TOWA

ANNUAL REPORT
2 0 1 5

A MESSAGE TO OUR SHAREHOLDERS

Greetings

Since its founding in Japan's ancient capital, Kyoto, in April 1979, TOWA Corporation has consistently developed proprietary technologies and created numerous de facto standards. Our primary operations are composed of development, manufacturing and sales of resin encapsulation systems for semiconductors and LED resin sealed devices, singulation systems and precision molds for manufacturing semiconductors, as well as the manufacture and sales of fine plastic molded products. We maintain a leading share of the global market for our mainstay semiconductor resin encapsulation systems, which enjoy an excellent reputation with users.

Economic Overview

Despite the uncertainty in the future with a temporary negative growth by the reactionary decline due to the last-minute demand according to the consumption tax increase and prolonged weakness of consumer confidence, etc., Japan's economy in this consolidated fiscal year has made a gradual recovery, presenting an improvement of employment situation by the various economic policies of the government, continual announcement of good results of the companies that can enjoy the weaker yen benefits by an additional monetary easing by the Bank of Japan.

Performance

In the semiconductor industry, capital investment of each semiconductor manufacturer and OSAT company has favorably progressed since the semiconductor demand for portable terminals has increased in China, the largest smartphone market in the world, where the telecommunications standard has advanced to high-speed data communication, and, in addition, sales of smartphones of new models has been steady. As for the demand for semiconductors, technologies to connect various apparatuses to the network to collect information have been spreading in addition to the continuous favorable change in demand for smartphones. Accordingly, the demand for servers of data centers to process huge information has been expanded. Moreover, the expansion of demand is expected more and more with the automobile-related semiconductors as seen in the system development to assist in the prevention of automobile collision and safe driving.

Under such a circumstance, our group could obtain orders and sales exceeding the planning at the beginning in this period, by linking the positive capital investment of each OSAT company in Taiwan and China to orders. Orders for the molding equipment in the compression type using our own technique which does not cause any resin flow have increased due to the increase of large-sized substrates and refining and densifying semiconductor packages that cannot be created by the conventional molding method. Market supremacy of our products has surely penetrated and the sales ratio of the compression type equipment, a highly valued product, has increased. As the result, earnings in this period have exceeded the value planned at the beginning of this period. Moreover, by using the labs established at the European and U.S. bases, we have succeeded in establishing a strong and close relationship with companies without fabrication facilities, by approaching such companies through the evaluation and trial production from the development stage and gaining orders through each OSAT company.

According to the results above, the sales in this consolidated fiscal year has reached 21 billion 204 million yen (increased by 23.5%, 4 billion 38 million yen from the previous consolidated fiscal year), the operating profit is 1 billion 671 million yen (increased by 3.7 times, 1 billion 213 million yen from the previous consolidated fiscal year), the recurring profit is 2 billion 316 million yen (increased by 3.5 times, 1 billion 649 million yen from the previous consolidated fiscal year), and the net income in this period is 2 billion 95 million yen (increased by 3.7 times, 1 billion 527 million yen from the previous consolidated fiscal year).

Looking Ahead

Regarding the capital investment of each semiconductor manufacturer in the fiscal year 2015, it is expected that positive investment will continue with announcement of structuring a production line for the latest semiconductor package of 16 nm generation and investing for the development of the next generation in the investment planning exceeding the schedule at the beginning of the period by a major semiconductor manufacturer. It is also expected that the investment for enhancing the production capacity would increase due to the increase of electrical equipment in automobiles and the increase in shipping of wearable terminals.

Under such a circumstance, our group will aim at development in new fields such as modularization of electronic parts, etc. as well as expanding the sales of the molding equipment of semiconductors, holding the compression technology as a weapon. Also, we will positively promote the manufacture and sales of CBN end mills and glass cutting equipment and develop products, utilizing a high mold release coating technology "Bancera", to create new markets other than the semiconductor market. In the fine plastic molding business, we suppose that a steady circumstance will continue because of the expansion of medical markets by advanced medical care and aging society.

Our group put up long-term management vision, "TOWA Decade Vision" in March 2014, aiming at Portfolio revolution by extension of existing business, development to apply core technology, and creation of "new markets", etc., and then compiled various measures and strategies, etc. that will be the milestones for realization in a mid-term (3-year) corporate planning (from March 2015 to March 2017). Now, we are working to steadily execute various measures listed in the plan. Immediate major challenges in our group are as follows.

Semiconductor Manufacturing Equipment Business

(1) Sales expansion of molding equipment with compression technology and development to other fields

Although transfer molding methods have been the mainstay for use in semiconductor molding, factors such as the increases in the sizes of substrates and density of semiconductor packages have resulted in an increase in the amount of products that cannot be produced by a transfer method. To produce these semiconductor packages, molding equipment in the compression type using our own technology, which does not cause any resin flow, is required. Therefore, we will aim at the sales expansion of the molding equipment, capturing the latest package trend and customers' needs. Also, we will develop in other fields such as the fields of electronic parts, vehicle parts, etc. as well as the LED manufacturing equipment using the compression technology.

(2) Improvement of market share in singularization apparatus

Singulation equipment is semiconductor manufacturing equipment for the dicing process (dividing of large substrates) that is a downstream process from molding. In other words, a customer with singulation equipment is the same as a customer with molding equipment for which TOWA has a high market share. By utilizing the high reliability and market share of our molding equipment, TOWA aims to also capture the top share globally for singulation equipment.

(3) Challenge to the "new market" creation and commercialization

Since the scale of existing semiconductor molding market is limited, we have put up "the practice of manufacture which [Create a Market]" as the core theme in the medium-term (3-year) corporate planning, aiming at further development. Along such a planning, we will continue to develop the service commercialization and consumables business to create a market by innovation, apply and develop core technology, and improve the customers' productivity. In addition, we will work on with considering converting the business structure, including the trust fabrication.

(4) Restructuring of business activity networks and activity forms

We will strengthen our business operation and improve our earning capability by reviewing the tasks and roles among the headquarters, sales business companies, and agencies to restructure a business model so that individual sales business company can secure earning. At the bases in Europe and the United States, we will positively excavate new needs by enhancing the lab function to perform forming experiments and evaluations.

(5)Pursuit of high productivity manufacturing system

We will continue to promote the construction of the proper site production system and the direct shipping system at overseas production bases with our partner companies. We will also work on cost reduction by improving the in-house production ratio against purchase goods and finished goods as well as performing development and production, incorporating regional needs at overseas production bases. On the other hand, we will organize a system to procure parts in an optimum condition by constructing suppliers' database.

