

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31st, 2015 (FY2015), Japan GAAP

November 11th, 2014

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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

Representative: Kunimasa Ohta, President

Inquiries: Koichi Kawamura, Director, President of Administration Company

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

Date of Quarterly Financial Statement Filing (planned) : November 13th, 2014

Dividend Payable Date (planned): December 2nd, 2014

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 2nd Quarter of FY2015 (April 1st, 2014 - September 30th, 2014)

(1) Consolidated sales and earnings (Percentage figures represent changes from the 2nd 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 Q2 | 32,744 | 15.4% | 5,699 | 30.5% | 5,968 | 30.6% | 4,206 | 46.8% |
| FY2014 Q2 | 28,366 | 10.0% | 4,367 | 1.0% | 4,569 | 7.0% | 2,866 | 131.9% |

Note: Comprehensive Income in FY2015 Q2: 4,465 million yen (23.9%), in FY2014 Q2: 3,602 million yen (280.3%),

| | Net Income per Share (Yen) | Net Income per Share (diluted) (Yen) |
|-----------|-------------------------------|---|
| FY2015 Q2 | 101.99 | 101.56 |
| FY2014 Q2 | 69.52 | 69.26 |

(2) Consolidated financial position

| | Total Assets (Millions of Yen) | Net Assets (Millions of Yen) | Equity Ratio (%) |
|-----------|--------------------------------|------------------------------|------------------|
| FY2015 Q2 | 91,251 | 68,677 | 74.7% |
| FY2014 | 82,565 | 64,668 | 77.8% |

Notes: Equity in FY2015 Q2: 68,152 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) | | | - | 22.00 | 44.00 |

Note: Changes due to revision of dividend projection: Yes

3. Forecast for FY 2015 (April 1st, 2014-March 31st, 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 | 62,000 | 12.2% | 10,000 | 18.1% | 10,300 | 14.1% | 7,300 | 24.6% | 176.98 |

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):

| | | | |
|-----------|-------------------|--------|-------------------|
| FY2015 Q2 | 41,288,881 shares | FY2014 | 41,278,381 shares |
|-----------|-------------------|--------|-------------------|

2) Number of treasury shares at the end of period

| | | | |
|-----------|---------------|--------|---------------|
| FY2015 Q2 | 33,869 shares | FY2014 | 33,542 shares |
|-----------|---------------|--------|---------------|

3) Average Number of shares outstanding during the period:

| | | | |
|-----------|-------------------|----------|-------------------|
| FY2015 Q2 | 41,246,457 shares | FY2014Q2 | 41,233,358 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

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

1. Qualitative information on Business Performance for 2nd quarter of FY2015

(1) Overview of Business Performance

Overall business conditions in the 2nd half of Fiscal Year 2015 ending March, 2015 can be described in the following way. A generally moderate recovery trend continues in Japan, although influenced by adjustments in response to the increase in consumption tax (from 5% to 8%) including pre-spending fueled by “last minute demand” and subsequent contraction. A firm recovery continues in the USA, accompanied by improvement in the employment market and in corporate earnings, strong private consumption and the steady housing market. In European economies, however, the slight recovery trend slows, and economic growth in emerging Asian countries such as China that had led the worldwide economic recovery in recent years, continues to decrease.

Under such business conditions, Consolidated Orders in the 2nd quarter of FY2015 (accumulated April 1st, 2014 – September 30th, 2014) were ¥33.649 billion (up 19.7% YoY), Sales were ¥32.744 billion (up 15.4% YoY), Operating Income was ¥5.699 billion (up 30.5% YoY), Ordinary Income was ¥5.968 billion (up 30.6% YoY), and Net Income was ¥4.206 billion (up 46.8% YoY).

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

[Semiconductor Production Equipment (SPE)]

In the SPE business segment, the demand for mobile devices is moving favorably, accompanied by market introduction of new models and their rapid spread in the emerging countries. Based on such market conditions, semiconductor manufacturers have been actively investing in Production Equipment, and demand increased for the Back-End-of-Line Equipment business, to which our products belong. Accordingly both Orders and Sales of our Equipment increased steadily in this accumulated period YoY.

As a result, Orders received in the 2nd quarter of FY2015 (accumulated April 1st, 2014 – September 30th, 2014) were ¥20.765 billion (up 26.4% YoY), Sales were ¥20.463 billion (up 17.4 % YoY), and Operating Income was ¥3.241 billion (up 47.2% YoY).

