

Consolidated Balance Sheets

Consolidated Balance Sheets

Tokyo Electron Limited and Subsidiaries
As of March 31, 2018 and 2017

ASSETS	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Current assets:			
Cash and cash equivalents	¥ 257,877	¥164,366	\$ 2,427,314
Short-term investments	116,000	151,000	1,091,867
Trade notes and accounts receivable	159,570	133,858	1,501,982
Allowance for doubtful accounts	(59)	(63)	(563)
Inventories	344,071	236,256	3,238,620
Deferred income taxes	50,505	36,892	475,385
Other current assets	69,137	53,628	650,768
Total current assets	997,102	775,938	9,385,375
Property, plant and equipment:			
Land	28,030	24,855	263,843
Buildings	159,474	145,901	1,501,081
Machinery and equipment	138,932	132,043	1,307,725
Construction in progress	11,060	6,026	104,108
Total property, plant and equipment	337,498	308,826	3,176,759
Less: Accumulated depreciation	211,546	208,385	1,991,209
Net property, plant and equipment	125,952	100,441	1,185,550
Investments and other assets:			
Investment securities	33,128	24,119	311,827
Deferred income taxes	17,846	19,128	167,979
Net asset for defined benefits	—	4,818	—
Intangible assets	15,882	15,401	149,492
Other assets	20,215	19,416	190,282
Allowance for doubtful accounts	(1,422)	(1,816)	(13,386)
Total investments and other assets	85,650	81,067	806,196
Total assets	¥1,208,705	¥957,447	\$11,377,121

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Current liabilities:			
Trade notes and accounts payable	¥ 108,607	¥ 79,217	\$ 1,022,284
Income taxes payable	66,046	31,069	621,671
Accrued employees' bonuses	34,467	21,853	324,429
Customer advances	100,208	67,976	943,231
Other current liabilities	59,122	47,653	556,501
Total current liabilities	368,452	247,770	3,468,118
Non-current liabilities:			
Net liability for defined benefits	59,684	56,200	561,784
Other liabilities	9,058	7,476	85,267
Total non-current liabilities	68,742	63,677	647,052
Total liabilities	437,195	311,447	4,115,171
Net assets:			
Shareholders' equity			
Common stock	54,961	54,961	517,330
Authorized: 300,000,000 shares Issued: 165,210,911 and 165,210,911 shares as of March 31, 2018 and 2017, respectively			
Capital surplus	78,011	78,023	734,290
Retained earnings	625,390	503,325	5,886,581
Treasury stock, at cost	(7,518)	(7,766)	(70,771)
1,097,342 and 1,135,104 shares as of March 31, 2018 and 2017, respectively			
Accumulated other comprehensive income			
Net unrealized gains on investment securities	17,134	10,788	161,278
Net deferred gains on hedging instruments	278	59	2,623
Foreign currency translation adjustments	5,507	5,789	51,843
Accumulated remeasurements of defined benefit plans	(6,618)	(2,086)	(62,293)
Share subscription rights	4,363	2,620	41,068
Non-controlling interests	—	284	—
Total net assets	771,509	645,999	7,261,950
Total liabilities and net assets	¥1,208,705	¥957,447	\$11,377,121

See accompanying Notes to Consolidated Financial Statements.

■ Consolidated Statements of Income ■ Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net sales	¥1,130,728	¥ 799,719	\$10,643,151
Cost of sales	655,695	477,427	6,171,832
Gross profit	475,032	322,291	4,471,318
Selling, general and administrative expenses	193,860	166,594	1,824,741
Operating income	281,172	155,697	2,646,577
Other income (expenses):			
Interest and dividend income	859	1,032	8,088
Share of profit of associates accounted for using the equity method	571	342	5,382
Insurance dividend income	334	300	3,150
Foreign exchange loss, net	(2,897)	(791)	(27,274)
Gain on sales of property, plant and equipment	77	55	731
Gain on sales of investment securities	—	6	—
Loss on impairment of property, plant and equipment, goodwill and other assets	(925)	(362)	(8,714)
Loss on disaster	—	(7,521)	—
Loss on revision of retirement benefit plan	(3,154)	—	(29,690)
Other, net	(795)	357	(7,487)
Income before income taxes	275,242	149,116	2,590,762
Income taxes:			
Current	83,434	40,633	785,340
Deferred	(12,591)	(6,765)	(118,522)
Net income	204,399	115,248	1,923,944
Net income attributable to non-controlling interests	28	39	269
Net income attributable to owners of parent	¥ 204,371	¥ 115,208	\$ 1,923,674
Per share of common stock:			
Net income — basic	¥ 1,245.48	¥ 702.26	\$ 11.72
Net income — diluted	1,241.22	700.35	11.68
Net assets	4,674.49	3,919.50	44.00
Cash dividends	624.00	352.00	5.87

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Net income	¥204,399	¥115,248	\$1,923,944
Other comprehensive income (loss):			
Net unrealized gains on investment securities	6,337	2,875	59,657
Net deferred gains on hedging instruments	198	10	1,869
Foreign currency translation adjustments	(242)	(933)	(2,286)
Remeasurements of defined benefit plans	(4,494)	2,682	(42,308)
Share of other comprehensive income of associates accounted for using the equity method	(46)	114	(436)
Total other comprehensive income (loss)	1,752	4,750	16,494
Comprehensive income	206,152	119,998	1,940,439
Total comprehensive income attributable to:			
Owners of parent	206,122	119,942	1,940,162
Non-controlling interests	29	56	276

See accompanying Notes to Consolidated Financial Statements.

