

# Consolidated Financial Statements for the 3<sup>rd</sup> quarter of the Fiscal Year Ending March 31<sup>st</sup>, 2019 (FY2019/3), Japan GAAP

February 13<sup>th</sup>, 2019

Company Name



**Tokyo Seimitsu Co., Ltd.**

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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Dividend Payable Date(planned):-

Supplementary Document for Quarterly Financial Results : Yes

Holding of Financial Results Meeting: No

(Millions of yen, rounded down)

## 1. Consolidated Results for Accumulated 3<sup>rd</sup> quarter (April 1<sup>st</sup> – December 31<sup>st</sup>, 2018)

### (1) Consolidated sales and earnings (% figures represent changes from the Accumulated 3rd quarter of previous year)

|             | Net Sales<br>(Millions of Yen) |       | Operating Profit<br>(Millions of Yen) |       | Recurring Profit<br>(Millions of Yen) |       | Net Profit Attributable<br>to Owners of the Parent<br>(Millions of Yen) |       |
|-------------|--------------------------------|-------|---------------------------------------|-------|---------------------------------------|-------|---|-------|
| FY2019/3 Q3 | 74,922                         | 19.1% | 15,031                                | 20.0% | 15,563                                | 22.7% | 11,377  | 27.0% |
| FY2018/3 Q3 | 62,902                         | 10.9% | 12,527                                | 28.6% | 12,684                                | 29.6% | 8,958   | 48.4% |

Note: Comprehensive Income in FY2019/3 Q3: 9,691 million yen (- 2.9%), in FY2018/3 Q3: 9,982 million yen (73.7%)

|             | Net Income per Share (Yen) | Net Income per Share (diluted) (Yen) |
|-------------|----------------------------|--------------------------------------|
| FY2019/3 Q3 | 273.80                     | 271.70                               |
| FY2018/3 Q3 | 215.88                     | 214.22                               |

### (2) Consolidated financial position

|             | Total Assets (Millions of Yen) | Net Assets (Millions of Yen) | Equity Ratio (%) |
|-------------|--------------------------------|------------------------------|------------------|
| FY2019/3 Q3 | 152,378                        | 104,676                      | 67.9%            |
| FY2018/3    | 132,893                        | 99,354                       | 74.0%            |

Note: Equity in FY2019/3 Q3: 103,483 million yen, in FY2018/3: 98,362 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    |
| FY2018/3                | -                                 | 41.00  | -      | 51.00  | 92.00  |
| FY2019/3                | -                                 | 59.00  | -      |        |        |
| FY2019/3<br>(Projected) |                                   |        |        | 59.00  | 118.00 |

Notes: (1) Changes due to revision of dividend projection: No

(2) Q2 End dividend and Q4 End projected dividend include 70<sup>th</sup> anniversary commemorative dividends of 10 yen (Total 20 yen).

## 3. Forecast for FY2019/3 (April 1<sup>st</sup>, 2018-March 31<sup>st</sup>, 2019) (% figures represent changes from the previous year)

|           | Net Sales<br>(Millions of Yen) |       | Operating Profit<br>(Millions of Yen) |      | Recurring Profit<br>(Millions of Yen) |      | Net Income<br>Attributable to Owners<br>of the Parent<br>(Millions of Yen) |      | Net Profit<br>per Share (yen) |
|-----------|--------------------------------|-------|---------------------------------------|------|---------------------------------------|------|--|------|-------------------------------|
| Full Year | 100,000                        | 13.4% | 18,700                                | 8.2% | 18,900                                | 9.1% | 13,600   | 6.9% | 327.00                        |

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):

|             |                   |             |                   |
|-------------|-------------------|-------------|-------------------|
| FY2019/3 Q3 | 41,596,481 shares | FY2018/3    | 41,575,881 shares |
| FY2019/3 Q3 | 36,633 shares     | FY2018/3    | 36,251 shares     |
| FY2019/3 Q3 | 41,552,883 shares | FY2018/3 1H | 41,495,383 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 3. "(3) Financial Estimates including Consolidated Business Forecasts" of supplementary statement.

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

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## 1. Qualitative information on Business Performance

### (1) Overview of Business Performance

In the accumulated 3<sup>rd</sup> quarter of Fiscal Year 2019/3 ending March 2019, the Japanese and USA economies continued to expand gradually, lead by strong private consumption and corporate capital investment. On the other hand, the EU economies have had slowdowns in economic expansion due to slow private consumption while China also faces an economic slowdown. Globally, there are the potential risks of economic slowdown due to the trade friction between the US and China, and complications from the withdrawal of the United Kingdom from the EU.

