

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

August 9th, 2016

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 1st Quarter of FY2017/3 (April 1st, 2016 - June 30th, 2016)

(1) Consolidated sales and earnings (Percentage figures represent changes from the 1st 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 Q1	16,323	-11.1%	2,863	-26.5%	2,588	-34.4%	1,875	-31.8%
FY2016/3 Q1	18,367	30.5%	3,895	80.5%	3,944	81.6%	2,752	80.1%

Note: Comprehensive Income in FY2017/3 Q1: 1,411 million yen (-47.6%), in FY2016/3 Q1: 2,694 million yen (57.3%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2017/3 Q1	45.32	45.09
FY2016/3 Q1	66.60	66.22

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2017/3 Q1	102,490	79,407	76.8%
FY2016/3	101,933	79,418	77.3%

Notes: Equity in FY2017/3 Q1: 78,694 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	-				
FY2017/3 (Projected)		30.00	-	30.00	60.00

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)
Interim	36,500	-3.9%	6,400	-16.3%	6,400	-16.6%	4,700	-14.0%	113.55
Full Year	69,000	-1.8%	11,500	-13.0%	11,500	-13.1%	8,400	-13.4%	202.95

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 Q1	41,427,481 shares	FY2016/3	41,423,381 shares
FY2017/3 Q1	35,531 shares	FY2016/3	35,393 shares
FY2017/3 Q1	41,389,961 shares	FY2016/3 Q1	41,326,315 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**

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 for 1st quarter of FY2017/3

(1) Overview of Business Performance

In the 1st quarter of Fiscal Year 2017/3 ending March, 2017, USA's economy continued to expand accompanied by strong private consumption and the European economies had gradual recovery. On the other hand, emerging Asian countries including China and resource rich countries faced a further slowdown. The prospects for future business conditions in Japan remain unclear due to the no sign of improvement in business performance and private consumption and the rapid Japanese Yen appreciation. In addition, EU referendum took place and United Kingdom people voted to leave the European Union, and overall global economic situation remains unclear.

Under the business conditions outlined above, Consolidated Orders in the 1st quarter of the Fiscal Year 2017/3 (April 1st, 2016 – June 30th, 2016) were ¥19.713 billion (down 4.6% YoY), Sales were ¥16.323 billion (down 11.1% YoY), Operating Income was ¥2.863 billion (down 26.5% YoY), Ordinary Income was ¥2.588 billion (down 34.4% YoY), and Net Income attributable to Owners of the Parent was ¥1.875 billion (down 31.8% YoY).

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

[Semiconductor Production Equipment (SPE)]

In the SPE business segment, even though investment demand in Semiconductor manufacturers increased from the previous quarter due to the capital investment cycle of smartphones, they are more cautious for investment than the previous Fiscal year because of the slowdown of overall smartphones demands. On the other hand, demand for semiconductor for automobiles and online storage increased. Under the current business conditions, orders and sales in our SPE segment continued to increase firmly from the previous quarter but decreased from the previous Fiscal year.

As a result, Orders for our SPE segment in the 1st quarter of the Fiscal Year 2017/3 was ¥12.704 billion (down 4.8% YoY), Sales was ¥11.011 billion (down 10.3% YoY), and Operating Income was ¥2.236 billion (down 22.6% YoY).

[Metrology Equipment]

The automobile industry, which is the major user of our products, has continued to establish world-wide production structures. Investment demands among domestic companies are much weaker in general. Capital investments that used government financial support for domestic small and medium enterprises are expected to start in the 2nd quarter of the Fiscal Year 2017/3 since the approvals of the government support were informed in June. Also, investment demands in China and Southeast Asia continued to be weaker. As a result, our sales in metrology segment have decreased because of delay of sales. However, orders have decreased from the previous Fiscal year but increased from the previous quarter.

Orders in our Metrology Equipment segment in the 1st quarter of the Fiscal Year 2017/3 was ¥7.008 billion (down 4.3% YoY), Sales was ¥5.312 billion (down 12.9% YoY) and Operating Income was ¥626 million (down 37.7% YoY).

(2) Analysis of Financial Position

Total Assets as of June 30th, 2016 amounted to ¥102.490 billion, with an increase of ¥556 million from the end of FY2016/3. The major factors behind this increase include an increase in Building and structures of \$4.328 billion, an increase in Cash and cash equivalents of ¥1.335 billion, an increase in Work in progress of ¥1.221 billion, a decrease in Construction in process account of ¥2.581 billion, and a decrease in Notes and accounts receivable (including electronically recorded monetary claims) of ¥2.547 billion.

Total Liabilities as of June 30th, 2016 increased by ¥567 million to ¥23.083 billion. This was mainly from an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥1.678 billion and a decrease in Income taxes payable of ¥1.102 billion.

Net Assets as of June 30th, 2016 decreased ¥10 million from the end of FY2016/3 and totaled ¥79.407 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 FY2017/3 full year previously announced on May 10th, 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 1st quarter of FY2016/3 and changed depreciation method from declining balance method to straight-line depreciation method regarding 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 ¥21 million in the 1st quarter of FY2017/3.

