



Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2011 (FY2011), Japan GAAP

August 13, 2010

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

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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Date of Quarterly Financial Statement Filing (planned) : August 13th, 2010

Dividend Payable Date: -

Supplementary document for Quarterly Financial Results : No

Holding of Quarterly Financial Results Meeting: No

(Millions of yen, rounded down)

1. Consolidated Results for 1st Quarter of FY2011 (April 1, 2010 - June 30, 2010)

(1) Consolidated sales and earnings (Percentage figures represent changes from the 1st quarter of previous year)

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)	
FY2011 Q1	8,758	110.4%	580	-	280	-	734	-
FY2010 Q1	4,163	-72.1%	-1,215	-	-1,208	-	-1,691	-

	Net Income per Share (Yen)		Net Income per Share (diluted) (Yen)	
FY2011 Q1		17.82		17.80
FY2010 Q1		-42.05		-

(2) Consolidated financial position

(Millions of yen)

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (Millions of Yen)	Net Assets per Share (yen)
FY2011 Q1	70,234	39,646	56.3%	958.68
FY2010	69,485	39,050	56.0%	944.06

Notes: Equity in FY2011 Q1: 39,510 million yen, in FY2010:38,904 million yen

2. Situation of Dividend

	Per Share Dividend in Fiscal Year				Total Dividend
	Q1 End	Q2 End	Q3 End	Fiscal Year End	
	Yen	Yen	Yen	Yen	Yen
FY2010	-	0.00	-	0.00	0.00
FY2011	-	-	-	-	-
FY2011 (Projected)	-	5.00	-	-	-

Notes: Changes due to revision of dividend projection: No

FY2011 year end dividend payments are not announced as of the date this statement is issued.

3. Forecast for FY 2011 (April 1, 2010-March 31, 2011)

(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 (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)		Net Income per Share (yen)	
Interim	22,000	91.7%	2,000	-	1,400	-	1,700	-		41.24
Full Year	45,000	46.4%	4,000	-	3,100	-	3,300	-		80.05

Note: Changes due to revision of forecast: Yes

4. Others (refer to Page 4 for details)

(1) Significant changes in subsidiaries during the year under review: No.

New : - Excluded: -

Note) Changes in specific subsidiaries involving changes in scope of consolidation for the current quarter is stated.

(2) Application of simplified accounting methods and special accounting methods: Yes

Note) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements are stated.

(3) Changes in accounting principles, procedures, method of presentation and other matters

1) Changes due to revision of accounting standards, etc.: Yes

2) Changes other than 1): No.

Note) Changes in accounting principles, procedures, method of presentation and other matters associated with preparation of quarterly consolidated financial statements are stated.

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):

FY2011 Q1	41,245,581 shares	FY2010:	41,241,081 shares
FY2011 Q1	31,609 shares	FY2010:	31,599 shares
FY2011 Q1	41,210,464 shares	FY2010 Q1	40,241,510 shares

2) Number of treasury shares at the end of period

3) Average Number of shares outstanding during the period (cumulative for period, consolidated):

* Cautionary statement with respect to the status of quarterly financial review procedures:

This document is not applicable to the review procedures of quarterly financial results in accordance with the provisions of the Financial Instruments and Exchange Act. At the date and time of issue, the quarterly financial statement review procedure in accordance with the provisions of the Financial Instruments and Exchange Act is complete.

* Cautionary Statements with Respect to Forward-looking Statements

All forecasts and other forward-looking statements in this document are based on information currently available to the Company and assumptions that the Company considers reasonable. Various uncertainties could cause actual results to significantly differ from these forecasts. Please refer to "1. Business Performance" on page 3 of supplementary statement.

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1. Analysis of Business Performance

(1) Overview of Business Performance for the 1st Quarter of Fiscal Year 2011

Despite apprehension in markets arising from concerns over specific EU country debt crises and concerns within the international banking system, the business conditions in the first quarter of Fiscal Year 2011 showed a small recovery lead by intervention measures taken by governments around the globe and underpinned by continuing strong demand from emerging economies such as China and India. Simultaneously, despite lingering patchiness in employment levels, the Japanese economy recovered steadily through the flow on effects of increased exports to these emerging economies.

