

# Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31<sup>st</sup>, 2022 (FY2022/3), Japan GAAP

November 2<sup>nd</sup>, 2021

Company Name



**Tokyo Seimitsu Co., Ltd.**

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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Dividend Payment Date (planned): December 6<sup>th</sup>, 2021-

Supplementary Document for Quarterly Financial Results : Yes

Holding of Financial Results Meeting: Yes (for Analysts, investors)

(Millions of yen, rounded down)

## 1. Consolidated Results for 1<sup>st</sup> Half Quarter of FY2022/3 (April 1<sup>st</sup> – September 30<sup>th</sup>, 2021)

### (1) Consolidated sales and earnings

(Percentage figures represent changes from 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)	
FY2022/3 1H	61,464	36.2%	12,927	105.8%	12,991	102.5%	9,607	105.4%
FY2021/3 1H	45,112	7.4%	6,282	12.4%	6,415	11.7%	4,677	9.8%

Note: Comprehensive Income in FY2022/3 1H: 10,019 million yen (164.9%), in FY2021/3 1H: 3,782 million yen (5.0%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2022/3 1H	234.37	232.11
FY2021/3 1H	112.27	111.45

### (2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2022/3 1H	172,358	121,973	69.9%
FY2021/3	161,556	116,777	71.4%

Note: Equity in FY2022/3 1H 120,461 million yen, in FY2021/3: 115,368 million yen

## 2. Dividends

	Per Share Dividend in Fiscal Year				
	Q1 End	Q2 End	Q3 End	Q4 End	Total
	Yen	Yen	Yen	Yen	Yen
FY2021/3	-	42.00	-	62.00	104.00
FY2022/3	-	84.00			
FY2022/3 (Projected)			-	84.00	168.00

Note: Changes due to revision of dividend projection: Yes

## 3. Forecast for FY2022/3 (April 1<sup>st</sup>, 2021 - March 31<sup>st</sup>, 2022)

(% figures represent changes from the 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)		Net Profit per Share (yen)
Full Year	128,000	31.8%	26,500	70.1%	26,500	66.8%	19,300	58.6%	470.70

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.: Yes

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):

FY2022/3 1H	41,835,381 shares	FY2021/3	41,759,981 shares
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2) Number of treasury shares at the end of period:

FY2022/3 1H	1,222,807 shares	FY2021/3	715,164 shares
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3) Average Number of shares outstanding during the period:

FY2022/3 1H	40,994,501 shares	FY2021/3 1H	41,667,966 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 supplementary statement.

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

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## **1. Qualitative information on Business Performance for 1<sup>st</sup> half of FY2022/3**

### **(1) Overview of Business Performance**

In the 1<sup>st</sup> half of Fiscal Year ending March 2022 (FY2022/3), the global economy saw progress in vaccinations against COVID-19 in Europe, the United States, China, Japan and other countries, leading to the resumption of economic activities. Against this backdrop, there were signs of recovery in manufacturing-related industries in general, and demand for semiconductors continued to expand in a wide range of fields. On the other hand, in Southeast Asia and other regions, economic activities remained stagnant as some factories were closed due to the reemergence of pandemic strains, and this contributed to a shortage in the supply of parts and materials throughout the industry, which impacted the supply of finished products and affected the recovery.

Under these circumstances, consolidated orders in the 1<sup>st</sup> half of Fiscal Year 2022/3 (April 1<sup>st</sup>, 2021 – September 30<sup>th</sup>, 2021) ¥88,492 million yen (up 123.4% YoY), Sales were ¥61,464 million (up 36.2% YoY), Operating Profit was ¥12,927 million (up 105.8% YoY), Recurring Profit was ¥12,991 million (up 102.5% YoY), and Net Profit Attributable to Owners of the Parent was ¥9,607 million (up 105.4% YoY).

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

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

In the SPE business segment, demand for production equipment for servers and communication-related logic devices in connection with the spread of 5G, automotive devices and power semiconductors in connection with the accelerated development and spread of EVs, and electronic components related to these devices remained strong, and demand from China, which is expanding domestic production of semiconductor devices, remained at a high level. As a result, orders during the 1<sup>st</sup> first half of the current fiscal year reached a new peak.