Under these business conditions, Consolidated Orders in the accumulated 3<sup>rd</sup> quarter of Fiscal Year 2019/3 (April 1st, - December 31st, 2018) were ¥81.181 billion (up 12.8% YoY), Sales were ¥74.922 billion (up 19.1% YoY), Operating Profit was ¥15.031 billion (up 20.0% YoY), Recurring Profit was ¥15.563 billion (up 22.7% YoY) and Net Profit Attributable to Owners of the Parent was ¥11.377 billion (up 27.0% YoY).

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

#### [Semiconductor Production Equipment (SPE)]

In the SPE business segment, semiconductor manufacturers increased investment in display drives, electronic components and sensors for high functionalization of smartphones as well as advancements from IoT (Internet of Things) and AI (Artificial Intelligence) while, in the 2<sup>nd</sup> half, there was a reduction in investment in memory devices, that had previously been strong in the 1<sup>st</sup> half, underpinned by a lowering spot price and inventory adjustments. Under these business conditions, our orders, Sales and Operating profit in the SPE segment increased from the previous year.

Orders for our SPE segment in the same period was ¥54.820 billion (up 11.8% YoY), Sales was ¥51.120 billion (up 19.1% YoY), and Operating Profit was ¥9.898 billion (up 16.1% YoY).

#### [Metrology Equipment]

The automobile industry, which is the major user of our products in our Metrology Equipment segment, has continued to invest for production innovation to improve world-wide production efficiency. Accordingly, related machine tools sales also showed steady expansion domestically and in overseas markets while demand from the aircraft-related sector remained steady. Under these business conditions, Orders, Sales and Operating profit increased in the Metrology equipment segment YoY.

As a result, Orders in our Metrology Equipment segment in the same period was ¥26.361 billion (up 15.0% YoY), Sales was ¥23.801 billion (up 19.1% YoY) and Operating Profit was ¥5.132 billion (up 28.3% YoY).

### (2) Analysis of Financial Position

#### [Assets, Liabilities and Net Assets as of December 31<sup>st</sup>, 2018]

Total Assets amounted to ¥152.378 billion, an increase of ¥19.485 billion from the end of FY2018/3. The major factors behind this change include increases in Land of ¥7.309 billion due to land purchase, in Inventories including work in progress and raw materials of ¥6.786 billion, in Cash and cash equivalents of ¥2.565 billion, in Software of ¥1.563 billion, in Building and structures of ¥1.409 billion, and a decrease in Investment securities of ¥1.370 billion.

Total Liabilities increased by ¥14.164 billion to ¥47.702 billion. This was mainly from an increase in Long-term debt of ¥10.000 billion, in Notes and accounts payable (including electronically recorded obligations-operating) of ¥5.121 billion and a decrease in Income taxes payable of ¥1.878 billion.

Net Assets increased by ¥5.321 billion and totaled ¥104.676 billion. This was mainly from an increase in Retained earnings of ¥6.806 billion and decrease in Holding gain or loss in investment of ¥1.021 billion. As a result, the Equity Ratio became 67.9%.

**(3) Financial Estimates including Consolidated Business Forecasts**

There are no revisions to the Consolidated Business Forecasts for FY2019/3 full year previously announced on November 13<sup>th</sup>, 2018.

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 new product releases. Accordingly, actual results may differ materially from those projected in this earnings summary.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Millions of Yen)