(6) Development of global leaders

The majority of our sales target is overseas customers, and as to our group employees, the majority is also composed with the employees of overseas bases. In such a business form, developing globally active leaders has become essential. We will work on developing human resources who have management abilities and language skills as well as the technology and product knowledge.

Fine Plastic Molding Business

The fine plastic molding business consists of the manufacture and sales of molded products mainly for medical applications. We will continue working on the activities to gain the customers' trust by managing the manufacturing environment that has achieved a high degree of cleanliness, maintaining products quality, etc.

We look forward to your continuing support and assistance in the future.
We would like to express our heartfelt appreciation for your support.

August 2015

Hirokazu Okada
President & COO

Consolidated Balance Sheets

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2014and 2015

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2014	***2015***	***2015***
ASSETS			
Current assets:	¥	¥	$
Cash on hand and at banks	5,922	**6,127**	**50,986**
Notes and accounts receivable :			
Trade	6,255	**7,258**	**60,398**
Less: Allowance for doubtful accounts	(1)	**(7)**	**(58)**
	6,254	**7,251**	**60,340**
Inventories	3,175	**3,453**	**28,734**
Deferred tax assets (Note 10)	48	**76**	**632**
Other current assets	314	**501**	**4,169**
Total current assets	15,713	**17,408**	**144,861**
Property, plant and equipment, at cost :			
Land	4,191	**4,204**	**34,984**
Buildings and structures	12,544	**13,209**	**109,919**
Machinery and equipment	12,092	**12,618**	**105,001**
Construction in progress	162	**16**	**133**
Less: Accumulated depreciation	(18,366)	**(19,258)**	**(160,256)**
Total property, plant and equipment	10,623	**10,789**	**89,781**
Other assets:			
Investment securities (Note 4)	1,829	**2,576**	**21,436**
Deferred income taxes (Note 10)	128	**111**	**924**
Other	839	**851**	**7,082**
Total other assets	2,796	**3,538**	**29,442**
Total assets	29,132	**31,735**	**264,084**

The accompanying notes are an integral part of these financial statements.

Consolidated Balance Sheets

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2014and 2015

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2014	***2015***	***2015***
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities:	¥	¥	$
Short-term borrowings (Note 6)	1,601	**834**	**6,940**
Current portion of long-term debt (Note 6)	1,373	**1,591**	**13,240**
Notes and accounts payable	2,583	**2,572**	**21,403**
Accrued expenses(Note 2(12) and (13))	395	**787**	**6,549**
Accrued income taxes	103	**106**	**882**
Deferred tax liabilities(Note 10)	60	**63**	**524**
Other current liabilities(Notes 2(11) and 6)	945	**1,176**	**9,786**
Total current liabilities	7,060	**7,129**	**59,324**
Long-term liabilities:			
Long-term debt (Note 6)	3,193	**2,846**	**23,683**
Liability for retirement benefits(Notes 2(14) and 7)	764	**287**	**2,388**
Deferred tax liabilities (Note 10)	203	**405**	**3,370**
Other long-term liabilities	2	**7**	**59**
Total long-term liabilities	4,162	**3,545**	**29,500**
Total liabilities	11,222	**10,674**	**88,824**
Contingent liabilities (Note 13)			
NET ASSETS			
Shareholders' equity (Note 8)			
Common stock			
Authorized: 80,000,000 shares			
Issued :			
25,021,832 shares at 31st March, 2015	8,933	**8,933**	**74,336**
Additional paid-in capital	462	**462**	**3,845**
Retained earnings	7,208	**9,409**	**78,297**
Less: Treasury stock at cost	(9)	**(9)**	**(75)**
Total shareholders' equity	16,594	**18,795**	**156,403**
Accumulated Other Comprehensive Income			
Unrealized gain (loss) on other securities	510	**1,024**	**8,521**
Translation adjustments	512	**789**	**6,566**
Retirement benefit adjustments	36	**134**	**1,115**
Total accumulated other comprehensive income	1,058	**1,947**	**16,202**
Minority interests	258	**319**	**2,655**
Total net assets	17,910	**21,061**	**175,260**
Total liabilities and net assets	29,132	**31,735**	**264,084**

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Income

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Two years ended March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2014	***2015***	***2015***
	¥	¥	$
Net sales	17,165	**21,204**	**176,450**
Cost of sales	12,623	**14,972**	**124,590**
Gross profit	4,542	**6,232**	**51,860**
Selling, general and administrative expenses (Notes 2(15) and 9)	4,084	**4,560**	**37,946**
Operating Income	458	**1,672**	**13,914**
Other income (expenses)			
Interest and dividend income	56	**82**	**682**
Interest expenses	(74)	**(75)**	**(624)**
Foreign exchange gains (losses)	164	**563**	**4,685**
Equity in earnings (losses) of affiliates	12	**27**	**225**
Gain (Loss) on step acquisitions	(2)	**-**	**-**
Gain on subsidiaries liquidation	-	**189**	**1,573**
Insurance income	-	**125**	**1,040**
Loss on fire	-	**(57)**	**(474)**
Provision for founder merit bonus	-	**(300)**	**(2,496)**
Other, net	49	**43**	**357**
Total other income (expenses)	205	**597**	**4,968**
Income before income taxes and minority interests	663	**2,269**	**18,882**
Income taxes (Note 10)			
Current	107	**138**	**1,149**
Deferred	(30)	**7**	**58**
Income before minority interests	586	**2,124**	**17,675**
Minority Interests	18	**28**	**233**
Net Income	568	**2,096**	**17,442**

			U.S. dollars (Note 1)
Amount per share of common stock (Note 2 (18)):	¥	¥	$
Net Income	22.72	83.78	0.70
Diluted net income	22.72	83.78	0.70
Cash dividends	10.00	10.00	0.08

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Two years ended March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2014	***2015***	***2015***
	¥	¥	$
Income Before Minority Interests …………………………………………	586	**2,124**	**17,675**
Other Comprehensive Income			
Unrealized gain on other securities……………………………………	117	**514**	**4,277**
Translation adjustment…………………………………………………	337	**310**	**2,580**
Remeasurements of defined benefit plans……………………………	-	**98**	**815**
Share of other comprehensive income of affiliates accounted for using the equity method……………………………………………………	1	-	-
Total other comprehensive income	455	**922**	**7,672**
Comprehensive Income	1,041	**3,046**	**25,347**
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent…………	995	**2,985**	**24,840**
Comprehensive income attributable to minority interests………………	46	**61**	**507**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Shareholders' Equity

