



Consolidated Financial Statements for the 12-month period ended March 31, 2007 (FY2007)

May 16, 2007

Company Name



Tokyo Seimitsu Co., Ltd.

ACCRETECH

Code number: 7729

Stock Listing: First Section TSE

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

Head office location: Tokyo

Representative: Sadakatsu Suzuki, President CEO and COO

Inquiries: Kunimasa Ohta, CFO

Tel: 0422 - 48 - 1011

Board of directors meeting: May 16, 2007

Expected Starting Date of Divided Payout: June 29, 2007

Use of U.S. accounting standards: No

1. Consolidated Results for the Period of FY2007 (April 1, 2006 - March 31, 2007)

(1) Consolidated sales and earnings

(Millions of yen, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2007	100,322	8.1%	14,086	0.7%	13,612	-3.0%	8,741	179.7%
FY2006	92,845	9.6%	13,991	7.2%	14,031	8.9%	3,125	-29.9%

(Millions of yen, except as indicated)

	Net income per Share (yen)	Net income per Share (diluted) (yen)	Return on Net Assets	Return on Equity	Return on Total Ordinary Income
FY2007	217.91	203.10	17.3	12.1%	14.0%
FY2006	80.77	74.02	7.8	13.3%	15.1%

Notes: Equity in affiliates in FY07: - million yen; in FY06: - million yen.

(2) Consolidated financial position

(Millions of yen; except as indicated)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (yen)
FY2007	114,831	54,281	47.1%	1,347.09
FY2006	109,875	46,703	42.5%	1,165.07

Notes: Equity in FY07: 54,098 million yen; in FY06: - million yen.

(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
FY2007	10,920	-3,439	-4,638	16,800
FY2006	8,346	-6,160	-290	13,851

2. Situation of Dividend

	Per Share Dividend			Total Dividend (for Year)	Dividend Pay Out Ratio	Dividend on Net Assets
	Interim	Year End	Full Year			
	Yen	Yen	Yen	Millions of Yen	%	%
FY2006	20.00	20.00	40.00	1,551	49.5	3.9
FY2007	25.00	25.00	50.00	2,006	22.9	4.0
FY2008 (Projected)	30.00	40.00	70.00		28.1	

3. Forecast for FY 2008 (April 1, 2007-March 31, 2008)

(Millions of yen)

(Percentage figures represent changes from the previous year for full-year figures and from the same period of the previous year for interim-period figures.)

	Net Sales		Operating Income		Ordinary Income		Ordinary Income		Net Income per Share
Interim	52,500	1.3%	7,500	-16.0%	7,500	-15.2%	4,400	-12.0%	109.56
Full Year	108,000	7.7%	17,500	24.2%	17,500	28.6%	10,000	14.4%	249.01

4. Other

- (1) Significant changes in subsidiaries during the year under review (changes in specific subsidiaries involving changes in scope of consolidation): None.
- (2) Changes in accounting principles, procedures, method of presentation and other matters associated with preparation of consolidated financial statements (basic matters for preparation of consolidated financial statements)
 - 1) Changes due to revision of accounting standards, etc.: Yes.
 - 2) Changes other than 1): Yes.
 (Note: Please refer to "Changes in Basis of Presenting Consolidated Financial Statements," on page 15, for details.)
- (3) Number of shares outstanding (common shares)
 - 1) Number of shares outstanding at fiscal year end (including treasury shares):
FY2007: 40,187,517 shares; FY2006: 40,100,167 shares
 - 2) Number of treasury shares at fiscal year end:
FY2007: 28,215 shares; FY2006: 26,421 shares
 (Note: Please refer to "Per Share Information," on page 18, for numbers of share as for the basis of this calculation.)

Reference: Summary of non-consolidated results

1. Non-Consolidated Results for the Period of FY2007 (April 1, 2006 - March 31, 2007)

(1) Non-consolidated sales and earnings (Millions of yen, %, yen; percentage figures represent changes from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2007	86,827	5.2%	9,565	-5.6%	9,847	-5.5%	5,666	134.7%
FY2006	82,539	12.5%	10,135	4.2%	10,423	7.7%	2,414	299.0%

	Net Income per Share	Net Income per Share(diluted)
	Yen	Yen
FY2007	141.25	131.66
FY2006	62.67	57.43

(2) Non-consolidated financial position (Millions of yen, %, yen; percentage figures represent changes from previous year)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
			%	Yen
FY2007	97,005	42,695	43.8	1,058.57
FY2006	95,589	38,295	40.1	955.63

Notes : Equity in FY07: 42,511 million yen; in FY06: - million yen.

2. Non-Consolidated Forecast for FY 2008 (April 1, 2007-March 31, 2008)

(Millions of yen)

(Percentage figures represent changes from the previous year for full-year figures and from the same period of the previous year for interim-period figures.)

	Net Sales		Operating Income		Ordinary Income		Ordinary Income		Net Income per Share
Interim	46,000	2.1%	5,400	-15.4%	5,400	-19.4%	3,800	-6.4%	94.62
Full Year	95,000	9.4%	13,200	38.0%	13,200	34.1%	8,400	48.2%	209.17

Note to ensure appropriate use of forecasts and other matters warranting special mention
 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 "1. Business Performance" on pages 3-6 for details of forecasts.

1. Business Performance

(1) Analysis of Business Performance

1) Overview of Business Performance for Fiscal Year, Ended March 31, 2007

[Overall Business Performance]

During the fiscal year under review, the business environment of Tokyo Seimitsu continued to be generally favorable for both the semiconductor manufacturing equipment division and the measuring instrument division.

Semiconductor manufacturing equipment division sales hit a record high thanks to firm demand reflecting continuously brisk capital investment by semiconductor manufacturers overall. This was despite demand weakening slightly in the third quarter partly in reaction to the first half's surge.

Similarly, the measuring instrument division achieved its highest-ever sales and operating income as demand continued strong from such users as automobile-related industries and machine tool manufacturers. Notably, sales to overseas markets posted a substantial rise.

As a result, orders received in the fiscal year under review totaled ¥105,460 million (up 5.9% from the previous year). Net sales amounted to ¥100,322 million (up 8.1%), operating income reached ¥14,086 million (up 0.7%), and ordinary income came to ¥13,612 million (down 3.0%). Overall, net income amounted to ¥8,741 million (2.8 times the previous year), with net sales and net income achieving all-time highs.

