

Consolidated Financial Statements for the Interim Period of FY 2007

November 16, 2006

Company Name



Tokyo Seimitsu Co., Ltd.

Code number: 7729

Stock Listing: First Section TSE

Head office location: Tokyo

(URL: <http://www.accretech.jp/>)

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

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Board of Directors meeting: November 16, 2006

Use of U.S. accounting standards: No

1. Results for the the Interim Period of FY 2007 (April 1, 2006-September, 2006)

(1) Consolidated sales and earnings

(Millions of yen, rounded down)

	Net Sales		Operating Income		Ordinary Income	
FY07 Interim	51,838	23.2%	8,929	35.4%	8,840	31.5%
FY06 Interim	42,083	(7.2)%	6,593	(19.2)%	6,720	(19.0)%
FY06 Full Year	92,845		13,991		14,031	

(Millions of yen; except as indicated)

	Interim net income		Interim net income per Share (yen)	Interim net income per Share (diluted) (yen)
FY07 Interim	4,998	27.7 %	124.69	116.17
FY06 Interim	3,914	(12.1)%	104.39	95.28
FY06 Full Year	3,125		80.77	74.02

Notes:

1. Equity in affiliates; FY07 Interim: - million yen; FY06 Interim: - million yen; FY06: - million yen

2. Average number of shares outstanding (consolidated); FY07 Interim: 40,089,310 shares; FY06 Interim: 37,495,268 shares; FY06: 38,515,065 shares

3. Changes in accounting methods: Yes

4. 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) Consolidated financial position

(Millions of yen; except as indicated)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (yen)
FY07 Interim	118,370	51,069	43.0%	1,269.20
FY06 Interim	104,436	36,755	35.2%	980.29
FY06 Full Year	109,875	46,703	42.5%	1,165.07

Note: Number of shares outstanding at end of period (consolidated);

FY07 Interim: 40,113,978 shares; FY06 Interim: 37,494,533 shares; FY06: 40,073,746 shares

(3) Consolidated cash flows

(Millions of yen)

	Cash flow from Operating Activities	Cash flow from Investing Activities	Cash flow from Financing Activities	Cash and Cash Equivalents at End of Period
FY07 Interim	4,872	(1,483)	(1,547)	15,747
FY06 Interim	1,108	(4,622)	2,365	10,737
FY06 Full Year	8,346	(6,160)	(290)	13,851

(4) Scope of consolidation and application of the equity method

- Consolidated subsidiaries: 7 companies
- Unconsolidated subsidiaries accounted for by the equity method: None
- Affiliated companies accounted for by the equity method: None

(5) Changes in the scope of consolidation and application of the equity method

- Consolidation (new): None; (eliminated): None
- Equity method (new): None; (eliminated): None

2. Forecasts for FY 2007 (April 1, 2006-March 31, 2007)

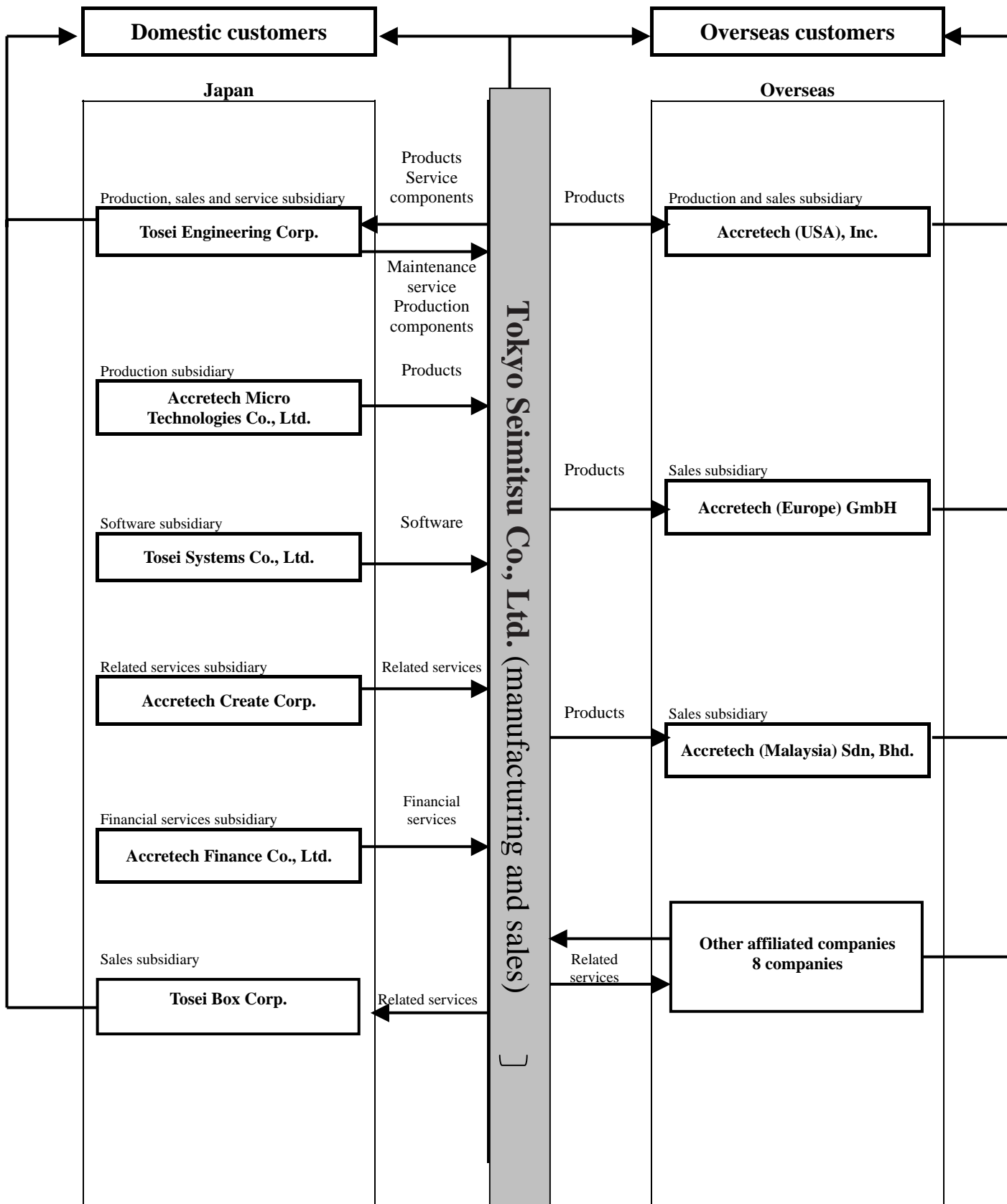
(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Full year	100,000	16,500	9,200

