Consolidated Financial Statements for the Interim Period of FY 2006

November 11, 2005

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

ACCRETECH

Stock Listing: First Section TSE

Code number: 7729

Head office location: Tokyo

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

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

Inquiries: Kunimasa Ohta, Representative Director   Tel: 0422 - 48 - 1011

Boad of Directors meeting: November 11, 2005

Use of U.S. accounting standars: No

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

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

	Net Sales		Operating Income		Ordinary Income	
FY06 Interim	42,083	(7.2)%	6,593	(19.2)%	6,720	(19.0)%
FY05 Interim	45,340	75.0 %	8,157	506.2%	8,295	728.5%
FY05 Full Year	84,750		13,051		12,885	

(Millions of yen; except as indicated)

	Interim net income		Interim net income per Share (yen)	Interim net income per Share (diluted) (yen)
FY06 Interim	3,914	(12.1)%	104.39	95.28
FY05 Interim	4,454	― %	119.07	108.95
FY05 Full Year	4,459		118.82	108.75

Notes:

1. Equity in affiliates; FY06 Interim: ― million yen; FY05 Interin: ― million yen; FY05: ― million yen
2. Average number of shares outstanding (consolidated); FY06 Interim: 37,495,268 shares; FY05 Interim: 37,408,547 shares; FY05: 37,452,407 shares
3. Changes in accounting methods: No
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	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share (yen)
FY06 Interim	104,436	36,755	35.2%	980.29
FY05 Interim	98,311	33,530	34.1%	894.21
FY05 Full Year	100,993	33,003	32.7%	879.93

Note: Number of shares outstanding at end of period (consolidated);
FY06 Interim: 37,494,533 shares; FY05 Interim: 37,497,268 shares; FY05: 37,495,725 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
FY06 Interim	1,108	(4,622)	2,365	10,737
FY05 Interim	5,554	(857)	(6,847)	10,149
FY05 Full Year	7,058	(1,769)	(5,732)	11,838

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

・ Consolidated subsidiaries: 8 companies
・ Unconsolidated subsidiaries accounted for by the equity method: None
・ Affiliatedcompanies accountd 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