[Metrology Equipment]

The automobile industry, which is the major user of our products, has continued to establish world-wide production structures, the machine tools sector, which has stagnated for a while, clearly shows its business recovery and Japanese Government policies to provide financial support for investment by domestic small and medium size enterprises has further had a notably positive effect.

As a result, Orders received in the 2nd quarter of FY2015 (accumulated April 1st, 2014 – September 30th, 2014) were ¥12.884 billion (up 10.4% YoY), Sales were ¥12.281 billion (up 12.3% YoY), and Operating Income was ¥2.458 billion (up 13.5% YoY).

(2) Analysis of Financial Position

(A) Assets, Liabilities and Net Assets

Total Assets as of September 30th 2014, amounted to ¥91.251 billion, an increase of ¥8.686 billion from the end of FY2014 ended March 31st, 2014. The major factors behind this increase include an increase in Cash and cash equivalents of ¥5.280 billion, an increase in Notes and accounts receivable of ¥1.259 billion, an increase in Work in progress of ¥872 million, and an increase in Investment securities of ¥626 million.

Total Liabilities as of September 30th 2014, amounted to ¥22.574 billion, an increase of ¥4.677 billion from the end of FY2014. This was mainly from an increase in Notes and accounts payable and Electronically recorded obligations-operating of ¥4.413 billion.

Net Assets totaled ¥68.677 billion, an increase of ¥4.008 billion. This was mainly from an increase in Retained Earnings of ¥3.670 billion. As a result, the Equity Ratio reached to 74.7%.

(B) Cash Flows

Cash and cash equivalents as of September 30th, 2014 amounted to ¥25.691 billion, an increase of ¥5.280 billion from the end of FY2014.

The status of cash flows and factors behind them are given below.

(Cash flows from operating activities)

Net cash earned from operating activities was ¥7.123 billion, mainly due to Income before income taxes and minority interests of ¥5.973 billion, an increase in Notes and accounts payable of ¥4.249 billion, an increase in Inventories of 1.453 billion, an increase in Notes and accounts receivable of ¥1.102 billion and Depreciation and amortization of ¥866 million.

(Cash flows from investment activities)

Net cash used in investment activities was ¥1.155 billion, mainly reflected by Payment for purchase of tangible fixed assets of ¥762 million.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥731 million. The major element of this was Dividend payments of ¥536 million.

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

Business results in the 2nd quarter of FY2015 (accumulated April 1st, 2014 – September 30th, 2014) exceeded the previously forecast figures, with increases in income and profit both in the SPE business segment and the Metrology business segment. Although the market demand situation is uncertain especially in the SPE business segment after the 2nd quarter of FY2015, the Company has ratified revisions to the prospective consolidated business forecasts as shown below, in anticipation that these results will flow through to the remainder of the fiscal year. For detail, please refer to the News release “Tokyo Seimitsu Co., Ltd. Announces Revision of Forecasts, Revision of Projection of Year-end Dividend and Interim Dividend for the Fiscal Year Ending March 31st, 2015” published today.

| | 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) |
|-------------------|--------------------------------|---------------------------------------|--------------------------------------|---------------------------------|-------------------------------|
| Previous Forecast | 60,000 | 9,400 | 9,400 | 6,000 | 145.47 |
| Revised Forecast | 62,000 | 10,000 | 10,300 | 7,300 | 176.98 |
| Change ratio (%) | +3.3% | +6.4% | +9.6% | +21.7% | |

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.

(3) 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 2nd quarter of FY2015. In addition, there is no impact to Operating income, Ordinary income, or Income before income taxes and minority interests for the 2nd quarter of FY2015.

3.Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

| | FY2014 (March 31 st , 2014) | FY2015 Q2 (September 30 th , 2014) |
|------------------------------------|--|---|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 20,439 | 25,719 |
| Notes and accounts receivable | 20,841 | 21,802 |
| Merchandise and finished goods | 1,814 | 2,021 |
| Work in progress | 7,776 | 8,649 |
| Raw materials and supplies | 3,099 | 3,214 |
| Others | 1,982 | 2,406 |
| Allowance for doubtful accounts | - 89 | - 90 |
| Total current assets | 55,865 | 63,723 |
| Fixed Assets | | |
| Tangible fixed assets | | |
| Building and structures(net) | 9,936 | 10,217 |
| Others (net) | 8,832 | 8,571 |
| Total tangible fixed assets | 18,769 | 18,788 |
| Intangible fixed assets | | |
| Goodwill | 1,005 | 791 |
| Others | 421 | 491 |
| Total intangible fixed assets | 1,426 | 1,282 |
| Investments and other assets | | |
| Others | 6,508 | 7,461 |
| Allowance for doubtful accounts | - 5 | - 5 |
| Total Investments and other assets | 6,503 | 7,456 |
| Total Fixed Assets | 26,699 | 27,527 |
| Total Assets | 82,565 | 91,251 |