[Performance by Business Segment]

A. Semiconductor Manufacturing Equipment Division

The semiconductor manufacturing equipment division continued to be extremely vigorous in the first half. Although there was a modest adjustment in the third quarter in reaction to the first half's briskness, a recovery trend became apparent in the fourth quarter. Capital investment by semiconductor manufacturers was generally active in response to growing demand for digital consumer electronics, including flat-screen televisions and game consoles, and increased production of personal computers (PCs) compatible with a new version of operating system, though some chipmakers held back capital investment. As a result of the Company's attentive efforts to respond to the needs of customers, orders received in the fiscal year under review increased 5.9% from the previous year, to ¥82,465 million, and sales rose 8.7%, to ¥78,091 million, both surpassing previous highs.

Meanwhile, operating income was down 1.6%, to ¥8,830 million, due to a temporary rise in expenses for the launch of new models, among other factors.

(Regional overview)

Domestic sales rose a sharp 16.9% from the previous year. Sales to overseas markets climbed 3.7% overall, with sales to Europe, the United States and Southeast Asia in particular surging.

(Product overview)

(a) With demand for DRAMs and flash memories and other memory devices brisk and the need for full wafer tests growing, sales of wafer probing machines rose considerably on a year-to-year basis.

Sales of the "UF3000" continued to increase. This model, a third-generation machine capable of handling 300mm wafers, has gained a strong reputation among customers as a fully automatic, ultrahigh-performance probing machine. It meets the diverse needs of device makers, from the high-mix, low-volume production of such items as system LSIs to the manufacturing of memory chips and other mass produced items.

In late fiscal 2007, the "UF3000EX" wafer probing machine was introduced. This high-precision, high-throughput machine was developed based on a design concept that goes beyond conventional ideas. It is expected to contribute significantly to fiscal 2008 business results.

The "UF200" series for 200mm wafers also remained firm as demand from logic device and CCD manufacturers continued strong.

Tokyo Seimitsu, as the top wafer probing machine manufacturer, further increased its share of the world market during the year under review. Sales in this category rose considerably from the previous year, reaching an all-time high.

(b) As for wafer dicing machines, in April 2006, the Company introduced the "A-WD-300TX" for 300 mm wafers, a highly-productive new product with an 80,000rpm spindle. As a result of the Company's efforts to promote its market penetration in the first half of the period under review, orders began to increase at a steady pace in the second half. Sales are expected to grow further in the period ahead.

Since its market debut in fiscal 2005, the "MAHOH DICING MACHINE", a dry-process bladeless laser dicing machine, has been highly acclaimed by users for its dust-free operation and other performance characteristics and for high productivity. Sales of this product, mainly for MEMS and thin wafers, doubled from the previous year. With repeat orders increasing, sales is expected to rise.

- (c) As for wafer inspection systems, the "Win-Win 50" system continued to be highly regarded for its notable features -- a lower cost of ownership and higher detection rates -- resulting in increasing orders from new customers as well as repeat orders from existing customers. Sales in the second half doubled from the first half, which saw modest weakening. Meanwhile, a new model for a wider range of applications -- one that is excellent for mass production -- was marketed in early 2007 in hopes of further improving business performance in this product category. The new product has already gained a very good reputation among customers.
- (d) Tokyo Seimitsu's unique Polish Grinders have become the de fact standard in the thin wafer market because of their inimitable functions of producing thinner wafers and revocing damage in a single unit. The thin wafer market was inactive in the first half partly in reaction to the previous year's demand surge. But, going into the second half, demand made a rapid recovery as the market was expanding throughout Asia.

Competition has been intensifying in the thin wafer market since the entry of new competitors in the market in fiscal 2007. However, given the ever-increasing use of wafers, Tokyo Seimitsu's position as the market leader will be further strengthened the technological superiority of the "PG300RM is appreciated."

- (e) Regarding chemical mechanical planarizers (CMPs), the concept of the "ChaMP" series and its structural advantages have become widely known to customers. The Company is striving to further increase sales by gaining more customers and to reduce costs. These efforts will improve future profitability.

B. Measuring Instrument Division

In the measuring instrument division, there was some postponement of capital investment among Japanese domestic user companies, while overseas demand was strong from such users as automobile-related manufacturers and machine tool producers. As a result of the Company's efforts to win orders by addressing users' needs, both orders and sales attained steady growth in the year under review. Orders received totaled ¥22,994 million (up 6.0% from the previous year), and sales reached ¥22,230 million (up 5.8%). Both were record highs for the fourth consecutive year since fiscal 2004.

As for production, the Company has made efforts to reduce costs, achieving the fourth straight year of record-high operating income, at ¥5,256 million (up 4.7%).

(Regional overview)

Looking at this division's business results by region, Japanese domestic sales rose a modest 0.5% from the previous year, while sales to overseas markets were extremely strong, rising 37.1%. Sales to East Asia in particular soared.

(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 stady sales. Growth was also steady for sales of the "GageMax," Carl Zeiss' new in-line 3D coordinate measuring machine, which was introduced in the previous year.

The "SURFCOM" series of surface texture and contour measuring instruments uses linear motors to achieve the world's highest precision while minimizing vibration. In this series, sales increased for such products as the "SURFCOM 1500/2000DX" and "CONTOURECORD 1700DX".

Meanwhile, the "RONDCOM" series of cylindrical form measuring instruments has been rated highly for its high precision. The "RONDCOM 54/44" and "RONDCOM 72" enjoyed steady sales growth.

- (b) Sales of in-line measuring systems were down from the previous year. The main reason for this was that the postponement of capital investment by domestic automobile-related manufacturers adversely affected sales of "PULCOM" series products, which are typically used in auto parts production lines.

2) Forecasts for Next Fiscal Year

[Overall and Business Segment-based Forecasts]

A. Semiconductor Manufacturing Equipment Division

The semiconductor market is expected to continue to show strong growth in the period ahead, lifted by sales of PCs compatible with the new version of a operating system and by growth of automobile-related devices, in addition to increasing demand for digital consumer electronics such as mobile phones and flat-screen televisions. Therefore, capital investment by semiconductor manufacturers and foundries is expected to be firm in the coming period.

Given the situation, Tokyo Seimitsu believes the market environment for semiconductor manufacturing equipment will remain bright in fiscal 2008 for both established product lines and new product lines.

Regarding established product lines, the wafer probing machine market is expanding. Consequently, the Company's share in the market is expected to increase in part due to contributions by the recently launched "UF3000EX." Orders for and sales of wafer probing machines are forecasted to increase at a steady pace, to a level close to the previous year when extremely strong results were reported. In the wafer dicing machine sector, sales of a new model,

"A-WD-300TX," are projected to increase as it penetrates the market. Sales are also forecasted to expand for "MAHOH DICING MACHINE" laser dicing machines.

In new product line areas, significant sales growth is forecasted on a year-to-year basis for polish grinders, which are in a recovery trend, and wafer inspection machines, new models of which will be marketed and will contribute. As for CMPs, the Company will work to improve profitability by gaining new customers and reducing costs.

