

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31st, 2018 (FY2018/3), Japan GAAP

August 10th, 2017

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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Date of Quarterly Financial Statement Filing (planned) : August 10th, 2017

Dividend Payable Date: -

Supplementary Document for Quarterly Financial Results : Yes

Holding of Financial Results Meeting: No

(Millions of yen, rounded down)

1. Consolidated Results for 1st Quarter of FY2018/3 (April 1st – June 30th, 2017)

(1) Consolidated sales and earnings (% figures represent changes from the 1st quarter of previous year)

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income Attributable to Owners of the Parent (Millions of Yen)	
FY2018/3 Q1	19,912	22.0%	4,033	40.9%	4,129	59.5%	2,884	53.8%
FY2017/3 Q1	16,323	-11.1%	2,863	-26.5%	2,588	-34.4%	1,875	-31.8%

Note: Comprehensive Income in FY2018/3 Q1: 3,111 million yen (120.5%), in FY2017/3 Q1: 1,411 million yen (-47.6%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2018/3 Q1	69.56	69.06
FY2017/3 Q1	45.32	45.09

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2018/3 Q1	115,867	88,762	75.9%
FY2017/3	114,463	87,194	75.5%

Notes: Equity in FY2018/3 Q1: 87,967 million yen, in FY2017/3: 86,377 million yen

2. Situation of Dividend

	Per Share Dividend in Fiscal Year				
	Q1 End	Q2 End	Q3 End	Q4 End	Total
	Yen	Yen	Yen	Yen	Yen
FY2017/3	-	34.00	-	38.00	72.00
FY2018/3	-				
FY2018/3 (Projected)		36.00	-	36.00	72.00

Note: Changes due to revision of dividend projection: No

3. Forecast for FY2018/3 (April 1st, 2017-March 31st, 2018) (% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income Attributable to Owners of the Parent (Millions of Yen)		Net Income per Share (yen)
Interim	42,300	13.7%	7,800	18.4%	7,800	23.1%	5,600	20.0%	135.07
Full Year	79,000	1.6%	14,000	2.5%	14,000	1.0%	10,000	0.9%	241.20

Note: Changes due to revision of forecast: No

*** Notes**

(1) Significant changes in subsidiaries during the term under review: No

(2) Accounting procedures specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting principles, estimates and restatements

1) Changes due to revision of accounting standards, etc.: No

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Restatement: No

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):

FY2018/3 Q1	41,528,381 shares	FY2017/3	41,495,581 shares
FY2018/3 Q1	35,819 shares	FY2017/3	35,819 shares
FY2018/3 Q1	41,465,728 shares	FY2017/3 Q1	41,389,961 shares

2) Number of treasury shares at the end of period:

3) Average Number of shares outstanding during the period:

*** This consolidated financial statements report is not subject to audit procedures.**

*** Cautionary Statements with respect to Forward-looking Statements**

All forecasts and other forward-looking statements in this document are based on information currently available to the Company and assumptions that the Company considers reasonable. Various uncertainties could cause actual results to significantly differ from these forecasts. Please refer to Page 2, "(3) Financial Estimates such as Consolidated Business Forecasts for current Fiscal Year" of supplementary statement.

*** Cautionary Statements with respect to the translation of the document**

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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1. Qualitative information on Business Performance for 1st quarter of FY2018/3 (April 1st, 2017 – June 30th, 2017)

(1) Overview of Business Performance

In the 1st quarter of Fiscal Year ending March 2018 (FY2018/3), the US and European economies continued to expand modestly backed by strong private consumption. In Japan, there were some positive signs of a recovery in private consumption accompanied by improvement in business profits and the steady employment market and personal income. Emerging Asian countries, including China, showed moderate economic recovery due to the result of several incentive policies. The overall global economic situation in the 1st quarter showed in the steady recovery of market conditions.

Under these business conditions, Consolidated Orders in the 1st quarter of Fiscal Year 2018/3 (April 1st, – June 30th, 2017) were ¥22.362 billion (up 13.4% YoY), Sales were ¥19.912 billion (up 22.0% YoY), Operating Income was ¥4.033 billion (up 40.9% YoY), Ordinary Income was ¥4.129 billion (up 59.5% YoY) and Net Income attributable to Owners of the Parent was ¥2.884 billion (up 53.8% YoY).