(Millions of Yen)

| | FY2014 (March 31 st , 2014) | FY2015 Q2 (September 30 th , 2014) |
|---|--|---|
| LIABILITIES | | |
| Current Liabilities | | |
| Notes and accounts payable | 9,124 | 6,620 |
| Electronically recorded obligations-operating | - | 6,916 |
| Short-term debt | 1,300 | 1,300 |
| Income taxes payable | 1,156 | 1,223 |
| Reserves | 844 | 915 |
| Reserve for director's bonuses | 5 | 2 |
| Others | 3,141 | 3,157 |
| Total current liabilities | 15,571 | 20,136 |
| Long-term Liabilities | | |
| Long-term debt | 800 | 600 |
| Allowance for director retirement benefits | 120 | 110 |
| Net defined benefit liabilities | 1,111 | 1,005 |
| Others | 293 | 721 |
| Total long-term liabilities | 2,324 | 2,437 |
| Total Liabilities | 17,896 | 22,574 |
| NET ASSETS | | |
| Shareholder's Equity | | |
| Common stock | 10,238 | 10,246 |
| Capital surplus | 21,255 | 21,264 |
| Retained earnings | 30,776 | 34,446 |
| Treasury stock | - 111 | - 111 |
| Total Shareholder's Equity | 62,158 | 65,846 |
| Accumulated other comprehensive income | | |
| Holding gain or loss in investment | 714 | 1,116 |
| Foreign currency translation adjustment | 672 | 590 |
| Remeasurements of defined benefit plans | 683 | 599 |
| Total accumulated other comprehensive income | 2,071 | 2,306 |
| Share subscription rights | 320 | 383 |
| Minority interests | 118 | 140 |
| Total Net Assets | 64,668 | 68,677 |
| Total Liabilities and Net Assets | 82,565 | 91,251 |

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

(Millions of Yen)

| | FY2014 Q2 (April 1 st , 2013- September 30 th , 2013) | FY2015 Q2 (April 1 st , 2014- September 30 th , 2014) |
|--|--|--|
| Net Sales | 28,366 | 32,744 |
| Cost of Sales | 18,066 | 20,205 |
| Gross Profit on Sales | 10,300 | 12,538 |
| Selling, general and administrative expenses | 5,932 | 6,839 |
| Operating income (loss) | 4,367 | 5,699 |
| Non-operating income | | |
| Interest | 4 | 6 |
| Dividend income | 35 | 34 |
| Foreign exchange income | 144 | 217 |
| Others | 49 | 36 |
| Total Non-operating income | 233 | 295 |
| Non-operating expenses | | |
| Interest expenses | 26 | 19 |
| Others | 5 | 6 |
| Total Non-operating expenses | 32 | 25 |
| Ordinary income (loss) | 4,569 | 5,968 |
| 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 | 4,635 | 5,973 |
| Income tax and other taxes | 613 | 1,349 |
| Adjustment on income tax | 1,137 | 390 |
| Total Income tax and others | 1,751 | 1,740 |
| Income (loss) before minority interests | 2,884 | 4,233 |
| Minority Interests | 17 | 26 |
| Net Income (loss) | 2,866 | 4,206 |

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

| | FY2014 Q2 (April 1 st , 2013- September 30 th , 2013) | FY2015 Q2 (April 1 st , 2014- September 30 th , 2014) |
|---|--|--|
| Income (Loss) before minority interests | 2,884 | 4,233 |
| Accumulated other comprehensive income | | |
| Holding gain or loss in investment | 401 | 401 |
| Foreign currency translation adjustment | 316 | - 85 |
| Remeasurements of defined benefit plans | - | - 84 |
| Total accumulated other comprehensive income | 718 | 232 |
| Comprehensive Income | 3,602 | 4,465 |
| (breakdown) | | |
| Comprehensive income attributable to owners of the parent | 3,575 | 4,442 |
| Comprehensive income attributable to minority interests | 27 | 22 |

