

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31st, 2020 (FY2020/3), Japan GAAP

August 9th, 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) : August 9th, 2019

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 the 1st Quarter of FY2020/3 (April 1st – June 30th, 2019)

(1) Consolidated sales and earnings (Percentage figures represent changes from 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)	
FY2020/3 Q1	17,962	- 9.5%	1,802	- 42.5%	1,895	- 43.5%	1,402	- 45.0%
FY2019/3 Q1	19,841	- 0.4%	3,134	- 22.3%	3,354	- 18.8%	2,551	- 11.5%

Note: Comprehensive Income in FY2020/3 Q1: 991 million yen (- 35.8%), in FY2019/3 Q1: 1,545 million yen (-50.3%)

	Net Profit per Share (Yen)	Net Profit per Share (diluted) (Yen)
FY2020/3 Q1	33.70	33.51
FY2019/3 Q1	61.43	60.96

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2020/3 Q1	151,428	105,675	69.0%
FY2019/3	157,573	107,403	67.3%

Note: Equity in FY2020/3 Q1: 104,428 million yen FY2019/3: 106,031 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
FY2019/3	-	59.00	-	66.00	125.00
FY2020/3	-				
FY2020/3 (Projected)		38.00	-	38.00	76.00

Note: Changes due to revision of dividend projection: No

Note: Q2 End and Q4 End dividend for FY2019/3 include 70th anniversary commemorative dividend of 10 yen respectively.

3. Forecast for FY2020/3 (April 1st, 2019-March 31st, 2020) (% figures represent changes from the 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)		Net Profit per Share (yen)
Interim	43,000	- 16.0%	5,900	- 42.4%	5,900	- 45.2%	4,200	- 46.8%	101.00
Full Year	88,000	- 13.3%	12,500	- 38.2%	12,500	- 39.9%	9,000	- 38.6%	216.00

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.: Yes

2) Changes other than 1): Yes

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):

FY2020/3 Q1	41,667,481 shares	FY2019/3	41,598,381 shares
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2) Number of treasury shares at the end of period:

FY2020/3 Q1	36,846 shares	FY2019/3	36,791 shares
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3) Average Number of shares outstanding during the period:

FY2020/3 Q1	41,620,930 shares	FY2019/3 Q1	41,543,976 shares
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*** 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 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 FY2020/3

(1) Overview of Business Performance

In the 1st quarter of the Fiscal Year ending March 2020, worldwide economy were generally stagnant except US, and were in an unpredictable situation by potential risks such as the trade conflict between the USA and China, China economic slowdown, withdrawal of the United Kingdom from the EU, and multiple geographical risks.

Under these business conditions, Consolidated Orders in the 1st quarter of Fiscal Year 2020/3 (April 1st, – June 30th, 2019) were ¥18.668 billion (down 33.8% YoY), Sales were ¥17.962 billion (down 9.5% YoY), Operating Profit was ¥1.802 billion (down 42.5% YoY), Recurring Profit was ¥1.895 billion (down 43.5% YoY) and Net Profit Attributable to Owners of the Parent was ¥1.402 billion (down 45.0% YoY).

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

[Semiconductor Production Equipment (SPE) Segment]

In the SPE business segment, investment in memory continued to be a reduction from the 2nd half of the Fiscal Year ended March 2019, and semiconductor manufacturers and electric component manufacturers showed cautious stance in the investment due to the conflict between the US and China. However, in China, new semiconductor and electric components companies are rapidly expanding and the demand in power device and sensors were relatively higher. Consequently, Orders and Sales in the SPE segment decreased from the previous year.

Orders for our SPE segment in the same period was ¥10.694 billion (down 44.7% YoY), Sales was ¥11.676 billion (down 8.9% YoY), and Operating Profit was ¥1.358 billion (down 16.7% YoY).

[Metrology Equipment Segment]

In the Metrology Equipment segment, in addition of the postponing and reviewing capital investment in Automotive industry, which is the major user of our products in this segment and the demand in overall manufacturing showed slowdown due to the demand decrease from the machine tools and waiting for government subsidies for small and medium-sized companies in Japan. Under these business conditions, both Orders and Sales in the Metrology segment decreased YoY.