Reference: Estimated earnings per share (full year): ¥229.35

These forecasts are based on our outlook presented on page 7 ~ 9 of the supplementary material.

1. Tokyo Seimitsu Corporate Group



2. Management Policy

(1) Basic Policy

As a maker of precision measuring instruments and semiconductor manufacturing equipment, Tokyo Seimitsu has consistently focused on developing state-of-the-art products that contribute to improving our customers' productivity and on providing good customer support. With technological innovation advancing rapidly and becoming more sophisticated, the prime necessity for our continuous growth is to establish a strong product development organization and appropriate product development criteria. To accomplish this, in line with the following "Strategic Principles for Our R&D" that we have established as the core of our management principles, we are working to minimize the effects of market cycles in capital investment, build a business foundation of high growth and profitability, and further increase corporate value.

Strategic Principles for Our R&D

- 1) Endeavor to create the number one products in the global market
Products with the leading share of the global market should have the following qualities:
 - > The ability to generate maximum profits during favorable economic periods
 - > The ability to incur only minimal losses during periods of recession
- 2) Finance R&D exclusively from internal cash flows
- 3) Target fields that have strong technology barriers but where market needs are high and the potential size of the market is large
- 4) Actively seek alliances to share R&D costs and utilize synergies that benefit industry partners

Tokyo Seimitsu has adopted as a corporate motto "Win-Win Relationships Create the World's No. 1 Products." The Company is striving to establish a structure that is capable of creating world-leading products. To do this we are applying the core technologies we have developed and we are building cooperative Win-Win relationships with domestic and overseas companies and individuals that share the common goal of creating the world's best products. Behind all our efforts is the goal of being a truly global company.

Tokyo Seimitsu has also implemented the executive officer system and all internal company system under which the entire company has been divided into three internal companies -- Semiconductor Company, Metrology Company and Administration Company. These internal companies, as fully functioning organizations with appropriate responsibilities and authority, are positioned to improve the level of customer satisfaction and business performance by responding to each customer more flexibly and promptly.

For its development system, Tokyo Seimitsu employs the group leader system. Each technology development group is divided into product groups, with a group leader heading each team. Group leaders have been appointed as executive officers, and they are responsible not only for product development but also for the overall performance of their products and formulation of business plans. They have vast authority to make decisions on capital investment, recruiting human resources, and other matters.

Semiconductor Company has a cross-functional structure, in which the product sales section by semiconductor manufacturing process is associated with the technology development group by product. These two units are collaborating to quickly understand the needs of customers, develop products speedily, and respond to market trends rapidly and flexibly.

(2) Basic Policy on Distributions

Tokyo Seimitsu seeks to enhance corporate value, and return earnings to shareholders by offering the world's No. 1 products that fully utilize cutting-edge technologies in growth fields.

With respect to dividends, Tokyo Seimitsu seeks to provide stable dividends in recognition of the long-term perspective of its shareholders, while giving due consideration to the enhancement of the corporate structure to ensure future growth. We are therefore forecasting a dividend payout of 20% of consolidated net income for the term under review.

Retained earnings will be effectively used for investment in the research and development that is essential for growth, as well as for production equipment.

(3) Essential Management Indicators

Tokyo Seimitsu conducts its management in a manner that conforms to the goals of all its shareholders. We believe that long-term growth in earnings per share and the resulting long-term rise in corporate value are important indicators for management.

(4) Medium- to Long-term Management Strategies

- 1) In April 2006, Tokyo Seimitsu initiated its medium-term plan "ACCRETECH (our Corporate Brand) Action 60 (AA60)" covering the period through the year ending March 2009, when the Company will mark its 60th anniversary. The goal of the plan is to achieve in its final year consolidated net sales of ¥100 billion in the semiconductor manufacturing equipment division and ¥25 billion in the measuring instrument division, with operating profit margin for the entire company at 25%. Under the plan, clear numerical targets have been set for each product group and definite product strategies to attain these goals, and specific measures to be taken have been specified. The Company will steadily carry out these measures to fulfill its medium-term plan.
- 2) In recent years, there has been a growing tendency among customers to demand faster delivery and higher quality. The Company in March 2005 completed new plants for measuring instruments (the Tsuchiura Plant) and semiconductor manufacturing equipment (the Hachioji Plant) to improve productivity. Under the AA60 medium-term plan, quality improvement and production innovation will be further promoted with a view to reducing lead time and costs.
- 3) In line with the enforcement of the new Company Law, corporate governance must be given greater importance. Tokyo Seimitsu will endeavor to strengthen its corporate governance by establishing an effective internal control system and a proper compliance system, thereby ensuring sound and transparent management.