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Two years ended March 31, 2015

	Millions of yen									
		Shareholders' equity				*Accumulated other comprehensive income*			*Minority interests*	
	Number of shares of common stock	*Common stock*	*Additional paid-in capital*	*Retained earnings*	*Treasury stock*	*Unrealized gain on other securities*	*Translation adjustments*	*Retirement benefit adjustments*	*Minority interests*	*Total net assets*
		¥	¥	¥	¥	¥	¥	¥	¥	¥
Balance at March 31, 2013	25,021,832	8,933	462	6,890	(9)	393	203	-	200	17,072
Cumulative effects of changes in accounting policies										
Restated balance at March 31, 2013	25,021,832	8,933	462	6,890	(9)	393	203	-	200	17,072
Net Income	-	-	-	568	-	-	-	-	-	568
Cash dividends	-	-	-	(250)	-	-	-	-	-	(250)
Net increase of treasury stock	-	-	-	-	0	-	-	-	-	0
Net changes of items other than shareholders' equity	-	-	-	-	-	117	309	36	58	520
Balance at March 31, 2014	25,021,832	8,933	462	7,208	(9)	510	512	36	258	17,910
Cumulative effects of changes in accounting policies				355						355
Restated balance at March 31, 2014	25,021,832	8,933	462	7,563	(9)	510	512	36	258	18,265
Net Income	-	-	-	2,096	-	-	-	-	-	2,096
Cash dividends	-	-	-	(250)	-	-	-	-	-	(250)
Net increase of treasury stock	-	-	-	-	0	-	-	-	-	0
Net changes of items other than shareholders' equity	-	-	-	-	-	514	277	98	61	950
Balance at March 31, 2015	25,021,832	8,933	462	9,409	(9)	1,024	789	134	319	21,061

	Thousands of U.S.dollars (Note 1)									
		Shareholders' equity				*Accumulated other comprehensive income*			*Minority interests*	
	Number of shares of common stock	*Common stock*	*Additional paid-in capital*	*Retained earnings*	*Treasury stock*	*Unrealized gain on other securities*	*Translation adjustments*	*Retirement benefit adjustments*	*Minority interests*	*Total net assets*
		$	$	$	$	$	$	$	$	$
Balance at March 31, 2014	25,021,832	74,336	3,845	59,982	(75)	4,244	4,261	300	2,147	149,040
Cumulative effects of changes in accounting policies				2,953						2,953
Restated balance at March 31, 2014	25,021,832	74,336	3,845	62,935	(75)	4,244	4,261	300	2,147	151,993
Net Income	-	-	-	17,442	-	-	-	-	-	17,442
Cash dividends	-	-	-	(2,080)	-	-	-	-	-	(2,080)
Net increase of treasury stock	-	-	-	-	0	-	-	-	-	0
Net changes of items other than shareholders' equity	-	-	-	-	-	4,277	2,305	815	508	7,905
Balance at March 31, 2015	25,021,832	74,336	3,845	78,297	(75)	8,521	6,566	1,115	2,655	175,260

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Two years ended March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2014	***2015***	***2015***
Cash Flows from Operating Activities:	¥	¥	$
Net Income before income taxes and minority interests	663	**2,269**	**18,882**
Adjustments for:			
Depreciation	1,315	**1,210**	**10,069**
Equity in earnings of affiliates	(12)	**(27)**	**(225)**
Amortization of goodwill	42	**66**	**549**
Interest and dividends income	(56)	**(82)**	**(682)**
Interest expenses	74	**75**	**624**
Foreign exchange losses (gains)	46	**63**	**524**
(Gain) Loss on step acquisitions	2	**-**	**-**
(Increase) decrease in trade notes and accounts receivable	(2,367)	**(871)**	**(7,248)**
(Increase) decrease in inventories	188	**(178)**	**(1,481)**
(Increase) decrease in other current assets	(15)	**(126)**	**(1,049)**
Increase (decrease) in notes and accounts payable	1,082	**44**	**366**
Increase(decrease) in accrued and other current liabilities	103	**65**	**541**
Loss on fire	-	**57**	**474**
(Gain)Loss on subsidiaries liquidation	-	**(186)**	**(1,548)**
Other, net	(20)	**360**	**2,996**
Sub-total	1,045	**2,739**	**22,792**
Interest and dividends received	58	**83**	**691**
Interest paid	(77)	**(76)**	**(632)**
Income taxes paid	(91)	**(133)**	**(1,107)**
Net cash provided by (used in) operating activities	935	**2,613**	**21,744**
Cash Flows from Investing Activities:			
Purchase of investment securities	(7)	**(7)**	**(58)**
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	12	**-**	**-**
Purchase of shares of subsidiaries	-	**(88)**	**(732)**
Purchase of property, plant and equipment	(1,592)	**(1,415)**	**(11,775)**
Sale of property, plant and equipment	49	**35**	**291**
Other, net	(15)	**22**	**183**
Net cash provided by (used in) investing activities	(1,553)	**(1,453)**	**(12,091)**
Cash Flows from Financing Activities:			
Increase（decrease) in short-term borrowings	511	**(779)**	**(6,482)**
Proceeds from issuance of long-term debt	1,850	**1,365**	**11,359**
Repayments of long-term debt	(1,190)	**(1,404)**	**(11,683)**
Redemption of bonds	(100)	**(100)**	**(832)**
Purchase of treasury stock	**(0)**	**(0)**	**(0)**
Cash dividends	**(250)**	**(250)**	**(2,080)**
Other,net	**(1)**	**(5)**	**(43)**
Net cash provided by (used in) financing activities	820	**(1,173)**	**(9,761)**
Effect of exchange rate changes on Cash and Cash Equivalents	65	**96**	**799**
Net increase(decrease) in Cash and Cash Equivalents	267	**83**	**691**
Cash and Cash Equivalents at Beginning of Period	5,267	**5,534**	**46,051**
Cash and Cash Equivalents at End of Period (Note2(3))	5,534	**5,617**	**46,742**

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

TOWA CORPORATION AND CONSOLIDATED SUBSIDIARIES

1. Basis of presenting Consolidated Financial Statements

TOWA CORPORATION (the ”Company”) and its domestic subsidiaries maintain their accounts and records in conformity with accounting principles and practices generally accepted in Japan (“JPGAAP”), which are different, in certain respects from the application and disclosures and disclosure requirements of International Financial Reporting Standards (“IFRS”).