In response to these conditions, production and shipments were at high levels as well.

As a result, Orders for our SPE segment in the same period was ¥72,450 million (up 151.3% YoY), Sales was ¥47,693 million (up 42.8% YoY), and Operating Profit was ¥11,296 million (up 98.8% YoY).

#### **[Metrology Equipment Segment]**

In our Metrology Equipment segment, both orders and sales increased compared to the same period of the previous year due to a gradual recovery in capital investment in the manufacturing industry such as automobile industry, our main user, and an increase in demand from the machinery and machine parts sectors, such as SPE.

As a result, Orders for our Metrology Equipment segment in the same period was ¥16,042 million (up 48.9% YoY), Sales was ¥13,770 million (up 17.7% YoY) and Operating Profit was ¥1,631 million (up 172.1% YoY).

## (2) Analysis of Financial Position

### [Assets, Liabilities and Net Assets]

Total Assets as at September 30<sup>th</sup>, 2021 amounted to ¥172,358 million, an increase of ¥10,802 million from the end of FY2021/3. The major factors behind this change include an increase in Cash and cash equivalents of ¥7,131 million, an increase in Inventories including finished goods, Raw materials and supplies and Work in progress of ¥3,057 million, an increase in accounts receivable such as Notes and accounts, contract assets, and electronically recorded monetary claims of ¥1,494 million, Construction in progress of ¥1,067 million, and a decrease in Consumption tax receivable of ¥1,392 million.

Total Liabilities increased by ¥5,606 million to ¥50,385 million. This was mainly from an increase in accounts payable such as Notes and accounts payable and electronically recorded obligations-operating of ¥3,533 million, a decrease in Long-term debt of ¥1,000 million, and a decrease in Income taxes payable of ¥718 million.

Net Assets increased by ¥5,195 million and totaled ¥121,973 million; the Equity Ratio came to 69.9%.

### [Overview of Cash Flows]

Cash and cash equivalents as of September 30<sup>th</sup>, 2021 amounted to ¥50,755 million, an increase of ¥7,131 million from the end of FY2021/3. The status of cash flows during the period and factors behind them are given below.

(Cash flows from operating activities)

Net cash earned from operating activities was ¥14,627 million, mainly due to Profit before income taxes and minority interests of ¥13,004 million, Payment of income taxes of ¥3,937 million, increases in Notes and accounts payable of ¥3,336 million and Inventories of ¥2,933 million, Depreciation and amortization of ¥1,712 million and an increase in Notes and accounts receivable of ¥1,204 million.

(Cash flows from investing activities)

Net cash used in investment activities was ¥1,825 million, mainly reflected by Purchase of tangible fixed assets of ¥1,789 million.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥5,979 million. The major elements of this were Dividend payments of ¥2,544 million, Repurchase of Treasury stock of ¥2,501 million, and Repayment of long-term debt of ¥1,000 million.

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

The Company has revised its business forecasts previously announced on August 3<sup>rd</sup>, 2021, based on the recent situation.

For further detail, please refer to “Tokyo Seimitsu announces revision of forecasts, Interim Dividend and projection of Year-end Dividend” released today.

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Recurring Profit (Millions of Yen)	Net Income Attributable to Owners of the Parent (Millions of Yen)	Net Income per share (Yen)
Previous Forecast	118,000	22,000	22,000	15,200	370.30
Revised Forecast	128,000	26,500	26,500	19,300	470.70
Change ratio (%)	8.5%	20.5%	20.5%	27.0%	

*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 and Notes

### (1) Consolidated Balance Sheet

(Millions of Yen)