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

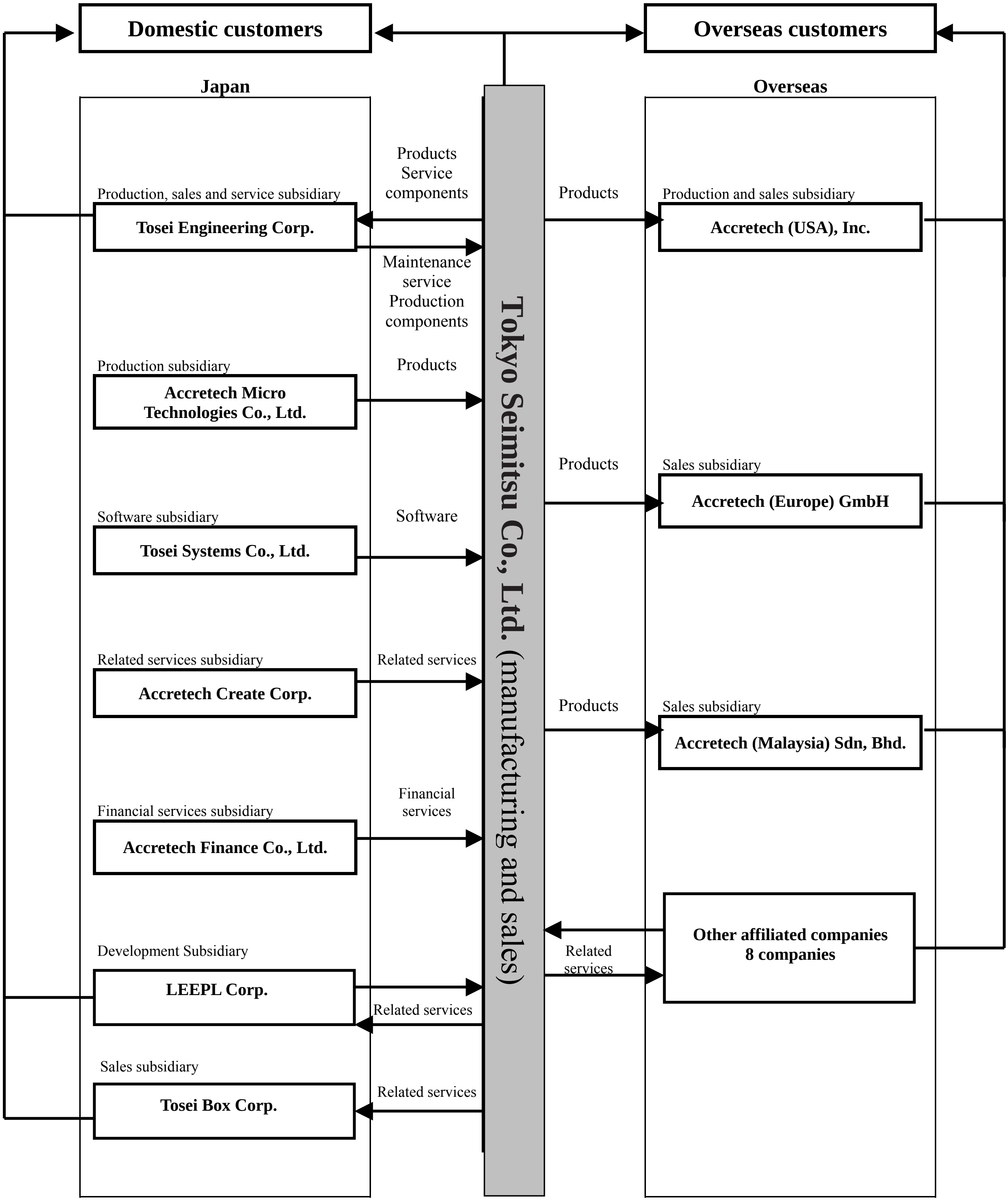
(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Full year	89,000	14,000	7,700

Reference: Estimated earnings per share (full year): ¥200.78

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

1. Tokyo Seimitsu Corporate Group



2. Management Policy

(1) Basic policy

As a maker of precision measurement instruments and semiconductor manufacturing equipment, Tokyo Seimitsu has consistently focused its efforts on the development of products that make full use of its cutting-edge technologies, contribute to the high productivity of our customers, and providing them with support. At a time when technological innovation is moving forward rapidly and reaching higher levels of sophistication, what is most necessary for us to continue to grow is to maintain a strong product development organization, and appropriate product development criteria. To accomplish this, in line with the following "principles for product development" we have set as the core of our management principles, we are working to hold the effects of market cycles in capital investment to the minimum, build a business foundation of high growth and profitability, and 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 in 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 alliaces to share R&D costs and utilize synergies that benefit industry partners

Tokyo Seimitsu has also adopted the Corporate Motto "Win-Win Relationships Create the World's No.1 Products," encompassed in the "Strategic Principles for our R&D." Development of the world's No.1 products demands both speed and cutting-edge technologies in each respective field. To accomplish this Tokyo Seimitsu must apply the core technologies that it has developed, and build cooperative WIN-WIN relationships with companies and individuals that share a common goal to create the world's best products, both in Japan and around the world. We are working to foster a global and hybrid corporate culture that integrates the unique cultures of various countries and companies, in order to establish a structure which is able to generate the world's leading products, and make Tokyo Seimitsu a truly global company.

The corporate brand ACCRETECH was created from the words "accrete," meaning "to grow together," and "technology". The brand thus expresses in a single word our corporate philosophy: growing together with partners and customers by collaborating technology, knowledge and information from internal and external sources to create the world's No.1 Products.