Consequently, net sales in the semiconductor manufacturing equipment division in fiscal 2008, ending March 31, 2008, will reach ¥84,500 million (up 8.2% from fiscal 2007) for the fourth consecutive year of record highs.

B. Measuring Instrument Division

In the measuring instrument division, strong demand is expected by recovery from such users as some automobile-related manufacturers that have postponed capital investment. The aircraft and construction machine industries are actively investing. In the overseas market as well, demand is continuing from users such as auto-related and machine tool industries.

In this environment, the division will strive to accurately grasp the needs of customers and win orders. This is expected to drive the measuring instrument division's net sales for fiscal 2008 to ¥23,500 million (up 5.7% from fiscal 2007) for the fifth straight year of recorded highs.

Overall, consolidated net sales in fiscal 2008 is forecasted to total ¥108 billion (up 7.7% from fiscal 2007), operating income will amount to ¥17,500 million (up 24.2%), ordinary income will come to ¥17,500 million (up 28.6%), and net income will reach ¥10,000 million (up 14.4%), with all hitting record highs.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets as of March 31, 2007, amounted to ¥114.8 billion, an increase of ¥4,900 million from a year earlier. The major factors behind this rise include an increase in cash and deposits of ¥2,900 million, an increase in notes and accounts receivable of ¥3,200 million and a decrease in software for sale of ¥700 million.

Total liabilities were down ¥2,600 million, to ¥60,500 million. This was mainly because of a ¥2,900 million decrease in short-term debt.

Net assets totaled ¥54,200 million, and the equity ratio was up 4.6% from a year earlier, to 47.1%.

2) Cash Flows

Cash and cash equivalents at the end of the fiscal year under review amounted to ¥16.8 billion, an increase of ¥2.9 billion from a year earlier. The status of cash flows and factors behind them are given below.

Net cash earned from operating activities was 10.9 billion. The major components were income before income taxes and minority interests (¥13.1 billion), depreciation and amortization (¥2.4 billion), an increase in trade receivables (-¥3 billion), and decreases in purchase liabilities (-¥1.3 billion) and income taxes paid (-¥2.1 billion).

Net cash used in investing activities amounted to ¥-3.4 billion. This mainly reflected capital equipment expenditures of ¥3.3 billion.

Net cash used in financing activities came to ¥-4.6 billion. The major factors behind this were a decrease in short-term loans payable (-¥2.9 billion), an increase in proceeds from long-term debt (¥0.5 billion), payment for redemption of bonds (-¥0.7 billion) and dividend payments (-¥1.8 billion).

Trends in cash flow indices are shown below.

	FY2005	FY2006	FY2007
Equity ratio (%)	32.7	42.5	47.1
Equity ratio, based on market value (%)	138.5	256.4	139.9
Number of years for amortization (years)	4.4	3.3	2.3
Interest coverage ratio (times)	29.4	41.7	50.3

Equity ratio: Net Assets/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:

- All indices are calculated on a consolidated basis based on figures shown in the financial statements.
- 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.
- "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.
- Interest-bearing debts refer to all debts in Consolidated Financial Statements which we pay interest.

(3) Basic Policy for Profit Distribution and Dividends for Fiscal 2007 and 2008

Tokyo Seimitsu believes the most important management task for the Company is to enhance its corporate value and constantly distribute profits to shareholders by providing unsurpassed products based on state-of-the-art technologies in growth areas.

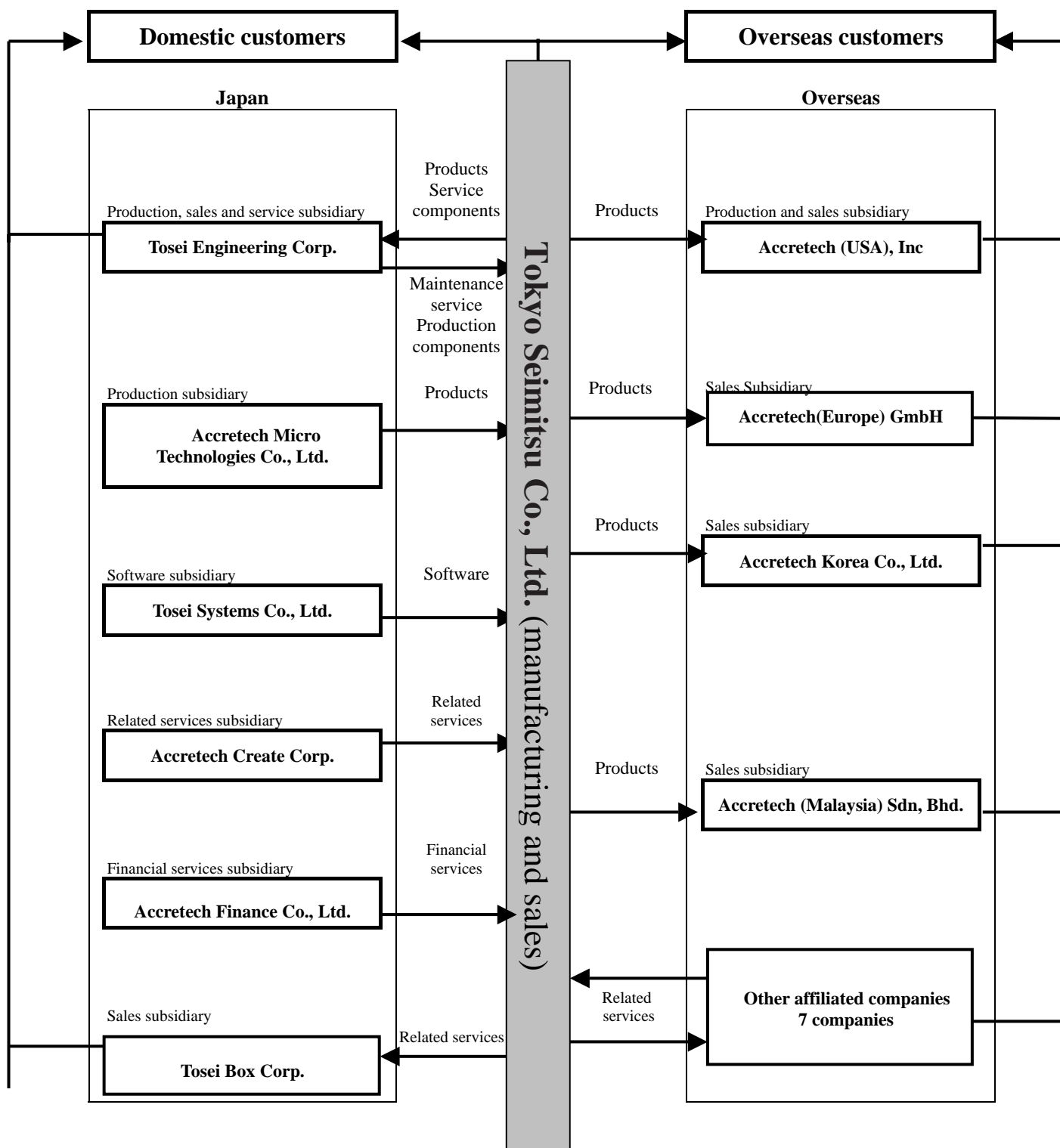
The Company determines distribution of surplus taking into account various factors, including its consolidated business results, financial position and investments for business expansion over the medium to long term. More specifically, prior to fiscal 2007, Tokyo Seimitsu paid dividends at around 20% of the ratio of dividend payout to consolidated net income. However, in view of its sound cash flows, the Company has decided to raise the payout ratio to around 30%, attaching greater importance to profit distribution to shareholders.