(5) Issues for Tokyo Seimitsu

- 1) Success with new product lines
As a result of its energetic efforts to develop new product lines over the past several years, Tokyo Seimitsu's Polish Grinders have achieved the projected profit level. On the other hand, although customer development has made good progress for Wafer Inspection Machines and Chemical Mechanical Planarizers (CMPs), problems remain in regard to profit for these product lines. The Company will work hard to improve the profit margins for Wafer Inspection Machines and CMPs to their target levels by increasing sales and reducing costs.
- 2) Financial structure improvement
Tokyo Seimitsu's financial structure was improved dramatically by the disposal of old models of semiconductor manufacturing equipment and assets related to LEEPL (Low Energy E-beam Proximity Projection Lithography). The Company will strive to attain positive cash flow by increasing sales and profits in line with the new AA60 medium-term plan. In addition, the Company's convertible bonds with equity warrants will be converted into equities. Further improvement of various financial ratios will be achieved.

(6) Matters Related to Parent Company, Etc.

Tokyo Seimitsu had no parent company, etc. As of the end of the fiscal year under review.

3. Business Performance and Financial Position

(1) Business Performance

1) Overview of Fiscal Half-year Ended September 30, 2006

[Overall Business Performance]

During the six-month period under review, the business environment surrounding Tokyo Seimitsu continued extremely favorable for both the semiconductor manufacturing equipment division and the measuring instrument division.

In the semiconductor industry, growing demand for digital consumer electronics, mobile phones, personal computers and automobile-related devices led to brisk capital investment by semiconductor manufacturers. This in turn spurred demand for semiconductor manufacturing equipment. Reflecting this vigor, sales and operating income at the semiconductor manufacturing equipment division marked record highs on a half-year basis.

Similarly, in the measuring instrument division, demand continued strong from such users as automobile-related industries and machine tool manufacturers. The division's sales maintained a high level as in the second half of the previous year, while operating income eclipsed the previous record on a half-year basis.

As a result, on a consolidated basis, orders received for the first half totaled ¥53,553 million (up 19.1% from the same period of the previous year). Net sales amounted to ¥51,838 million (up 23.2%), operating income came to ¥8,929 million (up 35.4%), ordinary income came to ¥8,840 million (up 31.5%), and net income reached ¥4,998 million (up 27.7%), with all achieving record highs on a half-year basis.

[Operating Highlights by Division]

A. Semiconductor Manufacturing Equipment Division

During the period under review, market conditions overall were favorable for the semiconductor manufacturing division. Demand was very strong from the beginning of the period, led by demand for probing machines, which are mainstay products, though a slight slowdown was observed in the second quarter of the period. As a result of the division's attentive responses to customer needs, orders received by this division in the first half rose 24.1% from a year earlier, to ¥42,417 million, and net sales increased 28.2%, to ¥41,029 million.

Sales growth and cost-reducing efforts lifted the division's operating income 48.7%, to ¥6,231 million.

(Regional overview)

Domestic sales rose 50.2% from the first half of the previous year, reflecting increasing capital investment by Japanese semiconductor manufacturers. Meanwhile, exports were brisk to Taiwan, China, the Southeast Asian region, the United States and Europe. However, shipments to South Korea were down from the same period of the previous year in reaction to that year's very high level. Exports overall increased 14.4%, compared with the first half of the previous year.

(Product overview)

- (a) With regard to wafer probing machines, market conditions were very active amid increasing demand for devices, LCD drivers, memory-related devices and others, and with the need growing for full wafer tests.

Sales of the "UF3000" for 300mm wafers rose considerably from the first half of the previous year for use with various devices. The "UF3000," a third-generation machine capable of handling 300mm wafers, has earned a very good reputation among customers as a fully automatic, high-performance probing machine. It meets the diverse needs of device makers, from high-mix, low-volume production of such items as system LSIs to manufacturing of memories and other mass produced items. The "UF200" series for 200mm wafers also posted firm growth for sales to customers in such regions as Taiwan.

During the six-month period under review, Tokyo Seimitsu, as the top wafer probing machine manufacturer, further increased its share in the world market. Sales in this category posted an all-time high on a half-year basis. Indeed, wafer probing machines have been the main pillar of Tokyo Seimitsu's business.

- (b) As for wafer dicing machines, in April 2006, the Company introduced the "A-WD-300TX" for 300mm wafers, a highly-productive new product with an 80,000rpm spindle. It has already earned a strong reputation among customers, which has contributed to new customer development. Sales of this model are expected to increase in the future.

Since its market debut in fiscal 2005, the "Mahoh Dicing Machine," a dry-process laser dicing machine that uses no blade, has been highly acclaimed by users for its performance and productivity. Sales of this product, mainly for MEMS, image sensors and thin wafers, reached the planned level in the first half. The Company estimates that sales of this model in the second half will double from the first half.

- (c) In wafer inspection systems, the "WIN-WIN 50" series systems continued to be highly regarded for their notable features -- a lower cost of ownership and higher detection rates. A portion of sales has been carried over to the second half, and sales in the second half are projected to more than double.

A new model for a wide range of applications and that is excellent for mass production is scheduled to be marketed in early 2007 to further enhance business performance in this product category.

- (d) Tokyo Seimitsu's unique polish grinders have become the de facto standard in the thin wafer market because of their inimitable functions of producing thinner wafers and removing damage in a single unit. During the half-year period under review, the market was relatively calm in reaction to the previous year's demand surge. But given that thin wafer demand will continue to rise, demand for products in this category is certain to begin recovering in the second half.
- (e) Regarding chemical mechanical planarizers (CMPs), the concepts of the "ChaMP" series and its structural advantages have become widely known to customers, and performance evaluations have steadily progressed with the aim of acquiring new users. The Company will strive to win more customers by further enhancing existing models and developing next-generation equipment.

B. Measuring Instrument Division

Sales in the measuring instrument division increased considerably as a result of its marketing efforts to secure orders by determining the needs of such thriving users as automobile manufacturers and machine tool producers. Orders received by this division during the first half totaled ¥11,135 million (up 3.2% from the same period of the previous year), and sales reached ¥10,809 million (up 7.3%).

As a result of the division's efforts to reduce production costs, operating income rose 12.2% from the previous year, to ¥2,697 million, hitting a record high on a half-year basis.

