

# Summary of Consolidated Earnings Report for the Third Quarter of the Fiscal Year Ending March 31, 2005

January 28, 2005

Company Name



**Tokyo Seimitsu Co., Ltd.**

Code No: 7729

Stock Listing: First Section TSE

URL: www.accrettech.jp

Representative: Hideo Ohtsubo, Chairman & C.E.O.

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The Company's financial and earnings report summary for the third quarter of fiscal 2005 (April 1, 2004 – December 31, 2004), is as follows:

## 1. Items pertaining to the preparation of quarterly results:

- (1) Use of simplified accounting procedures: No
- (2) Changes in accounting principles in the most recent fiscal year: No
- (3) Changes in scope of consolidation or application of the equity method: No
- (4) The Company's quarterly financial statements have not been reviewed by an independent auditor.

## 2. Consolidated Results of Operations for 3Q of FY 2005 (April 1, 2004 – Dec 31, 2004)

### (1) Business Result

(Millions of yen, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY 2005 3Q	61,735	60.7%	10,546	368.7%	10,231	516.3%	5,266	-
FY 2004 3Q	38,410	-	2,250	-	1,660	-	444	-
(Reference) FY 2004 full year	62,324		5,947		5,328		(3,783)	

	Net Income per Share (yen)		Net Income per Share (Diluted) (yen)	
FY 2005 3Q	140	67	128	76
FY 2004 3Q	11	89	11	88
(Reference) FY 2004 full year	(101)	67	-	-

Note: The percentage figures accompanying net sales, operating income and other items indicate changes from the corresponding period of the previous fiscal year.

### ***Qualitative Information Regarding Business Results***

The market for semiconductor manufacturing equipment has been in an adjustment period since the summer of 2004. The Company believes this adjustment is minor and short-term, however, and expects strong growth over the medium term as a result of the spread of semiconductor end-products and the expansion of new markets such as China.

Under these business conditions, the Company's semiconductor manufacturing equipment division made steady progress toward achieving its sales targets, both for established product line such as Wafer Probing Machine and Wafer Dicing Machines, as well as for such new product lines as Wafer Inspection Systems, Polish Grinders, and CMP. Net sales in this division for the third quarter totaled ¥ 48.971 billion, up 76% from the corresponding period of the previous year.

In the Measuring Instrument division, strong demand from the automobile industry, along with customers in Japan and overseas, resulted in net sales in this division for the third quarter of ¥12.763 billion, up approximately 20% from the corresponding period of the previous year.

As a result, performance during the third quarter achieved initial projections, with total net sales rising 1.6 times to ¥61.735 billion, and operating income up 4.7 times to ¥10.546 billion compared to the corresponding period a year earlier.

## (2) Financial Position

(Millions of yen, rounded down; except as indicated)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (yen)
FY 2005 3Q	97,933	33,842	34.6	902 55
FY 2004 3Q	94,661	33,356	35.3	892 96
(Reference) FY 2004 full year	94,893	29,183	30.8	780 87

## Cash Flows

(Millions of yen, rounded down)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents, end of Period
FY 2005 3Q	4,389	(1,150)	(6,669)	8,837
FY 2004 3Q	124	(1,599)	3,155	7,830
(Reference) FY 2004 full year	4,569	(167)	1,662	12,242

### *Qualitative Information Regarding the Financial Position*

There are no significant factors regarding changes in the financial position.

## 2. Forecasts for Fiscal Year 2005 (April 1, 2004 – Mar 31, 2005)

Based on recent results, the Company has revised its forecasts from those announced at the time of the interim results announcement on November 12, 2004, as follows.

(Millions of yen; %)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A) (announced Nov. 12, 2004)	81,000	13,500	7,000
Revised forecast (B)	81,000	13,500	4,200
Difference (B-A)	0	0	(2,800)
Change	0.0	0.0	(40.0)
FY 2004 full year	62,324	5,328	(3,783)

Reference: Net income per share for the full year is forecast at ¥ 112.18.

### *Qualitative Information Regarding Forecasts*

Forecasts for net sales and ordinary income remain unchanged for those announced on November 12, 2004, but the forecast for net income has been revised as noted in the chart above.

Net income has been revised because the Company is looking ahead to the application of impairment accounting from fiscal 2006, and will reestablish the Low Energy E-beam Proximity Projection Lithography (LEEPL) business, with the selling season expected to begin some time after 2008. The Company expects to record extraordinary losses of ¥ 6 billion, mainly for related assets, and is taking steps to handle the financial aspects in advance, during the current fiscal year when earnings are strong. This will greatly strengthen the Company's financial position, and allow for more flexible conduct of management.