|   | <b>FY2018/3</b><br>(March 31 <sup>st</sup> , 2018) | <b>FY2019/3 Q3</b><br>(December 31 <sup>st</sup> , 2018) |
|---|--|--|
| <b>ASSETS</b>                             |  |  |
| Current Assets                            |  |  |
| Cash and cash equivalents                 | 37,220   | 39,785   |
| Notes and accounts receivable             | 28,005   | 27,464   |
| Electronically recorded monetary claims   | 5,434  | 6,693  |
| Merchandise and finished goods            | 1,918  | 1,885  |
| Work in progress                          | 15,223   | 20,283   |
| Raw materials and supplies                | 5,183  | 6,942  |
| Others                                    | 2,146  | 2,054  |
| Allowance for doubtful accounts           | - 142  | - 120  |
| <b>Total current assets</b>               | <b>94,990</b>                                      | <b>104,989</b>   |
| Fixed Assets                              |  |  |
| Tangible fixed assets                     |  |  |
| Building and structures(net)              | 13,998   | 15,407   |
| Others(net)                               | 10,259   | 17,630   |
| <b>Total Tangible Fixed Assets</b>        | <b>24,258</b>                                      | <b>33,037</b>  |
| Intangible Fixed Assets                   |  |  |
| Goodwill                                  | 185  | 109  |
| Others                                    | 1,671  | 3,262  |
| <b>Total Intangible Fixed Assets</b>      | <b>1,857</b>                                       | <b>3,371</b>   |
| Investments and other assets              |  |  |
| Others                                    | 11,787   | 10,979   |
| Allowance for doubtful accounts           | - 0  | - 0  |
| <b>Total Investments and other assets</b> | <b>11,787</b>                                      | <b>10,979</b>  |
| <b>Total Fixed Assets</b>                 | <b>37,902</b>                                      | <b>47,389</b>  |
| <b>Total Assets</b>                       | <b>132,893</b>                                     | <b>152,378</b>   |

(Millions of Yen)

|   | <b>FY2018/3</b><br>(March 31 <sup>st</sup> , 2018) | <b>FY2019/3 Q3</b><br>(December 31 <sup>st</sup> , 2018) |
|---|--|--|
| <b>LIABILITIES</b>                                  |  |  |
| Current Liabilities                                 |  |  |
| Notes and accounts payable                          | 8,200  | 9,985  |
| Electronically recorded obligations-operating       | 13,670   | 17,006   |
| Short-term debt                                     | 1,300  | 1,300  |
| Income taxes payable                                | 3,254  | 1,376  |
| Allowances  | 1,248  | 637  |
| Others  | 5,133  | 8,485  |
| <b>Total current liabilities</b>                    | <b>32,807</b>                                      | <b>38,790</b>  |
| Long-term Liabilities                               |  |  |
| Long-term debt                                      | -  | 8,000  |
| Allowance for director retirement benefits          | 139  | 40   |
| Net defined benefit liabilities                     | 542  | 539  |
| Asset retirement obligations                        | -  | 241  |
| Others  | 49   | 90   |
| <b>Total long-term liabilities</b>                  | <b>731</b>   | <b>8,911</b>   |
| <b>Total Liabilities</b>                            | <b>33,538</b>                                      | <b>47,702</b>  |
| <b>NET ASSETS</b>                                   |  |  |
| Shareholder's Equity                                |  |  |
| Common stock  | 10,561   | 10,588   |
| Capital surplus                                     | 21,579   | 21,606   |
| Retained earnings                                   | 62,105   | 68,912   |
| Treasury stock                                      | - 118  | - 120  |
| <b>Total Shareholder's Equity</b>                   | <b>94,128</b>                                      | <b>100,987</b>   |
| Accumulated other comprehensive income              |  |  |
| Holding gain or loss in investment                  | 1,564  | 542  |
| Foreign currency translation adjustment             | 811  | 325  |
| Remeasurements of defined benefit plans             | 1,858  | 1,627  |
| <b>Total accumulated other comprehensive income</b> | <b>4,234</b>                                       | <b>2,495</b>   |
| Share subscription rights                           | 623  | 771  |
| Non-controlling interests                           | 368  | 421  |
| <b>Total Net Assets</b>                             | <b>99,354</b>                                      | <b>104,676</b>   |
| <b>Total Liabilities and Net Assets</b>             | <b>132,893</b>                                     | <b>152,378</b>   |

## (2) Consolidated Statements of Income, and Comprehensive Income

### (Consolidated Statements of Income)

(Accumulated 3<sup>rd</sup> quarter of FY2019/3 (April 1<sup>st</sup> – December 31<sup>st</sup>, 2018))