The Company’s overseas subsidiaries maintain their accounts and records in conformity with generally accepted accounting principles and practices prevailing in their respective countries of domicile, and the Company makes necessary adjustments to its consolidated accounting process in case there are considerable differences as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements of the Company are prepared on the basis of accounting principles generally accepted in Japan, as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2015, which was ¥120.17 to US$1.00. These convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries and affiliates. All significant inter-company transactions, account balances and unrealized profits have been eliminated in consolidation. Fiscal year end of some subsidiaries is December 31, which differs from that of the Company, March 31, and the Company consolidate such subsidiaries using their provisional settlements as of March 31. Shown below are the significant subsidiaries and affiliates of the Company.

Subsidiaries

(All subsidiaries have been consolidated)

Name	Ownership	Country of Incorporation
BANDICK Corporation	100％	Japan
TOWATEC Co., Ltd.	100	Japan
TOWAM Sdn. Bhd.	100	Malaysia
TOWA (Suzhou) Co., Ltd.	100	China
TONGJIN Corporation	50	Korea
TOWA Asia-Pacific Pte. Ltd.	100	Singapore
TOWA (Shanghai) Co., Ltd.	100	China
TOWA TAIWAN Co., Ltd.	100	Taiwan
TOWA Jipal Technologies Co., Ltd. ※１	60	Taiwan
TOWA Semiconductor Equipment Philippines Corp.	100	Philippines
TOWA KOREA CO., LTD	100	Korea
TOWA USA Corporation	100	The United States of America
TOWA Europe B.V.	100	Kingdom of the Netherlands
TOWA America Corporation ※２	100	The United States of America
TOWA Europe GmbH ※３	100	Germany

Affiliates

(All affiliates are accounted for by the equity method)

Name	Ownership	Country of Incorporation
Scientific and Semiconductor Manufacturing Equipment Recycling Co., Ltd	20％	Japan

※１. The Company acquired 60% portion of TOWA Jipal Technologies Co., Ltd. on April 8, 2013, and its financial statement is consolidated into accompanying financial statement for 2014 and 2015.

※２. Liquidation proceedings of TOWA America Corporation have been completed in the fiscal year ended March 31,2015 and its financial statement isn't consolidated into accompanying financial statement for 2015.

※３. Liquidation proceedings of TOWA Europe GmbH have been completed in the fiscal year ended March 31,2015 and its financial statement isn't consolidated into accompanying financial statement for 2015.

(2) Translation of Foreign Currency Items

In accordance with the Japanese accounting standard, every monetary assets and liabilities denominated in foreign currencies are principally translated into Japanese yen at the exchange rate in effect at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of income.

With respect to financial statements of overseas subsidiaries, the balance sheet accounts are translated into Japanese yen at the exchange rates in effect at the balance sheet date except for shareholders' equity, which are translated at the historical rates. And revenue and expenses are translated at the exchange rate in effect at the balance sheet date. The differences resulting from translation in this manner are included in "Translation adjustments" which is listed in Accumulated Other Comprehensive Income in the accompanying consolidated balance sheets.

(3) Cash and Cash Equivalents

For the purposes of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of overdrafts and all highly liquid investments with maturities of three months or less.

Components of cash and cash equivalents as of March 31, 2014 and 2015 are as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Cash on hand and at banks	¥ 5,922	¥6,127	$50,986
Less: Time deposits with deposit term of over three months	¥ 388	¥510	$4,244
Cash and cash equivalent at end of year	¥ 5,534	¥5,617	$46,742

(4) Securities

Securities are classified into four categories.

Categorization and valuation for investments in securities are as follows:-

1) Trading Securities

- Such securities held for the purpose of generating profits from short-term price movements.
- Unrealized gain/loss at the end of period resulting from the valuation by applying the fair value at such date is directly debited/credited to income;
- Such securities are treated in current assets in the balance sheet.

2) Held-to-maturity Debt Securities

- Debt securities whose maturity dates are predetermined and are to be redeemed at par, acquired with intention to hold to their maturity dates;
- The difference between the acquisition cost and the amount expected to gain at maturity is amortized or appreciated over the remaining period to maturity date. The amount amortized or appreciated is charged/credited to income for the respective period as interest expense or interest income, as the case may be.
- Unrealized loss will be required to be charged to income as impairment unless unrealized loss is expected to recover within a reasonable period.

3) Shares in equity of Subsidiaries and Affiliates

- Those securities are carried at cost unless such investment is regarded impaired.

4) Other Securities:

- Such securities other than those categorized in 1 to 3 above;
- Other Securities with market quotation are valued at such market price at the end of period, and those without market quotation are valued at cost.
- Unrealized gain/loss at the end of period resulting from such valuation is charged to Accumulated Other Comprehensive Income as “Unrealized gain/ (loss) on Other Securities” after netting off the deferred income taxes thereto.
- Unrealized loss which it incurred as the fair value is less than 50% of its acquisition cost will be required to be charged to income.

- Unrealized loss which it incurred as the fair value is 30% ~50% of its acquisition cost will be required to be charged to income unless the unrealized loss is expected to recover within a reasonable period.

The moving average method is applied for calculation of the costs of securities.

(5) Inventories

Inventories are mainly stated at the lower of cost or net selling value, the cost being determined by mainly specific identification method for finished products and work-in-process, by mainly moving-average method for raw materials and by the last purchase cost method for supplies.

(6) Allowance for Doubtful Accounts

The Company and its domestic subsidiaries have provided the allowance based on the past uncollectible receivable experience for a certain reference period. Furthermore, for receivables which are from the debtors with financial difficulty, the allowance is provided for estimated unrecoverable amounts individually. Overseas subsidiaries have provided an allowance for doubtful accounts in the estimated amounts of possible bad debts.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Depreciation for property, plant and equipment of the Company and its domestic subsidiaries is calculated by applying declining-balance method, except for buildings acquired on and after April 1, 1998 which are applied the straight-line method, over the estimated useful lives.

The principal estimated useful lives are as follows:

Buildings and structures	3	～	50	years
Machinery and equipment	2	～	10	years

Depreciation for those of overseas subsidiaries is computed by the straight-line method.

(8) Leased Assets

Leased assets are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

However, finance lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started on or before March 31, 2008, are stated by applying the accounting treatment applicable to ordinary operating lease transactions.

(9) Derivatives

The Company has entered into interest rate agreements to hedge the fluctuation of interest rate exposures, and not for speculative purposes. The instruments include interest rate swap agreements.

These instruments were accounted by the deferral hedge accounting. The Company has accounted for interest rate swap agreements by the exception accounting.