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

[Semiconductor Production Equipment (SPE)]

In the SPE business segment, semiconductor manufacturers took an active investment stance lead by high functionalization and memory capacity enlargement of smartphones and increase in demand for data storage in line with the spread of cloud computing and an increase in demand for power management ICs and MCU for industrial machines and vehicles. Under these business conditions, our orders and sales in the SPE segment increased firmly.

As a result, Orders for our SPE segment in the 1st quarter of the Fiscal Year 2018/3 (April 1st, – June 30th, 2017) was ¥15.031 billion (up 18.3% YoY), Sales was ¥14.222 billion (up 29.2% YoY), and Operating Income was ¥3.138 billion (up 40.3% YoY).

[Metrology Equipment]

The automobile industry, which is the major user of our products, has continued to invest to establish world-wide production structures and increasing production efficiency, and showed signs of recovery for investment in replacement equipment that had been holding a more cautious stance influenced by the increased value of the Japanese Yen since the beginning of previous year. Machine tools also showed recovery signs overseas and demand from the aircraft-related sector remained steady. Under these business conditions, orders and sales trends increased in the metrology segment increased YoY.

As a result, Orders in our Metrology Equipment segment in the 1st quarter of the Fiscal Year 2018/3 (April 1st – June 30th, 2017) was ¥7.33 billion (up 4.6% YoY), Sales was ¥5.689 billion (up 7.1% YoY) and Operating Income was ¥895 million (up 42.9% YoY).

(2) Analysis of Financial Position

(A) Assets, Liabilities and Net Assets

Total Assets as of June 30th, 2017 amounted to ¥115.867 billion, with an increase of ¥1.403 billion from the end of FY2017/3. The major factors behind this change include an increase in Work in progress of ¥1.85 billion, a decrease in Consumption tax receivable of ¥948 million, and a decrease in Cash and cash equivalents of ¥607 million.

Total Liabilities as of June 30th, 2017 decreased by ¥164 million to ¥27.104 billion. This was mainly from an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥2.199 billion and a decrease in Income taxes payable of ¥2.628 billion.

Net Assets as of June 30th, 2017 increased by ¥1.568 billion and totaled ¥88.762 billion. As a result, the Equity Ratio became 75.9%.

(3) Financial Estimates such as Consolidated Business Forecasts for current Fiscal Year

There are no revisions to the Consolidated Business Forecasts for FY2018/3 full year previously announced on May 12th, 2017.

Note: The forecasts contain forward-looking statements based on information available to the management at the time of this announcement that it has judged to be rational, including such factors as economic conditions in Japan and other countries or fluctuations in exchange rates, which may affect the Company's performance. These forecasts are subject to a number of risks and uncertainties, including market conditions, competition, and the new products release. Accordingly, actual results may differ materially from those projected in this earnings summary.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2017/3 (March 31 st , 2017)	FY2018/3 Q1 (June 30 th , 2017)
ASSETS		
Current Assets		
Cash and cash equivalents	33,853	33,246
Notes and accounts receivable	23,675	23,681
Electronically recorded monetary claims	4,733	4,946
Merchandise and finished goods	2,101	2,305
Work in progress	11,325	13,175
Raw materials and supplies	3,886	4,541
Others	3,384	2,307
Allowance for doubtful accounts	- 168	- 142
Total current assets	82,792	84,062
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	14,476	14,298
Others(net)	9,971	9,860
Total Tangible Fixed Assets	24,448	24,159
Intangible Fixed Assets		
Goodwill	284	259
Others	645	847
Total Intangible Fixed Assets	929	1,106
Investments and other assets		
Others	6,293	6,572
Allowance for doubtful accounts	- 0	- 33
Total Investments and other assets	6,293	6,538
Total Fixed Assets	31,670	31,804
Total Assets	114,463	115,867

(Millions of Yen)