These measures will have a positive affect on future results, and along with increasing sales of new product lines (Wafer Inspection Systems, Polish Grinders, CMP) and strong sales of established product line for which the Company holds a high market share (Wafer Probing Machines, Wafer Dicing Machines, Measuring Instruments), the Company is seeking growth from fiscal 2006 at rates exceeding industry standards.

**Cautionary note regarding forward-looking statements**

This summary and its related materials 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 and projections are subject to a number of risks and uncertainties, including market conditions, competition, and the global state of the semiconductor industry. Accordingly, actual results may differ materially from those projected in this earnings summary.

**(Supplementary Material)****1. Consolidated Quarterly Balance Sheet**

(Millions of yen, rounded down)

Item	FY05 3Q 31-Dec-04	FY04 3Q 31-Dec-03	FY04 31-Mar-04	Item	FY05 3Q 31-Dec-04	FY04 3Q 31-Dec-03	FY04 31-Mar-04
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>Current Assets</b>	75,198	64,894	70,944	<b>Current Liabilities</b>	32,635	28,700	33,285
Cash and cash equivalents	8,865	7,857	12,269	Notes and accounts payable, trade	20,742	12,642	17,574
Notes and accounts receivable	29,660	20,232	26,554	Short-term debt	1,016	7,409	5,543
Inventories	34,048	35,621	29,196	Current portion of long-term debt	4,164	3,421	4,311
Deferred tax assets	186	231	2,289	Current portion of bonds	300	200	200
Other current assets	2,485	990	675	Income taxes payable	1,657	343	756
Allowance for doubtful accounts	(48)	(38)	(40)	Bonus reserve	445	329	646
				Other current liabilities	4,308	4,354	4,252
<b>Fixed Assets</b>	22,735	29,766	23,948				
Property, plant and equipment	12,183	15,605	12,847	<b>Long-term Liabilities</b>	29,068	30,582	30,301
Buildings and structures	4,973	5,332	5,342	Bonds	19,550	19,350	19,850
Equipment and vehicles	2,725	3,463	3,022	Convertible bonds	51	51	51
Land	2,917	2,919	2,919	Long-term debt	5,251	7,279	6,297
Other fixed assets	1,567	3,891	1,563	Allowance for employee retirement benefits	3,539	3,361	3,498
				Other long-term liabilities	676	540	605
<b>Intangible fixed assets</b>	2,841	6,872	3,756	<b>Total Liabilities</b>	61,703	59,282	63,587
Software	2,410	6,270	3,199				
Other intangible fixed assets	431	602	557	<b>Minority Interests</b>	2,387	2,021	2,122
<b>Investments and other assets</b>	7,709	7,288	7,343	<b>SHAREHOLDERS' EQUITY</b>			
Investment securities	3,775	3,189	3,311	Capitalization	7,392	7,199	7,199
Deferred tax assets	2,968	3,227	3,109	Capital Surplus	12,017	11,806	11,806
Other investments	979	918	935	Retained Earnings	14,403	14,501	10,273
Allowance for doubtful accounts	(12)	(47)	(12)	Net unrealized holding gain on securities	123	(68)	57
				Foreign currency translation adjustment	(33)	(34)	(105)
<b>Deferred Assets</b>	0	0	0	Treasury stock	(61)	(48)	(49)
Discount on bonds	0	0	0	<b>Total Shareholders' Equity</b>	33,842	33,356	29,183
				<b>Total Liabilities and Shareholders' Equity</b>	97,933	94,661	94,893
<b>Total Assets</b>	97,933	94,661	94,893				

## 2. Consolidated Quarterly Statements of Income

(Millions of yen, rounded down)

Period	FY05 3Q	FY04 3Q	FY04
Item	(April 1, 2004 through December 31, 2004)	(April 1, 2003 through December 31, 2003)	(April 1, 2003 through March 31, 2004)
Net sales	61,735	38,410	62,324
Cost of sales	42,117	29,114	46,531
Gross Profit on Sales	19,618	9,295	15,793
Selling, general and administrative expenses	9,071	7,045	9,846
Operating Income	10,546	2,250	5,947
Non-operating income	189	147	146
Interest and dividend income	44	21	23
Other	144	126	122
Non-operating expenses	504	737	765
Interest expenses	228	222	278
Other	275	515	486
Ordinary Income	10,231	1,660	5,328
Extraordinary gains	184	248	380
Gain on sale of investment insecurities	68	66	198
Gain on return of subscription rights	100	182	182
Other	15	-	-
Extraordinary losses	656	238	9,772
Loss on revaluation and disposal of inventories	646	-	3,491
Loss on disposal of software for sale	-	-	3,423
Other	9	238	2,858
Income (loss) before income taxes and minority interests	9,759	1,670	(4,064)
Income taxes	1,975	621	1,044
Income tax adjustment	2,194	432	(1,598)
Minority interests	323	172	273
Quarterly net income (loss)	5,266	444	(3,783)

