

# Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31<sup>st</sup>, 2015 (FY2015), Japan GAAP

February 12<sup>th</sup>, 2015

Company Name



**Tokyo Seimitsu Co., Ltd.**

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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

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Date of Quarterly Financial Statement Filing (planned) : February 13<sup>th</sup>, 2015

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 3<sup>rd</sup> Quarter of FY2015 (April 1<sup>st</sup>, 2014 – December 31<sup>st</sup>, 2014)

(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 (Millions of Yen)	
FY2015 Q3	48,928	19.6%	8,869	44.9%	9,456	43.5%	6,592	57.6%
FY2014 Q3	40,899	6.7%	6,121	5.5%	6,588	11.4%	4,181	75.7%

Note: Comprehensive Income in FY2015 Q3: 7,399 million yen (33.9%), in FY2014 Q3: 5,527 million yen (106.6%),

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2015 Q3	159.82	159.09
FY2014 Q3	101.41	101.01

## (2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2015 Q3	93,505	70,725	75.1%
FY2014	82,565	64,668	77.8%

Notes: Equity in FY2015 Q3: 70,179 million yen, in FY2014: 64,229 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
FY2014	-	10.00	-	13.00	23.00
FY2015	-	22.00	-		
FY2015 (Projected)				26.00	48.00

Note: Changes due to revision of dividend projection: Yes

## 3. Forecast for FY2015 (April 1<sup>st</sup>, 2014-March 31<sup>st</sup>, 2015)

(% figures represent changes from the previous year)

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)		Net Income per Share (Yen)
Full Year	64,000	15.8%	11,000	29.9%	11,500	27.4%	8,000	36.6%	193.94

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):

2) Number of treasury shares at the end of period

3) Average Number of shares outstanding during the period:

FY2015 Q3	41,296,881 shares	FY2014	41,278,381 shares
FY2015 Q3	34,296 shares	FY2014	33,542 shares
FY2015 Q3	41,250,391 shares	FY2014Q2	41,237,033 shares

### \* 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 FY2015

## (1) Overview of Business Performance

Overall business conditions in the accumulated 3<sup>rd</sup> quarter of Fiscal Year 2015 ending March, 2015 can be described in the following way. A firm economic recovery continues in the USA, accompanied by improvement in the employment market, the steady housing market, and strong private consumption. European economies, however, are at a standstill generally, while some leading economies, such as Germany, show a slowdown.

Economic growth in emerging Asian countries continues to slow down, with falling real estate values and a decline in domestic demand in China. The recent recovery trend has weakened in Japan, accompanied by prolongation of decreased consumer spending influenced by adjustments in response to the increase in the domestic consumption tax (from 5% to 8%), although some improvement in corporate income and the labor market can also be seen.

Amid these business conditions, Consolidated Orders in the 3<sup>rd</sup> quarter of FY2015 (accumulated April 1<sup>st</sup>, 2014 – December 31<sup>st</sup>, 2014) were ¥50.272 billion (up 18.2% YoY), Sales were ¥48.928 billion (up 19.6% YoY), Operating Income was ¥8.869 billion (up 44.9% YoY), Ordinary Income was ¥9.456 billion (up 43.5% YoY), and Net Income was ¥6.592 billion (up 57.6% YoY).

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

### [Semiconductor Production Equipment (SPE)]

In the SPE business segment, the demand for smart phone devices is moving further favorably, accompanied by market introduction of new models and their rapid spread in emerging economies. Strong demand can be seen also in memory storage devices influenced by extension of Cloud Services.

Based on such market conditions, semiconductor manufacturers have been actively investing in production equipment, and demand has significantly increased for Back-End-of-Line equipment to which our products mainly belong. Accordingly both Orders and Sales of our equipment increased steadily in this accumulated period YoY.

Orders received in the 3<sup>rd</sup> quarter of FY2015 (accumulated April 1<sup>st</sup>, 2014– December 31<sup>st</sup>, 2014) were ¥30.280 billion (up 25.6% YoY), Sales were ¥30.712 billion (up 27.2 % YoY), and Operating Income was ¥5.473 billion (up 95.7% YoY).

