



# 14. Non-Consolidated Financial Statements for the Interim Period of FY 2006

November 11, 2005

Company Name  **Tokyo Seimitsu Co., Ltd.**  
ACCURETECH

Code number: 7729  
(URL: <http://www.accuretech.jp/>)

Representative: Sadakatsu Suzuki, President C.E.O.& C.O.O.

Inquiries: Kunimasa Ohta, Representative Director

Board of Directors meeting: Nov 11, 2005

Interim dividend payout date: Dec 1, 2005

Stock Listing: First Section TSE

Head office location: Tokyo

Tel: 0422 - 48 - 1011

Interim dividend system: Yes

Use of unit stock system: Yes (100 shares per unit)

## 1. Results for the the Interim Period of FY 2006 (April 1, 2005-September, 2005)

(1) Sales and earnings (Millions of yen, rounded down)

	Net Sales		Operating Income		Ordinary Income	
FY06 Interim	37,558	(4.9)%	4,932	(21.4)%	5,247	(20.0)%
FY05 Interim	39,505	71.0%	6,275	735.6%	6,556	909.7%
FY05 Full Year	73,336		9,723		9,676	

(Millions of yen; except as indicated)

	Interim net income		Interim net income per Share (yen)
FY06 Interim	3,456	(7.6)%	92.18
FY05 Interim	3,739	765.5%	99.97
FY05 Full Year	605		16.16

Notes:

1. Average number of shares outstanding during the period;

FY06 Interim: 37,495,268 shares; FY05 Interim: 37,408,547 shares; FY05: 37,452,407 shares

2. Changes in accounting methods: No

3. Percentages for net sales, operating income, ordinary income, and interim net income are a comparison with the corresponding period of the previous fiscal year.

(2) Dividends (yen)

	Interim Dividend per Share	Annual Dividend per Share
FY06 Interim	20.00	—
FY05 Interim	15.00	—
FY05 Full Year	—	30.00

(3) Financial position

(Millions of yen; except as indicated)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share (yen)
FY06 Interim	91,706	33,247	35.3%	862.71
FY05 Interim	88,920	32,763	36.8%	873.74
FY05 Full Year	87,161	29,088	33.4%	775.78

Notes:

1. Number of shares outstanding at end of period:

FY06 Interim: 37,494,533 shares; FY05 Interim: 37,497,268 shares; FY05: 37,495,725 shares

2. Number of shares of treasury stock at end of period:

FY06 Interim: 23,421 shares; FY05 Interim: 20,686 shares; FY05: 22,229 shares

## 2. Forecasts for FY 2006 (April 1, 2005-March 31, 2006)

(Millions of yen; except as indicated)

	Net Sales	Ordinary Income	Net Income	Cash Dividends per Share	
				year end	
Full Year	79,000	10,500	6,500	(yen) 20.00	(yen) 40.00

Reference: Estimated earnings per share (full year): ¥169.49

These forecasts are based on our outlook presented on page 8 and 9 of the supplementary material.

## 15. Non-Consolidated Balance Sheets

(Millions of yen, rounded down)