(Regional overview)

Looking at this division's business results by region, domestic sales increased 3.5% from the same period of the previous year, while exports surged 29.4 %, due to brisk shipments to China and South Korea.

(Product overview)

- (a) Among industrial measuring systems, the "XYZAX SVA" series of 3D coordinate measuring machines, which combine Carl Zeiss analysis and control technologies with Tokyo Seimitsu's high rigidity design technology, have earned a good reputation as products satisfying the needs of customers. Also, the "XYZAX SVA Fusion," which guarantees high-quality scanning, has maintained steady sales. Meanwhile, for the "GageMax," Carl Zeiss' new in-line 3D coordinate measuring machine, which was introduced in the previous fiscal year, continuous sales growth are expected in the future.

The "SURFCOM" series of surface texture and contour measuring instruments -- which use linear motors to achieve the world's highest precision while minimizing vibrations -- maintained firmness, led by the "SURFCOM 1500DX" and "CONTOURECORD 1700DX."

Meanwhile, the "RONDCOM" series, cylindrical form measuring instruments, have been rated highly for their high precision function. Models including the "RONDCOM 54/44" and "RONDCOM 72" saw increased sales.

- (b) In the category of automatic measuring systems, the postponement of capital investment in the automobile industry influenced the sales of such products as the "PULCOM" series, which are typically used in auto parts production lines. For this reason, sales of products in this category decreased slightly from the same period of the previous year.

[Distribution of Profits]

Tokyo Seimitsu will pay an interim dividend of ¥25 per share as initially planned, increasing by ¥5 per share in line with the aforementioned basic policy on profit distribution.

2) Forecasts for the Second Half and Full Year

[Overall and Divisional Forecasts]

A. Semiconductor Manufacturing Equipment Division

In the period ahead, capital investment by semiconductor manufacturers will remain vigorous against the backdrop of growing demand for such products as personal computers, mobile phones and digital consumer electronics. Therefore, the Company's semiconductor manufacturing equipment will trend steadily through the medium term. But in the short term there may be some fluctuations.

In the second half, Tokyo Seimitsu conservatively forecasts that sales of wafer probing machines, mainstay products with large market shares, will drop from the first half in reaction to their very strong performance in the period, due to fluctuating market conditions.

Meanwhile, backed by recovering demand, significant growth from the first half is expected in sales of polish grinders and wafer inspection machines. But, on a full-year basis, total sales of these products are not likely to reach the target set at the beginning of the year.

Given the above-described circumstances and considering the influence of changes in revenue recognition standards, the Company conservatively forecasts that net sales in the semiconductor manufacturing equipment division in fiscal 2007, ending March 31, 2007, will come to ¥78,000 million (up 8.6% from fiscal 2006). Although this figure is lower than the initial target, it will be a record high as in the previous year.

B. Measuring Instrument Division

The measuring instrument division is expected to continue robust in the second half as strong demand is expected from such users as automobile-related manufacturers, machine tool producers and bearings makers.

The division will strive to accurately determine customer needs and step up the securing of orders. Net sales for fiscal 2007 are forecast to reach ¥22,000 million (up 4.7% from fiscal 2006) as initially planned, for the fourth straight year of record sales.

Overall, consolidated net sales in fiscal 2007 is forecast to amount to ¥100,000 million, achieving a record high for the third consecutive year and reaching ¥100,000 million for the first time.

Regarding profitability on a consolidated basis, ordinary income for fiscal 2007 is expected to rise 17.6% from fiscal 2006, to ¥16,500 million, and net income is forecast to increase to ¥9,200 million (2.9 times the fiscal 2006 amount) -- both record highs.

[Distribution of Profits]

In the interest of continuing to pay stable dividends in line with the aforementioned earnings forecast and as indicated in the basic policy on profit distribution, Tokyo Seimitsu plans to pay a year-end dividend of ¥25 per share (with a dividend increase of ¥10 per share for a full-year dividend that includes an interim dividend, totaling ¥50 per share for a full-year dividend).

(2) Financial Position

Cash and cash equivalents at the end of the first half totaled ¥15.7 billion, an increase of ¥1.8 billion from a year earlier. The status of cash flows and the factors behind them are given below.

Net cash provided by operating activities amounted to ¥4.8 billion. The major components were income before income taxes and minority interests (¥8.5 billion), depreciation and amortization (¥1.2 billion), increased trade receivables (-¥6.4 billion), increased inventories (-¥2.8 billion), and increased purchase liabilities (¥3.2 billion).

Net cash used in investing activities amounted to ¥1.4 billion, owing to capital equipment expenditures (-¥1.4 billion), among other factors.

Net cash used in financing activities came to ¥1.5 billion. The major factors behind this were decreased short-term borrowings (-¥2.8 billion), increased long-term fixed borrowings (¥2.0 billion) and dividend payments (-¥0.8 billion).

Cash flow from operating activities for the first half resulted in a positive cash flow of ¥4.8 billion. Cash flow from operating activities is expected to remain positive in the period ahead, supported by improving sales, profits and other factors, so a healthier financial position will be established.

Trends in cash flow indices are shown below:

	H1 FY2006	FY2006	H1 FY2007
Shareholders' equity ratio (%)	35.2	42.5	43.0
Equity ratio based on market value (%)	184.2	256.4	210.1
Number of years for amortization (years)	15.4	3.3	2.8
Interest coverage ratio (times)	26.6	41.7	45.9

Shareholders' equity ratio: Shareholders' equity/total assets

Equity ratio based on market value: Total market value of equity/total assets

Number of years for amortization: Interest-bearing debt/operating cash flows

Interest coverage ratio: Operating cash flows/interest payments

- Notes:
1. All indices are calculated on a consolidated basis based on figures shown in the financial statements.
 2. The total market value of equity is calculated by multiplying market price at the balance sheet date by the number of shares outstanding on the balance sheet date.
 3. "Operating cash flows" refers to cash flows from operating activities as shown in the consolidated cash flow statements. "Interest-bearing debt" refers to all debts listed in the consolidated balance sheets on which the Company pays interest. "Interest payments" denotes interest payments as reflected in the consolidated cash flow statements.