	<b>FY2021/3</b> (March 31 <sup>st</sup> , 2020)	<b>FY2022/3 1H</b> (September 30 <sup>th</sup> , 2021)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	43,657	50,788
Notes, accounts receivable and contract assets	27,304	26,585
Electronically recorded monetary claims	3,642	5,856
Merchandise and finished goods	2,657	2,983
Work in progress	22,028	23,819
Raw materials and supplies	8,200	9,141
Others	4,076	3,043
Allowance for doubtful accounts	- 50	- 48
<b>Total current assets</b>	<b>111,516</b>	<b>122,169</b>
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	17,082	16,774
Others(net)	19,562	20,379
<b>Total Tangible Fixed Assets</b>	<b>36,645</b>	<b>37,153</b>
Intangible fixed assets		
Goodwill	220	218
Others	3,769	3,583
<b>Total Intangible Fixed Assets</b>	<b>3,989</b>	<b>3,801</b>
Investments and other assets		
Others	9,517	9,347
Allowance for doubtful accounts	- 112	- 112
<b>Total Investments and other assets</b>	<b>9,405</b>	<b>9,234</b>
<b>Total Fixed Assets</b>	<b>50,039</b>	<b>50,189</b>
<b>Total Assets</b>	<b>161,556</b>	<b>172,358</b>

(Millions of Yen)

	<b>FY2021/3</b> (March 31 <sup>st</sup> , 2020)	<b>FY2022/3 1H</b> (September 30 <sup>th</sup> , 2021)
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable	9,379	10,282
Electronically recorded obligations-operating	13,682	16,313
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Income taxes payable	3,935	3,217
Reserves for bonus	1,381	1,638
Reserves for director's bonuses	2	6
Others	7,614	11,163
<b>Total current liabilities</b>	<b>39,296</b>	<b>45,921</b>
Fixed Liabilities		
Long-term debt	4,000	3,000
Allowance for director retirement benefits	47	39
Net defined benefit liabilities	1,059	1,044
Asset retirement obligations	64	64
Others	310	314
<b>Total fixed liabilities</b>	<b>5,482</b>	<b>4,463</b>
<b>Total Liabilities</b>	<b>44,778</b>	<b>50,385</b>
<b>NET ASSETS</b>		
Shareholder's Equity		
Common stock	10,818	10,935
Capital surplus	21,918	22,039
Retained earnings	83,874	90,815
Treasury stock	- 3,124	- 5,589
<b>Total Shareholder's Equity</b>	<b>113,487</b>	<b>118,199</b>
Accumulated other comprehensive income		
Holding gain or loss in investment	476	405
Foreign currency translation adjustment	220	759
Remeasurements of defined benefit plans	1,184	1,097
<b>Total accumulated other comprehensive income</b>	<b>1,881</b>	<b>2,261</b>
Share subscription rights	892	964
Non-controlling interests	516	547
<b>Total Net Assets</b>	<b>116,777</b>	<b>121,973</b>
<b>Total Liabilities and Net Assets</b>	<b>161,556</b>	<b>172,358</b>



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

(Consolidated Statements of Income)  
(1<sup>st</sup> half of FY2022/3(April 1<sup>st</sup>, 2021 – September 30<sup>th</sup>,2021))

(Millions of Yen)

	FY2021/3 1H (April 1 <sup>st</sup> , 2020- September 30 <sup>th</sup> , 2020)	FY2022/3 1H (April 1 <sup>st</sup> , 2021- September 30 <sup>th</sup> , 2021)
Net Sales	45,112	61,464
Cost of goods sold	28,296	36,758
Gross Profit on Sales	16,815	24,706
Selling, general and administrative expenses	10,533	11,778
Operating Profit	6,282	12,927
Non-operating income		
Interest income	8	15
Dividend income	47	27
Subsidy income	76	24
Reversal of costs to demolish existing buildings	-	44
Others	87	90
Total Non-operating income	219	202
Non-operating expenses		
Interest expenses	40	28
Foreign exchange loss	37	95
Others	8	14
Total Non-operating expenses	85	138
Recurring Profit	6,415	12,991
Extraordinary gains		
Gain on reversal of subscription rights to shares	6	3
Gain on liquidation of subsidiaries	-	9
Total Extraordinary gains	6	13
Extraordinary losses		
Costs to demolish existing buildings	292	-
Others	1	-
Total Extraordinary losses	293	-
Profit before income taxes and minority interests	6,127	13,004
Income tax and other taxes	1,293	3,216
Adjustment on income tax	166	150
Total Income tax and others	1,459	3,367
Net Profit before minority interests	4,668	9,637
Net Profit (loss) attributable to minority interests	- 9	29
Net Profit attributable to Owners of the Parent	4,677	9,607