### [Metrology Equipment]

The automobile industry, which is a major user of our products, has continued to establish world-wide production structures with active investment. Also, the machine tools sector further displays business recovery especially through increased exports. Japanese Government policies to provide financial support for investment by domestic small and medium sized enterprises have further had a notably positive effect. Accordingly both Orders and Sales increased steadily in this accumulated period YoY.

Orders received in the 3<sup>rd</sup> quarter of FY2015 (accumulated April 1<sup>st</sup>, 2014 – December 31<sup>st</sup>, 2014) were ¥19.992 billion (up 8.5% YoY), Sales were ¥18.215 billion (up 8.7% YoY), and Operating Income was ¥3.395 billion (up 2.2% YoY).

## (2) Analysis of Financial Position

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

Total Assets as of December 31<sup>st</sup>, 2014 amounted to ¥93.505 billion, an increase of ¥10.940 billion from the end of FY2014 ended March 31<sup>st</sup>, 2014. The major factors behind this increase include an increase in Cash and cash equivalents of ¥4.272 billion, an increase in Notes and accounts receivable combined with Electronically recorded monetary claims of ¥2.624 billion, an increase in Work in progress of ¥1.946 billion, and an increase in Investment securities of ¥851 million.

Total Liabilities as of December 31<sup>st</sup> 2014, amounted to ¥22.780 billion, an increase of ¥4.884 billion from the end of FY2014. This was mainly from a net increase in Notes and accounts payable combined with Electronically recorded obligations-operating of ¥4.422 billion.

Net Assets totaled ¥70.725 billion, an increase of ¥6.056 billion. This was mainly from an increase in Retained Earnings of ¥5.148 billion and Holding gain in investment of ¥546 million. As a result, the Equity Ratio reached to 75.1%.

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

The Company has ratified revisions to the prospective consolidated business forecasts for FY2015 full year from the previous forecast announced on November 11<sup>th</sup>, 2014. For details, please refer to the News Release “Tokyo Seimitsu Co., Ltd. Announces Revision of Forecasts and Year-end Dividend” published today.

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 applied paragraph 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17th, 2012) and paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17th, 2012) from the 1st quarter of FY2015.

As a result, there is no impact to Net defined benefit assets, Net defined benefit liabilities or Retained earnings as at the beginning of 3<sup>rd</sup> quarter of FY2015. In addition, there is no impact to Operating income, Ordinary income, or Income before income taxes and minority interests for the 3<sup>rd</sup> quarter of FY2015.

### 3.Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Millions of Yen)

	<b>FY2014</b> (March 31 <sup>st</sup> , 2014)	<b>FY2015 Q3</b> (December 31 <sup>st</sup> , 2014)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	20,439	24,712
Notes and accounts receivable	20,841	22,570
Merchandise and finished goods	1,814	2,093
Work in progress	7,776	9,723
Raw materials and supplies	3,099	3,320
Others	1,982	3,162
Allowance for doubtful accounts	- 89	- 85
Total current assets	55,865	65,496
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	9,936	10,122
Others (net)	8,832	8,624
Total tangible fixed assets	18,769	18,746
Intangible fixed assets		
Goodwill	1,005	684
Others	421	514
Total intangible fixed assets	1,426	1,198
Investments and other assets		
Others	6,508	8,069
Allowance for doubtful accounts	- 5	- 5
Total Investments and other assets	6,503	8,064
Total Fixed Assets	26,699	28,009
Total Assets	82,565	93,505

(Millions of Yen)