Retained earnings will be used effectively to make investments that are indispensable for the growth of Tokyo Seimitsu, including research and development activities and production facilities.

For fiscal 2007, Tokyo Seimitsu paid an interim dividend of ¥25 per share. The Company plans to pay a year-end dividend of ¥25 per share based on the aforementioned policy. A proposal for a full-year dividend of ¥50 per share will be submitted to the 84th General Meeting of Shareholders.

As for dividends for fiscal 2008, the Company plans to pay a full-year dividend of ¥70 per share (of which ¥30 will be an interim dividend), about 30% of consolidated net income in line with the new dividend policy described above.

2 . Tokyo Seimitsu Corporate Group



Notes:

1. "Situation of associated companies", is omitted as there is no substantial change from "situation of associated companies" in the section report released on June 29, 2006.
2. The Company merged Accretech Micro Technology Corp. on April 1, 2007.

3. 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:
 - a)The ability to generate maximum profits during favorable economic periods;
 - b)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 the 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.

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.

Furthermore, in February 2007 the Semiconductor Company formed the Technology Development Group (TDG), a cross-sectional technology development unit, in order to establish a common technology platform to be shared by product groups and thus strengthen its product development structure.

(2) Essential Management Indicators

Tokyo Seimitsu conducts its management in a manner that conforms to the goals of all of 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.

(3)Medium- to Long-term Management Strategies of and Issues for Tokyo Seimitsu

1. In April 2006, Tokyo Seimitsu initiated its medium-term plan "ACCURETECH Action 60 (AA60), named after our corporate brand and" 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%. Each product group will establish its own strategy and specific measures to attain these challenging targets.
2. In order to achieve the goal of the AA60 medium-term plan, reductions in lead time and costs are essential, and this requires further quality improvement and production innovation. To this end, the Company will make active capital investment to increase production and improve productivity in the measuring instrument business (Tsuchiura Plant) and the semiconductor manufacturing equipment business (Hachioji Plant).
3. In recent years, corporate governance has become increasingly important. 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.

Cautionary Statements with Respect to 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 projects 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.

4 . Consolidated Financial Statements

(1) Consolidated Balance Sheet

Item	FY2006 (ended March 31,2006)		FY2007 (ended March 31,2007)		Change
	Million yen	%	Million yen	%	Million yen
ASSETS					
Current Assets	81,067	73.8	86,561	75.4	5,493
1. Cash and cash equivalents	13,887		16,826		2,938
2. Notes and accounts receivable	36,437		39,717		3,279
3. Inventories	27,053		27,207		153
4. Consumption tax receivable	791		583		-208
5. Deferred tax assets	1,447		1,607		159
6. Other	1,503		647		-855
7. Allowance for doubtful accounts	-53		-28		25
Fixed Assets	28,807	26.2	28,270	24.6	-537
1. Property, plant and equipment	14,317	13.0	15,180	13.2	863
(1) Buildings and structures	7,699		8,219		519
(2) Tools and fixtures	2,273		2,633		360
(3) Other fixed assets	888		872		-16
(4) Land	2,937		3,002		65
(5) Other fixed assets	518		452		-66
2. Intangible fixed assets	4,837	4.4	3,589	3.1	-1,247
(1) Software	1,451		608		-843
(2) Goodwill	-		2,888		2,888
(3) Consolidation adjustments account	3,161		-		-3,161
(4) Other	224		92		-131
3. Investments and other assets	9,653	8.8	9,499	8.3	-153
(1) Investment securities	5,786		5,966		179
(2) Long-term loans	305		374		68
(3) Deferred tax assets	1,907		1,551		-356
(4) Other	1,663		1,620		-43
(5) Allowance for doubtful accounts	-9		-12		-2
Total Assets	109,875	100.0	114,831	100.0	4,956

Item	FY2006 (ended March 31, 2006)		FY2007 (ended March 31, 2007)		Change
	Million yen	%	Million yen	%	Million yen
LIABILITIES					
Current Liabilities	38,099	34.7	36,312	31.6	-1,787
1 Notes and accounts payable, trade	24,807		23,596		-1,211
2 Short-term debt	3,056		118		-2,938
3 Current portion of long-term debt	3,073		3,117		43
4 Current portion of bonds	700		1,200		500
5 Current portion of convertible bonds	-		50		50
6 Income taxes payable	1,193		3,483		2,289
7 Bonus reserve	865		956		91
8 Reserve for directors' bonuses	-		59		59
9 Other current liabilities	4,403		3,732		-671
Long-term Liabilities	25,072	22.8	24,237	21.1	-834
1 Bonds	15,165		13,965		-1,200
2 Convertible bonds	51		-		-51
3 Long-term debt	5,680		6,163		483
4 Allowance for employee retirement benefits	3,822		3,816		-6
5 Allowance for director retirement benefits	353		292		-60
Total Liabilities	63,172	57.5	60,549	52.7	-2,622
SHAREHOLDERS' EQUITY					
Common Stock	9,447		-		-
Capital surplus	20,466		-		-
Retained earnings	15,399		-		-
Valuation difference on securities	1,340		-		-
Foreign currency translation adjustment	139		-		-
Treasury stock	-90		-		-
Total Shareholders' Equity	46,703	42.5	-		-
Total Liabilities and Shareholders' Equity	109,875	100.0	-		-
NET ASSETS					
Shareholders' Equity	-		52,424	45.6	-
1 Common Stock	-		9,592		-
2 Capital surplus	-		20,611		-
3 Retained earnings	-		22,322		-
4 Treasury stock	-		-101		-
Valuation and Translation Adjustments	-		1,673	1.5	-
1 <u>Valuation difference on securities</u>	-		1,416		-
2 <u>Foreign currency translation adjustment</u>	-		257		-
Subscription Rishts	-		183	0.2	-
Total Net Assets	-		54,281	47.3	-
Total Liabilities and Net Assets	-		114,831	100.0	-