(3) Business and Other Risks

Risk factors that may affect the Tokyo Seimitsu Group's business results, financial position, cash flows and other performance indicators are described below.

The Group is endeavoring to prevent these risks and to reduce potential risks by hedging and diversifying. However, an unforeseen situation may have considerable influence on the Group's business performance.

The Tokyo Seimitsu Group judged the following as risk factors at the end of the period under review, but these do not encompass all risks to which the Group's operations may be exposed.

1) Fluctuations in market conditions

The Tokyo Seimitsu Group conducts semiconductor manufacturing equipment business and measuring instrument business on a global scale, with the scope of operations including Japan, Europe, the United States and Asia. Both of these business areas, as promising sectors in the development of an advanced information society, are expected to continue to grow. However, if the supply-demand balance is disturbed or economic conditions deteriorate in the markets of each business area, the Group's business performance could be adversely affected.

2) Exchange rate fluctuations

In principle, the Group's overseas sales are made on a yen basis. However, transactions are carried out in U.S. dollars with customers in the United States and some other regions. With regard to U.S. dollar-denominated receivables, forward exchange contracts and other risk mitigation measures are taken. Nevertheless, in the event of unforeseen exchange rate fluctuations, the Group's business results may be influenced.

3) Natural disasters and accidental disasters

In order to minimize damage caused by a possible interruption of production activities, the Tokyo Seimitsu Group regularly conducts disaster prevention inspections and carries out production facility maintenance. Capital investment is also made to secure the safety of the facilities. Nevertheless, a sudden calamity, natural disaster or unforeseen accident could damage production facilities or interrupt operations, greatly impacting the Group's business performance.

4) Country risk

The Tokyo Seimitsu Group is engaged in business in various parts of the world and is operating at the optimum level within each country's political and legal system. However, unexpected changes in the political system or regulations in each country could have influence on the Group's business performance. Furthermore, terrorist attacks, wars, infectious diseases in counties or regions where the Group operates could have impact on its business results.

5) Protection of intellectual property rights

The Tokyo Seimitsu Group's semiconductor manufacturing equipment and precision measuring instruments embody cutting edge technologies. Particular attention is paid to the protection of rights related to these technologies. Specifically, the Group has taken measures to defend its interest with regard to such matters as attribution of patent-related rights and protection of trademarks and brands. However, if a lawsuit or other legal dispute with a third party in Japan or overseas were to arise concerning rights, the Group's business performance could be affected.

6) Technological innovation

New technologies are developed on nearly a daily basis in the business areas of the Tokyo Seimitsu Group. To develop state-of-the-art technologies and provide new products are essential in maintaining and strengthening the Group's competitiveness. However, there is no guarantee that the Group's research and development activities will always be successful. A failed R&D and commercialization effort might impact the Group's business performance.

4. Consolidated Interim Balance Sheets

(Millions of yen)

Item	FY07 1H 30-Sep-06	FY06 31-Mar-06	variance	FY06 1H 30-Sep-05
Assets				
Current Assets	89,978	81,067	8,910	74,832
Cash and cash equivalents	15,772	13,887	1,885	10,773
Notes and accounts receivable	42,993	36,437	6,556	33,433
Inventories	29,899	27,053	2,845	29,353
Consumption tax	355	791	(435)	237
Deferred tax assets	422	1,447	(1,025)	579
Others	577	1,503	(925)	507
Allowance for doubtful accounts	(43)	(53)	10	(53)
Fixed Assets	28,391	28,807	(416)	29,603
1 Tangible fixed assets	14,848	14,317	530	15,069
Buildings and structures	8,231	7,699	531	7,347
Equipment and vehicles	2,706	2,273	432	3,577
Tools and fixtures	945	888	57	917
Land	2,937	2,937	0	2,910
Construction in process account	27	518	(491)	317
2 Intangible fixed assets	4,212	4,837	(624)	2,111
Software	1,022	1,451	(428)	1,828
Goodwill	3,095	-	3,095	-
Consolidation adjustments account	-	3,161	(3,161)	-
Others	94	224	(130)	282
3 Investments and other assets	9,331	9,653	(321)	12,423
Investments and other assets	5,573	5,786	(213)	4,323
Long-term loans	291	305	(13)	333
Deferred tax assets	1,806	1,907	(101)	6,131
Others	1,674	1,663	11	1,645
Allowance for doubtful accounts	(14)	(9)	(4)	(10)
Deferred Assets	-	-	-	0
Discount on bonds	-	-	-	0
Total Assets	118,370	109,875	8,494	104,436

(Millions of yen)

Item	FY07 1H 30-Sep-06	FY06 31-Mar-06	variance	FY06 1H 30-Sep-05
Liabilities				
Current Liabilities	40,277	38,099	2,177	34,383
1 Notes and accounts payable, trade	28,129	24,807	3,322	19,205
2 Short-term debt	196	3,056	(2,860)	3,453
3 Current portion of long-term debt	3,117	3,073	43	4,042
4 Current portion of bonds	700	700	-	450
5 Income taxes payable	2,536	1,193	1,343	2,715
6 Bonus reserve	975	865	110	900
7 Director bonus reserve	5	-	5	-
8 Others	4,616	4,403	212	3,615
Long-term Liabilities	27,024	25,072	1,951	30,596
1 Bonds	15,065	15,165	(100)	19,300
2 Convertible bonds	50	51	(1)	51
3 Long-term debt	7,722	5,680	2,041	6,839
4 Allowance for employee retirement benefits	3,898	3,822	76	3,691
5 Allowance for director retirement benefits	288	353	(65)	669
6 Deferred tax liabilities	-	-	-	46
Total Liabilities	67,301	63,172	4,128	64,980
Minority Interests				
1 Minority Interests	-	-	-	2,700
Shareholders' Equity				
Capitalization	-	9,447	-	7,392
Capital surplus	-	20,466	-	12,017
Retained earnings	-	15,399	-	16,938
Net unrealized holding gain on securities	-	1,340	-	436
Foreign currency translation adjustment	-	139	-	39
Treasury Stock	-	(90)	-	(68)
Total Shareholders' Equity	-	46,703	-	36,755
Total Liabilities ,Minority Interests and Shareholders' Equity	-	109,875	-	104,436
Net Assets				
Shareholders' Equity	49,536	-	-	-
1 Capitalization	9,515	-	-	-
2 Capital Surplus	20,535	-	-	-
3 Retained Earnings	19,582	-	-	-
4 Treasury Stock	(97)	-	-	-
Valuation and translation adjustments	1,376	-	-	-
1 Net unrealized holding gain on securities	1,221	-	-	-
2 Foreign currency translation adjustment	155	-	-	-
Share warrants	156	-	-	-
Total Net Assets	51,069	-	-	-
Total Liabilities and Net Assets	118,370	-	-	-

