

# Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31<sup>st</sup>, 2016 (FY2016), Japan GAAP

February 9<sup>th</sup>, 2016

Company Name



**Tokyo Seimitsu Co., Ltd.**

Stock Listing: First Section,  
Tokyo Stock Exchange

ACCRETECH

Code number: 7729

(URL: <http://www.accretech.jp/>)

Representative: Hitoshi Yoshida, President and CEO

Inquiries: Koichi Kawamura, Representative Director and CFO

Tel: +81-(0)42-642-1701

Date of Quarterly Financial Statement Filing (planned) : February 12<sup>th</sup>, 2016

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 3<sup>rd</sup> Quarter of FY2016 (April 1<sup>st</sup>, 2015 – December 31<sup>st</sup>, 2015)

(1) Consolidated sales and earnings (Percentage figures represent changes from the 3<sup>rd</sup> 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)	
FY2016 Q3	52,392	7.1%	9,843	11.0%	9,997	5.7%	7,204	9.3%
FY2015 Q3	48,928	19.6%	8,869	44.9%	9,456	43.5%	6,592	57.6%

Note: Comprehensive Income in FY2016 Q3: 6,330 million yen (-14.4%), in FY2015 Q3: 7,399 million yen (33.9%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2016 Q3	174.19	173.23
FY2015 Q3	159.82	159.09

## (2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2016 Q3	101,504	78,539	76.8%
FY2015	98,457	74,371	75.0%

Notes: Equity in FY2016 Q3: 77,929 million yen, in FY2015: 73,816 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
FY2015	-	22.00	-	33.00	55.00
FY2016	-	26.00	-		
FY2016 (Projected)				26.00	52.00

Note: Changes due to revision of dividend projection: No

## 3. Forecast for FY 2016 (April 1<sup>st</sup>, 2015-March 31<sup>st</sup>, 2016)

(% 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)
Full Year	68,000	2.3%	12,000	-1.0%	12,000	-6.2%	8,650	-3.8%	209.13

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.: 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):

FY2016 Q3	41,422,381 shares	FY2015	41,340,681 shares
FY2016 Q3	35,195 shares	FY2015	34,609 shares
FY2016 Q3	41,361,881 shares	FY2015 Q3	41,250,391 shares

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

3) Average Number of shares outstanding during the period:

**\* Cautionary statement with respect to the status of quarterly financial review procedures**

This document is not subject to the review procedures of financial results in accordance with the provisions of the Financial Instruments and Exchange Act. However, at the date and time of issue, the financial review procedure in accordance with the provisions of the Financial Instruments and Exchange Act is not yet completed.

**\* 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 3<sup>rd</sup> quarter of FY2016

## (1) Overview of Business Performance

Overall global business conditions in the 3<sup>rd</sup> quarter of Fiscal Year ending March, 2016 continued to recover, accompanied by strong private consumption and increasing corporate activity in the USA, firm private consumption in Europe, and improvement in corporate income and the labor market in Japan. The outlook, however, increased in uncertainty, backgrounded by further slowing of economic growth in China, continuing stagnation in South East Asian countries, the drop in the global oil price, changing monetary policy in the USA, and increasing geopolitical risks.

Under these business conditions, Consolidated Orders in the 3<sup>rd</sup> quarter of FY2016 (accumulated April 1<sup>st</sup>, 2015 – December 31<sup>st</sup>, 2015) were ¥52.647 billion (up 4.7% YoY), Sales were ¥52.392 billion (up 7.1% YoY), Operating Income was ¥9.843 billion (up 11.0% YoY), Ordinary Income was ¥9.997 billion (up 5.7% YoY) and Net Income attributable to Owners of the Parent was ¥7.204 billion (up 9.3% YoY).

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

### [Semiconductor Production Equipment (SPE)]

In the SPE business segment, business conditions could be described as “mottled”. Since last summer, on the one hand, the investment stance of semiconductor manufacturers became more conservative with inventory adjustment and reduced orders reflecting the influence of the economic downturn in emerging countries such as China. On the other hand, investment for electronic devices which are to be used for high-end smartphones, continued steadily. As a result demand increased for production equipment for the back-end process, to which our equipment belongs, and orders in the 3<sup>rd</sup> quarter increased QoQ.

Orders for our SPE segment in the 3<sup>rd</sup> quarter of the Fiscal Year 2016 (accumulated April 1<sup>st</sup>, 2015 – December 31<sup>st</sup>, 2015) was ¥30.974 billion (up 2.3% YoY), Sales was ¥31.689 billion (up 3.2% YoY), and Operating Income was ¥5.757 billion (up 5.2% YoY).

### [Metrology Equipment]

The automobile industry, which is the major user of our equipment, has continued to establish world-wide production structures together with innovative production methods. Also, demand in the machine tools sector and aviation sector continued and government financial support for investment by domestic small and medium enterprises had a continuing positive impact. Therefore both orders and sales in this accumulated period increased YoY, underpinned by firm demand for our equipment.