■ Consolidated Statements of Changes in Net Assets ■ Consolidated Statements of Cash Flows

Consolidated Statements of Changes in Net Assets

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen											
	Shareholders' equity				Accumulated other comprehensive income							Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gains on investment securities	Net deferred gains on hedging instruments	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Share subscription rights	Non-controlling interests		
Balance as of March 31, 2016	¥54,961	¥78,023	¥427,618	¥(8,051)	¥ 7,903	¥ 50	¥6,743	¥(4,878)	¥1,641	¥229	¥564,239	
Cash dividends	—	—	(39,371)	—	—	—	—	—	—	—	(39,371)	
Net income attributable to owners of parent	—	—	115,208	—	—	—	—	—	—	—	115,208	
Repurchase of treasury stocks	—	—	—	(6)	—	—	—	—	—	—	(6)	
Disposal of treasury stocks	—	—	(130)	290	—	—	—	—	—	—	159	
Other, net	—	—	—	—	2,886	9	(953)	2,791	979	56	5,769	
Balance as of March 31, 2017	¥54,961	¥78,023	¥503,325	¥(7,766)	¥10,788	¥ 59	¥5,789	¥(2,086)	¥2,620	¥284	¥645,999	
Cash dividends	—	—	(82,203)	—	—	—	—	—	—	—	(82,203)	
Net income attributable to owners of parent	—	—	204,371	—	—	—	—	—	—	—	204,371	
Repurchase of treasury stocks	—	—	—	(16)	—	—	—	—	—	—	(16)	
Disposal of treasury stocks	—	—	(102)	264	—	—	—	—	—	—	161	
Change in equity of parent arising from transactions with non-controlling shareholders	—	(12)	—	—	—	—	—	—	—	—	(12)	
Other, net	—	—	—	—	6,345	219	(281)	(4,531)	1,742	(284)	3,209	
Balance as of March 31, 2018	¥54,961	¥78,011	¥625,390	¥(7,518)	¥17,134	¥278	¥5,507	¥(6,618)	¥4,363	¥ —	¥771,509	

	Thousands of U.S. dollars											
	Shareholders' equity				Accumulated other comprehensive income							Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gains on investment securities	Net deferred gains on hedging instruments	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Share subscription rights	Non-controlling interests		
Balance as of March 31, 2017	\$517,330	\$734,404	\$4,737,629	\$(73,104)	\$101,552	\$ 557	\$54,493	\$(19,639)	\$24,664	\$2,682	\$6,080,571	
Cash dividends	—	—	(773,754)	—	—	—	—	—	—	—	(773,754)	
Net income attributable to owners of parent	—	—	1,923,674	—	—	—	—	—	—	—	1,923,674	
Repurchase of treasury stocks	—	—	—	(154)	—	—	—	—	—	—	(154)	
Disposal of treasury stocks	—	—	(969)	2,486	—	—	—	—	—	—	1,517	
Change in equity of parent arising from transactions with non-controlling shareholders	—	(114)	—	—	—	—	—	—	—	—	(114)	
Other, net	—	—	—	—	59,725	2,065	(2,649)	(42,654)	16,403	(2,682)	30,209	
Balance as of March 31, 2018	\$517,330	\$734,290	\$5,886,581	\$(70,771)	\$161,278	\$2,623	\$51,843	\$(62,293)	\$41,068	\$ —	\$7,261,950	

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash flows from operating activities:			
Income before income taxes	¥275,242	¥149,116	\$2,590,762
Depreciation and amortization	20,619	17,872	194,088
Loss on impairment of property, plant and equipment, goodwill and other assets	925	362	8,714
Amortization of goodwill	600	631	5,652
Increase in accrued employees' bonuses	12,710	10,112	119,642
Increase in accrued directors' bonuses	2,573	623	24,227
Increase (decrease) in accrued warranty expenses	2,769	(220)	26,069
Interest and dividend income	(859)	(1,032)	(8,088)
Increase in trade notes and accounts receivable	(25,971)	(17,411)	(244,458)
Increase in inventories	(109,846)	(44,102)	(1,033,948)
Increase in trade notes and accounts payable	28,535	24,053	268,594
Increase in prepaid consumption tax	(13,896)	(12,350)	(130,807)
Increase in accrued consumption tax	1,297	359	12,208
Increase in customer advances	31,684	34,444	298,239
Other, net	8,851	5,843	83,318
Subtotal	235,238	168,304	2,214,216
Receipts from interest and dividends	1,115	1,266	10,495
Income taxes paid	(49,771)	(32,622)	(468,480)
Net cash provided by operating activities	186,582	136,948	1,756,231
Cash flows from investing activities:			
Payment for purchases of short-term investments	(131,000)	(202,200)	(1,233,057)
Proceeds from maturities of short-term investments	166,000	192,232	1,562,500
Payment for purchases of property, plant and equipment	(41,750)	(17,557)	(392,982)
Payment for acquisition of intangible assets	(4,431)	(1,116)	(41,715)
Other, net	(651)	(252)	(6,128)
Net cash used in investing activities	(11,833)	(28,893)	(111,383)
Cash flows from financing activities:			
Payment for purchases of treasury stock	(16)	(6)	(154)
Dividends paid	(82,203)	(39,371)	(773,754)
Other, net	(329)	(2)	(3,103)
Net cash used in financing activities	(82,549)	(39,380)	(777,012)
Effect of exchange rate changes on cash and cash equivalents	1,312	53	12,350
Net increase in cash and cash equivalents	93,511	68,728	880,187
Cash and cash equivalents at beginning of year	164,366	95,638	1,547,127
Cash and cash equivalents at end of year	¥257,877	¥164,366	\$2,427,314

See accompanying Notes to Consolidated Financial Statements.