5 . Consolidated Interim Statements of Income

(Millions of yen)

Item	FY07 1H (Apr 1, 2006 - Sep 30, 2006)	FY06 1H (Apr 1, 2005 - Sep 30, 2005)	variance	FY06 (Apr 1, 2005 - Mar 31, 2006)
Net sales	51,838	42,083	9,755	92,845
Cost of sales	36,017	29,207	6,809	65,873
Gross Profit on Sales	15,821	12,875	2,945	26,971
Selling, general and administrative expenses	6,891	6,282	609	12,980
1 Selling expenses	4,981	4,693	288	9,264
2 General expenses	1,909	1,588	321	3,715
Operating Income	8,929	6,593	2,335	13,991
Non-operating income	159	434	(274)	875
1 Interest and dividend income	54	37	16	75
2 Others	105	397	(291)	799
Non-operating expenses	248	308	(59)	835
1 Interest expenses	127	139	(11)	272
2 Others	121	168	(47)	563
Ordinary Income	8,840	6,720	2,119	14,031
Extraordinary gains	155	114	40	116
1 Gain on sale of investment in securities	-	76	(76)	76
2 Others	155	38	116	39
Extraordinary losses	472	8	464	6,281
1 Loss on revaluation and disposal of inventories	-	-	-	2,862
2 Loss on sale of fixed assets	-	-	-	1,387
3 Lease cancellation cost	-	-	-	1,853
4 Others	472	8	464	178
Income before taxes	8,522	6,827	1,695	7,865
Income taxes	2,313	2,543	(230)	1,690
Income tax adjustment	1,210	145	1,064	2,851
Minority interests	-	223	(223)	198
Net income	4,998	3,914	1,084	3,125

6. Interim Consolidated Statements of Changes in Net Assets

FY2007 1H (Apr.1, 2006 - Sep.30, 2006)

(Millions of yen)

	Stockholders'Equity				
	Common Stock	Capital surplus	Retained earning	Treasure stock	Total
Balance of Mar.31,2006	9,447	20,466	15,399	(90)	45,223
Changes in the term					
Issuance of new shares	68	68			136
Dividends from retained earnings			(801)		(801)
Bonus of directors			(14)		(14)
Net income			4,998		4,998
Purchase of treasury stock				(7)	(7)
Disposal of treasury stock		0		0	1
Net changes of item other than stockholders' equity					
Total changes in the term	68	68	4,182	(7)	4,312
Balance of Sep.30,2006	9,515	20,535	19,582	(97)	49,536

	Valuation and translation adjustments			Stock Acquisition Rights	Total Net ASSETS
	Net unrealized holding gain on securities	Foreign currency translation adjustment	valuation and translation adjustments		
Balance of Mar.31,2006	1,340	139	1,479	-	46,703
Changes in the term					
Issuance of new shares					136
Dividends from retained earnings					(801)
Bonus of directors					(14)
Net income					4,998
Purchase of treasury stock					(7)
Disposal of treasury stock					1
Net changes of item other than stockholders' equity	(119)	16	(103)	156	53
Total changes in the term	(119)	16	(103)	156	4,365
Balance of Sep.30,2006	1,221	155	1,376	156	51,069

7. Interim Consolidated Statements of Surplus

(Millions of yen)

Item	Period			
	FY06 1H (April 1, 2005 – September 30, 2005)		FY06 (April 1, 2005 – March 31, 2006)	
Balance of capital surplus				
Balance of capital surplus at beginning of year		12,017		12,017
Increase in capital surplus				
Issue of new shares type by stock transaction	-		6,218	
Issue of new shares type by new shares type reservation right exercise of corporate bond with convertible bond type new stock reservation right	-		1,767	
Issue of new shares type by new shares type reservation right exercise of incentive stock option	-		287	
The self-stocks disposal marginal profit	-		175	8,448
Decrease in capital surplus	-	-	-	-
Balance of capital surplus at end of year		12,017		20,466
Balance of retained earnings				
Retained earnings at beginning of year		13,596		13,596
Increase in retained earnings				
Net income	3,914	3,914	3,125	3,125
Decrease in retained earnings				
Cash dividends	562		1,312	
Bonuses to directors	9	572	9	1,322
Balance of retained earnings at end of year		16,938		15,399

8. Interim Consolidated Statements of Cash Flows

(Millions of yen)