As a result orders in our Metrology Equipment segment in the 3<sup>rd</sup> quarter of the Fiscal Year 2016 (accumulated April 1<sup>st</sup>, 2015 – December 31<sup>st</sup>, 2015) was ¥21.672 billion (up 8.4% YoY), Sales was ¥20.703 billion (up 13.7% YoY) and Operating Income was ¥4.085 billion (up 20.3% YoY).

## (2) Analysis of Financial Position

### (A) Assets, Liabilities and Net Assets

Total Assets as of December 31<sup>st</sup>, 2015 amounted to ¥101.504 billion, with an increase of ¥3.047 billion from the end of FY2015. The major factors behind this increase include an increase in Construction in progress of ¥1.473 billion, an increase in Notes and accounts receivable (including electronically recorded monetary claims) of ¥1.024 billion, an increase in Raw materials and supplies of ¥688 million, an increase in Work in progress of ¥578 million and a decrease in Cash and cash equivalents of ¥406 million.

Total Liabilities as of December 31<sup>st</sup>, 2015 decreased by ¥1.120 billion to ¥22.965 billion. This was mainly from an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥1.215 billion, a decrease in Income tax payable of ¥1.203 billion and a decrease in Short-term & long-term debt of ¥500 million.

Net Assets as of December 31<sup>st</sup>, 2015 increased by ¥4.167 billion and totaled ¥78.539 billion. This was mainly from an increase in Retained earnings of ¥4.806 billion. As a result, the Equity Ratio became 76.8%.

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

There are no revisions to the Consolidated Business Forecasts for FY2016 full year previously announced on November 9<sup>th</sup>, 2015.

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. Other Information**

### **(1) Significant Changes in Subsidiaries during the term**

Not applicable.

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

Not applicable.

### **(3) Change of accounting principles, estimates and restatements**

#### **(Change in accounting principles)**

The Company applies “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13<sup>th</sup>, 2013, hereinafter referred to as “Accounting Standard for Business Combinations”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13<sup>th</sup>, 2013, hereinafter referred to as “Consolidated Accounting Standard”), and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No.7, released on September 13<sup>th</sup>, 2013, hereinafter referred to as “Accounting Standard for Business Divestitures”) and other related standards from 1<sup>st</sup> quarter of FY2016. As a result, any differences arising from changes in the Company’s interests in its subsidiaries (if the Company maintains control of these subsidiaries) are to be accounted for as Capital surplus. In addition, acquisition costs are expensed in the Fiscal Year in which the costs are incurred. For any business combinations on or after the beginning of 1<sup>st</sup> quarter of FY2016, subsequent measurement of the provisional amount recognized based on the purchase price allocation attributable on completion of accounting for the business combination are reflected in the Quarterly Consolidated Financial Statements for the period to which the date of that business combination occurs. To apply these changes in the Consolidated Financial Statement, adjustments have been made to the Consolidated Financial Statements for the previous 3<sup>rd</sup> quarter and the fiscal year.

Aforementioned accounting standards are applied as of the beginning of the 1<sup>st</sup> quarter and thereafter, according to the transitional treatment provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Consolidated Accounting Standard and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result, there is no impact to Quarterly Consolidated Financial Statement for the 3<sup>rd</sup> quarter of FY2016.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Millions of Yen)

	<b>FY2015</b> (March 31 <sup>st</sup> , 2015)	<b>FY2016 Q3</b> (December 31 <sup>st</sup> , 2015)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	26,864	26,457
Notes and accounts receivable	22,399	22,470
Electronically recorded monetary claims	914	1,868
Merchandise and finished goods	2,464	2,723
Work in progress	9,532	10,110
Raw materials and supplies	3,177	3,867
Others	2,635	3,180
Allowance for doubtful accounts	-114	-78
<b>Total current assets</b>	<b>67,873</b>	<b>70,600</b>
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	10,121	9,819
Others(net)	10,237	11,937
<b>Total Tangible Fixed Assets</b>	<b>20,359</b>	<b>21,756</b>
Intangible Fixed Assets		
Goodwill	577	339
Others	548	493
<b>Total Intangible Fixed Assets</b>	<b>1,125</b>	<b>832</b>
Investments and other assets		
Others	9,103	8,319
Allowance for doubtful accounts	-4	-5
<b>Total Investments and other assets</b>	<b>9,098</b>	<b>8,313</b>
<b>Total Fixed Assets</b>	<b>30,584</b>	<b>30,903</b>
<b>Total Assets</b>	<b>98,457</b>	<b>101,504</b>

(Millions of Yen)

