

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31st, 2016 (FY2016), Japan GAAP

August 11th, 2015

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 13th, 2015

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 FY2016 (April 1st, 2015 - June 30th, 2015)

(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)	
FY2016 Q1	18,367	30.5%	3,895	80.5%	3,944	81.6%	2,752	80.1%
FY2015 Q1	14,076	0.4%	2,157	-8.9%	2,171	-16.3%	1,528	-8.5%

Note: Comprehensive Income in FY2016 Q1: 2,694 million yen (57.3%), in FY2015 Q1: 1,712 million yen (-29.9%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2016 Q1	66.60	66.22
FY2015 Q1	37.05	36.90

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)
FY2016 Q1	101,654	75,853	74.1%
FY2015	98,457	74,371	75.0%

Notes: Equity in FY2016 Q1: 75,336 million yen, in FY2015: 73,816 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
FY2015	-	22.00	-	33.00	55.00
FY2016	-				
FY2016 (Projected)		26.00	-	26.00	52.00

Note: Changes due to revision of dividend projection: No

3. Forecast for FY 2016 (April 1st, 2015-March 31st, 2016) (% 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	36,000	9.9%	7,400	29.8%	7,400	24.0%	5,300	26.0%	128.24
Full Year	67,000	0.8%	12,000	-1.0%	12,000	-6.2%	8,650	-3.8%	209.30

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):	FY2016 Q1	41,405,681 shares	FY2015	41,340,681 shares
2) Number of treasury shares at the end of period:	FY2016 Q1	34,823 shares	FY2015	34,609 shares
3) Average Number of shares outstanding during the period:	FY2016 Q1	41,326,315 shares	FY2015 Q1	41,244,802 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

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1. Qualitative information on Business Performance for 1st quarter of FY2016

(1) Overview of Business Performance

Overall global business conditions in the 1st quarter of Fiscal Year 2016 ending March, 2016 continued to recover. While there were some concerns such as uncertainty surrounding the Greek debt crisis and an economic downturn in China and other Asian countries, a gradual economic recovery continued overall, accompanied by an improvement in the employment market and strong private consumption in the USA, and an improvement in corporate income and the labor market in Japan.

Under the business conditions outlined above, Consolidated Orders in the 1st quarter of the Fiscal Year 2016 (April 1st, 2015 – June 30th, 2015) were ¥20.670 billion (up 25.0% YoY), Sales were ¥18.367 billion (up 30.5% YoY), Operating Income was ¥3.895 billion (up 80.5% YoY), Ordinary Income was ¥3.944 billion (up 81.6% YoY), and Net Income attributable to Owners of the Parent was ¥2.752 billion (up 80.1% YoY).

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

[Semiconductor Production Equipment (SPE)]

In the SPE business segment, smartphones, especially high-end smartphones, continued to lead demand in the semiconductor industry. Also, demand for online storage increased with the spread of “cloud” services and “big data.” As a result, semiconductor manufacturers maintained an active capital investment trend from the previous fiscal year and proactive demand continued in the semiconductor back-end equipment of our product are categories. Accordingly, orders and sales in our SPE segment continued to increase firmly from the previous quarter and YoY.

As a result, Orders for our SPE segment in the 1st quarter of the Fiscal Year 2016 was ¥13.350 billion (up 36.0% YoY), Sales was ¥12.270 billion (up 37.8% YoY), and Operating Income was ¥2.890 billion (up 138.5% YoY).

[Metrology Equipment]

The automobile industry, which is the major user of our products, has continued to establish world-wide production structures. Also, demand in the machine tools sector and aviation sector continued and government financial support for investment by domestic small and medium enterprises had a continuing positive impact. As a result, sales decreased from the previous quarter due to seasonal factors but increased YoY, however, orders has increased from the previous quarter and YoY.

Orders in our Metrology Equipment segment in the 1st quarter of the Fiscal Year 2016 was ¥7.320 billion (up 9.1% YoY), Sales was ¥6.097 billion (up 17.9% YoY) and Operating Income was ¥1.005 billion (up 6.3% YoY).

(2) Analysis of Financial Position

Total Assets as of June 30th, 2015 amounted to ¥101.654 billion, with an increase of ¥3.197 billion from the end of FY2015. The major factors behind this increase include an increase in Work in progress of ¥1.522 billion, an increase in Notes and accounts receivable (including electronically recorded monetary claims) of ¥832 million, an increase in Cash and cash equivalents of ¥668 million, and an increase in Raw material and supplies of ¥528 million.

Total Liabilities as of June 30th, 2015 increased by ¥1.715 billion to ¥25.801 billion. This was mainly from an increase in Notes and accounts payable (including electronically recorded obligations-operating) of ¥2.651 billion and a decrease in Income taxes payable of ¥792 million.

Net Assets as of June 30th, 2015 increased ¥1.482 billion and totaled ¥75.853 billion. This was mainly from an increase in Retained earnings of ¥1.429 billion. As a result, the Equity Ratio became 74.1%.

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

The Company has ratified revisions to the prospective consolidated business forecasts for FY2016 interim and full year from the previous forecast announced on May 13th, 2015. For details, please refer to the News Release “Tokyo Seimitsu Announces Revision of Forecasts” published on August 11th, 2015.

