

# Consolidated Financial Statements for the 3<sup>rd</sup> quarter of the Fiscal Year Ending March 31<sup>st</sup>, 2019 (FY2019/3), Japan GAAP

February 13<sup>th</sup>, 2019

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) : February 14<sup>th</sup>, 2019

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 Accumulated 3<sup>rd</sup> quarter (April 1<sup>st</sup> – December 31<sup>st</sup>, 2018)

### (1) Consolidated sales and earnings (% figures represent changes from the Accumulated 3rd 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 Q3	74,922	19.1%	15,031	20.0%	15,563	22.7%	11,377	27.0%
FY2018/3 Q3	62,902	10.9%	12,527	28.6%	12,684	29.6%	8,958	48.4%

Note: Comprehensive Income in FY2019/3 Q3: 9,691 million yen (- 2.9%), in FY2018/3 Q3: 9,982 million yen (73.7%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2019/3 Q3	273.80	271.70
FY2018/3 Q3	215.88	214.22

### (2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2019/3 Q3	152,378	104,676	67.9%
FY2018/3	132,893	99,354	74.0%

Note: Equity in FY2019/3 Q3: 103,483 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	-	59.00	-		
FY2019/3 (Projected)				59.00	118.00

Notes: (1) Changes due to revision of dividend projection: No

(2) Q2 End dividend and Q4 End projected dividend include 70<sup>th</sup> anniversary commemorative dividends of 10 yen (Total 20 yen).

## 3. Forecast for FY2019/3 (April 1<sup>st</sup>, 2018-March 31<sup>st</sup>, 2019) (% 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)
Full Year	100,000	13.4%	18,700	8.2%	18,900	9.1%	13,600	6.9%	327.00

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.: 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 Q3	41,596,481 shares	FY2018/3	41,575,881 shares
FY2019/3 Q3	36,633 shares	FY2018/3	36,251 shares
FY2019/3 Q3	41,552,883 shares	FY2018/3 1H	41,495,383 shares

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

3) Average Number of shares outstanding during the period:

**\* 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. "(3) Financial Estimates including Consolidated Business Forecasts" 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.

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## 1. Qualitative information on Business Performance

### (1) Overview of Business Performance

In the accumulated 3<sup>rd</sup> quarter of Fiscal Year 2019/3 ending March 2019, the Japanese and USA economies continued to expand gradually, lead by strong private consumption and corporate capital investment. On the other hand, the EU economies have had slowdowns in economic expansion due to slow private consumption while China also faces an economic slowdown. Globally, there are the potential risks of economic slowdown due to the trade friction between the US and China, and complications from the withdrawal of the United Kingdom from the EU.

Under these business conditions, Consolidated Orders in the accumulated 3<sup>rd</sup> quarter of Fiscal Year 2019/3 (April 1st, - December 31st, 2018) were ¥81.181 billion (up 12.8% YoY), Sales were ¥74.922 billion (up 19.1% YoY), Operating Profit was ¥15.031 billion (up 20.0% YoY), Recurring Profit was ¥15.563 billion (up 22.7% YoY) and Net Profit Attributable to Owners of the Parent was ¥11.377 billion (up 27.0% 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 display drives, electronic components and sensors for high functionalization of smartphones as well as advancements from IoT (Internet of Things) and AI (Artificial Intelligence) while, in the 2<sup>nd</sup> half, there was a reduction in investment in memory devices, that had previously been strong in the 1<sup>st</sup> half, underpinned by a lowering spot price and inventory adjustments. Under these business conditions, our orders, Sales and Operating profit in the SPE segment increased from the previous year.

Orders for our SPE segment in the same period was ¥54.820 billion (up 11.8% YoY), Sales was ¥51.120 billion (up 19.1% YoY), and Operating Profit was ¥9.898 billion (up 16.1% YoY).

#### [Metrology Equipment]

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

As a result, Orders in our Metrology Equipment segment in the same period was ¥26.361 billion (up 15.0% YoY), Sales was ¥23.801 billion (up 19.1% YoY) and Operating Profit was ¥5.132 billion (up 28.3% YoY).