As a result, Orders in our Metrology Equipment segment in the same period was ¥7.974 billion (down 10.0% YoY), Sales was ¥6.285 billion (down 10.4% YoY) and Operating Profit was ¥443 million (down 70.5% YoY).

(2) Analysis of Financial Position

(A) Assets, Liabilities and Net Assets

Total Assets as of June 30th, 2019 amounted to ¥151.428 billion, a decrease of ¥6.144 billion from the end of FY2019/3. The major factors behind this change include decrease in Notes and accounts receivable (include Electronically recorded monetary claims) of ¥7.284 billion, and in Cash and cash equivalents of ¥3.342 billion, and increase in Inventories including raw materials and work in progress of ¥2.815 billion, in Construction in process account of ¥1.556 billion..

Total Liabilities as of June 30th, 2019 decreased by ¥4.416 billion to ¥45.753 billion. This was mainly from a decrease in Notes and accounts payable (including electronically recorded obligations-operating) of ¥4.373 billion, in Income taxes payable of ¥2.926 billion, Long-term debt of ¥1 billion, and an increase in Other liabilities of ¥4.363 billion.

Net Assets as of June 30th, 2019 decreased by ¥1.728 billion and totaled ¥105.675 billion and, the Equity Ratio became 69.0%.

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

There are no revisions to the Consolidated Business Forecasts for FY2020/3 full year previously announced on May 14th, 2019.

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 and Notes

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2019/3 (March 31 st , 2019)	FY2020/3 Q1 (June 30 th , 2019)
ASSETS		
Current Assets		
Cash and cash equivalents	41,518	38,175
Notes and accounts receivable	29,230	22,876
Electronically recorded monetary claims	6,915	5,985
Merchandise and finished goods	1,830	1,915
Work in progress	19,999	21,804
Raw materials and supplies	8,165	9,090
Others	2,510	2,206
Allowance for doubtful accounts	- 75	- 65
Total current assets	110,094	101,989
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	15,407	15,332
Others(net)	17,739	19,278
Total Tangible Fixed Assets	33,147	34,611
Intangible Fixed Assets		
Goodwill	82	57
Others	3,691	4,351
Total Intangible Fixed Assets	3,773	4,409
Investments and other assets		
Others	10,557	10,418
Allowance for doubtful accounts	- 0	-
Total Investments and other assets	10,557	10,418
Total Fixed Assets	47,478	49,438
Total Assets	157,573	151,428

(Millions of Yen)

	FY2019/3 (March 31 st , 2019)	FY2020/3 Q1 (June 30 th , 2019)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	9,350	7,547
Electronically recorded obligations-operating	16,977	14,407
Short-term debt	1,300	1,300
Current portion of long-term debt	2,000	2,000
Income taxes payable	3,519	592
Reserves	1,375	662
Others	6,425	10,789
Total current liabilities	40,948	37,299
Long-term Liabilities		
Long-term debt	8,000	7,000
Allowance for director retirement benefits	53	49
Net defined benefit liabilities	809	1,064
Asset retirement obligations	241	233
Others	116	106
Total long-term liabilities	9,220	8,454
Total Liabilities	50,169	45,753
NET ASSETS		
Shareholder's Equity		
Common stock	10,591	10,661
Capital surplus	21,608	21,678
Retained earnings	72,200	70,860
Treasury stock	- 120	- 120
Total Shareholder's Equity	104,280	103,079
Accumulated other comprehensive income		
Holding gain or loss in investment	868	653
Foreign currency translation adjustment	199	83
Remeasurements of defined benefit plans	683	612
Total accumulated other comprehensive income	1,751	1,349
Share subscription rights	784	665
Non-controlling interests	587	580
Total Net Assets	107,403	105,675
Total Liabilities and Net Assets	157,573	151,428

(2) Consolidated Statements of Income, and Comprehensive Income
(Consolidated Statements of Income)
(1st quarter of FY2020/3(April 1st, 2019 – June 30th, 2019))

(Millions of Yen)