(2) Consolidated Statements of Income

Item	FY2006 (April 1, 2005 - March 31, 2006)			FY2007 (April 1, 2006 - March 31, 2007)			Change
	Million yen		%	Million yen		%	Million yen
Net sales		92,845	100.0		100,322	100.0	7,477
Cost of sales		65,873	70.9		72,211	72.0	6,337
Gross profit on sales		26,971	29.1		28,111	28.0	1,139
Selling, general and administrative expenses							
1 Selling expenses	9,264			10,593			
2 General expenses	3,715	12,980	14.0	3,431	14,025	14.0	1,044
Operating Income		13,991	15.1		14,086	14.0	94
Non-operating income							
1 Interest and dividend income	75			114			
2 Other	799	875	0.9	93	208	0.2	-666
Non-operating expenses							
1 Interest expenses	272			259			
2 Other	563	835	0.9	422	681	0.6	-153
Ordinary income		14,031	15.1		13,612	13.6	-418
Extraordinary gains							
1 Gain on consumption tax refund	-			155			
2 Gain on sale of investment securities	76			-			
3 Other	39	116	0.1	0	155	0.2	39
Extraordinary losses							
1 Expense of lawsuit	74			517			
2 Loss on revaluation and disposal of inventories	2,862			-			
3 Loss on sale of fixed assets	1,387			-			
4 Lease cancellation loss	1,853			-			
5 Other	104	6,281	6.7	51	569	0.6	-5,712
Income before income taxes and minority interests		7,865	8.5		13,198	13.2	5,332
Income taxes	1,690			4,310			
Income tax adjustment	2,851	4,541	4.9	146	4,457	4.5	-84
Minority interests		198	0.2		-	-	-198
Net Income		3,125	3.4		8,741	8.7	5,616

(3) Consolidated Statements of Retained Earning

Item	FY 2006 (April 1, 2005 - March 31, 2006)	
	Million yen	
Balance of capital surplus		
Balance of capital surplus at beginning of year		12,017
Increase in capital surplus		
1 Issue of new shares by stock transaction	6,218	
2 Issue of new shares by execution of convertible bonds with warrants	1,767	
3 Issue of new shares by execution of convertible bonds with warrants	287	
4 The self-stocks disposal marginal profit	175	8,448
Decrease in capital surplus		-
Balance of capital surplus at end of year		20,466
Balance of retained earnings		
Retained earnings at beginning of year		13,596
Increase in retained earnings		
1 Net income	3,125	3,125
Decrease in retained earnings		
1 Cash dividends	1,312	
2 Bonuses to directors	9	1,322
Balance of retained earnings at end of year		15,399

(4) Consolidated Statements of Changes in Net Assets

FY 2007 (April 1, 2006 - March 31, 2007)

(Millions of yen)

Item	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	9,447	20,466	15,399	-90	45,223
Changes during FY 2007					
Issuance of new shares	144	144			288
Dividends from surplus			-1,804		-1,804
Bonuses to directors by profit distribution			-14		-14
Net income			8,741		8,741
Treasury stock acquisition				-11	-11
Treasury stock disposition		0		0	1
Net changes in items other than shareholders'					
Total	144	144	6,922	-10	7,201
Balance as of March 31, 2007	9,592	20,611	22,322	-101	52,424

Item	Valuation and translation adjustments			Warrants	Total net assets
	Valuation Difference on securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	1,340	139	1,479	-	46,703
Changes during FY 2007					
Issuance of new shares					288
Dividends from surplus					-1,804
Bonuses to directors by profit distribution					-14
Net income					8,741
Treasury stock acquisition					-11
Treasury stock disposition					1
Net changes in items other than shareholders'	75	118	193	183	377
Total	75	118	193	183	7,578
Balance as of March 31, 2007	1,416	257	1,673	183	54,281

(5) Consolidated Statements of Cash Flows

	FY2006	FY2007	Change
	(April 1, 2005 -March 31, 2006)	(April 1, 2006 -March 31, 2007)	
	Million yen	Million yen	Million yen
Cash flows from operating activities:			
Income before income taxes and minority interests	7,865	13,198	5,332
Depreciation and amortization	2,768	2,468	-299
Amortization of goodwill	-	413	413
Amortization of consolidation goodwill	171	-	-171
Stock related expense	-	183	183
Change in allowance for employee retirement benefits	211	-6	-218
Change in allowance for director retirement benefits	-322	-60	261
Interest and dividend income	-75	-114	-39
Interest expense	272	259	-12
Loss on sales and disposal of tangible assets	1,704	145	-1,558
Gain on sales of investment securities	-76	1	78
Warrant return profits	-4,043	-3,096	947
Change in trade notes and accounts receivable	1,152	-382	-1,535
Change in inventories	6,546	-1,379	-7,926
Change in other operating activities	-4,357	1,604	5,961
Subtotal	11,817	13,235	1,417
Proceeds from interest and dividend income	75	114	39
Payment of interest	-284	-265	19
Payment of income taxes	-3,261	-2,164	1,097
Net cash provided by operating activities	8,346	10,920	2,573
Cash flows from investing activities:			
Payment for time deposits	-1,048	-38	1,010
Proceeds from time deposits	38	48	10
Payment for purchase of property, plant and equipment	-4,821	-3,144	1,676
Proceeds from sales of property, plant and equipment	87	134	46
Payment for purchase of intangible assets	-242	-165	77
Payment for purchase of investment securities	-140	-1,500	-1,360
Proceeds from sales of investment securities	85	1,509	1,424
Payment by purchase of subsidiary stock	-122	-113	9
Payment by invest in associated company	-40	-	40
Payment for short-term loans	-	-200	-200
Proceeds from repayment of short-term loans	44	31	-13
Net cash used in investing activities	-6,160	-3,439	2,721
Cash flows from financing activities:			
Change in short-term loans payable	2,598	-2,938	-5,536
Proceeds from long-term debt	2,500	4,000	1,500
Income by execution of right of new stock reservation right	-4,660	-3,473	1,186
Payment for redemption of bonds	-450	-700	-250
Income by execution of warrants	575	287	-287
Income by execution by subsidiaries	70	-	-70
Clearance income of common stock for treasury	495	-	-495
Dividend payments	-1,312	-1,804	-491
Change in other financing activities	-108	-10	97
Net cash provided by (used in) financing activities	-290	-4,638	-4,347
Effect if exchange rate changes on cash and cash equivalents	117	106	-10
Net increase (decrease) in cash and cash equivalents	2,012	2,948	936
Cash and cash equivalents at beginning of year	11,838	13,851	2,012
Cash and cash equivalents at end of year	13,851	16,800	2,948

(6) Basis of Presenting Consolidated Financial Statements

Accounting standards for significant allowances and reserves

(a) 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.

