

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31st, 2019 (FY2019/3), Japan GAAP

August 10th, 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) : August 10th, 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 1st Quarter of FY2019/3 (April 1st – June 30th, 2018)

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

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Profit Attributable to Owners of the Parent (Millions of Yen)	
FY2019/3 Q1	19,841	- 0.4%	3,134	- 22.3%	3,354	- 18.8%	2,551	- 11.5%
FY2018/3 Q1	19,912	22.0%	4,033	40.9%	4,129	59.5%	2,884	53.8%

Note: Comprehensive Income in FY2019/3 Q1: 1,545 million yen (-50.3%), in FY2018/3 Q1: 3,111 million yen (120.4%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2019/3 Q1	61.43	60.96
FY2018/3 Q1	69.56	69.06

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2019/3 Q1	132,615	98,813	73.7%
FY2018/3	132,893	99,354	74.0%

Notes: Equity in FY2019/3 Q1: 97,802 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	-				
FY2019/3 (Projected)		57.00	-	57.00	114.00

Note: Changes due to revision of dividend projection: No

Note: Q2 End and Q4 End dividend for FY2019/3(projected) include 70th anniversary commemorative dividend of 10 yen respectively (Total 20 yen).

3. Forecast for FY2019/3 (April 1st, 2017-March 31st, 2018)

(% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Profit (Millions of Yen)		Recurring Profit (Millions of Yen)		Net Income Attributable to Owners of the Parent (Millions of Yen)		Net Profit per Share (yen)
Interim	49,000	12.2%	8,500	- 4.7%	8,500	- 6.0%	6,400	0.7%	154.00
Full Year	98,000	11.1%	17,500	1.3%	17,500	1.1%	12,800	0.6%	308.00

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):

FY2019/3 Q1	41,586,981 shares	FY2018/3	41,575,881 shares
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2) Number of treasury shares at the end of period:

FY2019/3 Q1	36,314 shares	FY2018/3	36,251 shares
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3) Average Number of shares outstanding during the period:

FY2019/3 Q1	41,543,976 shares	FY2018/3 Q1	41,465,728 shares
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*** 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, "1. Qualitative information on Business Performance for 1st quarter of FY2018/3 (April 1st, 2017– June 30th, 2017) "-(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 1st quarter of FY2019/3 (April 1st, 2018 – June 30th, 2018)

(1) Overview of Business Performance

In the 1st quarter of Fiscal Year ending March 2019 (FY2019/3), the US economy continued to expand backed by strong private consumption and corporate capital investment, while the economy in Japan continued to recover with increasing private consumption and strong corporate capital investment. On the other hand, EU economic expansion has signs of slowdown and China faced a slowdown in infrastructure investment and trade friction with the US. The overall global economic situation in the 1st quarter produced steady growth but also revealed some potential slowdown risks.

Under these business conditions, Consolidated Orders in the 1st quarter of Fiscal Year 2019/3 (April 1st, – June 30th, 2018) were ¥28.199 billion (up 26.1% YoY), Sales were ¥19.841 billion (down 0.4% YoY), Operating Profit was ¥3.134 billion (down 22.3% YoY), Recurring Profit was ¥3.354 billion (down 18.8% YoY) and Net Profit Attributable to Owners of the Parent was ¥2.551 billion (down 11.5% 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 memory devices underpinned by increasing demand for large data capacity and data storage, MCU(Micro Control Units) and power devices for vehicles, display drives, electronic components and sensors for high functionalization of smartphones as well as advancements from IoT(Internet of Things) and AI(Artificial Intelligence). Under these business conditions, our orders in the SPE segment increased firmly. However, due to the delivery delay of some materials and associated costs, the sales and profits in the SPE segment decreased from the previous year.

Orders for our SPE segment in the 1st quarter of the Fiscal Year 2019/3 (April 1st, – June 30th, 2018) was ¥19.339 billion (up 28.7% YoY), Sales was ¥12.822 billion (down 9.8% YoY), and Operating Profit was ¥1.630 billion (down 48.1% YoY).

[Metrology Equipment]

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

As a result, Orders in our Metrology Equipment segment in the 1st quarter of the Fiscal Year 2019/3 (April 1st – June 30th, 2018) was ¥8.859 billion (up 20.9% YoY), Sales was ¥7.018 billion (up 23.4% YoY) and Operating Profit was ¥1.503 billion (up 67.9% YoY).

(2) Analysis of Financial Position

(A) Assets, Liabilities and Net Assets

Total Assets as of June 30th, 2018 amounted to ¥132.615 billion, a decrease of ¥277 million from the end of FY2018/3. The major factors behind this change include an increase in Inventories including Work in progress and Raw materials of ¥4.368 billion, a decrease in Notes and accounts receivable (including electronically recorded monetary claims) of ¥3.484 billion, and a decrease in Consumption tax receivable of ¥1.014 billion.

Total Liabilities as of June 30th, 2018 increased by ¥263 million to ¥33.802 billion. This was mainly from an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥1.775 billion and a decrease in Income taxes payable of ¥2.223 billion.

Net Assets as of June 30th, 2018 decreased by ¥540 million and totaled ¥98.813 billion. As a result, the Equity Ratio became 73.7%.

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

The Company revised its business forecasts previously announced on May 15th, 2018, due to increased demand, material price hike, and accounting impacts associated with increase in inventories more than anticipated particularly in SPE segment.