(2) A Unique Development Structure

Tokyo Seimitsu adopted a group leader system in 1988, dividing each technology development group into product groups, with a group leader to head each team. Group leaders are responsible for not only the product development, but also the overall performance of the product group, overseeing such functions as the creation of business plans, making decisions on capital investment, and recruiting human resources.

When the executive officer system was introduced in April 2002, group leaders were appointed as executive officers. This strengthening of the group leader system enhanced the speed of decision-making regarding development plans and other matters, as well as provided for quicker and more flexible responses to market trends.

(3) 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 from a 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 current term.

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

(4) 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.

(5) Medium- to Long-term Management Strategies

① Tokyo Seimitsu, based on above-mentioned strategic principle for our R&D, has developed new highly functional and value added products such as Wafer Inspection Systems, Polish Grinders and CMPs for which the barriers to entry are high and the market is large.

Wafer Inspection Systems and Polish Grinders were introduced into the market in fiscal 2000 (ended March 31, 2001), followed by CMPs in fiscal 2003 (ended March 31, 2003), enjoying steady growth. Sales of these new semiconductor product lines during the interim period under review reached ¥9.6 billion, an increase of 35% compared to the corresponding period of the preceding year. We look for sales of these new product lines to grow steadily, and expect them to account for roughly 50% of total semiconductor sales in a few years' time. This increase should generate a corresponding rise in the segment profit margin.

New manufacturing facilities for measuring instruments and semiconductor manufacturing systems were built at our Tsuchiura and Hachioji factories in March 2005. As both of these new facilities come on line, we are taking the opportunity to implement initiatives to reform production method even further, by continuously improving quality and cutting costs.

Tokyo Seimitsu will continue striving to increase sales and raise profitability, mainly through the ongoing introduction of new product lines. To grow the corporate value of our enterprise, we are aiming to boost sales to ¥100 billion at an early date, and are targeting a sales level well above ¥100 billion and an operating profit margin of 25% by the 60th anniversary of the founding of our company in March 2009.

② In September this year, we established a Long-term Strategh Research Team. Big changes in industries and the expansion of new technology fields, such as the limit of miniaturization in the semiconductor industry, the transition from internal combustion engine to electric motor for automobile etc., must be assumed.

Long-term Strategh Research Team is composed of members from across all divisions (key personnel is CTO) to ensure readiness and responsiveness to industry developments with a long-term vision.

(6) Issues for Tokyo Seimitsu

① Success with new product lines

Aggressive efforts over the past several years to develop new products has resulted in Tokyo Seimitsu's Polish Grinders, now considered the de facto industry standard, accounting for almost 100% of the market, it has attained expected profit magins. Furthermore, the company is expanding its share of the wafer inspection system market as planned and is progressing with developing new customers for its CMPs. The total sales of these new products have surpassed sales of the measuring system division.

Tokyo Seimitsu will continue to increase sales of new products, focusing at the same time on cutting costs and reaching its target profit margin for both Wafer Inspection Systems and CMPs.

② Improvement the financial sturuture

Due to the strong performance in the interim period and healthy growth in new product lines, we improved such financial indicators as the capitalization and asset turnover ratios.

Tokyo Seimitsu expects to improve financial ratios by converting convertible bond redemption certificates to equity and increasing both sales and profits, which should result in positive free cash flow.

(7) Basic Stance Regarding Corporate Governance and Implementation of Measures

Basic Stance Regarding Corporate Governance

At the present time of economic globalization and remarkable changes in corporate business environment, we realize that it is necessary to create a management structure that can respond to these sudden changes and to implement a system of corporate governance compatible with international management standards and shareholder-focused management for our sustainable growth as a company.

While keeping in mind the principles of protecting shareholder rights and impartial treatment of shareholders, Tokyo Seimitsu is striving to build harmonious relationships with other stakeholders. The Company will continue to implement appropriate disclosure and transparency policies and focus on using both the board of directors and auditors to strengthen corporate governance .