### 3. Net Sales and Orders

#### 1. Sales by business segment

(Millions of yen, rounded down)

	FY05 3Q		FY04 3Q		FY04	
	(April 1, 2004 through December 31, 2004)		(April 1, 2003 through December 31, 2003)		(April 1, 2003 through March 31, 2004)	
Semiconductor manufacturing equipment	48,971		27,774		47,045	
Measuring systems	12,763		10,636		15,279	
Total	61,735		38,410		62,324	

#### (2) Sales by geographical segment

(Millions of yen, rounded down)

	FY05 3Q		FY04 3Q		FY04	
	(April 1, 2004 through December 31, 2004)		(April 1, 2003 through December 31, 2003)		(April 1, 2003 through March 31, 2004)	
Japan	49,738		33,164		53,210	
United States	7,055		3,028		5,738	
Germany	4,941		2,218		3,375	
Total	61,735		38,410		62,324	

#### 3. Overseas sales

(Millions of yen, rounded down)

	FY05 3Q		FY04 3Q		FY04	
	(April 1, 2004 through December 31, 2004)		(April 1, 2003 through December 31, 2003)		(April 1, 2003 through March 31, 2004)	
Overseas sales total	32,346		16,346		28,908	
East Asia	17,780		9,389		16,774	
North America	6,401		2,634		5,311	
Europe	5,103		2,587		3,838	
Other areas	3,061		1,735		2,983	

#### 4. Orders received and backlog

(Millions of yen, rounded down)

	FY05 3Q		FY04 3Q		FY04	
	(April 1, 2004 through December 31, 2004)		(April 1, 2003 through December 31, 2003)		(April 1, 2003 through March 31, 2004)	
	Received	Backlog	Received	Backlog	Received	Backlog
Semiconductor manufacturing equipment	50,004	15,853	36,920	16,358	54,653	14,821
Measuring systems	13,192	3,993	11,624	3,196	16,635	3,564
Total	63,196	19,846	48,545	19,555	71,289	18,385

# Summary of Non-Consolidated Earnings Report for the Third Quarter of the Fiscal Year Ending March 31, 2005

January 28, 2005

Company Name



**Tokyo Seimitsu Co., Ltd.**

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URL: [www.accrettech.jp](http://www.accrettech.jp)

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The Company's financial and earnings report summary for the third quarter of fiscal 2005 (April 1, 2004 – December 31, 2004), is as follows:

## 1. Items pertaining to the preparation of quarterly results:

- (1) Use of simplified accounting procedures: No
- (2) Changes in accounting principles in the most recent fiscal year: No
- (3) The Company's quarterly financial statements have not been reviewed by an independent auditor.

## 2. Results of Operations for 3Q of FY 2005 (April 1, 2004 – Dec 31, 2004)

### (1) Business Result

(Millions of yen, rounded down; %)

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY 2005 3Q	53,056	57.0%	7,712	552.2%	7,530	810.0%	4,202	705.5%
FY 2004 3Q	33,796	-	1,182	-	827	-	521	-
(Reference) FY 2004 full year	55,548		3,615		3,243		(3,591)	

	Net Income per Share (yen)		Net Income per Share (Diluted) (yen)	
FY 2005 3Q	112	25	102	75
FY 2004 3Q	13	97	13	95
(Reference) FY 2004 full year	(96)	(16)	-	-

Note: The percentage figures accompanying net sales, operating income and other items indicate changes from the corresponding period of the previous fiscal year.

### (2) Financial Position

(Millions of yen, rounded down; except as indicated)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (yen)
FY 2005 3Q	88,146	32,740	37.2	873 16
FY 2004 3Q	88,260	33,194	37.6	888 61
(Reference) FY 2004 full year	87,384	29,203	33.4	781 80

### 3. Forecasts for Fiscal Year 2005 (April 1, 2004 – Mar 31, 2005)

Based on recent results, the Company has revised its forecasts from those announced at the time of the interim results announcement on November 12, 2004, as follows.

(Millions of yen; %)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A) (announced Nov. 12, 2004)	73,000	10,000	5,700
Revised forecast (B)	73,000	10,000	600
Difference (B-A)	0	0	(5,100)
Change	0.0	0.0	(89.5)
FY 2004 full year	55,548	3,243	(3,591)

Reference: Net income per share for the full year is forecast at ¥16.02.

#### ***Qualitative Information Regarding Forecasts***

Net income has been revised because the Company is looking ahead to the application of impairment accounting from fiscal 2006, and will reestablish the Low Energy E-beam Proximity Projection Lithography (LEEPL) business, with the selling season expected to begin some time after 2008. The Company expects to record extraordinary losses of ¥ 8.6 billion, mainly for related assets, and is taking steps to handle the financial aspects in advance, during the current fiscal year when earnings are strong. This will greatly strengthen the Company's financial position, and allow for more flexible conduct of management.