	FY2019/3 Q1 (April 1 st , 2018- June 30 th , 2018)	FY2020/3 Q1 (April 1 st , 2019- June 30 th , 2019)
Net Sales	19,841	17,962
Cost of goods sold	11,933	10,862
Gross Profit on Sales	7,907	7,100
Selling, general and administrative expenses	4,773	5,297
Operating profit (loss)	3,134	1,802
Non-operating income		
Interest income	6	7
Dividend income	30	32
Foreign exchange gains	108	79
Subsidy income	47	-
Others	41	11
Total Non-operating income	235	131
Non-operating expenses		
Interest expenses	8	21
Loss on sales and disposal of fixed assets	-	10
Others	6	7
Total Non-operating expenses	14	38
Recurring profit (loss)	3,354	1,895
Extraordinary gains		
Gain on reversal of subscription rights to shares	2	2
Total Extraordinary gains	2	2
Extraordinary losses		
Total extraordinary losses	-	-
Profit (loss) before income taxes and minority interests	3,357	1,897
Income tax and other taxes	1,006	683
Adjustment on income tax	- 215	- 177
Total Income tax and others	790	505
Profit (loss) before minority interests	2,566	1,391
Net Profit(loss) attributable to minority interests	14	-10
Net Profit (loss) attributable to Owners of the Parent	2,551	1,402

(Consolidated Statements of Comprehensive Income)
(1st quarter of FY2020/3(April 1st–June 30th, 2019))

(Millions of Yen)

	FY2019/3 Q1 (April 1 st , 2018- June 30 th , 2018)	FY2020/3 Q1 (April 1 st , 2019- June 30 th , 2019)
Profit (Loss) before minority interests	2,566	1,391
Accumulated other comprehensive income		
Holding gain or loss in investment	- 482	- 214
Foreign currency translation adjustment	- 461	- 114
Remeasurements of defined benefit plans	- 76	- 70
Total accumulated other comprehensive income	- 1,021	- 399
Comprehensive Income	1,545	991
(breakdown)		
Comprehensive income attributable to owners of the parent	1,531	1,000
Comprehensive income attributable to non-controlling interests	13	- 8

(3) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

Not applicable.

(Changes in Accounting Principles)

Change in measurement of Inventories

Upon the launch of the Company's new enterprise system from the beginning of the 1st quarter of FY2020/3 and considering appropriate evaluation of Inventories and Periodic Profit and Loss accounting, inventories (exclude Work in progress) of the Company once was stated at cost determined by the first-in, first-out method has been changed to weighted average method.

Note that reevaluation of the Inventories for the previous fiscal years and a retroactive impact calculation are practically unavailable, therefore, the book value of the inventory as at the end of the FY2019/3 has been applied as an opening amount for 1st quarter of FY2020/3.

As a result, there is minimum impact to Quarterly Consolidated Financial Statement for the 1st quarter of FY2020/3.

Application of IFRS standard 16 Leases

The subsidiary companies that apply International Financial Reporting Standards (hereinafter referred to as IFRS) apply IFRS standard 16 Leases (IFRS 16) from the beginning of the 1st quarter of FY2020/3. Therefore, a lessee shall measure all assets and liabilities arising from a lease as assets or liabilities of the Balance sheet. In addition, as transitional measures, a retroactive impact from applying IFRS 16 has been recognized at the beginning date of the fiscal term. As a result, there is minimum impact to Quarterly Consolidated Financial Statement for the 1st quarter of FY2020/3.

(Segment Information and others)

1. 1st quarter of FY2019/3 (April 1st, 2018 – June 30th, 2018)

a) Sales and Profit (or loss) information of 1st quarter of FY2019/3 per each reportable segment

(Millions of yen)

	Reportable Segments			Consolidated Total
	SPE	Metrology Equipment	Total	
Sales				
Sales to third party:	12,822	7,018	19,841	19,841
Intersegment sales to transfer	-	-	-	-
Total	12,822	7,018	19,841	19,841
Segment Profit	1,630	1,503	3,134	3,134

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

2. 1st quarter of FY2020/3 (April 1st, 2019 – June 30th, 2019)

a) Sales and Profit (or loss) information of 1st quarter of FY2020/3 per each reportable segment

(Millions of yen)

	Reportable Segments			Consolidated Total
	SPE	Metrology Equipment	Total	
Sales				
Sales to third party:	11,676	6,285	17,962	17,962
Intersegment sales to transfer	-	-	-	-
Total	11,676	6,285	17,962	17,962
Segment Profit	1,358	443	1,802	1,802

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

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