Implementation of Corporate Governance Measures

① Introduction of an executive officer system and internal companies

Tokyo Seimitsu introduced the executive officer system and the internal company system in April 2002, dividing the entire company into three internal companies consisting of the Semiconductor Company, Metrology Company, and Administration Company. These three internal companies carry out all operations of Tokyo Seimitsu, and the functions of the head offices were eliminated.

Semiconductor Company and Metrology Company, as fully functioning organizations, are now able to respond to each customer more actively and promptly, while Administration Company is pushing ahead with the rationalization of indirect departments.

A revision of the top management structure was carried out in April 2003, in which the positions of "Chairman and CEO" and "President and COO" were separated. The "Chairman and CEO" was given responsibility for medium- to long-term management strategies, daily operations of each internal company were relegated to each internal company president, while the "President and COO" assumed responsibility for overall operations of the company, clarifying the management execution structure.

② Assuring the effectiveness of corporate governance

a) In accordance with the introduction of the internal companes system, Tokyo Seimitsu, standing over the internal companies, in theory becomes a company composed only the Board of Directors. The Board of directors is the body that makes decisions regarding important corporate operations and supervises the performance of directors. Tokyo Seimitsu's Boad of Directors is a hybrid organization, with board members drawn form a ariety of corporate backgrounds, and bringing a wealth of experience from different companies.

b) Tokyo Seimitsu has adopted the auditor system. Auditors are selected from among representatives of our large shareholding companies, and eminent individuals. Currently, three of the four auditors are outside auditors. Auditors are also concurrently members of the compensation committee and management advisory committee, through which they assess the appropriateness of compensation to board members, and other managerial matters.

c) The systems for Board of Director and auditors described have selected the best elements of the corporate governance systems in Japan, the United States and Germany. Accordingly, we believe that Tokyo Seimitsu's corporate governance is highly transparent, with clear accountability.

③ Internal Control System, Risk Management Structure, and Internal Supervision

Tokyo Seimitsu believes that acting in a socially acceptable manner is essential to a win-win relationship with all stakeholders and achieving long-term growth. To ensure a highly transparent and aboveboard corporate stance, the Company has established a "ACCRETECH Group Code of Conduct", and, primarily through its compliance committee, is working to strengthen its corporate ethics and compliance structure. In addition, the Company produces an annual Environmental and Social Report, which discusses its environmental philosophy and its views on social responsibility.

Furthermore, a personnel consultation office was created to aid in risk management issues related to human rights and health of employees. Efforts are also being made to prevent the unauthorized disclosure of confidential technical information and to manage confidential information based on a confidential information management policy established by the Information Security Committee.

In conjunction with the Board of Directors, auditing firms, and export management office, the auditing office, the internal auditing department shall conduct ordinary business audits in order to detect problems and recommend improvements.

(8) New companies

Tokyo Seimitsu did not acquire or create any new corporations as of the end of the fiscal year.

(9) Tosei Engineering Corp. becomes a complete subsidiary

A proposal was adopted during Tokyo Seimitsu's and Tosei Engineering's board of directors meeting, held on May 6, 2005, to turn Tosei Engineering into a wholly owned subsidiary of Tokyo Seimitsu through a stock swap, and a corresponding stock swap agreement was concluded.

In order to develop the world's most advanced products in response to customers' needs for high precision and high productivity, it was considered necessary to create a closer relationship between the two companies through integration, and implement management that could respond with greater speed and flexiblity to changes. This consideration has led to the move to make Tokyo Seimitsu Engineering a wholly owned subsidiary.

The expected execution date of the stock swap was October 1, 2005, which allowed time to complete all procedures stipulated by the commercial code. 0.51 shares of Tokyo Seimitsu was issued for each share of Tokyo Seimitsu Engineering.