Semiconductor manufacturers' stance towards capital investment became positive mainly driven by the rapid increase in demand for Personal Computers, Smartphones and Digital household appliances.

The automobile industry and the machinery equipment industry, which are the major users of our Metrology products, remained in a conservative stance towards capital investment; however, a slight recovery was seen because of the recovery of the market especially in Asian emerging countries such as China and India.

Consequently, Consolidated Sales in 1st quarter of FY2011 (April, 2010 – June, 2010) were ¥8.758 billion (up 110.4% YoY), Operating Income was ¥580 million (1st quarter of FY2010: ¥1.215 billion loss), Ordinary Income was ¥280 million (1st quarter of FY2010: ¥1.208 billion loss).

Due to the capitalization of extraordinary gains of ¥872 million by proceeds from sales of lands and properties in Mitaka City, Tokyo, the Company's ex-Head office, and of extraordinary losses of ¥379 million from loss on valuation of inventories, Income before income tax and minority interests was ¥773 million (1st quarter of FY2010: ¥1.207 billion loss), and Net Income was ¥734 million (1st quarter of FY2010: ¥1.691 billion loss).

Starting from the period under review, the Company and consolidated affiliates expanded the application of a change to accounting procedures for recording Sales to all main units of SPE products and specific Metrology equipment, where sales are now capitalized on placement with the customer rather than on the shipment date. In 1st quarter of FY2011, compared with the previous accounting methods, these changes resulted in a decrease of ¥651 million in Sales and a decrease of ¥269 million in Consolidated Operating Income, Ordinary Income, and Income before income taxes and minority interests.

Business results in each segment are as follows.

[Semiconductor Production Equipment (SPE)]

Orders of SPE products for testing processes and manufacturing processes in South East Asian countries, Taiwan and China kept a firm tone because of the positive stance towards capital investments of semiconductor manufacturers based on the increase in demand for goods such as Personal Computers, Smartphones and Digital household appliances. As a result, Orders received in the 1st quarter of FY2011 were ¥10.922 billion (up 302.0% YoY). Although positive Sales and Profits resulted, due to a change in accounting method for recording sales, Sales were limited to ¥5.884 billion (up 178.1% YoY), and Operating Income was ¥110 million (1st quarter of FY2010: ¥1.071 billion loss).

[Metrology Equipment]

A gradual recovery seems to be underway in the automobile industry and machinery equipment industry, which are the major users of our products, through recovery in markets mainly in Asian emerging countries such as China and India. Simultaneously, the Company and Consolidated affiliates has focused on strengthening business to the Aircraft sector, the Energy Generation Equipment sector, public office use, Small and Medium sized Enterprises and Emerging Countries. As a result, Orders received in the 1st quarter of FY2011 were ¥3.833 billion (up 120.9% YoY). Although positive Sales and Profits resulted, due to a change in accounting method for recording sales, Sales were limited to ¥2.874 billion (up 40.4% YoY), and Operating Income was ¥469 million (1st quarter of FY2010: ¥143 million loss).

(2) Analysis of Financial Position

a) Assets, Liabilities and Net Assets

Total Assets as of June 30, 2010, amounted to ¥70.234 billion, an increase of ¥748 million from the end of FY2010 ended March 31, 2010. The major factors behind this increase include an increase in Cash and cash equivalents of ¥1.427 billion, an increase in inventories of ¥1.604 billion, and a decrease in Notes and accounts receivable of ¥1.264 billion.

Total Liabilities were increased ¥152 million, to ¥30.587 billion. This was mainly because of an increase in Notes and accounts payable of ¥1.580 billion, and decrease in long term debt of ¥1.460 billion.

Net Assets totaled ¥39.646 billion, an increase of ¥596 million. This was mainly because of an increase in Retained earnings of ¥654 million.

b) Cash Flows

Cash and cash equivalents as of June 30, 2010 amounted to ¥13.454 billion, an increase of ¥1.313 billion from the end of FY2010 ended March 31, 2010, and additional increase of ¥113 million from a change in scope of consolidation. The status of cash flows and factors behind them are given below.

(Cash flows from operating activities)

Net cash earned from operating activities was ¥2.037 billion, mainly due to Income before income taxes and minority interests of ¥773 million, increase in inventories of ¥1.339 billion, and a decrease in Notes and accounts payable of ¥746 million.

