

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31st, 2017 (FY2017/3), Japan GAAP

February 14th, 2017

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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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 3rd Quarter of FY2017/3 (Accumulated, Apr. 1st – Dec. 31st, 2016)

(1) Consolidated sales and earnings (% figures represent changes from the Accumulated 3rd 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)	
FY2017/3 Q3	56,697	8.2%	9,744	- 1.0%	9,790	- 2.1%	6,035	- 16.2%
FY2016/3 Q3	52,392	7.1%	9,843	11.0%	9,997	5.7%	7,204	9.3%

Note: Comprehensive Income in FY2017/3 Q3: 5,747 million yen (-9.2%), in FY2016/3 Q3: 6,330 million yen (-14.4%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2017/3 Q3	145.80	144.92
FY2016/3 Q3	174.19	173.23

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2017/3 Q3	109,219	82,467	74.8%
FY2016/3	101,933	79,418	77.3%

Notes: Equity in FY2017/3 Q3: 81,648 million yen, in FY2016/3: 78,773 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
FY2016/3	-	26.00	-	33.00	59.00
FY2017/3	-	34.00			
FY2017/3 (Projected)			-	34.00	68.00

Note: Changes due to revision of dividend projection: No

3. Forecast for FY2017/3 (April 1st, 2016-March 31st, 2017)

(% 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	72,500	3.2%	13,000	- 1.7%	12,800	- 3.3%	9,400	- 3.1%	227.08

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):	FY2017/3 Q3	41,446,581 shares	FY2016/3	41,423,381 shares
2) Number of treasury shares at the end of period:	FY2017/3 Q3	35,664 shares	FY2016/3	35,393 shares
3) Average Number of shares outstanding during the period:	FY2017/3 Q3	41,397,471 shares	FY2016/3 Q2	41,361,881 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.

*** 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 3rd quarter of FY2017/3 (April 1st, 2016 – December 31st, 2016)

(1) Overview of Business Performance

In the 3rd quarter of Fiscal Year ending March 2017 (FY2017/3), the US and European economies continued to expand modestly backed by a recovery in job markets and strong private consumption. In Japan, despite the increased value of the Japanese Yen, there were some positive signs of a recovery in private consumption accompanied by improvement in the employment market. Chinese economy showing some signs of recovery, however, other emerging Asian countries showed patchy results across their economies. Moreover, Brexit and concerns with US economic policy management based on the result of the November Presidential election brought increasing uncertainty to the outlook for the overall global economic situation.

Under these business conditions, Consolidated Orders in the 3rd quarter of Fiscal Year 2017/3 (accumulated April 1st, – December 31st, 2016) were ¥59.297 billion (up 12.6% YoY), Sales were ¥56.697 billion (up 8.2% YoY), Operating Income was ¥9.744 billion (down 1.0% YoY), Ordinary Income was ¥9.790 billion (down 2.1% YoY) and Net Income attributable to Owners of the Parent was ¥6.035 billion (down 16.2% YoY), including an estimate of additional tax owing arising from a current tax inquiry.

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

[Semiconductor Production Equipment (SPE)]

In the SPE business segment, semiconductor manufacturers took an active investment stance lead by high functionalization and memory capacity enlargement of smartphones and increase in smartphone sales mainly from Chinese manufacturers, an increase in capital investment for data centers, and an increase in demand for power management ICs for industrial machines and vehicles. Under these business conditions, our orders and sales in the SPE segment increased firmly.

As a result, Orders for our SPE segment in the 3rd quarter of the Fiscal Year 2017/3 (accumulated April 1st, – December 31st, 2016) was ¥39.303 billion (up 26.9% YoY), Sales was ¥37.445 billion (up 18.2% YoY), and Operating Income was ¥6.553 billion (up 13.8% YoY).