	FY2017/3 (March 31 st , 2017)	FY2018/3 Q1 (June 30 th , 2017)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	7,497	7,518
Electronically recorded obligations-operating	8,291	10,470
Short-term debt	1,300	1,300
Income taxes payable	4,115	1,487
Reserves	1,111	555
Others	4,254	5,051
Total current liabilities	26,570	26,383
Long-term Liabilities		
Allowance for director retirement benefits	148	127
Net defined benefit liabilities	508	552
Others	41	40
Total long-term liabilities	698	721
Total Liabilities	27,269	27,104
NET ASSETS		
Shareholder's Equity		
Common stock	10,462	10,493
Capital surplus	21,480	21,511
Retained earnings	52,665	53,974
Treasury stock	- 116	- 116
Total Shareholder's Equity	84,491	85,862
Accumulated other comprehensive income		
Holding gain or loss in investment	825	840
Foreign currency translation adjustment	255	482
Remeasurements of defined benefit plans	804	782
Total accumulated other comprehensive income	1,885	2,104
Share subscription rights	506	476
Non-controlling interests	310	318
Total Net Assets	87,194	88,762
Total Liabilities and Net Assets	114,463	115,867

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

(1st quarter of FY2018/3 (April 1st, 2017 – June 30th, 2017))

(Millions of Yen)

	FY2017/3 Q1 (April 1 st , 2016- June 30 th , 2016)	FY2018/3 Q1 (April 1 st , 2017- June 30 th , 2017)
Net Sales	16,323	19,912
Cost of Sales	9,553	11,817
Gross Profit on Sales	6,769	8,094
Selling, general and administrative expenses	3,906	4,060
Operating income	2,863	4,033
Non-operating income		
Interest income	5	4
Dividend income	47	28
Foreign exchange gains	-	40
Others	44	33
Total Non-operating income	97	106
Non-operating expenses		
Interest expenses	9	5
Foreign exchange loss	360	-
Others	2	5
Total Non-operating expenses	371	11
Ordinary income	2,588	4,129
Extraordinary gains		
Total Extraordinary gains	-	-
Extraordinary losses		
Others	6	-
Total extraordinary losses	6	-
Income before income taxes and others	2,582	4,129
Income tax and other taxes	750	1,348
Adjustment on income tax	-51	- 112
Total Income tax and others	699	1,236
Net income	1,882	2,892
Net income attributable to non-controlling interests	6	8
Net Income attributable to owners of the parent	1,875	2,884

(Consolidated Statements of Comprehensive Income)

(1st quarter of FY2018/3 (April 1st, 2017 – June 30th, 2017))

(Millions of Yen)

	FY2017/3 Q1 (April 1 st , 2016- June 30 th , 2016)	FY2018/3 Q1 (April 1 st , 2017- June 30 th , 2017)
Net income	1,882	2,892
Accumulated other comprehensive income		
Holding gain or loss in investment	- 309	14
Foreign currency translation adjustment	- 179	226
Remeasurements of defined benefit plans	17	- 21
Total accumulated other comprehensive income	- 471	219
Comprehensive Income	1,411	3,111
(breakdown)		
Comprehensive income attributable to owners of the parent	1,402	3,103
Comprehensive income attributable to non-controlling interests	8	8

(3) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

Not applicable.

(Significant Changes in Subsidiaries during the term)

Not applicable.

(Accounting procedures specific to the preparation of quarterly consolidated financial statements)

Not applicable.

(Change of accounting principles, estimates and restatements)

Not applicable.

(Segment Information and others)

1. 1st quarter of FY2017/3 (April 1st, 2016 – June 30th, 2016)

a) Sales and Profit (or loss) information of 1st quarter of FY2017/3 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	11,011	5,312	16,323	16,323
Intersegment sales to transfer	-	-	-	-
Total	11,011	5,312	16,323	16,323
Segment Profit	2,236	626	2,863	2,863

Note) Total Segment profit of reportable segments equals Operating Income of Consolidated Financial Statement.

2. 1st quarter of FY2018/3 (April 1st, 2017 – June 30th, 2017)

a) Sales and Profit (or loss) information of 1st quarter of FY2018/3 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	14,222	5,689	19,912	19,912
Intersegment sales to transfer	-	-	-	-
Total	14,222	5,689	19,912	19,912
Segment Profit	3,138	895	4,033	4,033

Note) Total Segment profit of reportable segments equals Operating Income of Consolidated Financial Statement.

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