Item	FY05 1H (30-Sep-04)	FY06 1H (30-Sep-05)	FY05 (31-Mar-05)	Item	FY05 1H (30-Sep-04)	FY06 1H (30-Sep-05)	FY05 (31-Mar-05)
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>Current Assets</b>	<b>66,957</b>	<b>64,667</b>	<b>63,152</b>	<b>Current Liabilities</b>	<b>31,343</b>	<b>31,760</b>	<b>30,684</b>
Cash and cash equivalents	6,713	6,049	7,175	Notes payable	16,554	12,977	10,977
Notes receivable	2,621	4,683	3,625	Accounts payable	5,848	6,171	5,640
Accounts receivable	26,588	27,919	26,912	Short-term debt	700	3,400	—
Inventories	26,054	22,914	22,440	Current portion of long-term debt	2,480	3,800	3,400
Consumption tax receivable	358	249	414	Current portion of bonds	1,800	—	800
Deferred tax assets	350	557	615	Arrears	1,639	2,269	3,936
Other	4,300	2,313	1,994	Income tax payable	667	1,863	2,053
Allowance for doubtful accounts	(30)	(18)	(27)	Bonus reserve	457	579	644
				Subscription rights	70	—	20
				Other	1,125	699	3,211
<b>Fixed Assets</b>	<b>21,963</b>	<b>27,038</b>	<b>24,009</b>	<b>Long-term Liabilities</b>	<b>24,813</b>	<b>27,598</b>	<b>27,388</b>
Property, plant and equipment	7,506	11,020	9,764	Bonds	17,500	17,500	17,500
Buildings and structures	3,745	6,075	6,210	Convertible bonds	51	51	51
Machinery and equipment	858	2,411	792	Long-term debt	3,930	6,520	6,370
Land	1,525	1,521	1,525	Allowance for employee retirement benefits	2,839	2,986	2,911
Construction in progress	719	317	529	Allowance for director retirement benefits	493	541	556
Other	658	693	706	<b>Total Liabilities</b>	<b>56,157</b>	<b>59,359</b>	<b>58,073</b>
Intangible fixed assets	2,683	1,845	2,287	<b>SHAREHOLDERS' EQUITY</b>			
Software	2,657	1,814	2,255	Capitalization	7,392	7,392	7,392
Other	26	30	31	Capital surplus	12,017	12,017	12,017
Investments and other assets	11,773	14,173	11,958	Capital reserve	12,017	12,017	12,017
Investment securities	3,302	4,137	3,374	Retained earnings	13,371	12,568	9,674
Stock of affiliated companies	3,927	3,433	3,433	Earnings reserve	728	728	728
Long-term deposits	—	5,336	5,391	Voluntary reserve	5,000	5,000	5,000
Long-term loans	3,487	3,580	2,933	Undistributed interim net profit	7,642	6,839	3,945
Deferred tax assets	2,240	5,497	5,669	Net unrealized holding gain on securities	40	437	67
Long-term and deferred payments	—	1,000	—	Treasury stock	(58)	(68)	(63)
Other	379	466	433	<b>Total Shareholders' Equity</b>	<b>32,763</b>	<b>32,347</b>	<b>29,088</b>
Investment loss reserve	(1,554)	(1,554)	(1,554)				
Allowance for doubtful accounts	(8)	(7,723)	(7,723)	<b>Total Liabilities and Shareholders' Equity</b>	<b>88,920</b>	<b>91,706</b>	<b>87,161</b>
<b>Total Assets</b>	<b>88,920</b>	<b>91,706</b>	<b>87,161</b>				

## 16. Non-Consolidated Statements of Income

(Millions of yen, rounded down)

Item		Period	FY05 Interim	FY06 Interim	FY05
			(Apr 1, 2004 - Sep 30, 2004)	(Apr 1, 2005 - Sep 30, 2005)	(Apr 1, 2004 - Mar 31, 2005)
Ordinary Income	<b>Operating income</b>				
	Net sales		39,505	37,558	73,336
	Cost of sales		28,910	28,182	55,563
	Selling, general and administrative expenses		4,319	4,443	8,049
	Operating income		6,275	4,932	9,723
	<b>Non-operating income</b>				
	Non-operating income		440	536	342
	Interest and dividend income		183	244	227
	Other		257	292	114
	Non-operating expenses		159	221	389
	Interest expenses		150	120	271
Other		8	101	117	
Ordinary Income		6,556	5,247	9,676	
Extraordinary Income	<b>Extraordinary gains</b>		184	20	523
	Gain on sale of investment in securities		68	—	358
	Other		115	20	165
	<b>Extraordinary losses</b>		583	4	9,555
	Loss on revaluation of inventories		574	—	1,339
	Investment loss reserve		—	—	7,716
	Other		9	4	499
Income before taxes and minority interests			6,156	5,264	644
Income taxes			615	1,831	1,951
Income tax adjustment			1,801	(23)	(1,911)
Interim net income			3,739	3,456	605
Retained earnings brought forward			3,903	3,383	3,903
Interim dividends			—	—	562
Interim undistributed profits			7,642	6,839	3,945

## 17. Basis of Preparation of the Interim Non-Consolidated Financial Statements

### (1) Valuation standards and methods for significant assets

#### (a.) Investment securities

- Equities in subsidiaries and affiliated companies stated at cost determined by the moving average method.

- Other investment securities

Marketable securities.....Market value method based on the market price at the end of the interim consolidated accounting period. (The valuation difference is directly charged, and the cost of securities sold is calculated using the cost method based on the moving-average method.)

Non-marketable securities.....Adoption of the cost method based on the moving-average method.

#### (b) Derivatives

Based on the market value method.

#### (c.) Inventories

For the parent company and domestic consolidated subsidiaries, merchandise, products, materials and stored goods are stated at cost determined by the first-in, first-out (FIFO) method, and goods in progress are stated at cost determined by individual items.