[Metrology Equipment]

The automobile industry, which is the major user of our products, has continued to invest to establish world-wide production structures and increasing production efficiency, but showed a cautious stance for investment in replacement equipment in the face of decreased business performance influenced by the increased value of the Japanese Yen since the beginning of this year. Also, investment demand in China and Southeast Asia continued to weaken, although some signs of partial recovery could be seen. While the stimulatory effects on capital investments of previous government financial support for domestic small and medium enterprises subsided, demand for the aircraft-related industry remained steady. Under these business conditions, our orders and sales in the metrology segment decreased YoY.

As a result, Orders in our Metrology Equipment segment in the 3rd quarter of the Fiscal Year 2017/3 (accumulated April 1st – December 31st, 2016) was ¥19.993 billion (down 7.7% YoY), Sales was ¥19.252 billion (down 7.0% YoY) and Operating Income was ¥3.191 billion (down 21.9% YoY).

(2) Analysis of Financial Position

(A) Assets, Liabilities and Net Assets

Total Assets as of December 31st, 2016 amounted to ¥109.219 billion, with an increase of ¥7.286 billion from the end of FY2016/3. The major factors behind this increase include an increase in Building and structures of ¥4.443 billion, an increase in Cash and cash equivalents of ¥4.388 billion, an increase in Work in progress of ¥992 million, and a decrease in Construction in progress of ¥2.542 billion.

Total Liabilities as of December 31st, 2016 increased by ¥4.236 billion to ¥26.752 billion. This was mainly from an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥4.776 billion and an increase in Income taxes payable of ¥1.148 billion.

Net Assets as of December 31st, 2016 increased by ¥3.049 billion and totaled ¥82.467 billion. This was mainly from an increase in Retained Earnings of ¥3.160 billion. As a result, the Equity Ratio became 74.8%.

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

There are no revisions to the Consolidated Business Forecasts for FY2017/3 full year previously announced on November 11th, 2016.

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)

In accordance with the change in Corporate Income Tax, the company applies “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Practical Solution No. 32, June 17th, 2016) from the 1st quarter of Fiscal Year 2017/3 and changed the depreciation method from a declining balance method to a straight-line depreciation method relating to building and structures purchased after April 1st, 2016.

As a result, operating income, ordinary income, and income before income taxes and others increased respectively by ¥90 million in the 3rd quarter of Fiscal Year 2017/3 (accumulated April 1st, – December 31st, 2016).

(4) Additional Information

(Application in Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company applies “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Statement No. 26, March 28th, 2016) from the 1st quarter of Fiscal Year 2017/3.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2016/3 (March 31 st , 2016)	FY2017/3 Q3 (December 31 st , 2016)
ASSETS		
Current Assets		
Cash and cash equivalents	27,389	31,777
Notes and accounts receivable	23,484	20,692
Electronically recorded monetary claims	2,522	4,974
Merchandise and finished goods	2,163	2,320
Work in progress	10,117	11,109
Raw materials and supplies	3,802	4,072
Others	3,309	2,691
Allowance for doubtful accounts	- 78	- 151
Total current assets	72,710	77,486
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	9,866	14,310
Others(net)	12,138	9,710
Total Tangible Fixed Assets	22,005	24,021
Intangible Fixed Assets		
Goodwill	315	303
Others	568	570
Total Intangible Fixed Assets	884	873
Investments and other assets		
Others	6,339	6,843
Allowance for doubtful accounts	- 5	- 5
Total Investments and other assets	6,334	6,838
Total Fixed Assets	29,223	31,733
Total Assets	101,933	109,219

(Millions of Yen)