	FY07 1H (Apr 1, 2006 - Sep 30, 2006)	FY06 1H (Apr 1, 2005 - Sep 30, 2005)	FY06 (Apr 1, 2005 - Mar 31, 2006)
Cash flows from operating activities:			
Income before income taxes and minority interests	8,522	6,827	7,865
Depreciation and amortization	1,220	1,338	2,768
Amount of redemption for goodwill	206	-	-
Amortization of consolidation goodwill	-	-	171
Equity reward	156	-	-
Change in allowance for employee retirement benefits	76	80	211
Change in allowance for director retirement benefits	(65)	(6)	(322)
Interest and dividend income	(54)	(37)	(75)
Interest expense	127	139	272
Loss on sales and disposal of tangible assets	18	142	1,704
Loss on appraisal of subsidiary company stocks	-	-	60
Gain on sales of investment securities	2	(76)	(76)
Change in trade notes and accounts receivable	(6,465)	(1,216)	(4,043)
Change in inventories	(2,833)	(1,178)	1,152
Change in trade notes and accounts payable	3,236	1,183	6,546
Change in other operating activities	1,854	(3,336)	(4,417)
Subtotal	6,004	3,858	11,817
Proceeds from interest and dividend income	54	37	75
Payment of interest	(132)	(146)	(284)
Payment of income taxes	(1,054)	(2,641)	(3,261)
Net cash flows from operating activities	4,872	1,108	8,346
Cash flows from investing activities:			
Payment for time deposits	(11)	(1,021)	(1,048)
Proceeds from time deposits	21	11	38
Payment for purchase of property, plant and equipment	(1,440)	(3,472)	(4,821)
Proceeds from sales of property, plant and equipment	113	35	87
Payment for purchase of intangible assets	(89)	(83)	(242)
Payment for purchase of investment securities	(500)	(139)	(140)
Proceeds from sales of investment securities	509	85	85
Payment for purchase of subsidiaries	-	(54)	(122)
Payment for investment of related companies	-	-	(40)
Payment for lending of related loan	(100)	-	-
Proceeds from collection of loan	13	16	44
Net cash flows from investing activities	(1,483)	(4,622)	(6,160)
Cash flows from financing activities:			
Change in short-term borrowings	(2,860)	2,994	2,598
Proceeds from long-term borrowings	4,000	2,500	2,500
Payments for repayment of long-term borrowings	(1,914)	(2,532)	(4,660)
Payment for redemption of bonds	(100)	(100)	(450)
Proceeds from new share issued	135	-	575
Proceeds from new share issued in consolidated subsidiaries	-	70	70
Clearance income of common stock for treasury	-	-	495
Dividend payments	(801)	(562)	(1,312)
Change in other financing activities	(6)	(5)	(108)
Net cash flows from financing activities	(1,547)	2,365	(290)
Adjustment on foreign currency translation of cash and cash equivalents	54	46	117
Net increase (decrease) in cash and cash equivalents	1,895	(1,101)	2,012
Cash and cash equivalents at beginning of year	13,851	11,838	11,838
Cash and cash equivalents at end of period	15,747	10,737	13,851

9. Changes in Basis of Presenting Consolidated Interim Financial Statements

(1) Changes in Accounting Methods

1) Change of standard for revenue recognition

Until the previous fiscal year, revenues from wafer inspection machines, polish grinders and CMP main units had been reported on a shipment basis. Effective from the period under review, they are recognized on an installation completion basis. This change is to reflect the actual state of revenues in the Company's financial statements in a more appropriate manner in light of the following: 1) Compared with other products, these products tend to require more time from shipment to the completion of installation; 2) sales of these products as a percentage of consolidated net sales has grown in recent years as the Group has worked to increase their market penetration; and 3) data and systems relating to the completion of installation have been improved through post-shipment process reviews.

The effect of the change in revenue recognizing standards was to reduce consolidated net profit by ¥163 million and operating income, ordinary income and income before income taxes and minority interests by ¥8 million each for the period under review as compared with the corresponding amounts which would have been recorded if the previous method had been followed.

(2) Changes in Accounting Standards

1) Accounting Standard for Share-based Payment

Effective from the period under review, "Accounting Standard for Share-based Payment" (Accounting Standards Board of Japan's Statement No. 8, December 27, 2005) and "Implementation Guidance on Accounting Standard for Share-based Payment" (ASBJ Guidance No. 11, May 31, 2006) have been adopted.

This change reduced operating income, ordinary income and income before income taxes and minority interests by ¥156 million each for the period under review, compared with the corresponding amounts if the previous standard had been applied.

2) Accounting Standard for Directors' Bonus

Effective from the interim period under review, the Company adopted "Accounting Standard for Directors' Bonus" (ASBJ Statement No. 4, November 29, 2005).

This change reduced operating income, ordinary income and income before income taxes and minority interests by ¥5 million each for the period under review, compared with the corresponding amounts if the previous standard had been applied.

3) Accounting Standard for Presentation of Net Assets in Balance Sheet

Effective from the interim period under review, the Company adopted "Accounting Standard for Presentation of Net Assets in Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005).

The amount that corresponds to the total shareholders' equity by the previous standard is ¥50,912 million.

The net asset section in the consolidated balance sheet for the interim period under review has been prepared according to the revised rules on consolidated interim financial statements.

10. Segment Information

(1) Business segments

FY 2007 Interim (April 1, 2006 - September 30, 2006)

(Millions of yen)

	Semiconductor manufacturing equipment	Measuring systems	Total	Eliminations and Corporate	Consolidated
Net sales and operating income					
(1) Sales to customers	41,029	10,809	51,838	-	51,838
(2) Intersegment sales to transfers	-	-	-	(-)	-
Total	41,029	10,809	51,838	(-)	51,838
Operating expenses	34,797	8,111	42,909	(-)	42,909
Operating income	6,231	2,697	8,929	(-)	8,929

FY 2006 Interim (April 1, 2005 - September 30, 2005)

(Millions of yen)

	Semiconductor manufacturing equipment	Measuring systems	Total	Eliminations and Corporate	Consolidated
Net sales and operating income					
(1) Sales to customers	32,005	10,077	42,083	-	42,083
(2) Intersegment sales to transfers	-	-	-	(-)	-
Total	32,005	10,077	42,083	(-)	42,083
Operating expenses	27,815	7,674	35,489	(-)	35,489
Operating income	4,190	2,403	6,593	(-)	6,593