### (2) Depreciation method of significant depreciable assets

#### (a.) Property, plant and equipment:

Tokyo Seimitsu and its domestic consolidated subsidiaries use the fixed rate method. Buildings acquired after April 1, 1998 (except equipment with attached buildings), however, are amortized using the straight-line method.

#### (b.) Intangible fixed assets:

Software for the purpose of sale is amortized using a method based on the projected sales volume, or the straight-line method based on the remaining period of validity. Software for use in the Company is amortized by the straight-line method, based on the availability period within the Company.

Other intangible fixed assets are amortized by the straight-line method.

### (3) Accounting standards for significant allowances and reserves

#### (a.) Investment loss reserve

After accounting for asset quality, the necessary amount has been appropriated as investment loss reserve to accommodate the deterioration of financial condition at our affiliate.

#### (b.) Allowance for doubtful accounts

To provide against losses resulting from bad debt, for general accounts, general allowances are provided using a rate determined by past bad debts experience. Specific allowances are also provided for the estimated amounts considered to be uncollectible after reviewing individual collectibility of certain doubtful accounts.

(c.) Bonus reserve

To provide for payment of bonuses to employees, accrued bonuses are recorded in an amount expected to be paid.

(d.) Allowance for employee retirement benefits

To provide for the employees' retirement benefits, allowance for employee retirement benefits is recorded based on the projected retirement benefit obligations and related plan assets as of the current consolidated fiscal year end. Accounting differences are expensed proportionally from the following consolidation fiscal year based on a fixed number of years (10 years) within the average remaining service years of the employee in each consolidated fiscal year incurred.

(e.) Allowance for director retirement benefits

To provide for expected payments for retirement benefits for directors at the time of their retirement, an allowance is recorded in a forecast amount at the end of the interim consolidated accounting period, based on internal regulations. From the current fiscal year, Tokyo Seimitsu abolished the Director Retirement Benefit System. Allowance for director retirement benefit for board members was recorded at the end of March, 2005 and those for auditor was recorded in at the end of June, 2005 as estimated payment amounts included the allowance for reserves.

(4) Accounting method for significant lease transactions

Financial lease transactions, except for those in which the rights held in leased properties may be transferred to the lease holder, are accounted for based on a method related to ordinary lease transactions.

(5) Accounting of consumption tax

Consumption tax and local consumption tax is accounted for using the tax excluded method.

(6) Accounting standards for impairment losses of fixed assets

From the current interim period, the company has applied accounting standards for impairment losses of fixed assets in accordance with the Corporate Accounting Standard Board's "Opinion on establishment of accounting standards for impairment losses of fixed assets" (August 9, 2002) and "Guidelines for the application of accounting standards for impairment losses of fixed assets" from Corporate Accounting Standards Application Guidelines, Issue 6, October 31, 2003. This change will have no effect on the P&L.

## 18. Sales, Orders and Backlog

(Millions of yen, rounded down)

Period Segment	FY05 Interim (April 1, 2004 - September 30, 2004)			FY06 Interim (April 1, 2005 - September 30, 2005)			FY05 (April 1, 2004 - March 31, 2005)		
	Sales	Orders	Backlog	Sales	Orders	Backlog	Sales	Orders	Backlog
Semiconductor manufacturing equipment	31,913 (19,876)	32,027 (19,202)	14,350 (7,935)	28,643 (17,335)	30,857 (19,113)	14,098 (7,678)	57,334 (34,519)	54,981 (31,811)	11,884 (5,900)
Measuring systems	4,847 (976)	5,089 (1,048)	1,954 (320)	5,804 (1,025)	6,182 (1,156)	2,653 (456)	10,257 (1,959)	10,820 (2,037)	2,276 (325)
Automatic measuring systems	2,592 (250)	2,834 (226)	1,117 (38)	2,994 (153)	3,140 (130)	1,352 (41)	5,442 (379)	5,773 (381)	1,206 (64)
Other	151 (11)	155 (7)	40 (6)	116 (12)	157 (11)	84 (7)	302 (24)	308 (23)	42 (8)
Totals	39,505 (21,114)	40,107 (20,484)	17,463 (8,300)	37,558 (18,527)	40,337 (20,411)	18,189 (8,184)	73,336 (36,884)	71,884 (34,253)	15,409 (6,299)

Note: Figures in parenthesis represents export volume