	Interim	Full Year
Sales	¥ 49.0 billion (up 12.2% YoY)	¥ 98.0 billion (up 11.1% YoY)
SPE	¥ 34.5 billion (up 13.7% YoY)	¥ 68.4 billion (up 14.9% YoY)
Metrology	¥ 14.5 billion (up 8.9% YoY)	¥ 29.6 billion (up 3.2% YoY)
Operating Profit	¥ 8.5 billion (down 4.7% YoY)	¥ 17.5 billion (up 1.3% YoY)
Recurring Profit	¥ 8.5 billion (down 6.0% YoY)	¥ 17.5 billion (up 1.1% YoY)
Net Profit attributable to owners of the parent	¥ 6.4 billion (up 0.7% YoY)	¥ 12.8 billion (up 0.6% YoY)

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)

	FY2018/3 (March 31 st , 2018)	FY2019/3 Q1 (June 30 th , 2018)
ASSETS		
Current Assets		
Cash and cash equivalents	37,220	36,929
Notes and accounts receivable	28,005	23,250
Electronically recorded monetary claims	5,434	6,705
Merchandise and finished goods	1,918	1,837
Work in progress	15,223	18,940
Raw materials and supplies	5,183	5,915
Others	2,146	1,067
Allowance for doubtful accounts	- 142	- 116
Total current assets	94,990	94,529
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	13,998	13,827
Others(net)	10,259	10,249
Total Tangible Fixed Assets	24,258	24,076
Intangible Fixed Assets		
Goodwill	185	159
Others	1,671	2,187
Total Intangible Fixed Assets	1,857	2,346
Investments and other assets		
Others	11,787	11,663
Allowance for doubtful accounts	- 0	- 0
Total Investments and other assets	11,787	11,663
Total Fixed Assets	37,902	38,086
Total Assets	132,893	132,615

(Millions of Yen)

	FY2018/3 (March 31 st , 2018)	FY2019/3 Q1 (June 30 th , 2018)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	8,200	8,806
Electronically recorded obligations-operating	13,670	14,840
Short-term debt	1,300	1,300
Income taxes payable	3,254	1,030
Reserves	1,248	630
Others	5,133	6,512
Total current liabilities	32,807	33,120
Long-term Liabilities		
Allowance for director retirement benefits	139	35
Net defined benefit liabilities	542	557
Others	49	88
Total long-term liabilities	731	682
Total Liabilities	33,538	33,802
NET ASSETS		
Shareholder's Equity		
Common stock	10,561	10,575
Capital surplus	21,579	21,592
Retained earnings	62,105	62,539
Treasury stock	- 118	- 118
Total Shareholder's Equity	94,128	94,588
Accumulated other comprehensive income		
Holding gain or loss in investment	1,564	1,081
Foreign currency translation adjustment	811	350
Remeasurements of defined benefit plans	1,858	1,781
Total accumulated other comprehensive income	4,234	3,214
Share subscription rights	623	628
Non-controlling interests	368	382
Total Net Assets	99,354	98,813
Total Liabilities and Net Assets	132,893	132,615

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

(1st quarter of FY2019/3 (April 1st, 2018 – June 30th, 2018))

(Millions of Yen)

	FY2018/3 Q1 (April 1 st , 2017- June 30 th , 2017)	FY2019/3 Q1 (April 1 st , 2018- June 30 th , 2018)
Net Sales	19,912	19,841
Cost of goods sold	11,817	11,933
Gross Profit on Sales	8,094	7,907
Selling, general and administrative expenses	4,060	4,773
Operating profit (loss)	4,033	3,134
Non-operating income		
Interest income	4	6
Dividend income	28	30
Foreign exchange gains	40	108
Subsidy income	20	47
Others	12	41
Total Non-operating income	106	235
Non-operating expenses		
Interest expenses	5	8
Others	5	6
Total Non-operating expenses	11	14
Recurring profit (loss)	4,129	3,354
Extraordinary gains		
Gain on reversal of subscription rights to shares	-	2
Total Extraordinary gains	-	2
Extraordinary losses		
Total extraordinary losses	-	-
Profit (loss) before income taxes and minority interests	4,129	3,357
Income tax and other taxes	1,348	1,006
Adjustment on income tax	- 112	- 215
Total Income tax and others	1,236	790
Profit (loss) before minority interests	2,892	2,566
Net Profit(loss) attributable to minority interests	8	14
Net Profit (loss) attributable to Owners of the Parent	2,884	2,551

(Consolidated Statements of Comprehensive Income)

(1st quarter of FY2019/3 (April 1st, 2018 – June 30th, 2018))

(Millions of Yen)

	FY2018/3 Q1 (April 1 st , 2017- June 30 th , 2017)	FY2019/3 Q1 (April 1 st , 2018- June 30 th , 2018)
Profit (Loss) before minority interests	2,892	2,566
Accumulated other comprehensive income		
Holding gain or loss in investment	14	- 482
Foreign currency translation adjustment	226	- 461
Remeasurements of defined benefit plans	- 21	- 76
Total accumulated other comprehensive income	219	- 1,021
Comprehensive Income	3,111	1,545
(breakdown)		
Comprehensive income attributable to owners of the parent	3,103	1,531
Comprehensive income attributable to non-controlling interests	8	13

(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 16th, 2018) from the beginning of the 1st 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)

1. 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.

2. 1st quarter of FY2019/3 (April 1st, 2018 – June 30th, 2018)

a) Sales and Profit (or loss) information of 1st quarter of FY2019/3 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	12,822	7,018	19,841	19,841
Intersegment sales to transfer	-	-	-	-
Total	12,822	7,018	19,841	19,841
Segment Profit	1,630	1,503	3,134	3,134

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

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