

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

February 9th, 2018

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) : February 13th, 2018

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 3rd Quarter of FY2018/3 (Accumulated, Apr. 1st – Dec. 31st, 2017)

(1) Consolidated sales and earnings (% figures represent changes from the Accumulated 3rd 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)	
	Value	% Change	Value	% Change	Value	% Change	Value	% Change
FY2018/3 Q3	62,902	10.9%	12,527	28.6%	12,684	29.6%	8,958	48.4%
FY2017/3 Q3	56,697	8.2%	9,744	- 1.0%	9,790	- 2.1%	6,035	- 16.2%

Note: Comprehensive Income in FY2018/3 Q3: 9,982 million yen (73.7%), in FY2017/3 Q3: 5,747 million yen (- 9.2%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2018/3 Q3	215.88	214.22
FY2017/3 Q3	145.80	144.92

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2018/3 Q3	123,555	94,177	75.4%
FY2017/3	114,463	87,194	75.5%

Notes: Equity in FY2018/3 Q3: 93,216 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	-	41.00	-		
FY2018/3 (Projected)				41.00	82.00

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)
	Value	% Change	Value	% Change	Value	% Change	Value	% Change	Value
Full Year	87,000	11.8%	17,000	24.5%	17,000	22.6%	12,000	21.1%	289.00

Note: Changes due to revision of forecast: Yes

*** 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 Q3	41,585,081 shares	FY2017/3	41,495,581 shares
FY2018/3 Q3	36,069 shares	FY2017/3	35,819 shares
FY2018/3 Q3	41,495,383 shares	FY2017/3 Q3	41,397,471 shares

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

3) Average Number of shares outstanding during the accumulated 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 3, "(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**

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1. Qualitative information on Business Performance for accumulated 3rd quarter of FY2018/3 (April 1st, 2017- December 31st, 2017)

(1) Overview of Business Performance

In the accumulated 3rd quarter of Fiscal Year 2018/3 ending March 2018, the US and European economies continued to expand modestly backed by employment increase, strong private consumption and corporate investments. China and emerging Asian countries showed moderate economic recovery as the result of several incentive policies. In Japan, there were continuous economic recoveries such as in corporate earnings and in private consumption accompanied by the steady employment market. The overall global economic situation in the accumulated 3rd quarter showed in the steady recovery.

Under these business conditions, Consolidated Orders in the accumulated 3rd quarter of Fiscal Year 2018/3 (April 1st - December 31st, 2017) were ¥71.954 billion (up 21.3% YoY), Sales were ¥62.902 billion (up 10.9% YoY), Operating Income was ¥12.527 billion (up 28.6% YoY), Ordinary Income was ¥12.684 billion (up 29.6% YoY) and Net Income attributable to Owners of the Parent was ¥8.958 billion (up 48.4% 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(Micro Control Units) 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 accumulated 3rd quarter of the Fiscal Year 2018/3 (April 1st - December 31st, 2017) were ¥49.028 billion (up 24.7% YoY), Sales were ¥42.917 billion (up 14.6% YoY), and Operating Income was ¥8.528 billion (up 30.1% 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 for productivity maintenance that had been holding a more cautious stance. The capital investment in the machine tool sector also showed strong recovery and demand from the aircraft-related sector remained steady. Under these business conditions, an upturn of both Orders and Sales has been confirmed.

As a result, Orders in our Metrology Equipment segment in the accumulated 3rd quarter of the Fiscal Year 2018/3 (April 1st - December 31st, 2017) was ¥22.925 billion (up 14.7% YoY), Sales was ¥19.984 billion (up 3.8% YoY) and Operating Income was ¥3.998 billion (up 25.3% YoY).

(2) Analysis of Financial Position

(A) Assets, Liabilities and Net Assets

Total Assets as of December 31st, 2017 amounted to ¥123.555 billion, with an increase of ¥9.091 billion from the end of FY2017/3. The major factors behind this increase include an increase in Inventories (including work in progress and raw materials) of ¥5.575 billion and an increase in Investment securities of ¥2.146 billion.

Total Liabilities as of December 31st, 2017 increased by ¥2.108 billion to ¥29.377 billion. This was mainly from an increase in Notes and accounts payable (including Electronically recorded obligations-operating) of ¥4.131 billion and a decrease in Income tax payable of ¥2.350 billion.

Net Assets as of December 31st, 2017 increased by ¥6.983 billion and totaled ¥94.177 billion. This was mainly from an increase in Retained earnings of ¥5.680 billion. As a result, the Equity Ratio became to 75.4%.

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

The Company has ratified revisions to the prospective consolidated business forecasts for FY2018/3 from the previous forecast announced on November 14th, 2017.