FY 2006 (April 1, 2005 - March 31, 2006)

(Millions of yen)

	Semiconductor manufacturing equipment	Measuring systems	Total	Eliminations and Corporate	Consolidated
Net sales and operating income					
(1) Sales to customers	71,824	21,020	92,845	-	92,845
(2) Intersegment sales to transfers	-	-	-	(-)	-
Total	71,824	21,020	92,845	(-)	92,845
Operating expenses	62,852	16,000	78,853	(-)	78,853
Operating income	8,972	5,019	13,991	(-)	13,991

(2) Geographical segments

FY 2007 Interim (April 1, 2006 - September 30, 2006)

(Millions of yen)

	Japan	U.S.	Germany	Total	Corporate and elimination	Consolidation
Net sales and operating income						
(1) Sales to customers	42,029	5,722	4,086	51,838	-	51,838
(2) Intersegment sales to transfers	6,334	-	-	6,334	(6,334)	-
Total	48,363	5,722	4,086	58,172	(6,334)	51,838
Operating expenses	40,132	5,561	3,548	49,242	(6,333)	42,909
Operating income	8,230	161	537	8,929	(0)	8,929

FY 2006 Interim (April 1, 2005 - September 30, 2005)

(Millions of yen)

	Japan	U.S.	Germany	Total	Corporate and elimination	Consolidation
Net sales and operating income						
(1) Sales to customers	36,155	3,430	2,498	42,083	-	42,083
(2) Intersegment sales to transfers	3,799	-	-	3,799	(3,799)	-
Total	39,954	3,430	2,498	45,882	(3,799)	42,083
Operating expenses	33,589	3,417	2,230	39,236	(3,747)	35,489
Operating income	6,365	12	267	6,645	(52)	6,593

FY 2006 (April 1, 2005 - March 31, 2006)

(Millions of yen)

	Japan	U.S.	Germany	Total	Corporate and elimination	Consolidation
Net sales and operating income						
(1) Sales to customers	78,130	9,054	5,660	92,845	-	92,845
(2) Intersegment sales to transfers	9,409	-	-	9,409	(9,409)	-
Total	87,539	9,054	5,660	102,254	(9,409)	92,845
Operating expenses	74,322	8,809	5,137	88,269	(9,415)	78,853
Operating income	13,217	244	523	13,985	6	13,991

(3) Overseas Sales

FY 2007 Interim (April 1, 2006 - September 30, 2006)

(Millions of yen)

	East Asia	Europe	North America	Other	Total
Overseas sales	12,525	4,368	3,988	3,518	24,401
Consolidated sales					51,838
Overseas proportion of sales	24.2%	8.4%	7.7%	6.8%	47.1%

FY 2006 Interim (April 1, 2005 - September 30, 2005)

(Millions of yen)

	East Asia	North America	Europe	Other	Total
Overseas sales	14,225	3,192	2,065	1,651	21,134
Consolidated sales					42,083
Overseas proportion of sales	33.8%	7.6%	4.9%	3.9%	50.2%

FY 2006 (April 1, 2005 - March 31, 2006)

(Millions of yen)

	East Asia	North America	Europe	Other	Total
Overseas sales	31,224	7,043	5,034	4,374	47,676
Consolidated sales					92,845
Overseas proportion of sales	33.6%	7.6%	5.4%	4.7%	51.3%

11. Production, Orders and Sales

(1) Productio

(Millions of yen)

Business Segment	FY 2007 Interim	FY 2006 Interim	FY 2006
	(April 1, 2006–September 30, 2006)	(April 1, 2005–September 30, 2005)	(April 1, 2005– March 31, 2006)
Semiconductor manufacturing equipment	43,452	31,019	69,441
Measuring systems	11,041	10,318	21,444
Total	54,493	41,337	90,886

Note: Amounts shown are based on the sales price (excluding consumption tax).

(2) Orders

(Millions of yen)

Business Segment	FY 2007 Interim		FY 2006 Interim		FY 2006	
	(April 1, 2006–September 30, 2006)		(April 1, 2005–September 30, 2005)		(April 1, 2005– March 31, 2006)	
	Received	Backlog	Received	Backlog	Received	Backlog
Semiconductor manufacturing equipment	42,417	20,838	34,167	15,562	77,874	19,450
Measuring systems	11,135	4,680	10,788	4,402	21,683	4,354
Total	53,553	25,519	44,956	19,964	99,558	23,804

Note: Amounts shown are based on the sales price (excluding consumption tax).

(3) Sales

(Millions of yen)

Business Segment	FY 2007 Interim	FY 2006 Interim	FY 2006
	(April 1, 2006–September 30, 2006)	(April 1, 2005–September 30, 2005)	(April 1, 2005– March 31, 2006)
Semiconductor manufacturing equipment	41,029	32,005	71,824
Measuring systems	10,809	10,077	21,020
Total	51,838	42,083	92,845

Note: Amounts shown are based on the sales price (excluding consumption tax).

12. Market Value of Securities

(1) Marketvalue of securities

Marketable securities

(Millions of yen)

	FY 2007 Interim (As of September 30, 2006)			FY 2006 (As of March 31, 2006)			FY 2006 Interim (As of September 30, 2005)		
	Cost	Interim balance sheet amount	Difference	Cost	Interim balance sheet amount	Difference	Cost	Interim balance sheet amount	Difference
Other marketable securities									
Stocks	2,837	4,896	2,058	2,836	5,097	2,260	2,744	3,482	738
Total	2,837	4,896	2,058	2,836	5,097	2,260	2,744	3,482	738

Non-marketable securities

(Millions of yen)

	FY 2007 Interim (As of September 30, 2006)	FY 2006 (As of March 31, 2006)	FY 2006 Interim (As of September 30, 2005)
	Interim balance sheet amount	Interim balance sheet amount	Interim balance sheet amount
Other marketable securities			
Non-marketable securities	676	689	841
Total	676	689	841