(Cash flows from investing activities)

Net cash earned from investment activities was ¥924 million, mainly reflected by proceeds from sales of tangible fixed assets of ¥966 million.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥1.538 billion. The major element of this was Repayment of long-term debt of ¥1.460 billion.

c) Forecasts for current Fiscal Year

The economic outlook assumes a continuing recovery especially in Asian countries even though small concerns in USA and EU still remain. Given the situation above, the Company and consolidated affiliates anticipate an increase in Sales and Profits of FY2011 interim from a projection announced on May 12, 2010, therefore forecasts for FY2011 interim and Full Year are revised as below.

FY2011 interim (Apr 1st, 2010 – Sep 30th, 2010)					(millions of Yen)
	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (Yen)
Previous Forecast (A)	20,000	1,000	700	1,500	36.40
Revised forecast (B)	22,000	2,000	1,400	1,700	41.24
Change (B-A)	2,000	1,000	700	200	
Change ratio (%)	10.0%	100.0%	100.0%	13.3%	

FY2011 Full-Year (Apr 1st, 2010 – March 31st, 2011)					(millions of Yen)
	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (Yen)
Previous Forecast (A)	43,000	3,000	2,400	3,100	75.23
Revised forecast (B)	45,000	4,000	3,100	3,300	80.05
Change (B-A)	2,000	1,000	700	200	
Change ratio (%)	4.7%	33.3%	29.2%	6.5%	

2. Others

(1) Significant changes in subsidiaries during the term under review: None.

(2) Changes in accounting principles, procedures, method of presentation and other matters

a) Application of simplified accounting procedure

i) Evaluation of Inventory:

For the calculation of term-end Inventory, the company omitted the actual inventory counting and calculated them on the rational method based on the number actually counted at the previous fiscal year end.

ii) Calculation method of depreciation for Fixed Assets.

For fixed assets using the constant ratio depreciation calculation, depreciation was calculated by allocation of that of the full year.

iii) Calculation method of deferred tax assets and deferred tax liabilities.

b) Accounting procedures specific to the preparation of quarterly consolidated financial statements: None.

(3) Change of accounting principles, procedures, and methods: Yes

a) Starting from the period under review, the Company applies “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18, March 31st 2008), and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.21, March 31st 2008).

There is no effect on Consolidated Financial Statements.

b) Changes other than 1): None

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	FY2010 Q1E (June 30th, 2010)	FY2010E (Mar 31, 2010)
ASSETS		
Current Assets		
Cash and cash equivalents	13,482	12,055
Notes and accounts receivable	14,247	15,511
Merchandise and finished goods	1,018	984
Work in progress	10,812	9,362
Raw materials and supplies	2,436	2,317
Others	1,672	1,675
Allowance for doubtful accounts	- 197	- 202
Total current assets	43,473	41,703
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	7,777	7,917
others (net)	9,177	9,548
Total Tangible Fixed Assets	16,955	17,466
Intangible Fixed Assets		
Goodwill	1,746	1,830
Others	533	590
Total Intangible Fixed Assets	2,280	2,420
Investments and other assets		
Others	8,170	8,547
Allowance for doubtful accounts	- 645	- 652
Total Investments and other assets	7,525	7,894
Total Fixed Assets	26,761	27,782
Total Assets	70,234	69,485
LIABILITIES		
Current Liabilities		
Notes and accounts payable	9,766	8,185
Short-term debt	1,300	1,300
Income taxes payable	93	75
Reserves	180	339
Others	6,099	5,808
Total current liabilities	17,439	15,709
Long-term Liabilities		
Corporate bond	3,000	3,000
Long-term debt	6,924	8,384
Allowance for employee retirement benefits	2,389	2,363
Allowance for director retirement benefits	79	114
Others	754	863
Total Long-term liabilities	13,147	14,725
Total Liabilities	30,587	30,435

(Million yen)

	FY2010 Q1E (June 30th, 2010)	FY2010E (Mar 31, 2010)
NET ASSETS		
Shareholder's Equity		
Common Stock	10,204	10,198
Capital Surplus	21,222	21,216
Retained earnings	8,642	7,987
Treasury Stock	- 107	- 107
Total Shareholder's Equity	39,961	39,294
Accumulated gains from valuation and translation adjustments		
Holding Gain or loss in investment	- 277	- 194
Foreign currency translation adjustment	- 173	- 195
Total Accumulated gains from valuation and translation adjustments	- 450	- 390
Share subscription rights	135	146
Total Net Assets	39,646	39,050
Total Liabilities and Net Assets	70,234	69,485