	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)
Previous Forecast	85,000	16,000	16,000	11,200	270.00
Revised Forecast	87,000	17,000	17,000	12,000	289.00
Change ratio (%)	2.4%	6.3%	6.3%	7.1%	

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 and Notes

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2017/3 (March 31 st , 2017)	FY2018/3 Q3 (December 31 st , 2017)
ASSETS		
Current Assets		
Cash and cash equivalents	33,853	34,655
Notes and accounts receivable	23,675	23,725
Electronically recorded monetary claims	4,733	5,326
Merchandise and finished goods	2,101	2,606
Work in progress	11,325	15,398
Raw materials and supplies	3,886	4,883
Others	3,384	2,843
Allowance for doubtful accounts	- 168	- 155
Total current assets	82,792	89,284
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	14,476	14,154
Others(net)	9,971	10,024
Total Tangible Fixed Assets	24,448	24,179
Intangible Fixed Assets		
Goodwill	284	210
Others	645	1,274
Total Intangible Fixed Assets	929	1,484
Investments and other assets		
Others	6,293	8,607
Allowance for doubtful accounts	- 0	- 0
Total Investments and other assets	6,293	8,607
Total fixed assets	31,670	34,271
Total Assets	114,463	123,555

(Millions of Yen)

	FY2017/3 (March 31 st , 2017)	FY2018/3 Q3 (December 31 st , 2017)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	7,497	7,609
Electronically recorded obligations-operating	8,291	12,311
Short-term debt	1,300	1,300
Income taxes payable	4,115	1,765
Allowances	1,111	591
Others	4,254	5,087
Total current liabilities	26,570	28,666
Fixed Liabilities		
Allowance for director retirement benefits	148	135
Net defined benefit liabilities	508	531
Others	41	43
Total fixed liabilities	698	711
Total Liabilities	27,269	29,377
NET ASSETS		
Shareholder's Equity		
Common stock	10,462	10,547
Capital surplus	21,480	21,565
Retained earnings	52,665	58,346
Treasury stock	- 116	- 117
Total Shareholder's Equity	84,491	90,340
Accumulated other comprehensive income		
Holding gain or loss in investment	825	1,574
Foreign currency translation adjustment	255	562
Remeasurements of defined benefit plans	804	738
Total accumulated other comprehensive income	1,885	2,875
Share subscription rights	506	615
Non-controlling interests	310	345
Total Net Assets	87,194	94,177
Total Liabilities and Net Assets	114,463	123,555

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

(FY2018/3 Q3 (Accumulated, April 1st, 2017 – December 31st, 2017))

(Millions of Yen)

	FY2017/3 Q3 (April 1 st , 2016- December 31 st , 2016)	FY2018/3 Q3 (April 1 st , 2017- December 31 st , 2017)
Net sales	56,697	62,902
Cost of goods sold	35,064	37,835
Gross profit on sales	21,632	25,066
Selling, general and administrative expenses	11,887	12,539
Operating income	9,744	12,527
Non-operating income		
Interest income	16	16
Dividend income	89	56
Foreign exchange gains	-	58
Others	54	75
Total Non-operating income	159	207
Non-operating expenses		
Interest expenses	20	15
Foreign exchange losses	81	-
Loss on sales and disposal of fixed assets	5	21
Others	6	13
Total Non-operating expenses	113	50
Ordinary income	9,790	12,684
Extraordinary gains		
Gain on sales of investment securities	-	3
Gain on reversal of share subscription rights	-	0
Gain on exchange of investment securities	56	-
Total Extraordinary gains	56	4
Extraordinary losses		
Loss on valuation of golf club membership	-	4
Loss on valuation of investments in capital of subsidiaries and affiliates	26	-
Others	6	-
Total extraordinary losses	32	4
Income before income taxes and others	9,813	12,684
Income tax and other taxes	4,453	3,638
Adjustment on income tax	- 698	53
Total Income tax and others	3,754	3,692
Net income	6,058	8,992
Net income attributable to non-controlling interests	23	34
Net Income attributable to owners of the parent	6,035	8,958

(Consolidated Statements of Comprehensive Income)

(FY2018/3 Q2 (Accumulated, April 1st, 2017 – Decemeber 31st, 2017))

(Millions of Yen)

	FY2017/3 Q3 (April 1 st , 2016- December 31 st , 2016)	FY2018/3 Q3 (April 1 st , 2017- December 31 st , 2017)
Net income	6,058	8,992
Accumulated other comprehensive income		
Holding gain or loss in investment	343	749
Foreign currency translation adjustment	- 707	306
Remeasurements of defined benefit plans	53	- 65
Total accumulated other comprehensive income	- 311	989
Comprehensive Income	5,747	9,982
(breakdown)		
Comprehensive income attributable to owners of the parent	5,718	9,948
Comprehensive income attributable to non-controlling interests	29	34

(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)

3rd quarter of FY2017/3 (Accumulated, April 1st, 2016 – December 31st, 2016)

Sales and Profit (or loss) information per each reportable segment (Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	37,445	19,252	56,697	56,697
Intersegment sales to transfer	-	-	-	-
Total	37,445	19,252	56,697	56,697
Segment Profit	6,553	3,191	9,744	9,744

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

3rd quarter of FY2018/3 (Accumulated, April 1st, 2017 – December 31st, 2017)

Sales and Profit (or loss) information per each reportable segment (Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	42,917	19,984	62,902	62,902
Intersegment sales to transfer	-	-	-	-
Total	42,917	19,984	62,902	62,902
Segment Profit	8,528	3,998	12,527	12,527

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

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