(10) Goodwill

Goodwill is amortized over a period of 3 years by the straight-line method.

(11) Product Warranties

The Company has accounted for the estimate amounts of maintenance expenses as the product warranties, which corresponded to the sales based on the prior track record for the outcome of maintenance expenses of the sold products during the period of warranty.

As of March 31, 2015, the liability for expected warranty costs was ¥98 million ($816thousand).

(12) Accrued Bonus

The Company and its subsidiaries provide for accrued bonuses to directors and employees for the expected payment of their bonuses for the current fiscal year to those directors and employees serving at the end of the fiscal year.

(13)Founder merit bonus

At the board of director's meeting on September 26, 2014, the company submitted a resolution to present ¥300 million ($2,496thousand) as a founder merit bonus to late Kazuhiko Bandoh, who was a founder of the company and passed away suddenly on June 2014. This resolution was approved by the company's 37th annual meeting of stockholders.

(14) Accounting for retirement Benefits

1) Allocation of expected retirement benefit payments

When calculating retirement benefit obligations, the benefit formula basis is used to allocate expected retirement benefit payments to the period as of the fiscal year-end.

2) Method for treating actuarial difference expenses

Actuarial differences are amortized by the declining-balance method over a period, which is within the estimated average remaining years of service of the eligible employees (mainly 10 years) and charged to income from the fiscal year following each respective incurrence.

3) Method for treating unrecognized actuarial difference

Unrecognized actuarial differences are recorded in remeasurements of defined benefit plans of accumulated other comprehensive income under net assets, after tax effects have been adjusted.

(15) Research and Development Costs

Research and development expenditure is charged to income when incurred.

(16) Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local taxes and enterprise taxes. Enterprise taxes are deductible when paid for the computation of other taxes.

Deferred income taxes are recognized using the asset and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(17) Appropriation of Retained Earnings

Under the Japanese Corporate Law and the Articles of Incorporation of the Company, the appropriation of retained earnings or disposition of accumulated deficit could be adopted by the Board of Directors. The appropriations of retained earnings reflected in the accompanying consolidated financial statements include the results of such appropriations applicable to the immediately preceding financial year as approved by the Board of Directors, and effected, during the relevant year. Dividends are paid to shareholders on the shareholders' register as at the end of each financial year.

(18) Per Share Information

Net income per share and diluted net income per share are computed based on the weighted-average number of shares of common stock outstanding during each year and stock splits are reflected in the calculation of the weighted-average number of shares of common stock.

Cash dividend per share is the total of the per-share amounts of interim cash distribution and the year-end cash dividends for the income of the respective financial periods.

3. Change in Accounting Policies

Effective from the fiscal year ended March 31, 2015, the Company and its domestic subsidiaries adopted the provisions of the main clauses of Paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26 of May 17, 2012) and Paragraph 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25 of March 26, 2015). Under these provisions, the Company and its domestic subsidiaries reviewed the calculation method for projected benefit obligation and current service costs, and changed the method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company and its domestic subsidiaries changed the method for determining the discount rate to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the calculation method for projected benefit obligation and current service costs has been added to or deducted from retained earnings as of April 1, 2014.

As a result, as of April 1, 2014, liability for retirement benefits decreased ¥355 million ($2,953thousand), and retained earnings increased by ¥355 million ($2,953thousand).

The effect of this application on profit and loss for the fiscal year ended March 31, 2015, profit decreased ¥15 million ($125thousand). For additional information, net assets per share increased ¥13.60 ($0.11) as of March 31, 2015, and earnings per share decreased ¥0.60 ($0.00).

4. **Securities**

(1) The following is a summary of investments in affiliates and other securities at March 31, 2014:

Other securities:

	Millions of yen			
	2014			
	Cost	Unrealized gains	Unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	¥ 940	¥ 701	¥ 13	¥ 1,628
	¥ 940	¥ 701	¥ 13	¥ 1,628
Market value not available:				
Equity securities	3	-	-	3
Other securities total	¥ 943	¥ 701	¥ 13	¥ 1,631

Investments in affiliates:

	Millions of yen
	2014
	Book Value
Market value not available:	
Equity securities	¥ 198
	¥ 198
Total	¥ 1,829

(2) The following is a summary of investments in affiliates and other securities at March 31, 2015

Other securities:

	Millions of yen			
	2015			
	Cost	Unrealized gains	Unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	¥ 947	¥ 1,406	¥ 3	¥ 2,350
	¥ 947	¥ 1,406	¥ 3	¥ 2,350
Market value not available:				
Equity securities	3	-	-	3
Other securities total	¥ 950	¥ 1,406	¥ 3	¥ 2,353

Investments in affiliates:

	Millions of yen
	2015
	Book Value
Market value not available:	
Equity securities	¥ 223
	¥ 223
Total	¥ 2,576

Other securities:

	Thousands of U.S. dollars (Note 1)			
	2015			
	Cost	Unrealized gains	Unrealized losses	Book Value (Estimated fair value)
Market value available:				
Equity securities	$ 7,881	$ 11,699	$ 25	$ 19,555
	$ 7,881	$ 11,699	$ 25	$ 19,555
Market value not available:				
Equity securities	25	-	-	25
Other securities total	$ 7,906	$ 11,699	$ 25	$ 19,580

Investments in affiliates:

	Thousands of U.S. dollars (Note 1)
	2015
	Book Value
Market value not available:	
Equity securities	$ 1,856
	$ 1,856
Total	$ 21,436

5. Estimated Fair Value of Financial Instruments

As of March 31, 2014 and 2015, the book value and fair value of financial instruments and the differences between these figures are set forth in the table below. The table does not include financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen		
	2014		
	Book Value	Fair Value	Difference
Cash and deposits	¥ 5,922	¥ 5,922	¥ -
Notes and accounts receivable	6,255		
Less:Allowance for Doubtful Accounts	(1)		
	¥ 6,254	¥ 6,254	¥ -
Investment securities	1,628	1,628	-
Total assets	¥ 13,804	¥ 13,804	¥ -
Notes and accounts payable	2,583	2,583	-
Short-term borrowings	1,601	1,601	-
Bonds	340	342	2
Long-term borrowings	4,226	4,226	0
Total liabilities	¥ 8,750	¥ 8,752	¥ 2
Derivative financial instruments	¥ -	¥ (27)	¥ (27)