(b) Bonus reserve

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

(c) Reserve for directors' bonuses

To provide for payment of bonuses to directors, 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 consolidated fiscal years 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 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.

Disclosure is omitted regarding information on matters other than the scope of consolidation and the application of the equity method described above because no significant change has taken place in descriptions in the latest securities report (submitted on June 29, 2006).

(7) Changes in Basis of Presenting Consolidated Financial Statements

1) Changes in accounting methods

(a) Changes in revenue recognition standards

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

This change in revenue recognition standards reduced consolidated net sales by ¥400 million, and operating income, ordinary income, and income before income taxes and minority interests by ¥61 million each for the fiscal year under review, compared to the corresponding amounts that would have been recorded if the previous method had been followed.

2) Changes in accounting standards

(a) Accounting standard for directors' bonus

Effective from the fiscal year under review, the Company adopted "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan's Statement No. 4, November 29, 2005).

This change reduced operating income, ordinary income, and income before income taxes and minority interests by ¥59 million each for the fiscal year under review, compared with the corresponding amounts if the previous standard had been applied.

(b) Accounting standard for share-based payment

Effective from the fiscal year under review, the Company adopted "Accounting Standard for Share-based Payment" (ASBJ Statement No. 8, December 27, 2005) and "Implementation Guidance on Accounting Standard for Share-based Payment" (ASBJ Guidance No. 11, May 31, 2006).

This change reduced operating income, ordinary income, and income before income taxes and minority interests by ¥183 million each for the period under review, compared with the corresponding amounts if the previous standard had been applied.

(c) Accounting standard for presentation of net assets in balance sheet

Effective from the fiscal year 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).

This change had no effect on profit. The amount that corresponds to the total shareholders' equity by the previous standard is ¥54,098 million.

(Omission of disclosure)

Disclosure is omitted regarding matters related to such items as lease transactions, stock options and derivatives transactions because the Company believes it is not necessary to disclose such information in its earnings briefing.

5. Segment Information

(1) Business segments

FY2006 (April 1, 2005 - March 31, 2006)

(Millions of yen, rounded down)

	Semiconductor manufacturing equipment division	Measuring systems division	Total	Corporate and elimination	Consolidation
Sales and operating income:					
1. Sales to third parties	71,824	21,020	92,845	-	92,845
2. Intersegment sales to transfer	-	-	-	-	-
Total	71,824	21,020	92,845	-	92,845
Cost of revenue from operations	62,852	16,000	78,853	-	78,853
Operating Income	8,972	5,019	13,991	-	13,991
Assets, depreciation and capital expenditure: Assets	83,885	21,256	105,141	4,733	109,875
Depreciation	2,337	430	2,768	-	2,768
Capital expenditure	3,399	578	3,978	-	3,978

FY 2007 (April 1, 2006 - March 31, 2007)

(Millions of yen, rounded down)

	Semiconductor manufacturing equipment division	Measuring systems division	Total	Corporate and elimination	Consolidation
Sales and operating income:					
1. Sales and operating income:	78,091	22,230	100,322	-	100,322
2. Intersegment sales to transfer	-	-	-	-	-
Total	78,091	22,230	100,322	-	100,322
Cost of revenue from operations	69,261	16,974	86,236	-	86,236
Operating Income	8,830	5,256	14,086	-	14,086
Assets, depreciation and capital expenditure: Assets	87,583	23,470	111,054	3,777	114,831
Depreciation	2,360	521	2,882	-	2,882
Capital expenditure	1,500	1,010	2,511	-	2,511

(2) Geographical segments

FY2006(April 1, 2005 - March 31, 2006)

(Millions of yen, rounded down)

	Japan	U.S.	Germany	Total	Corporate and elimination	Consolidation
Sales and operating income:						
1. Sales to third parties	78,130	9,054	5,660	92,845	-	92,845
2. Intersegment sales to transfer	9,409	-	-	9,409	(9,409)	-
Total	87,539	9,054	5,660	102,254	(9,409)	92,845
Cost of revenue from operations	74,322	8,809	5,137	88,269	(9,415)	78,853
Operating Income	13,217	244	523	13,985	6	13,991
Assets	101,349	6,468	2,940	110,758	(882)	109,875

FY2007(April 1, 2006 - March 31, 2007)

(Millions of yen, rounded down)

	Japan	U.S.	Germany	Total	Corporate and elimination	Consolidation
Sales and operating income:						
1. Sales to third parties	81,916	11,443	6,962	100,322	-	100,322
2. Intersegment sales to transfer	11,957	-	-	11,957	(11,957)	-
Total	93,874	11,443	6,962	112,280	(11,957)	100,322
Cost of revenue from operations	80,531	11,406	6,197	98,135	(11,899)	86,236
Operating Income	13,343	36	765	14,144	(58)	14,086
Assets	106,466	6,741	2,891	116,099	(1,268)	114,831

(3) Overseas Sales

FY2006 (April 1, 2005 - March 31, 2006)

(Millions of yen, rounded down)

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

FY2007 (April 1, 2006 - March 31, 2007)

(Millions of yen, rounded down)

	East Asia	North America	Europe	Others	Total
Overseas sales	28,709	9,121	7,332	5,299	50,462
Consolidated sales					100,322
Ratio of overseas sales to consolidated sales	28.6%	9.1%	7.3%	5.3%	50.3%

6. Per Share Information

FY 2006 (April 1, 2005 - March 31, 2006)		FY 2007 (April 1, 2006 - March 31, 2007)	
Net assets per share	1,165.07 yen	Net assets per share	1,347.09 yen
Earnings per share	80.77 yen	Earnings per share	217.91 yen
Diluted earnings per share	74.02 yen	Diluted earnings per share	203.10 yen

Note: Bases for calculation of earnings per share and diluted earnings per share

Item	FY 2006 (April 1, 2005 - March 31, 2006)		FY 2007 (April 1, 2006 - March 31, 2007)	
	Net income per share on consolidated balance sheet (million yen)		3,125	
Net income related to common stock (million yen)		3,110		8,741
Main item of amount not attributable to common stock Bonuses to directors by profit distribution (million yen)		14		-
Average number of shares of common stock during year (thousand shares)		38,515		40,114
Main item of adjustment used for calculation of diluted earnings per share (million yen) Interest expenses (after tax-equivalent amount)		0		0
Main components of increase in number of shares of common stock used for calculation of diluted earnings per share (thousand shares)				
Warrants	Stock option program	154	Stock option program	109
	Stock option program (share-based payment)	31	Stock option program (share-based payment)	60
Bond with warrants	Yen-denominated convertible bonds with warrants due 2008	3,299	Yen-denominated convertible bonds with warrants due 2008	2,728
Convertible bonds	Unsecured convertible bonds No. 2	28	Unsecured convertible bonds No. 2	27
Bond with warrants	Unsecured bonds with warrants No. 9	0		
Number of shares of common stock increased (thousand shares)		3,514		2,926
Items which has no effect on dilution (thousand shares)		_____	Bonds with warrants of stock option program in July 2006	79