	<b>FY2014</b> (March 31 <sup>st</sup> , 2014)	<b>FY2015 Q3</b> (December 31 <sup>st</sup> , 2014)
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable	9,124	6,172
Electronically recorded obligations-operating	-	7,374
Short-term debt	1,300	1,300
Income taxes payable	1,156	1,370
Reserves	849	489
Others	3,141	3,917
<b>Total current liabilities</b>	<b>15,571</b>	<b>20,623</b>
Long-term Liabilities		
Long-term debt	800	400
Allowance for director retirement benefits	120	113
Net defined benefit liabilities	1,111	956
Others	293	686
<b>Total long-term liabilities</b>	<b>2,324</b>	<b>2,157</b>
<b>Total Liabilities</b>	<b>17,896</b>	<b>22,780</b>
<b>NET ASSETS</b>		
Shareholder's Equity		
Common stock	10,238	10,254
Capital surplus	21,255	21,271
Retained earnings	30,776	35,924
Treasury stock	- 111	- 112
<b>Total Shareholder's Equity</b>	<b>62,158</b>	<b>67,338</b>
Accumulated other comprehensive income		
Holding gain or loss in investment	714	1,260
Foreign currency translation adjustment	672	1,022
Remeasurements of defined benefit plans	683	557
<b>Total accumulated other comprehensive income</b>	<b>2,071</b>	<b>2,841</b>
Share subscription rights	320	390
Minority interests	118	154
<b>Total Net Assets</b>	<b>64,668</b>	<b>70,725</b>
<b>Total Liabilities and Net Assets</b>	<b>82,565</b>	<b>93,505</b>

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

(Millions of Yen)

	<b>FY2014 Q3</b> (April 1 <sup>st</sup> , 2013- December 31 <sup>st</sup> , 2013)	<b>FY2015 Q3</b> (April 1 <sup>st</sup> , 2014- December 31 <sup>st</sup> , 2014)
Net Sales	40,899	48,928
Cost of Sales	25,871	29,832
Gross Profit on Sales	15,028	19,095
Selling, general and administrative expenses	8,907	10,226
Operating income (loss)	6,121	8,869
Non-operating income		
Interest	5	11
Dividend income	65	70
Foreign exchange income	325	484
Others	125	60
Total Non-operating income	522	627
Non-operating expenses		
Interest expenses	34	25
Others	20	14
Total Non-operating expenses	55	39
Ordinary income (loss)	6,588	9,456
Extraordinary gains		
Gain on sales of investment securities	72	-
Gain on reversal of share subscription rights	6	8
Total Extraordinary gains	79	8
Extraordinary losses		
Loss on liquidation of subsidiaries	12	-
Loss on valuation of golf club membership	-	4
Total extraordinary losses	12	4
Income (loss) before income taxes and minority interests	6,654	9,461
Income tax and other taxes	963	2,155
Adjustment on income tax	1,481	682
Total Income tax and others	2,445	2,838
Income (loss) before minority interests	4,209	6,622
Minority Interests	27	30
Net Income (loss)	4,181	6,592



**(Consolidated Statements of Comprehensive Income)**

(Millions of Yen)

	<b>FY2014 Q3</b> (April 1 <sup>st</sup> , 2013- December 31 <sup>st</sup> , 2013)	<b>FY2015 Q3</b> (April 1 <sup>st</sup> , 2014- December 31 <sup>st</sup> , 2014)
Income (Loss) before minority interests	4,209	6,622
Accumulated other comprehensive income		
Holding gain or loss in investment	621	546
Foreign currency translation adjustment	696	356
Remeasurements of defined benefit plans	-	- 126
Total accumulated other comprehensive income	1,318	776
Comprehensive Income	5,527	7,399
(breakdown)		
Comprehensive income attributable to owners of the parent	5,491	7,362
Comprehensive income attributable to minority interests	35	36

### (3) Notes

#### (Note on assumptions for going concern)

Not applicable.

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

Not applicable.

#### (Segment information and others)

##### 1. FY2014 Q3 (April 1<sup>st</sup>, 2013 – December 31<sup>st</sup>, 2013)

###### a) Sales and Profit (or loss) information of FY 2014 Q3 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	24,144	16,755	40,899	40,899
Intersegment sales to transfer	-	-	-	-
Total	24,144	16,755	40,899	40,899
Segment Profit	2,797	3,323	6,121	6,121

Note) Total Segment profit of reportable segments is same amount of Operating income of Consolidated Financial Statements.

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

Not applicable.

##### 2. 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 is same amount of Operating income of Consolidated Financial Statements.

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

Not applicable.

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