### (2) Analysis of Financial Position

#### [Assets, Liabilities and Net Assets as of December 31<sup>st</sup>, 2018]

Total Assets amounted to ¥152.378 billion, an increase of ¥19.485 billion from the end of FY2018/3. The major factors behind this change include increases in Land of ¥7.309 billion due to land purchase, in Inventories including work in progress and raw materials of ¥6.786 billion, in Cash and cash equivalents of ¥2.565 billion, in Software of ¥1.563 billion, in Building and structures of ¥1.409 billion, and a decrease in Investment securities of ¥1.370 billion.

Total Liabilities increased by ¥14.164 billion to ¥47.702 billion. This was mainly from an increase in Long-term debt of ¥10.000 billion, in Notes and accounts payable (including electronically recorded obligations-operating) of ¥5.121 billion and a decrease in Income taxes payable of ¥1.878 billion.

Net Assets increased by ¥5.321 billion and totaled ¥104.676 billion. This was mainly from an increase in Retained earnings of ¥6.806 billion and decrease in Holding gain or loss in investment of ¥1.021 billion. As a result, the Equity Ratio became 67.9%.

**(3) Financial Estimates including Consolidated Business Forecasts**

There are no revisions to the Consolidated Business Forecasts for FY2019/3 full year previously announced on November 13<sup>th</sup>, 2018.

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)

	<b>FY2018/3</b> (March 31 <sup>st</sup> , 2018)	<b>FY2019/3 Q3</b> (December 31 <sup>st</sup> , 2018)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	37,220	39,785
Notes and accounts receivable	28,005	27,464
Electronically recorded monetary claims	5,434	6,693
Merchandise and finished goods	1,918	1,885
Work in progress	15,223	20,283
Raw materials and supplies	5,183	6,942
Others	2,146	2,054
Allowance for doubtful accounts	- 142	- 120
<b>Total current assets</b>	<b>94,990</b>	<b>104,989</b>
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	13,998	15,407
Others(net)	10,259	17,630
<b>Total Tangible Fixed Assets</b>	<b>24,258</b>	<b>33,037</b>
Intangible Fixed Assets		
Goodwill	185	109
Others	1,671	3,262
<b>Total Intangible Fixed Assets</b>	<b>1,857</b>	<b>3,371</b>
Investments and other assets		
Others	11,787	10,979
Allowance for doubtful accounts	- 0	- 0
<b>Total Investments and other assets</b>	<b>11,787</b>	<b>10,979</b>
<b>Total Fixed Assets</b>	<b>37,902</b>	<b>47,389</b>
<b>Total Assets</b>	<b>132,893</b>	<b>152,378</b>

(Millions of Yen)

	<b>FY2018/3</b> (March 31 <sup>st</sup> , 2018)	<b>FY2019/3 Q3</b> (December 31 <sup>st</sup> , 2018)
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable	8,200	9,985
Electronically recorded obligations-operating	13,670	17,006
Short-term debt	1,300	1,300
Income taxes payable	3,254	1,376
Allowances	1,248	637
Others	5,133	8,485
<b>Total current liabilities</b>	<b>32,807</b>	<b>38,790</b>
Long-term Liabilities		
Long-term debt	-	8,000
Allowance for director retirement benefits	139	40
Net defined benefit liabilities	542	539
Asset retirement obligations	-	241
Others	49	90
<b>Total long-term liabilities</b>	<b>731</b>	<b>8,911</b>
<b>Total Liabilities</b>	<b>33,538</b>	<b>47,702</b>
<b>NET ASSETS</b>		
Shareholder's Equity		
Common stock	10,561	10,588
Capital surplus	21,579	21,606
Retained earnings	62,105	68,912
Treasury stock	- 118	- 120
<b>Total Shareholder's Equity</b>	<b>94,128</b>	<b>100,987</b>
Accumulated other comprehensive income		
Holding gain or loss in investment	1,564	542
Foreign currency translation adjustment	811	325
Remeasurements of defined benefit plans	1,858	1,627
<b>Total accumulated other comprehensive income</b>	<b>4,234</b>	<b>2,495</b>
Share subscription rights	623	771
Non-controlling interests	368	421
<b>Total Net Assets</b>	<b>99,354</b>	<b>104,676</b>
<b>Total Liabilities and Net Assets</b>	<b>132,893</b>	<b>152,378</b>