	Millions of yen		
	2015		
	Book Value	Fair Value	Difference
Cash and deposits	¥ 6,127	¥ 6,127	¥ -
Notes and accounts receivable	7,258		
Less:Allowance for Doubtful Accounts	(7)		
	¥ 7,251	¥ 7,251	¥ -
Investment securities	2,350	2,350	-
Total assets	¥ 15,728	¥ 15,728	¥ -
Notes and accounts payable	2,572	2,572	-
Short-term borrowings	834	834	-
Bonds	240	241	1
Long-term borrowings	4,196	4,193	(3)
Total liabilities	¥ 7,842	¥ 7,840	¥ (2)
Derivative financial instruments	¥ -	¥ (20)	¥ (20)

	Thousands of U.S. dollars (Note 1)		
	2015		
	Book Value	Fair Value	Difference
Cash and deposits	$ 50,986	$ 50,986	$ -
Notes and accounts receivable	60,398		
Less:Allowance for Doubtful Accounts	(58)		
	$ 60,340	$ 60,340	$ -
Investment securities	19,555	19,555	-
Total assets	$ 130,881	$ 130,881	$ -
Notes and accounts payable	21,403	21,403	-
Short-term borrowings	6,940	6,940	-
Bonds	1,998	2,005	7
Long-term borrowings	34,917	34,892	(25)
Total liabilities	$ 65,258	$ 65,240	$ (18)
Derivative financial instruments	$ -	$ (166)	$ (166)

Financial instruments for which it is extremely difficult to determine the fair value as of March 31, 2014 and 2015 were as follows, respectively.

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Unlisted equity securities	¥ 201	¥ 226	$ 1,881

Because no quoted market prices are available and it is extremely difficult to determine the fair value, the above financial instruments are not included in “Investment securities” in the preceding table.

The redemption schedule for bonds and long-term borrowings is disclosed in Note6.

6. **Short-term Borrowings and Long-term Debt**

Short-term borrowings represent loans from banks. The annual average interest rates applicable to short-term borrowings at March 31, 2014 are 1.2% and 2015 are 0.9%, respectively.

Long-term debt as of March 31, 2014 and 2015 consisted of the following:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Borrowings from financial institutions	¥ 4,226	¥ 4,196	$ 34,917
0.6% Yen Bonds due 2016	180	120	999
0.5% Yen Bonds due 2017	160	120	999
Other Long term liabilities	3	10	83
Less: Portion due within one year	(1,374)	(1,593)	(13,256)
	¥ 3,195	¥ 2,853	$ 23,742

The aggregate annual maturity of long-term debt after March 31, 2015 is summarized as follows:

Years ending March 31,	*Millions of Yen*	*Thousands of U.S. dollars (Note 1)*
2016	¥ 1,593	$ 13,256
2017	1,418	11,800
2018	852	7,090
2019 and thereafter	583	4,852
	¥ 4,446	$ 36,998

At March 31, 2014 and 2015, the following assets were pledged as collateral for short-term borrowings and long-term debt:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Principal of debt:			
Short-term borrowings	¥ 43	¥ 54	$ 449
Portion due within one year	58	11	92
Long-term borrowings	16	7	58
	¥ 117	¥ 72	$ 599
Assets pledged as collateral:			
Buildings and structures	¥ 154	¥ 148	$ 1,232
Machinery and equipment	1	0	0
Land	106	119	990
	¥ 261	¥ 267	$ 2,222

Regarding loan payables, the syndicate loan contract with limit of ¥675 million ($5,617 thousand), commitment line contracts with limits of ¥2,500 million ($20,804 thousand), convertible term loan contract with limit of ¥75 million ($624 thousand), and convertible term loan contract with limit of ¥125 million ($1,040 thousand) respectively include financial covenant terms. The contractor triggers acceleration and is enforced to repay the full principal and interest if the contractor breaches either of the following terms.

(Financial covenant terms included in the syndicate loan contract)

(1) The amount of Net Assets on the consolidated balance sheets at the end of each fiscal year and each semiannual period must be maintained ¥10,710 million ($89,124 thousand) or more.

(2) The ordinary losses before depreciation in both consolidated statements of income for each fiscal year must not be existed in two successive periods after the fiscal year ended March 31, 2013.

(Financial covenant terms included in the commitment line contracts)

(1) The amount of Net Assets on the consolidated balance sheets at the end of each fiscal year and each semiannual period must be maintained ¥11,150 million ($92,785 thousand) or more.

(2) The ordinary losses in both consolidated statements of income for each fiscal year must not be existed in two successive periods after the fiscal year ended March 31, 2013.

(Financial covenant terms included in the convertible term loan contract with limit of ¥75 million yen)

(1) The amount of Net Assets on the consolidated balance sheets at the end of each fiscal year and each semiannual period must be maintained ¥9,040 million ($75,227 thousand) or more.

(2) The ordinary losses in both consolidated statements of income for each fiscal year must not be existed in two successive periods after the fiscal year ended March 31, 2010.

(Financial covenant terms included in the convertible term loan contract with limit of ¥125 million yen)

(1) The amount of Net Assets on the consolidated balance sheets at the end of each fiscal year and each semiannual period must be maintained ¥10,710 million ($89,124 thousand) or more.

(2) The ordinary losses before depreciation in both consolidated statements of income for each fiscal year must not be existed after the fiscal year ended March 31, 2013.

7. Retirement Benefits

The Company and its consolidated subsidiaries have set up funded and unfunded defined benefit plans and defined contribution plans to provide for employees’ retirement benefits. Under the defined benefit pension plans, which are funded, lump-sum payments or pensions mainly based on the salary amount and service periods. Under the lump-sum payment plans, which are unfunded, lump-sum payments are provided mainly based on the salary amount and service periods.

Certain consolidated subsidiaries have adopted a simplified method of calculation with liability for retirement benefits and retirement benefits expense.