#### **Cautionary note regarding forward-looking statements**

This summary and its related materials 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 and projections are subject to a number of risks and uncertainties, including market conditions, competition, and the global state of the semiconductor industry. Accordingly, actual results may differ materially from those projected in this earnings summary.

(Supplementary Material)

1. Non-consolidated Quarterly Balance Sheet

Item	FY05 3Q 31-Dec-04	FY04 3Q 31-Dec-03	FY04 31-Mar-04	Item	FY05 3Q 31-Dec-04	FY04 3Q 31-Dec-03	FY04 31-Mar-04
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>Current Assets</b>	66,429	59,433	64,857	<b>Current Liabilities</b>	29,731	27,059	31,389
Cash and cash equivalents	6,285	5,807	8,074	Notes payable	15,830	9,167	11,309
Trade notes receivable	4,913	2,272	1,221	Accounts payable	3,861	4,263	6,625
Accounts receivable	22,390	18,445	25,725	Short-term debt	400	6,500	4,500
Inventories	25,865	27,134	22,899	Current portion of long-term debt	2,900	2,090	2,480
Deferred tax assets	268	201	2,215	Current portion of bonds	1,800	2,000	3,000
Other current assets	6,734	5,590	4,744	Income taxes payable	1,096	31	40
Allowance for doubtful accounts	(27)	(18)	(23)	Bonus reserve	353	227	423
				Other current liabilities	3,489	2,778	3,009
<b>Fixed Assets</b>	21,716	28,826	22,527	<b>Long-term Liabilities</b>	25,674	28,006	26,791
Property, plant and equipment	7,298	9,285	7,488	Bonds	17,500	19,300	18,300
Buildings and structures	3,626	3,807	3,856	Convertible bonds	51	51	51
Equipment and vehicles	825	1,782	801	Long-term debt	4,760	5,560	5,170
Land	1,525	1,526	1,526	Allowance for employee retirement benefits	2,848	2,696	2,825
Other fixed assets	1,320	2,168	1,303	Allowance for director retirement benefits	515	399	445
Intangible fixed assets	2,418	6,283	3,209	<b>Total Liabilities</b>	55,406	55,066	58,180
Software	2,392	6,254	3,182	<b>SHAREHOLDERS' EQUITY</b>			
Other intangible fixed assets	26	28	27	Capitalization	7,392	7,199	7,199
Investments and other assets	11,999	13,258	11,829	Capital surplus	12,017	11,806	11,806
Investment securities	3,626	3,101	3,212	Capital reserve	12,017	11,806	11,806
Stock in subsidiaries	3,927	3,877	3,877	Retained earnings	13,271	14,305	10,191
Deferred tax assets	2,224	1,516	2,166	Earnings reserve	728	728	728
Other investments	3,785	4,806	4,136	Special reserve	5,000	5,000	5,000
Investment loss reserve	(1,554)	-	(1,554)	Undistributed net profit	7,542	8,577	4,463
Allowance for doubtful accounts	(8)	(43)	(8)	Net unrealized holding gain on securities	119	(69)	55
				Treasury stock	(61)	(48)	(49)
				<b>Total Shareholders' Equity</b>	32,740	33,194	29,203
<b>Total Assets</b>	88,146	88,260	87,384	<b>Total Liabilities and Shareholders' Equity</b>	88,146	88,260	87,384

## 2. Non-consolidated Quarterly Statements of Income

(Millions of yen, rounded down)

Item	Period	FY05 3Q	FY04 3Q	FY04
		(April 1, 2004 through December 31, 2004)	(April 1, 2003 through December 31, 2003)	(April 1, 2003 through March 31, 2004)
Net sales		53,056	33,796	55,548
Cost of sales		39,213	28,049	45,485
Gross Profit on Sales		13,843	5,747	10,062
Selling, general and administrative expenses		6,130	4,564	6,447
Operating Income		7,712	1,182	3,615
Non-operating income		221	382	406
Interest and dividend income		208	368	388
Other		12	14	17
Non-operating expenses		402	737	779
Interest expenses		213	231	288
Other		188	505	491
Ordinary Income		7,530	827	3,243
Extraordinary gains		184	248	380
Gain on sale of investment insecurities		68	66	198
Gain on return of subscription rights		100	182	182
Other		15	-	-
Extraordinary losses		656	238	9,648
Loss on revaluation and disposal of inventories		646		1,812
Loss on sale of fixed assets		-	-	2,216
Loss on disposal of software for sale		-	-	3,423
Provision for investment loss reserve		-	-	1,554
Other		9	238	641
Income (loss) before income taxes		7,058	837	(6,024)
Income, local and corporate taxes		1,011	38	41
Income tax adjustment		1,844	276	(2,473)
Quarterly net income (loss)		4,202	521	(3,591)