7. Production, Orders and Sales

(1) Production

(Millions of yen, rounded down)

Business Segment	FY2006		FY2007	
	(April 1, 2005– March 31, 2006)	YoY (%)	(April 1, 2006 – March 31, 2007)	YoY (%)
Semiconductor manufacturing equipment	69,441	+ 2.6%	78,562	+ 13.1%
Measuring systems	21,444	+ 18.8%	22,375	+ 4.3%
Total	90,886	+ 6.0%	100,937	+ 11.1%

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

(2) Orders

(Millions of yen, rounded down)

Business Segment	FY2006		FY2007	
	(April 1, 2005 – March 31, 2006)		(April 1, 2006 – March 31, 2007)	
	Received	Backlog	Received	Backlog
Semiconductor manufacturing equipment	77,874	19,450	82,465	23,823
Measuring systems	21,683	4,354	22,994	5,118
Total	99,558	23,804	105,460	28,942

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

(3) Sales

(Millions of yen, rounded down)

Business Segment	FY2006		FY2007	
	(April 1, 2005– March 31, 2006)	YoY (%)	(April 1, 2006 – March 31, 2007)	YoY (%)
Semiconductor manufacturing equipment	71,824	+ 7.7 %	78,091	+ 8.7 %
Measuring systems	21,020	+ 16.3 %	22,230	+ 5.8 %
Total	92,845	+ 9.6 %	100,322	+ 8.1 %

Note: Amounts are shown excluding consumption tax.

8 . Non - Consolidated Financial Statements

(1) Balance Sheets

Item	FY2006 (ended March 31, 2006)		FY2007 (ended March 31, 2007)		Change
	Million yen	%	Million yen	%	Million yen
ASSETS					
Current assets	69,105	72.3	68,909	71.0	-195
1. Cash and cash equivalents	8,147		9,847		1,700
2. Notes receivable	2,080		3,911		1,830
3. Notes receivable	32,862		32,300		-562
4. Accounts receivable	22,598		21,368		-1,230
5. Finished goods	820		671		-149
6. Manufactured products	1,453		611		-841
7. Other	1,162		208		-954
8. Allowance for doubtful accounts	-20		-8		12
Fixed Assets	26,484	27.7	28,095	29.0	1,610
1. Property, plant and equipment	9,704	10.2	9,740	10.0	36
(1) Buildings and structures	6,155		6,162		6
(2) Equipment and vehicles	1,080		1,199		118
(3) Land	1,521		1,521		-
(4) Other	947		857		-89
2. Intangible fixed assets	1,460	1.5	627	0.7	-832
(1) Software	1,430		593		-836
(2) Other	30		34		4
3. Investments and other assets	15,320	16.0	17,726	18.3	2,406
(1) Investment securities	5,661		5,727		66
(2) Investment in affiliated companies	6,189		7,071		882
(3) Long-term loans	3,141		3,740		598
(4) Deferred tax assets	2,261		1,585		-676
(5) Other	1,472		1,457		-15
(6) Allowance for investment-related loss	-3,398		-1,844		1,554
(7) Allowance for doubtful accounts	-7		-10		-2
Total Assets	95,589	100.0	97,005	100.0	1,415

Item	FY2006 (ended March 31, 2006)		FY2007 (ended March 31, 2007)		Change
	Million yen	%	Million yen	%	Million yen
LIABILITIES					
Current liabilities	34,520	36.1	31,006	32.0	-3,514
1. Notes payable	17,209		13,171		-4,037
2. Accounts payable	7,452		9,125		1,672
3. Short-term debt	3,000		-		-3,000
4. Current portion of long-term debt	2,950		3,000		50
5. Current portion of bonds	-		50		50
6. Arrears	1,926		1,604		-322
7. Income taxes payable	21		2,594		2,573
8. Other	1,960		1,459		-500
Long-term Liabilities	22,773	23.8	23,304	24.0	530
1. Bonds	13,965		13,965		-
2. Convertible bonds	51		-		-51
3. Long-term debt	5,420		6,020		600
4. Allowance for employee retirement benefits	3,120		3,132		11
5. Allowance for director retirement benefits	216		186		-30
Total Liabilities	57,293	59.9	54,310	56.0	-2,983
SHAREHOLDERS' EQUITY					
Capitalization	9,447	9.9	-		-
Capital surplus	16,821	17.6	-		-
1. Capital reserve	16,820		-		-
2. Other capital surplus	0		-		-
Retained earnings	10,776	11.3	-		-
1. Earnings reserve	728		-		-
2. Voluntary reserve	5,000		-		-
3. Undistributed net profit	5,047		-		-
Net unrealized holding gain on securities	1,340	1.4	-		-
Treasury stock	-90	-0.1	-		-
Total Shareholders' Equity	38,295	40.1	-		-
Total Liabilities and Shareholders' Equity	95,589	100.0	-		-
NET ASSETS					
Shareholders' Equity	-		41,095	42.4	-
1. Capitalization	-		9,592	9.9	-
2. Capital surplus	-		16,966	17.5	-
(1) Capital reserve	-		16,965		-
(2) Other capital surplus	-		0		-
3. Retained earnings	-		14,638	15.1	-
(1) Earnings reserve	-		728		-
(2) Other capital surplus	-		13,909		-
General reserve	-		5,000		-
Retained earnings carried forward	-		8,909		-
4. Treasury stock	-		-101	-0.1	-
Valuation and Translation Adjustments	-		1,416	1.4	-
1. Net unrealized holding gain on securities	-		1,416		-
New Stock Reservation Right	-		183	0.2	-
Total Net Assets	-		42,695	44.0	-
Total Liabilities and Net Assets	-		97,005	100.0	-