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)

The Company applies “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13th, 2013, hereinafter referred to as “Accounting Standard for Business Combinations”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13th, 2013, hereinafter referred to as “Consolidated Accounting Standard”), and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No.7, released on September 13th, 2013, hereinafter referred to as “Accounting Standard for Business Divestitures”) and other related standards from 1st quarter of FY2016. As a result, any differences arising from changes in the Company’s interests in its subsidiaries (if the Company maintains control of these subsidiaries) are to be accounted for as Capital surplus. In addition, acquisition costs are expensed in the Fiscal Year in which the costs are incurred. For any business combinations on or after the beginning of 1st quarter of FY2016, subsequent measurement of the provisional amount recognized based on the purchase price allocation attributable on completion of accounting for the business combination are reflected in the Quarterly Consolidated Financial Statements for the period to which the date of that business combination occurs. To apply these changes in the Consolidated Financial Statement, adjustments have been made to the Consolidated Financial Statements for the previous 1st quarter and the fiscal year.

Aforementioned accounting standards are applied as of the beginning of the 1st quarter and thereafter, according to the transitional treatment provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Consolidated Accounting Standard and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result, there is no impact to Quarterly Consolidated Financial Statement for the 1st quarter of FY2016.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2015 (March 31 st , 2015)	FY2016 Q1 (June 30 th , 2015)
ASSETS		
Current Assets		
Cash and cash equivalents	26,864	27,532
Notes and accounts receivable	22,399	22,648
Electronically recorded monetary claims	914	1,499
Merchandise and finished goods	2,464	2,580
Work in progress	9,532	11,054
Raw materials and supplies	3,177	3,706
Others	2,635	2,480
Allowance for doubtful accounts	-114	-81
Total current assets	67,873	71,420
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	10,121	9,992
Others(net)	10,237	10,336
Total Tangible Fixed Assets	20,359	20,329
Intangible Fixed Assets		
Goodwill	577	470
Others	548	519
Total Intangible Fixed Assets	1,125	989
Investments and other assets		
Others	9,103	8,920
Allowance for doubtful accounts	-4	-5
Total Investments and other assets	9,098	8,915
Total Fixed Assets	30,584	30,234
Total Assets	98,457	101,654

(Millions of Yen)

	FY2015 (March 31 st , 2015)	FY2016 Q1 (June 30 th , 2015)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	6,131	6,798
Electronically recorded obligations-operating	5,789	7,773
Short-term debt	1,300	1,300
Income taxes payable	2,312	1,519
Allowances	998	533
Others	5,187	6,013
Total current liabilities	21,718	23,938
Long-term Liabilities		
Long-term debt	400	200
Allowance for director retirement benefits	117	121
Net defined benefit liabilities	816	783
Others	1,032	757
Total long-term liabilities	2,367	1,862
Total Liabilities	24,085	25,801
NET ASSETS		
Shareholder's Equity		
Common stock	10,295	10,354
Capital surplus	21,312	21,372
Retained earnings	38,325	39,754
Treasury stock	-113	-114
Total Shareholder's Equity	69,820	71,367
Accumulated other comprehensive income		
Holding gain or loss in investment	1,574	1,578
Foreign currency translation adjustment	1,347	1,363
Remeasurements of defined benefit plans	1,073	1,027
Total accumulated other comprehensive income	3,995	3,968
Share subscription rights	385	339
Non-controlling interests	169	177
Total Net Assets	74,371	75,853
Total Liabilities and Net Assets	98,457	101,654

(2) Consolidated Statements of Income, and Comprehensive Income

(Consolidated Statements of Income)

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

(Millions of Yen)

	FY2015 Q1 (April 1 st , 2014- June 30 th , 2014)	FY2016 Q1 (April 1 st , 2015- June 30 th , 2015)
Net Sales	14,076	18,367
Cost of Sales	8,584	10,851
Gross Profit on Sales	5,492	7,515
Selling, general and administrative expenses	3,334	3,620
Operating income (loss)	2,157	3,895
Non-operating income		
Interest	2	5
Dividend income	33	46
Others	11	14
Total Non-operating income	47	66
Non-operating expenses		
Interest expenses	11	6
Foreign exchange loss	16	9
Others	4	2
Total Non-operating expenses	33	18
Ordinary income (loss)	2,171	3,944
Extraordinary gains		
Gain on sales of subsidiary's shares	-	6
Gain on reversal of share subscription rights	5	1
Total Extraordinary gains	5	8
Extraordinary losses		
Total extraordinary losses	-	-
Income (loss) before income taxes and others	2,177	3,952
Income tax and other taxes	517	1,486
Adjustment on income tax	113	-291
Total Income tax and others	631	1,194
Net income(loss)	1,546	2,758
Net income(loss) attributable to non-controlling interests	18	6
Net Income (loss) attributable to owners of the parent	1,528	2,752

(Consolidated Statements of Comprehensive Income)

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

(Millions of Yen)

	FY2015 Q1 (April 1 st , 2014- June 30 th , 2014)	FY2016 Q1 (April 1 st , 2015- June 30 th , 2015)
Net income(loss)	1,546	2,758
Accumulated other comprehensive income		
Holding gain or loss in investment	268	3
Foreign currency translation adjustment	-60	-21
Remeasurements of defined benefit plans	-42	-46
Total accumulated other comprehensive income	166	-64
Comprehensive Income	1,712	2,694
(breakdown)		
Comprehensive income attributable to owners of the parent	1,696	2,686
Comprehensive income attributable to non-controlling interests	16	7

(3) Notes

(Note on Assumptions for Going Concern)

Not applicable.

(Significant Changes in Shareholder's Equity)

Not applicable.

(Segment Information and others)

1. FY2015 Q1 (April 1st, 2014 – June 30th, 2014)

a) Sales and Profit (or loss) information of FY 2015 Q1 per each reportable segment

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party	8,904	5,172	14,076	14,076
Intersegment sales to transfer	-	-	-	-
Total	8,904	5,172	14,076	14,076
Segment Profit	1,212	945	2,157	2,157

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

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

Not applicable.

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

a) Sales and Profit (or loss) information of FY 2016 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.

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

Not applicable.

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