(2) Consolidated Statements of Income

Millions of Yen

	FY2010 Q1 (April 1, 2009 - June 30, 2009)	FY2011 Q1 (April 1, 2010 - June 30, 2010)
Net Sales	4,163	8,758
Cost of Sales	3,972	6,391
Gross Profit on Sales	190	2,367
Selling, general and administrative expenses		
Selling expenses	888	1,148
General expenses	518	637
Total Selling, general and administrative expenses	1,406	1,786
Operating Income (or Loss)	- 1,215	580
Non-operating income		
Interest	4	0
Dividend income	28	27
Proceeds from government grants for employment promotion	115	-
Reversal of allowance for doubtful accounts	73	-
Others	65	66
Total Non-operating income	288	95
Non-operating expenses		
Interest expenses	109	144
Financing expenses	133	-
Foreign exchange loss	-	240
Others	37	9
Total Non-Operating Expenses	281	395
Ordinary Income (or Loss)	- 1,208	280
Extraordinary gains		
Proceeds from sales of lands	-	872
Invalidation of share subscription rights	0	-
Total Extraordinary gains	0	872
Extraordinary losses		
Loss on valuation of inventories	-	379
Total Extraordinary Losses	-	379
Income (or Loss) before income taxes and minority interests	- 1,207	773
Income tax and other taxes	32	81
Adjustment on income tax	452	- 42
Total Income tax and others	484	39
Income (or Loss) before Minority Interests	-	734
Net Income (or Loss)	- 1,691	734

(3) Consolidated Statements of Cash Flows

Millions of Yen

	FY2010 Q1 (April 1, 2009 - June 30, 2009)	FY2011 Q1 (April 1, 2010 - June 30, 2010)
Cash flows from operating activities:		
Income (or Loss) before income taxes and minority interests	- 1,207	773
Depreciation and amortization	533	431
Amotization of goodwill	83	83
Stock related expense	14	1
Change in allowance for employee retirement benefits (-:decrease)	- 1,295	26
Change in allowance for director retirement benefits (-:decrease)	0	-34
Change in allowance for doubtful accounts (-:decrease)	- 68	- 11
Interest and dividend income	- 33	- 28
Interest expense	109	144
Gains/Losses from proceeds from sale of lands (- : gains)	-	- 872
Gains/Losses from valuation of inventories (-: gains)	-	379
Change in trade notes and accounts receivable (-:increase)	3,186	746
Change in inventories (-: increase)	719	-1,339
Change in trade notes and accounts payable (-: decrease)	- 2,668	1,590
Others	- 1,336	360
Subtotal	<u>- 1,963</u>	<u>2,250</u>
Proceeds from interest and dividend income	33	28
Payment of interest	- 158	- 190
Payment of income taxes	- 47	- 51
Net cash provided by operating activities	<u>- 2,136</u>	<u>2,037</u>
Cash flows from investing activities:		
Payment for time deposits	- 1	- 1
Proceeds from time deposits	1	1
Payment for purchase of tangible assets	- 44	- 29
Proceeds from sales of tangible assets	-	966
Payment for purchase of intangible assets	- 0	- 0
Payment for purchase of investment securities	- 0	- 0
Payment for loans receivable	- 8	- 11
Proceeds from collection of loans receivable	0	0
Others	0	-
Net cash used in investing activities	<u>- 53</u>	<u>924</u>
Cash flows from financing activities:		
Repayment of long-term debt	- 1,520	- 1,460
Repayment of lease liability	- 93	- 78
Others	- 0	- 0
Net cash provided by (used in) financing activities	<u>- 1,613</u>	<u>- 1,538</u>
Effect of exchange rate changes on cash and cash equivalents	42	-108
Net increase (-: decrease) in cash and cash equivalents	<u>- 3,760</u>	<u>1,313</u>
Cash and cash equivalents at beginning of fiscal year	17,586	12,027
Net increase (-: decrease) in cash and cash equivalents by change in consolidated subsidiaries		113
Cash and cash equivalents at end of 1 st quarter of fiscal year	13,825	13,454

(4) Note on assumptions for going concern

Not applicable.