**(Consolidated Statements of Comprehensive Income)**  
**(1<sup>st</sup> half of FY2022/3(April 1<sup>st</sup>, 2021 – September 30<sup>th</sup>,2021))**

(Millions of Yen)

	<b>FY2021/3 1H</b> (April 1 <sup>st</sup> , 2020- September 30 <sup>th</sup> , 2020)	<b>FY2022/3 1H</b> (April 1 <sup>st</sup> , 2021- September 30 <sup>th</sup> , 2021)
Net Profit before minority interests	4,668	9,637
Accumulated other comprehensive income		
Holding gain or loss in investment	114	- 70
Foreign currency translation adjustment	- 872	539
Remeasurements of defined benefit plans	- 126	- 87
Total accumulated other comprehensive income	- 885	381
<b>Comprehensive Income</b>	<b>3,782</b>	<b>10,019</b>
(breakdown)		
Comprehensive income attributable to owners of the parent	3,799	9,988
Comprehensive income attributable to non-controlling interests	- 16	30

### (3) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2021/3 1H (April 1 <sup>st</sup> , 2020- September 30 <sup>th</sup> , 2020)	FY2022/3 1H (April 1 <sup>st</sup> , 2021- September 30 <sup>th</sup> , 2021)
<b>Cash flows from operating activities:</b>		
Profit before income taxes and minority interests	6,127	13,004
Depreciation and amortization	1,674	1,712
Amortization of goodwill	14	14
Stock related expense	149	173
Change in allowance for employee retirement benefits (-:decrease)	- 32	- 12
Change in allowance for director retirement benefits (-:decrease)	6	- 8
Change in allowance for doubtful accounts (-:decrease)	- 1	- 2
Interest and dividend income	- 55	- 42
Interest expense	40	28
Subsidy Income	- 76	- 24
Change in trade notes and accounts receivable (-: increase)	2,613	- 1,204
Change in inventories (-: increase)	198	- 2,933
Change in trade notes and accounts payable(-:decrease)	1,619	3,336
Others	776	4,483
Subtotal	13,053	18,526
Proceeds from interest and dividend income	55	42
Payment of interest	- 41	- 28
Proceeds from Subsidy Income	-	24
Payment/Refund of income taxes (-: payment)	- 550	- 3,937
Net cash provided by (used in) operating activities	12,516	14,627
<b>Cash flows from investing activities:</b>		
Payment for time deposits	- 10	- 10
Proceeds from time deposits	14	10
Payment for purchase of tangible fixed assets	- 3,671	- 1,789
Proceeds from sales of tangible fixed assets	31	15
Payment for purchase of intangible fixed assets	- 117	- 143
Payment for purchase of investment securities	- 6	- 85
Proceeds from sales of investment securities	-	99
Proceeds from collection of loans receivable	1	0
Payments for lease deposits and guarantee deposits	- 8	- 0
Proceed from collection of lease deposits and guarantee deposits	1	45
Others	-	33
Net cash provided by (used in) investing activities	- 3,767	- 1,858
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	- 1,000	- 1,000
Repayment of lease liability	- 63	- 68
Proceeds from exercise of stock options	33	134
Payments for purchase of treasury stock	- 0	- 2,501
Dividend payments	- 1,583	- 2,544
Net cash provided by (used in) financing activities	- 2,612	- 5,979
Effect of exchange rate changes on cash and cash equivalents	2	308
Net increase/decrease in cash and cash equivalents (-: decrease)	6,139	7,131
Cash and cash equivalents at beginning of year	34,605	43,624
Cash and cash equivalents at end of year	40,745	50,755

#### **(4) Notes to Consolidated Financial Statements**

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

Not applicable.

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

###### 1. Repurchase of Treasury Stock

Tokyo Seimitsu (the Company) has repurchased 515,600 shares as Treasury Stock in accordance with the resolution of the Board of Directors meeting held on August 3<sup>rd</sup>, 2021. Including the repurchase of shares less than one unit, Treasury Stock has been increased by ¥2,501 million during the period. This repurchase program was terminated on September 17<sup>th</sup>, 2021 with the full take up of the allocation of shares for repurchase.