	<b>FY2015</b> (March 31 <sup>st</sup> , 2015)	<b>FY2016 Q3</b> (December 31 <sup>st</sup> , 2015)
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable	6,131	5,489
Electronically recorded obligations-operating	5,789	7,646
Short-term debt	1,300	1,200
Income taxes payable	2,312	1,108
Provisions	998	514
Others	5,187	5,222
<b>Total current liabilities</b>	<b>21,718</b>	<b>21,182</b>
Fixed Liabilities		
Long-term debt	400	-
Allowance for director retirement benefits	117	129
Net defined benefit liabilities	816	646
Others	1,032	1,006
<b>Total Fixed liabilities</b>	<b>2,367</b>	<b>1,783</b>
<b>Total Liabilities</b>	<b>24,085</b>	<b>22,965</b>
<b>NET ASSETS</b>		
Shareholder's Equity		
Common stock	10,295	10,373
Capital surplus	21,312	21,391
Retained earnings	38,325	43,131
Treasury stock	-113	-115
<b>Total Shareholder's Equity</b>	<b>69,820</b>	<b>74,781</b>
Accumulated other comprehensive income		
Holding gain or loss in investment	1,574	1,266
Foreign currency translation adjustment	1,347	947
Remeasurements of defined benefit plans	1,073	933
<b>Total accumulated other comprehensive income</b>	<b>3,995</b>	<b>3,147</b>
Share subscription rights	385	427
Non-controlling interests	169	182
<b>Total Net Assets</b>	<b>74,371</b>	<b>78,539</b>
<b>Total Liabilities and Net Assets</b>	<b>98,457</b>	<b>101,504</b>



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

### (Consolidated Statements of Income)

(FY2016 Q3 (accumulated April 1<sup>st</sup>, 2015 – December 31<sup>st</sup>, 2015))

(Millions of Yen)

	FY2015 Q3 (April 1 <sup>st</sup> , 2014- December 31 <sup>st</sup> , 2014)	FY2016 Q3 (April 1 <sup>st</sup> , 2015- December 31 <sup>st</sup> , 2015)
Net Sales	48,928	52,392
Cost of Sales	29,832	31,439
Gross Profit on Sales	19,095	20,953
Selling, general and administrative expenses	10,226	11,110
Operating income (loss)	8,869	9,843
Non-operating income		
Interest	11	28
Dividend income	70	94
Foreign exchange income	484	-
Others	60	91
Total Non-operating income	627	214
Non-operating expenses		
Interest expenses	25	23
Foreign exchange loss	-	21
Others	14	15
Total Non-operating expenses	39	59
Ordinary income (loss)	9,456	9,997
Extraordinary gains		
Gain on sales of subsidiary's shares	-	6
Gain on reversal of share subscription rights	8	1
Total Extraordinary gains	8	8
Extraordinary losses		
Loss on valuation of golf club membership	4	0
Total extraordinary losses	4	0
Income (loss) before income taxes and others	9,461	10,006
Income tax and other taxes	2,155	2,505
Adjustment on income tax	682	266
Total Income tax and others	2,838	2,772
Net income(loss)	6,622	7,233
Net income(loss) attributable to non-controlling interests	30	29
Net Income (loss) attributable to owners of the parent	6,592	7,204

(Consolidated Statements of Comprehensive Income)

(FY2016 Q3 (accumulated April 1<sup>st</sup>, 2015 – December 31<sup>st</sup>, 2015))

(Millions of Yen)

	<b>FY2015 Q3</b> (April 1 <sup>st</sup> , 2014- December 31 <sup>st</sup> , 2014)	<b>FY2016 Q3</b> (April 1 <sup>st</sup> , 2015- December 31 <sup>st</sup> , 2015)
Net income(loss)	6,622	7,233
Accumulated other comprehensive income		
Holding gain or loss in investment	546	-307
Foreign currency translation adjustment	356	-454
Remeasurements of defined benefit plans	-126	-140
Total accumulated other comprehensive income	776	-902
<b>Comprehensive Income</b>	<b>7,399</b>	<b>6,330</b>
(breakdown)		
Comprehensive income attributable to owners of the parent	7,362	6,318
Comprehensive income attributable to non-controlling interests	36	12

### (3) Notes

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

Not applicable.

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

Not applicable.

#### (Segment Information and others)

##### 1. FY2015 Q3 (April 1<sup>st</sup>, 2014 – December 31<sup>st</sup>, 2014)

###### a) Sales and Profit (or loss) information of FY 2015 Q3 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	30,712	18,215	48,928	48,928
Intersegment sales to transfer	-	-	-	-
Total	30,712	18,215	48,928	48,928
Segment Profit	5,473	3,395	8,869	8,869

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

###### b) Impairment losses on fixed assets and goodwill per each reportable segment

Not applicable.

##### 2. FY2016 Q3 (April 1<sup>st</sup>, 2015 – December 31<sup>st</sup>, 2015)

###### a) Sales and Profit (or loss) information of FY 2016 Q3 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	31,689	20,703	52,392	52,392
Intersegment sales to transfer	-	-	-	-
Total	31,689	20,703	52,392	52,392
Segment Profit	5,757	4,085	9,843	9,843

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

###### b) Impairment losses on fixed assets and goodwill per each reportable segment

Not applicable.

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