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

### (Consolidated Statements of Income)

(Accumulated 3<sup>rd</sup> quarter of FY2019/3 (April 1<sup>st</sup> – December 31<sup>st</sup>, 2018))

(Millions of Yen)

	FY2018/3 Q3 (April 1 <sup>st</sup> , 2017- December 31 <sup>st</sup> , 2017)	FY2019/3 Q3 (April 1 <sup>st</sup> , 2018- December 31 <sup>st</sup> , 2018)
Net Sales	62,902	74,922
Cost of goods sold	37,835	44,475
Gross Profit on Sales	25,066	30,446
Selling, general and administrative expenses	12,539	15,415
Operating profit (loss)	12,527	15,031
Non-operating income		
Interest income	16	21
Dividend income	56	121
Foreign exchange gains	58	299
Others	75	125
Total Non-operating income	207	567
Non-operating expenses		
Interest expenses	15	22
Loss on sales and disposal of fixed assets	21	1
Others	13	11
Total Non-operating expenses	50	35
Recurring profit (loss)	12,684	15,563
Extraordinary gains		
Gain on reversal of subscription rights to shares	0	2
Gain on sales of investment securities	3	-
Total Extraordinary gains	4	2
Extraordinary losses		
Loss on valuation of golf club membership	4	-
Total extraordinary losses	4	-
Profit (loss) before income taxes and minority interests	12,684	15,566
Income tax and other taxes	3,638	3,877
Adjustment on income tax	53	260
Total Income tax and others	3,692	4,137
Profit (loss) before minority interests	8,992	11,429
Net Profit(loss) attributable to minority interests	34	52
Net Profit (loss) attributable to Owners of the Parent	8,958	11,377



**(Consolidated Statements of Comprehensive Income)**  
**(Accumulated 3<sup>rd</sup> quarter of FY2019/3 (April 1<sup>st</sup> – December 31<sup>st</sup>, 2018))**

(Millions of Yen)

	<b>FY2018/3 Q3</b> (April 1 <sup>st</sup> , 2017- December 31 <sup>st</sup> , 2017)	<b>FY2019/3 Q3</b> (April 1 <sup>st</sup> , 2018- December 31 <sup>st</sup> , 2018)
Profit (Loss) before minority interests	8,992	11,429
Accumulated other comprehensive income		
Holding gain or loss in investment	749	- 1,021
Foreign currency translation adjustment	306	- 485
Remeasurements of defined benefit plans	- 65	- 230
Total accumulated other comprehensive income	989	- 1,738
<b>Comprehensive Income</b>	<b>9,982</b>	<b>9,691</b>
(breakdown)		
Comprehensive income attributable to owners of the parent	9,948	9,638
Comprehensive income attributable to non-controlling interests	34	53

### (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 16<sup>th</sup>, 2018) from the beginning of the 1<sup>st</sup> 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)

##### Accumulated 3<sup>rd</sup> quarter of FY2018/3 (April 1<sup>st</sup>, 2017 – December 31<sup>st</sup>, 2017)

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

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	42,917	19,984	62,902	62,902
Intersegment sales to transfer	-	-	-	-
Total	42,917	19,984	62,902	62,902
Segment Profit	8,528	3,998	12,527	12,527

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

##### Accumulated 3<sup>rd</sup> quarter of FY2019/3 (April 1<sup>st</sup>, 2018 – December 31<sup>st</sup>, 2018)

Sales and Profit (or loss) information (Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	51,120	23,801	74,922	74,922
Intersegment sales to transfer	-	-	-	-
Total	51,120	23,801	74,922	74,922
Segment Profit	9,898	5,132	15,031	15,031

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

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