flows are largely independent of cash flows from other assets. During the current fiscal year ended March 31, 2018, the impairment loss was recognized for the following asset group.

Loss on impairment of goodwill for consolidated subsidiary TEL NEXX, Inc.

Location	Purpose of use	Asset Type	Loss on impairment (Millions of yen)
Billerica, Massachusetts, U. S. A.	Business assets	Goodwill	925

Regarding the goodwill associated with the acquisition of the consolidated subsidiary TEL NEXX, Inc., in the semiconductor production equipment (SPE) business, the impairment loss was recognized as an unusual or infrequent loss, as a result of performing an impairment test due to TEL NEXX, Inc.'s reconsideration of its business plan. The goodwill amount was decreased by the difference between the book value and the recoverable amount.

The recoverable amount was measured as value in use, and was calculated by discounting future cash flows at a discount rate of 14.0%.

Loss on revision of retirement benefit plan

Effective April 1, 2018, TEL and certain consolidated subsidiaries converted a portion of their defined benefit plan to defined contribution plan. The loss accompanying this change was recognized as an unusual or infrequent loss in accordance with the "Accounting Procedures for Conversion between Different Retirement Benefit Schemes" (Corporate Accounting Standards Implementation Guidelines No. 1) and the "Practical Treatment of Accounting Procedures for Conversion between Different Retirement Benefit Schemes" (Practical Issues Task Force No. 2).

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, thermal processing systems, single wafer 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, 2018

(Millions of yen)

	Reportable Segments		Others *1	Total	Eliminations and Corporate *2	Consolidated *3
	Semiconductor Production Equipment	FPD Production Equipment				
Sales						
Sales to external customers	1,055,234	75,068	425	1,130,728	-	1,130,728
Intersegment sales or transfers	-	-	19,469	19,469	(19,469)	-
Net sales	1,055,234	75,068	19,894	1,150,197	(19,469)	1,130,728
Segment profit (loss)	314,602	13,299	(57)	327,844	(52,601)	275,242
Segment assets	494,964	43,963	3,014	541,943	666,762	1,208,705
Other items						
Depreciation and amortization	11,402	701	81	12,185	8,434	20,619
Amortization of goodwill	600	-	-	600	-	600
Loss on impairment	925	-	-	925	-	925
Increase in the amount of tangible and intangible fixed assets	16,392	935	247	17,575	33,722	51,297

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. "Eliminations and Corporate" segment loss totaling 52,601 million yen includes corporate expenses not allocated to any reportable segments. The corporate expenses consist of research and development costs of 22,263 million yen, pertaining to the fundamental research and element research of TEL and the loss on revision of retirement benefit plan of 3,154 million yen.

b) The main elements included in "Eliminations and Corporate" of segment assets worth 666,762 million yen are cash and deposit, securities, and buildings and structures which are not allocated to each reportable segment.

c) The main elements included in "Eliminations and Corporate" of tangible and intangible fixed assets worth 33,722 million yen are the investments in buildings and structures which are not allocated to each reportable segment.

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

(iv) Impairment loss on fixed assets in reportable segments

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

(v) Amortization and balance of goodwill in reportable segments

As of and for the year ended March 31, 2018

(Millions of yen)

	Semiconductor Production Equipment	FPD Production Equipment	Total Reportable Segment
Amortization	600	-	600
Balance at end of the period	1,699	-	1,699

(vi) Income related to negative goodwill in reportable segments

None

Per share information

	Year ended March 31, 2018
Net assets per share (Yen)	4,674.49
Net income per share (Yen)	1,245.48
Fully diluted net income per share (Yen)	1,241.22

Note: 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)	204,371
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)	204,371
The average number of common stock (Thousands of share)	164,090
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)	562
[Share subscription rights (Thousands of share)]	[562]
Details of dilutive shares, not included in the computation of fully diluted net income per share as there is no dilution effect.	–

Significant subsequent event

None