(Millions of Yen)

|  | FY2018/3 Q3<br>(April 1 <sup>st</sup> , 2017-<br>December 31 <sup>st</sup> , 2017) | FY2019/3 Q3<br>(April 1 <sup>st</sup> , 2018-<br>December 31 <sup>st</sup> , 2018) |
|--|--|--|
| Net Sales  | 62,902   | 74,922   |
| Cost of goods sold                                       | 37,835   | 44,475   |
| Gross Profit on Sales                                    | 25,066   | 30,446   |
| Selling, general and administrative expenses             | 12,539   | 15,415   |
| Operating profit (loss)                                  | 12,527   | 15,031   |
| Non-operating income                                     |  |  |
| Interest income  | 16   | 21   |
| Dividend income  | 56   | 121  |
| Foreign exchange gains                                   | 58   | 299  |
| Others   | 75   | 125  |
| Total Non-operating income                               | 207  | 567  |
| Non-operating expenses                                   |  |  |
| Interest expenses  | 15   | 22   |
| Loss on sales and disposal of fixed assets               | 21   | 1  |
| Others   | 13   | 11   |
| Total Non-operating expenses                             | 50   | 35   |
| Recurring profit (loss)                                  | 12,684   | 15,563   |
| Extraordinary gains                                      |  |  |
| Gain on reversal of subscription rights to shares        | 0  | 2  |
| Gain on sales of investment securities                   | 3  | -  |
| Total Extraordinary gains                                | 4  | 2  |
| Extraordinary losses                                     |  |  |
| Loss on valuation of golf club membership                | 4  | -  |
| Total extraordinary losses                               | 4  | -  |
| Profit (loss) before income taxes and minority interests | 12,684   | 15,566   |
| Income tax and other taxes                               | 3,638  | 3,877  |
| Adjustment on income tax                                 | 53   | 260  |
| Total Income tax and others                              | 3,692  | 4,137  |
| Profit (loss) before minority interests                  | 8,992  | 11,429   |
| Net Profit(loss) attributable to minority interests      | 34   | 52   |
| Net Profit (loss) attributable to Owners of the Parent   | 8,958  | 11,377   |



**(Consolidated Statements of Comprehensive Income)**  
**(Accumulated 3<sup>rd</sup> quarter of FY2019/3 (April 1<sup>st</sup> – December 31<sup>st</sup>, 2018))**

(Millions of Yen)

|  | <b>FY2018/3 Q3</b><br>(April 1 <sup>st</sup> , 2017-<br>December 31 <sup>st</sup> , 2017) | <b>FY2019/3 Q3</b><br>(April 1 <sup>st</sup> , 2018-<br>December 31 <sup>st</sup> , 2018) |
|--|---|---|
| Profit (Loss) before minority interests                        | 8,992   | 11,429  |
| Accumulated other comprehensive income                         |   |   |
| Holding gain or loss in investment                             | 749   | - 1,021   |
| Foreign currency translation adjustment                        | 306   | - 485   |
| Remeasurements of defined benefit plans                        | - 65  | - 230   |
| Total accumulated other comprehensive income                   | 989   | - 1,738   |
| <b>Comprehensive Income</b>                                    | <b>9,982</b>  | <b>9,691</b>  |
| (breakdown)  |   |   |
| Comprehensive income attributable to owners of the parent      | 9,948   | 9,638   |
| Comprehensive income attributable to non-controlling interests | 34  | 53  |

### (3) Notes

#### (Note on Assumptions for Going Concern)

Not applicable.

#### (Significant Changes in Shareholder's Equity)

Not applicable.

#### (Additional Information)

The Company has applied the "Partial Amendments to Accounting Standards for Tax Effect Accounting" (ASBJ Statement No. 28, February 16<sup>th</sup>, 2018) from the beginning of the 1<sup>st</sup> quarter of FY2019/3. Accordingly, deferred tax assets are presented under Investments and other assets, and deferred tax liabilities are presented under Long-term liabilities.

#### (Segment Information and others)

##### Accumulated 3<sup>rd</sup> quarter of FY2018/3 (April 1<sup>st</sup>, 2017 – December 31<sup>st</sup>, 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 profit of Consolidated Statements of Income.

##### Accumulated 3<sup>rd</sup> quarter of FY2019/3 (April 1<sup>st</sup>, 2018 – December 31<sup>st</sup>, 2018)

Sales and Profit (or loss) information (Millions of yen)

|                                | Reportable Segments |                     |        | Total  |
|--------------------------------|---------------------|---------------------|--------|--------|
|                                | SPE                 | Metrology Equipment | Total  |        |
| I. Sales                       |                     |                     |        |        |
| Sales to third party           | 51,120              | 23,801              | 74,922 | 74,922 |
| Intersegment sales to transfer | -                   | -                   | -      | -      |
| Total                          | 51,120              | 23,801              | 74,922 | 74,922 |
| Segment Profit                 | 9,898               | 5,132               | 15,031 | 15,031 |

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

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