(5) Segment Information**[Business segments]****FY 2010 Q1 (April 1, 2009 - June 30, 2009)****(Millions of yen)**

	SPE business	Metrology business	Total	Corporate and elimination	Consolidation
I. Sales and operating income:					
1. Sales and operating income:	2,116	2,046	4,163	-	4,163
2. Intersegment sales to transfer	-	-	-	(-)	-
Total	2,116	2,046	4,163	(-)	4,163
Operating Income (or Loss)	- 1,071	-143	- 1,215	-	- 1,215

Notes: 1. The Company's business segments are determined with consideration of product types and properties, as well as similarities in the selling markets and other factors.

2. Primary products of each business segment

(1) SPE business

Wafer probing machines, wafer dicing machines, polish grinders, wafer manufacturing machines, and CMPs

(2) Metrology business

3D coordinate measuring machines, Roundness and cylindrical profile measuring instruments, surface texture and contour measuring instruments, machine control gauges, electric micrometers, various automated measuring, sorting, and assembling machines

[Geographical segments]**FY 2010 Q1 (April 1, 2009 - June 30, 2009)****(Millions of Yen)**

	Japan	U.S.	Germany	Korea	Total	Corporate and elimination	Consolidation
I. Sales and operating income:							
1. Sales to third parties	3,774	191	128	68	4,163	-	4,163
2. Intersegment sales to transfer	136	-	-	65	201	(201)	-
Total	3,911	191	128	133	4,365	(201)	4,163
Operating Income (or Loss)	-1,120	-80	-24	9	-1,215	-	-1,215

Notes: 1. Method of determining country segments

Country segments are determined based on the regional independence of the business activities.

[Overseas Sales]**FY 2010 Q1 (April 1, 2009 - June 30, 2009)****(Millions of yen)**

	East Asia	South East Asia	North America	Europe	Other regions	Total
Overseas sales	1,495	215	210	122	46	2,090
Consolidated sales	-	-	-	-	-	4,163
Ratio of overseas sales to consolidated sales (%)	35.9	5.2	5.1	2.9	1.1	50.2

Notes: 1. Overseas sales are the sales of the Company and its consolidated subsidiaries in countries and regions outside Japan.

2. Method of classifying countries and regions, and primary countries and regions in each category

(1) Countries and regions are determined according to geographical proximity.

(2) Primary countries and regions in each category

East Asia: Korea, Taiwan, and China

South East Asia: Thailand, Singapore and Malaysia

North America: USA and Canada

Europe: Germany, UK, and Italy

Other regions: India and Brazil

[Segment Information]

1. Overview of reportable segments

The reportable segments of the Company and consolidated subsidiaries are the business segments for which separate financial information can be obtained and are at the level where the Company's board of directors conducts periodic reviews leading to the allocation of resources and evaluation of business performance.

The Company consists of internal companies known as the Semiconductor Company and the Metrology Company, and each company's products and services are managed under comprehensive strategies inside and outside of Japan.

Therefore, the Company defines "SPE business" and "Metrology equipment business" as reportable segments based on the intercompany system and their outputs.

The "SPE business" consists of manufacturing and sales of process and inspection equipment to be applied to Semiconductor Manufacturing Processes and the "Metrology equipment business" consists of manufacturing and sales of precision measurement equipment such as 3D coordinate measuring machines, surface texture and contour measuring instruments.

2. Net sales and profit/loss in reportable segments

FY 2010 Q1 (April 1, 2009 - June 30, 2009)

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party:	5,884	2,874	8,758	8,758
Intersegment sales to transfer	-	-	-	-
Total	5,884	2,874	8,758	8,758
Segment Profit	110	469	580	580

3. Balance between the Total profit or loss amount of reported segments and profit and loss amount of consolidated financial statement, and these and descriptions

Total Segment profit of reportable segments is same amount of Operating income of consolidated financial statement.

4. Impairment losses on fixed assets and goodwill per each reportable segment

Not applicable.

(Additional information)

Starting from the period under review, the Company applies "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No.17, March 27th 2009), and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.20, March 21st 2008).