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

| | FY2014 Q2 (April 1 st , 2013- September 30 th , 2013) | FY2015 Q2 (April 1 st , 2014- September 30 th , 2014) |
|---|--|--|
| Cash flows from operating activities: | | |
| Income(loss) before income taxes and minority interests | 4,635 | 5,973 |
| Depreciation and amortization | 882 | 866 |
| Amotization of goodwill | 213 | 213 |
| Stock related expense | 83 | 81 |
| Change in allowance for employee retirement benefits (-:decrease) | - 125 | - |
| Change in net defined benefit liability (-:decrease) | - | - 113 |
| Change in allowance for director retirement benefits (-:decrease) | - 0 | - 10 |
| Change in allowance for doubtful accounts (-:decrease) | - 33 | - 0 |
| Interest and dividend income | - 39 | - 40 |
| Interest expense | 26 | 19 |
| Loss on sales of investment securities (-:income) | - 72 | - |
| Change in trade notes and accounts receivable (-: increase) | - 2,131 | - 1,102 |
| Change in inventories (-: increase) | 1,812 | - 1,453 |
| Change in trade notes and accounts payable(-:decrease) | - 499 | 4,249 |
| Others | - 7 | - 298 |
| Subtotal | 4,745 | 8,384 |
| Proceeds from interest and dividend income | 39 | 40 |
| Payment of interest | - 38 | - 19 |
| Payment/Refund of income taxes (-: payment) | - 502 | - 1,282 |
| Net cash provided by (used in) operating activities | 4,243 | 7,123 |
| Cash flows from investing activities: | | |
| Payment for time deposits | - 11 | - 11 |
| Proceeds from time deposits | 86 | 11 |
| Payment for purchase of tangible fixed assets | - 852 | - 762 |
| Proceeds from sales of tangible fixed assets | 0 | 1 |
| Payment for purchase of intangible fixed assets | - 35 | - 103 |
| Payment for purchase of investment securities | - 469 | - 2 |
| Proceeds from sales of investment securities | 702 | 0 |
| Payment for purchase of shares of subsidiary company | - 24 | - 160 |
| Payment for loans receivable | - 0 | - 139 |
| Proceeds from collection of loans receivable | 14 | 11 |
| Net cash provided by (used in) investing activities | - 589 | - 1,155 |
| Cash flows from financing activities: | | |
| Repayment of long-term debt | - 1,500 | - 200 |
| Repayment of lease liability | - 26 | - 1 |
| Proceeds from exercise of stock options | 33 | 6 |
| Dividend payments | - 329 | - 536 |
| Others | - 0 | - 0 |
| Net cash provided by (used in) financing activities | - 1,824 | - 731 |
| Effect of exchange rate changes on cash and cash equivalents | 177 | 43 |
| Net increase/decrease in cash and cash equivalents (-: decrease) | 2,006 | 5,280 |
| Cash and cash equivalents at beginning of year | 18,147 | 20,411 |
| Net increase/decrease in cash and cash equivalents by change in consolidated subsidiaries (-: decrease) | 157 | - |
| Cash and cash equivalents at end of year | 20,311 | 25,691 |

(4) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

Not applicable.

(Segment Information and others)

1. FY2014 Q2 (April 1st, 2013 – June 30th, 2013)

a) Sales and Profit (or loss) information of FY 2014 Q2 per each reportable segment

(Millions of yen)

| | Reportable Segments | | | Total |
|--------------------------------|---------------------|---------------------|--------|--------|
| | SPE | Metrology Equipment | Total | |
| I. Sales | | | | |
| Sales to third party | 17,427 | 10,938 | 28,366 | 28,366 |
| Intersegment sales to transfer | - | - | - | - |
| Total | 17,427 | 10,938 | 28,366 | 28,366 |
| Segment Profit | 2,202 | 2,165 | 4,367 | 4,367 |

Note) Total Segment profit of reportable segments is same amount of Operating income of consolidated financial statement.

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

Not applicable.

2. FY2015 Q2 (April 1st, 2014 – June 30th, 2014)

a) Sales and Profit (or loss) information of FY 2015 Q2 per each reportable segment

(Millions of yen)

| | Reportable Segments | | | Total |
|--------------------------------|---------------------|---------------------|--------|--------|
| | SPE | Metrology Equipment | Total | |
| I. Sales | | | | |
| Sales to third party | 20,463 | 12,281 | 32,744 | 32,744 |
| Intersegment sales to transfer | - | - | - | - |
| Total | 20,463 | 12,281 | 32,744 | 32,744 |
| Segment Profit | 3,241 | 2,458 | 5,699 | 5,699 |

Note) Total Segment profit of reportable segments is same amount of Operating income of consolidated financial statement.

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

Not applicable.

End of document