(2) Non-consolidated Statements of Income

Item	FY 2006 (April 1, 2005 – March 31, 2006)			FY 2007 (April 1, 2006 – March 31, 2007)			Change
	Million yen		%	Million yen		%	Million yen
Net sales		82,539	100.0		86,827	100.0	4,288
Cost of sales		63,172	76.5		67,824	78.1	4,652
Gross Profit on Sales		19,367	23.5		19,003	21.9	-363
Selling, general and administrative expenses							
1 Selling expenses	6,550			7,348			
2 General expenses	2,681	9,231	11.2	2,089	9,438	10.9	206
Operating income		10,135	12.3		9,565	11.0	-570
Non-operating income							
1 Interest and dividend income	284			719			
2 Other	583	867	1.0	125	844	1.0	-22
Non-operating expenses							
1 Interest expenses	235			232			
2 Other	343	579	0.7	331	563	0.6	-16
Ordinary Income		10,423	12.6		9,847	11.4	-576
Extraordinary gains							
1 Gain on consumption tax refund	-			155			
2 Gain on reversal of investing loss	-			309			
3 Other	97	97	0.1	-	464	0.5	367
Extraordinary losses							
1 Expense related to lawsuit	74			517			
2 Loss on revaluation and disposal of inventories	1,096			-			
3 Fixed assets loss on retirement	1,387			-			
4 Fixed assets loss on retirement	1,844			-			
5 Lease cancellation cost	1,853			-			
6 Other	108	6,363	7.7	51	569	0.7	-5,793
Income before taxes and minority interests		4,157	5.0		9,742	11.2	5,584
Income taxes	45			2,609			
Income tax adjustment	1,697	1,742	2.1	1,466	4,075	4.7	2,333
Net income		2,414	2.9		5,666	6.5	3,251
Retained earnings brought forward		3,383			-		-
Interim dividends		749			-		-
Undistributed profits		5,047			-		-

(3) (Non-Consolidated) Statements of Changes in Net Assets

Fiscal 2007 (April 1, 2006 - March 31, 2007)

(Millions of yen)

	Shareholders' equity									
	Capitalization	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings				Total retained earnings
						General reserve	Retained earnings carried forward			
Balance as of March 31, 2006	9,447	16,820	0	16,821	728	5,000	5,047	10,776	-90	36,954
Changes during fiscal 2007										
Issue of new shares	144	144		144						288
Dividends from surplus							-1,804	-1,804		-1,804
Net income							5,666	5,666		5,666
Treasury stock acquisition									-11	-11
Treasury stock disposition			0	0					0	1
Net changes in items other than shareholders' equity during fiscal 2007										
Total change during fiscal 2007	144	144	0	144	-	-	3,861	3,861	-10	4,140
Balance as of March 31, 2007	9,592	16,965	0	16,966	728	5,000	8,909	14,638	-101	41,095

	Valuation and translation adjustments	Warrants	Total net assets
	Net unrealized holding gain on securities		
Balance as of March 31, 2006	1,340	-	38,295
Changes during fiscal 2007			
Issue of new shares			288
Dividends from surplus			-1,804
Net income			5,666
Treasury stock acquisition			-11
Treasury stock disposition			1
Net changes in items other than shareholders' equity during fiscal 2007	75	183	258
Total change during fiscal 2007	75	183	4,399
Balance as of March 31, 2007	1,416	183	42,695

4. Changes in Basis of Presenting Consolidated Financial Statements

1) Changes in accounting methods

(a) Changes in revenue recognition standards

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

This change in revenue recognition standards reduced consolidated net sales by ¥400 million, and operating income, ordinary income, and income before income taxes and minority interests by ¥61 million each for the fiscal year under review, compared to the corresponding amounts that would have been recorded if the previous method had been followed.

2) Changes in accounting standards

(a) Accounting standard for directors' bonus

Effective from the fiscal year under review, the Company adopted "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan (ASBJ) Statement No. 4, November 29, 2005).

This change reduced operating income, ordinary income, and income before income taxes and minority interests by ¥45 million each for the fiscal year under review, compared with the corresponding amounts if the previous standard had been applied.

(b) Accounting standard for share-based payment

Effective from the fiscal year under review, the Company adopted "Accounting Standard for Share-based Payment" (ASBJ Statement No. 8, December 27, 2005) and "Implementation Guidance on Accounting Standard for Share-based Payment" (ASBJ Guidance No. 11, May 31, 2006).

This change reduced operating income, ordinary income, and income before income taxes and minority interests by ¥183 million each for the period under review, compared with the corresponding amounts if the previous standard had been applied.

(c) Accounting standard for presentation of net assets in balance sheet

Effective from the fiscal year 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).

This change had no effect on profit. The amount that corresponds to the total shareholders' equity by the previous standard is ¥42,511 million.

9. Notes on Significant Subsequent Events

(1) Merger of Accretech Micro Technologies Co., Ltd., Subsidiary

1) Purpose of merger

The merger was to enhance Tokyo Seimitsu's competitiveness in the wafer inspection system business and to use the management resources of the entire group more efficiently by unifying the decision-making body and simplifying the chain of command for the business.

2) Form of merger

The merger took the form of a takeover by the Company, and Accretech Micro Technologies Co., Ltd. was dissolved.

3) Merger ratio, type and number of shares issued, amount of capital increased, etc.

The Company had kept all shares issued by Accretech Micro Technologies. Accordingly, the merger involved neither share issuance nor increase in capital.

The difference between equity value of Accretech Micro Technologies and net value of those investment securities of Accretech, ¥551 million, that the Company was accounted tying as a loss of disposal of share on the effective date of merger.

4) Assets and liabilities acquired

Amount of assets acquired	¥4,922 million
Amount of liabilities acquired	¥4,906 million

5) Outline of Accretech Micro Technologies Co., Ltd. (as of March 31, 2007)

Line of business:	Manufacturing and sale of wafer inspection systems
Location:	2968-2, Ishikawa-cho, Hachioji City, Tokyo
Representative:	Yasutsugu Usami, President
Paid-in capital:	¥2,300 million
Number of shares outstanding:	600,000 shares
Net sales:	¥3,890 million
Net loss:	¥ 257 million
Total assets:	¥4,922 million
Net assets:	¥ 16 million
Number of employees:	71

6) Effective date of merger: April 1, 2007

10 . Sales, Orders and Backlog

(Millions of yen, rounded down)

Segment	Period	FY2006			FY2007		
		March 31, 2005 - March 31, 2006			March 31, 2006 - March 31, 2007		
		Sales	Orders	Backlog	Sales	Orders	Backlog
Semiconductor manufacturing equipment		63,788 (38,881)	68,872 (42,584)	16,968 (9,603)	66,713 (39,377)	68,016 (41,631)	18,270 (11,858)
Measuring systems		12,117 (2,082)	12,609 (2,336)	2,768 (580)	13,580 (3,245)	14,424 (3,373)	3,612 (708)
Automatic measuring systems		6,265 (299)	6,344 (330)	1,285 (96)	6,050 (357)	5,776 (308)	1,011 (47)
Other		368 (31)	348 (31)	23 (9)	482 (36)	529 (32)	69 (5)
Totals		82,539 (41,294)	88,174 (45,284)	21,044 (10,290)	86,827 (43,017)	88,747 (45,346)	22,964 (12,619)

Note: Figures in parenthesis represents export volume.