	FY2016/3 (March 31 st , 2016)	FY2017/3 Q3 (December 31 st , 2016)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	6,094	7,106
Electronically recorded obligations-operating	5,724	9,489
Short-term debt	1,200	1,300
Income taxes payable	1,898	3,046
Reserves	1,014	532
Others	5,484	4,539
Total current liabilities	21,416	26,014
Long-term Liabilities		
Allowance for director retirement benefits	133	146
Net defined benefit liabilities	646	544
Others	319	46
Total long-term liabilities	1,099	737
Total Liabilities	22,515	26,752
NET ASSETS		
Shareholder's Equity		
Common stock	10,374	10,402
Capital surplus	21,392	21,420
Retained earnings	45,630	48,791
Treasury stock	- 115	- 116
Total Shareholder's Equity	77,282	80,498
Accumulated other comprehensive income		
Holding gain or loss in investment	759	1,102
Foreign currency translation adjustment	650	- 87
Remeasurements of defined benefit plans	80	133
Total accumulated other comprehensive income	1,491	1,149
Share subscription rights	436	522
Non-controlling interests	208	297
Total Net Assets	79,418	82,467
Total Liabilities and Net Assets	101,933	109,219

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

(3rd quarter of FY2017/3 (Accumulated, April 1st, 2016 – December 31st, 2016))

(Millions of Yen)

	FY2016/3 Q3 (April 1 st , 2015- December 31 st , 2015)	FY2017/3 Q3 (April 1 st , 2016- December 31 st , 2016)
Net Sales	52,392	56,697
Cost of Sales	31,439	35,064
Gross Profit on Sales	20,953	21,632
Selling, general and administrative expenses	11,110	11,887
Operating income	9,843	9,744
Non-operating income		
Interest income	28	16
Dividend income	94	89
Others	91	54
Total Non-operating income	214	159
Non-operating expenses		
Interest expenses	23	20
Foreign exchange loss	21	81
Others	15	11
Total Non-operating expenses	59	113
Ordinary income	9,997	9,790
Extraordinary gains		
Gain on exchange of investment securities	-	56
Gain on sales of subsidiary's shares	6	-
Gain on reversal of share subscription rights	1	-
Total Extraordinary gains	8	56
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and affiliates	-	26
Others	0	6
Total extraordinary losses	0	32
Income before income taxes and others	10,006	9,813
Income tax and other taxes	2,505	4,453
Adjustment on income tax	266	- 698
Total Income tax and others	2,772	3,754
Net income	7,233	6,058
Net income attributable to non-controlling interests	29	23
Net Income attributable to owners of the parent	7,204	6,035

(Consolidated Statements of Comprehensive Income)

(3rd quarter of FY2017/3 (Accumulated, April 1st, 2016 – December 31st, 2016))

(Millions of Yen)

	FY2016/3 Q3 (April 1 st , 2015- December 31 st , 2015)	FY2017/3 Q3 (April 1 st , 2016- December 31 st , 2016)
Net income	7,233	6,058
Accumulated other comprehensive income		
Holding gain or loss in investment	- 307	343
Foreign currency translation adjustment	- 454	- 707
Remeasurements of defined benefit plans	- 140	53
Total accumulated other comprehensive income	- 902	- 311
Comprehensive Income (breakdown)	6,330	5,747
Comprehensive income attributable to owners of the parent	6,318	5,718
Comprehensive income attributable to non-controlling interests	12	29

(3) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

Not applicable.

(Segment Information and others)

1. 3rd quarter of FY2016/3 (April 1st, 2015 – December 31st, 2015)

a) Sales and Profit (or loss) information of 3rd quarter of FY2016/3 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.

2. 3rd quarter of FY2017/3 (April 1st, 2016 – December 31st, 2016)

a) Sales and Profit (or loss) information of 3rd quarter of FY2017/3 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	37,445	19,252	56,697	56,697
Intersegment sales to transfer	-	-	-	-
Total	37,445	19,252	56,697	56,697
Segment Profit	6,553	3,191	9,744	9,744

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

b) Change of reportable segment

As stated in Change of accounting principles, the company changed its depreciation method from a declining balance method to a straight-line depreciation method in relation to building and structures purchased after April 1st, 2016. Accordingly, the company changed the depreciation method in each segment.

As a result, profit per segment in SPE increased by ¥87 million and in Metrology increased by ¥3 million respectively in the accumulated 3rd quarter of FY2017/3(April 1st, 2016 – December 31st, 2016).

End of document