(1) Defined benefit plans

1) The changes in defined benefit obligation for the year ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Retirement benefit obligations at beginning of year	¥ 1,918	¥1,960	$ 16,310
Cumulative effects of changes in accounting policies	-	(355)	(2,953)
Restated balance, at beginning of year	1,918	1,605	13,357
Service cost	126	148	1,232
Interest cost	24	16	133
Actuarial (gain) loss	(30)	18	150
Retirement benefits paid	(84)	(47)	(391)
Others	6	5	40
Retirement benefit obligations at end of year	¥ 1,960	1,7455	$ 14,521

2) The changes in plan assets for the year ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Plan assets at beginning of year	¥ 1,037	¥1,196	$ 9,953
Expected return on plan assets	51	24	200
Actuarial gain (loss)	47	129	1,073
Contributions from the employer	132	132	1,098
Retirement benefits paid	(71)	(23)	(191)
Plan assets at end of year	¥ 1,196	1,458	$ 12,133

3) The balance of retirement benefit obligations and plan assets at fair value as of March 31, 2014 and 2015, liabilities and assets recognized in the consolidated balance sheet were as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Funded retirement benefit obligations	¥ 1,716	¥1,494	$ 12,432
Plan assets at fair value	(1,196)	(1,458)	(12,133)
	520	36	299
Unfunded retirement benefit obligations	244	251	2,089
Net liability recognized in the consolidated balance sheet	¥ 764	¥287	$ 2,388
Liability for retirement benefits	764	287	2,388
Net liability recognized in the consolidated balance sheet	¥ 764	¥287	$ 2,388

4) The components of retirement benefit expenses for the year ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Service cost	¥ 126	¥148	$ 1,232
Interest cost	23	16	133
Expected return on plan assets	(51)	(24)	(200)
Amortization of actuarial (gain) loss	17	(11)	(92)
Retirement benefit expenses	¥ 115	¥129	$ 1,073

5) Remeasurements of defined benefit plans in other comprehensive income (before tax effect) for the year ended March 31, 2014 and 2015 are as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Actuarial gain (loss)	-	¥ 99	$ 823
Total	-	¥ 99	$ 823

6) Unrecognized actuarial gain included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 and 2015 are as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Unrecognized actuarial gain (loss)	¥ 27	¥ 126	$ 1,049
Total	¥ 27	¥ 126	$ 1,049

7) Plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 and 2015 were as follows:

	2014	2015
Debt securities	37%	37%
Equity securities	40%	41%
General accounts at life insurance companies	19%	18%
Others	4%	4%
Total	100%	100%

The expected rate of return on plan assets is determined considering the allocation of the plan assets expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

8) The major assumptions used in accounting for the above plans as follows:

	2014	2015
Discount rate	0.67%	0.25%
Expected long-term rates of return on plan assets	4.89%	2.00%
Expected pay raise rate	2.00%	2.00%

(2) Defined Contribution plans

Certain consolidated subsidiaries have defined contribution plans and amount of the contribution for the year ended March 31, 2014 and 2015 were ¥26million and ¥34million ($283thousand).

8. Shareholders' Equity

Under the Japanese Corporate Law the appropriation of retained earnings or disposition of accumulated deficit could be adopted by the Board of Directors.

The Japanese Corporate Law requires that an amount equal to 10% or more of cash dividends and other appropriations of retained earnings paid out with respect to each financial period be set aside in the legal reserve until an aggregate amount of additional paid-in capital and the legal reserve equals 25% of the amount of stated capital. The amount of total additional paid-in capital and legal reserve which exceeding 25% of stated capital can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

Under the Japanese Corporate Law, although the entire amount of the issue price of new shares is required to be accounted for as common stock a company may, by resolutions of its Board of Directors, account for an amount not exceeding one-half of the issue price of such new shares as additional paid-in capital.

9. Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2014 and 2015 were ¥130million and ¥194million ($1,614 thousand), respectively.

10. Income Taxes

The company is subject to a number of different income taxes, which in the aggregate, result in a statutory tax rate in Japan of approximately 37.9% and 35.6% for the year ended of March 31, 2014 and 2015.

The deferred tax assets and deferred tax liabilities at March 31, 2014 and 2015 are as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Deferred tax assets:			
Inventory write down	¥ 179	¥ 123	$ 1,024
Impairment loss of fixed assets	451	395	3,287
Retirement and severance benefits	278	133	1,107
Trial product for development	290	273	2,272
Net operating loss carried forward	644	717	5,967
Other, net	605	720	5,991
Valuation Allowance	(2,254)	(2,155)	(17,933)
	193	206	1,715
Deferred tax liabilities:			
Other, net	(280)	(487)	(4,053)
	(280)	(487)	(4,053)
Net deferred tax assets/(liabilities)	¥ (87)	¥ (281)	$ (2,338)

11. Other Comprehensive Income(Loss)

The reclassification adjustments and tax effects for components of other comprehensive income (loss) for the year ended March 31, 2014 and 2015 are as follows:

	Millions of Yen		*Thousands of U.S. dollars (Note 1)*
	2014	2015	2015
Unrealized gain on other securities:			
Amount arising during the year	¥ 172	¥ 715	$ 5,950
Before Tax effect	172	715	5,950
Tax effect	(55)	(201)	(1,673)
Total unrealized gain on other securities	117	514	4,277
Translation adjustments:			
Amount arising during the year	337	497	4,136
Reclassification adjustments for losses (gains) realized in net income	-	(187)	(1,556)
Total translation adjustments	337	310	2,580
Remeasurements of defined benefit plans:			
Amount arising during the year	-	110	915
Reclassification adjustments for losses (gains) realized in net income	-	(11)	(92)
Before Tax effect	-	99	823
Tax effect	-	(1)	(8)
Total remeasurements of defined benefit plans	-	98	815
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	1	-	-
Total other comprehensive income (loss)	¥ 455	¥ 922	$ 7,672

12. Leases

The Company and its consolidated subsidiaries and equity method affiliates have been utilizing finance lease arrangements other than those deemed to transfer the ownership of the leased property to the lessee to employ certain machinery and equipment.

The finance lease transactions, which do not transfer ownership to lessee, started before April 1, 2008 were accounted for as operating leases.

13. Contingent Liabilities

The Companies have no significant contingent liabilities.

14. Business Combinations

Business combination through acquisition for the year ended March 31, 2015.

(1) Overview of the business combination

(i) Acquired company name and its main business
Acquired company name: ADVANCED LASYS Co.,Ltd.
Main business: Processing of an electronic device part, production and sales of cutoff equipment.

(ii) Purpose of the acquisition
To aim for expansion of the business scale and improvement of earning capacity by doing the development of the application of Singulation technology cultivated through semiconductor equipment business.

(iii) Date of completion business combination
April 30, 2014(Date of the acquisition of shares)
June 30, 2014(Date regarded as date of the acquisition)

(iv) Legal form of business combination
Acquisition of shares for cash consideration (Note)
(Note)After the share acquisition, the Company implemented a merger in which TOWA KOREA CO., LTD became a surviving company and ADVANCED LASYS Co.,Ltd. became a merged company at June 25, 2014.

(v) Name of the company after business combination
TOWA KOREA CO., LTD

(vi) Acquired voting rights
100%

(vii) Main reason to decide the acquiring company
It is because TOWA KOREA CO., LTD, a wholly owned subsidiary of the Company, acquired the shares of ADVANCED LASYS Co.,Ltd. for cash consideration.