###### 2. Disposition of Treasury Stock

The Company has disposed of 8,240 Treasury Stocks as Restricted Stock as compensation allotted to Directors according to the resolution by the Board of Directors meeting held on July 7<sup>th</sup>, 2021 and Treasury Stock has been decreased by ¥36 million.

Consequently, the value of Treasury Stock as of September 30<sup>th</sup>, 2021 totaled ¥5,589 million.

##### **(Changes in Accounting Principles)**

###### 3. Accounting Standard for Revenue Recognition

Tokyo Seimitsu Group (hereinafter referred to as "the Group") has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) (hereinafter referred to as "the Revenue Recognition Standard") from the beginning of FY2022/3 in relation to transferring control of goods and services promised to a customer, the where the Company recognizes revenues expected to be received in exchange for such goods and services.

The following are the major changes from the application of the new Revenue Recognition Standard.

###### (i) Warranty Services

A majority of the Groups' sales include product transfers and warranty services for certain periods in accordance with contracts with customers. In the past, when the customer possessed control of the products and the Company was considered to have met its required obligations, the Group recognized the all revenues. However, under the Revenue Recognition Standard, the warranty services will now be evenly apportioned and recognized during the warranty period.

###### (ii) Billable Services

The Group regularly provides billable services for products sold. In the past, revenues for billable services under a contract, such as a maintenance agreement, were recognized at the date the agreement took effect. However, under the Revenue Recognition Standard, these revenues will now be evenly apportioned during the warranty period.

###### (iii) Sales Rebates

In the past, payments to customers, such as sales rebates, were accounted for as an expense in Selling, general and administrative expenses. However, under the Revenue Recognition Standard, these payments will now be deducted from Transaction prices.

In relation to the Application of the Revenue Recognition Standard, the Group has applied the transitional treatment as provided for in Paragraph 84 of the Revenue Recognition Standard, where an impact which can be anticipated in a case of retroactive adoption of the Revenue Recognition Standard, it has been applied to retained earnings at the beginning of FY2022/3. The Group has also applied the method prescribed in Paragraph 86 of the Revenue Recognition Standard that allows for no change to apply to contracts for which almost all revenues were already recognized prior to the beginning of FY2022/3.

The impact of the application of the new Revenue Recognition Standard, in the 1<sup>st</sup> half resulted in adjustments as follows: Sales decreased by ¥88 million; Selling, general and administrative expenses decreased by ¥49 million; and Operating profit, Recurring Profit, and Profit before income taxes and minority interests simultaneously decreased by ¥39 million. Also, Retained earnings at the beginning of FY2022/3 decreased by ¥122 million.

In relation to the Application of the Standard, “Notes and accounts payable“ in Consolidated balance sheets – Assets – Current Assets which was separately listed in FY2021/3 has been included to “Notes, accounts payable, and contract assets”.

#### 4. Accounting Standard for Fair Value Measurement

The Group has also applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4<sup>th</sup>, 2019) from the beginning of FY2022/3, and in accordance with the transitional treatment provided for in Paragraph 19 of the Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4<sup>th</sup>, 2019), the Group has applied the new accounting method prescribed in the Accounting Standard for Fair Value Measurement. There are no impacts from these changes in the Quarterly Consolidated Financial Statements.

### (Segment Information and others)

#### 1<sup>st</sup> half of FY2021/3 (April 1<sup>st</sup>, 2020 – September 30<sup>th</sup>, 2020)

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

	Reportable Segments		Consolidated Total
	SPE	Metrology Equipment	
Sales			
Sales to third party:	33,407	11,704	45,112
Intersegment sales to transfer	-	-	-
Total	33,407	11,704	45,112
Segment Profit	5,682	599	6,282

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

#### 1<sup>st</sup> half of FY2022/3 (April 1<sup>st</sup>, 2021 – September 30<sup>th</sup>, 2021)

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

	Reportable Segments		Consolidated Total
	SPE	Metrology Equipment	
Sales			
Sales to third party:	47,693	13,770	61,464
Intersegment sales to transfer	-	-	-
Total	47,693	13,770	61,464
Segment Profit	11,296	1,631	12,927

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

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