(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 FY2017/3.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2016/3 (March 31 st , 2016)	FY2017/3 Q1 (June 30 th , 2016)
ASSETS		
Current Assets		
Cash and cash equivalents	27,389	28,725
Notes and accounts receivable	23,484	19,742
Electronically recorded monetary claims	2,522	3,717
Merchandise and finished goods	2,163	2,197
Work in progress	10,117	11,338
Raw materials and supplies	3,802	4,098
Others	3,309	2,040
Allowance for doubtful accounts	- 78	- 67
Total current assets	72,710	71,791
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	9,866	14,195
Others(net)	12,138	9,977
Total Tangible Fixed Assets	22,005	24,172
Intangible Fixed Assets		
Goodwill	315	360
Others	568	539
Total Intangible Fixed Assets	884	899
Investments and other assets		
Others	6,339	5,631
Allowance for doubtful accounts	- 5	- 5
Total Investments and other assets	6,334	5,626
Total Fixed Assets	29,223	30,699
Total Assets	101,933	102,490

(Millions of Yen)

	FY2016/3 (March 31 st , 2016)	FY2017/3 Q1 (June 30 th , 2016)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	6,094	6,778
Electronically recorded obligations-operating	5,724	6,718
Short-term debt	1,200	1,200
Income taxes payable	1,898	795
Allowances	1,014	506
Others	5,484	6,139
Total current liabilities	21,416	22,139
Long-term Liabilities		
Allowance for director retirement benefits	133	137
Net defined benefit liabilities	646	597
Others	319	208
Total long-term liabilities	1,099	943
Total Liabilities	22,515	23,083
NET ASSETS		
Shareholder's Equity		
Common stock	10,374	10,380
Capital surplus	21,392	21,397
Retained earnings	45,630	46,039
Treasury stock	- 115	- 115
Total Shareholder's Equity	77,282	77,701
Accumulated other comprehensive income		
Holding gain or loss in investment	759	450
Foreign currency translation adjustment	650	444
Remeasurements of defined benefit plans	80	98
Total accumulated other comprehensive income	1,491	993
Share subscription rights	436	436
Non-controlling interests	208	276
Total Net Assets	79,418	79,407
Total Liabilities and Net Assets	101,933	102,490

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

(FY2017/3 Q1 (April 1st, 2016 – June 30th, 2016))

(Millions of Yen)

	FY2016/3 Q1 (April 1 st , 2015- June 30 th , 2015)	FY2017/3 Q1 (April 1 st , 2016- June 30 th , 2016)
Net Sales	18,367	16,323
Cost of Sales	10,851	9,553
Gross Profit on Sales	7,515	6,769
Selling, general and administrative expenses	3,620	3,906
Operating income (loss)	3,895	2,863
Non-operating income		
Interest	5	5
Dividend income	46	47
Others	14	44
Total Non-operating income	66	97
Non-operating expenses		
Interest expenses	6	9
Foreign exchange loss	9	360
Others	2	2
Total Non-operating expenses	18	371
Ordinary income (loss)	3,944	2,588
Extraordinary gains		
Gain on sales of subsidiary's shares	6	-
Gain on reversal of share subscription rights	1	-
Total Extraordinary gains	8	-
Extraordinary losses		
Others	-	6
Total extraordinary losses	-	6
Income (loss) before income taxes and others	3,952	2,582
Income tax and other taxes	1,486	750
Adjustment on income tax	- 291	- 51
Total Income tax and others	1,194	699
Net income(loss)	2,758	1,882
Net income(loss) attributable to non-controlling interests	6	6
Net Income (loss) attributable to owners of the parent	2,752	1,875

(Consolidated Statements of Comprehensive Income)

(FY2017/3 Q1 (April 1st, 2016 – June 30th, 2016))

(Millions of Yen)

	FY2016/3 Q1 (April 1 st , 2015- June 30 th , 2015)	FY2017/3 Q1 (April 1 st , 2016- June 30 th , 2016)
Net income(loss)	2,758	1,882
Accumulated other comprehensive income		
Holding gain or loss in investment	3	- 309
Foreign currency translation adjustment	- 21	- 179
Remeasurements of defined benefit plans	- 46	17
Total accumulated other comprehensive income	- 64	- 471
Comprehensive Income	2,694	1,411
(breakdown)		
Comprehensive income attributable to owners of the parent	2,686	1,402
Comprehensive income attributable to non-controlling interests	7	8

(3) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

Not applicable.

(Segment Information and others)

1. FY2016/3 Q1 (April 1st, 2015 – June 30th, 2015)

a) Sales and Profit (or loss) information of FY2016/3 Q1 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	12,270	6,097	18,367	18,367
Intersegment sales to transfer	-	-	-	-
Total	12,270	6,097	18,367	18,367
Segment Profit	2,890	1,005	3,895	3,895

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

2. FY2017/3 Q1 (April 1st, 2016 – June 30th, 2016)

a) Sales and Profit (or loss) information of FY2017/3 Q1 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	11,011	5,312	16,323	16,323
Intersegment sales to transfer	-	-	-	-
Total	11,011	5,312	16,323	16,323
Segment Profit	2,236	626	2,863	2,863

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 depreciation method from declining balance method to straight-line depreciation method regarding to building and structures purchased after April 1st, 2016. Accordingly, the company changed depreciation method in each segment.

As a result, profit per segment in SPE increased by ¥20 million and in Metrology increased by ¥0 million respectively in the 1st quarter of FY2017/3.

End of document