(2) Period for which the operating results of the acquired company are included in the Company's consolidated financial statements

The company doesn't include operating results of ADVANCED LASYS Co.,Ltd. in the consolidated financial statements.

(3) The breakdown of acquisition cost for the acquired company

	Millions of yen	*Thousands of U.S. dollars (Note 1)*
Cash paid for the acquisition	32	266
Total acquisition costs	¥ 32	$ 266

(4) Goodwill

(i) Amount of goodwill
¥73million ($607 thousand)

(ii) Cause of goodwill
Anticipated future profitability in excess of net asset value

(iii) Method and period of amortization of goodwill
Straight line method over 3 years

(5) Assets acquired and liabilities assumed as of the acquisition date

	Millions of yen	*Thousands of U.S. dollars (Note 1)*
Current assets	¥ 25	$ 208
Non-current assets	11	92
Total assets	¥ 36	$ 300
Current liabilities	¥ 76	$ 632
Non-current liabilities	-	-
Total liabilities	¥ 76	$ 632

(6) Effect on the consolidated statement of income assuming the acquisition was completed at the beginning of the fiscal year ended March 31, 2015 and the measurement method

Omitted due to immateriality.

The measurements were not audited.

15. Segment Information

(1) Segment by products

Year ended March 31, 2014	*Millions of Yen*			
	Semiconductor equipment	Fine plastic mold	Elimination/ Unallocated Assets	Consolidated
Ⅰ.Sales and operating income				
Net sales to customers	¥ 15,741	¥1,424	¥ -	¥ 17,165
Inter-segment sales	-	-	-	-
	15,741	1,424	-	17,165
Cost of sales and Operating expenses	15,511	1,196	-	16,707
Operating income (loss)	¥ 230	¥ 228	¥ -	¥ 458
Ⅱ.Assets				
Total assets	¥ 27,784	¥ 1,348	¥ -	¥ 29,132
Depreciation and amortization	¥ 1,240	¥ 75	¥ -	¥ 1,315
Amortization of goodwill	¥ 42	¥ -	¥ -	¥ 42
Investments in associates accounted for using equity method	¥ 198	¥ -	¥ -	¥ 198
Capital expenditure	¥ 1,318	¥ 165	¥ -	¥ 1,483

Year ended March 31, 2015	*Millions of Yen*			
	Semiconductor equipment	Fine plastic mold	Elimination/ Unallocated Assets	Consolidated
Ⅰ.Sales and operating income				
Net sales to customers	¥ 19,994	¥1,210	¥ -	¥ 21,204
Inter-segment sales	-	-	-	-
	19,994	1,210	-	21,204
Cost of sales and Operating expenses	18,436	1,096	-	19,532
Operating income	¥ 1,558	¥ 114	¥ -	¥ 1,672
Ⅱ.Assets				
Total assets	¥ 30,070	¥ 1,665	¥ -	¥ 31,735
Depreciation and amortization	¥ 1,138	¥ 72	¥ -	¥ 1,210
Amortization of goodwill	¥ 66	¥ -	¥ -	¥ 66
Investments in associates accounted for using equity method	¥ 223	¥ -	¥ -	¥ 223
Capital expenditure	¥ 916	¥ 386	¥ -	¥ 1,302

Year ended March 31, 2015	*Thousands of U.S. dollars (Note 1)*			
	Semiconductor equipment	Fine plastic mold	Elimination/ Unallocated Assets	Consolidated
Ⅰ.Sales and operating income				
Net sales to customers	$ 166,381	$ 10,069	$ -	$ 176,450
Inter-segment sales	-	-	-	-
	166,381	10,069	-	176,450
Cost of sales and Operating expenses	153,416	9,120	-	162,536
Operating income	$ 12,965	$ 949	$ -	$ 13,914
Ⅱ.Assets				
Total assets	$ 250,229	$ 13,855	$ -	$ 264,084
Depreciation and amortization	$ 9,470	$ 599	$ -	$10,069
Amortization of goodwill	$ 549	$ -	$ -	$ 549
Investments in associates accounted for using equity method	$ 1,856	$ -	$ -	$ 1,856
Capital expenditure	$ 7,623	$ 3,212	$ -	$ 10,835

(2) Sales by region

Year ended March 31	*Millions of Yen* 2014	2015	*Thousands of U.S. dollars (Note 1)* 2015
Japan	¥ 3,150	¥ 3,701	$ 30,798
Overseas			
Asia	13,448	16,505	137,347
America	429	912	7,589
Other	138	86	716
Overseas total	14,015	17,503	145,652
Consolidated sales	¥ 17,165	¥ 21,204	$ 176,450

Corporate Information

as of June 26, 2015

Corporate Data

Corporate Name:	TOWA CORPORATION
Headquarters/Factory:	5 Kamichoshi-cho, Kamitoba, Minami-ku, Kyoto 601-8105, Japan
Eatablished:	April 17, 1979
Operations:	Develop, design, manufacture, and sell precision molds, manufacturing systems for electronic components, inspection systems for electronic components, precision-molded and assembly products, medical-use equipment, and electronic-communications equipment. Other related business.
Paid-in Capital:	¥8,932,627,777
Common Stock	
Authorized:	80,000,000
Issued Number of Shares:	25,021,832
Unit for Trading:	100
Stock Listings:	First Section of the Tokyo Stock Exchange
Transfer Agents:	Mizuho Trust & Banking Co., Ltd
Fiscal Year:	From April 1 to March 31
Number of Employees:	445
URL:	http://www.towajapan.co.jp
Subsidiaries and Affiliated Companies:	BANDICK Corporation TOWATEC Co., Ltd. TOWAM Sdn. Bhd. TOWA Asia-Pacific Pte. Ltd. TOWA Semiconductor Equipment Philippines Corp. TOWA USA Corporation TOWA Europe B.V. TOWA (Shanghai) Co., Ltd. TOWA (Suzhou) Co., Ltd. TOWA TAIWAN Co., Ltd. TOWA KOREA Co., Ltd.. TONGJIN Corporation TOWA-Jipal Technologies Co., Ltd. Scientific and Semiconductor Manufacturing Equipment Recycling Co., Ltd.

Board of Directors

President & COO
Hirokazu Okada

Directors
Tsuyoshi Amakawa
Hisaji Konishi
Hiroshi Uragami
Yoshizumi Tamura
Hajime Kuwaki

Standing Corporate Auditor
Hisayoshi Kobayashi

Corporate Auditors
Masanori Sugiyama
Daisuke Wake

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