3. Business Performance and Financial Position

(1) Business Performance

① Overview of the Fiscal Half-Year ended September 30, 2005

[Overall Business Performance]

At the beginning of the year, it was predicted that there would be a slight first-half adjustment in the semiconductor industry, however strong demand for PCs and cell phones along with steady demand of digital consumer electronics led to continued strong firm capital spending by semiconductor manufacturers and their growth in demand for manufacturing equipments.

Reflecting these trends, the market environment for Tokyo Seimitsu's semiconductor manufacturing equipment division also improved, and while results were down from our record-setting interim period in the previous year, the division showed significant improvement in both sales and profit on comparison with the second half of the previous fiscal year.

Demand from clients of the measuring instruments division was also brisk, particularly from the automobile industry and the machine tool industry, enabling the division to achieve higher sales and profits than in the same period of the previous fiscal year.

As a result, interim consolidated order value amounted to ¥44,956 million (down 4.2% compared to the same period in the previous fiscal year), net sales were ¥42,083 million (down 7.2%), ordinary income was ¥6,720 million (down 19.0%), and net income was ¥3,914 million (down 12.1%).

[Operating Highlights by Division]

A. Semiconductor Manufacturing Equipment Division

The semiconductor manufacturing equipment division experienced a modest adjustment in the early part of the term, but overall results were strong. By tailoring its marketing and sales efforts to the needs of each user, the division achieved interim orders of ¥34,167 million (down 11.2% compared to the interim period of the previous fiscal year) and net sales of ¥32,005 million (down 12.8%). This performance, while declined from our all-time high in the previous interim period, demonstrates that the division sales trend remains strong.

Together with a decline in sales, profits fell compared to the previous period; however, cost reductions achieved by paring variable costs (through reductions in fixed costs and increased use of internally manufactured components) enabled us to record a strong operating profit of ¥4,190 million (down 32.3%).

(Regional overview)

On a regional basis, sales were decreased both in Japan and overseas compared to the previous interim period. However, sales in the East Asian countries of Korea, Taiwan, China as well as Japan are recovering compared with the second half of the previous fiscal year.

(Product overview)
(a) With regard to wafer-probing machines, demand was strong for machines that can handle 300mm wafers, and sales of the “UF3000”, which is such a machine, increased dramatically on a year-on-year basis. The third-generation machine “UF3000”, a fully automatic high performance probing machine capable of handling 300mm wafers, which meets every need of device makers (ranging from those engaged in high-mix low-volume production of items such as system LSI, to those engaged in the mass production of items such as memory), has been enthusiastically received by our customers.

Sales of the “UF200” series for 200mm wafers were also firm. Overall, we as the world No.1 manufacturer of wafer probing machine steadily expanded its sales and profits.

(b) The 300mm-ready Wafer Dicing Machine “A-WD-300T” and the “A-WD-200T” for 200mm wafers continue to be lauded by customers as high-throughput machines. Sales continue to strengthen, however, due to deferral of capital expenditures and prudence in this area, declines in sales and profit were unavoidable.

The MAHOH DICING MACHINE, which reached market in the previous fiscal year, is our new totally dry-process Laser-Dicing Machine that does not use blades. Highly regarded by users for its functions and high quality, this product is expected to experience steady sales growth, mainly for MEMS and thin wafers.

(c) In Wafer Inspection Systems, the lower cost of ownership and high detection rates that are the hallmarks of the “WIN-WIN 50” series continued to be held in high regard, resulting in repeat orders as well as new business during the interim period. By adding a high-throughput series, we are further enhancing our ability to respond to a wide spectrum of user need, which in turn is contributing to further expansion in market share.

(d) In Polish Grinders, our in-house-developed machines have become the de facto standard in the thin wafer market for their unrivalled ability to combine wafer thinness with damage removal functions in a singe units. In this interim period, there has been a huge growth in demand for our 300mm-compatible “PG300RM”, and orders and sales doubled versus the previous interim period to reach an all-time high.

(e) In CMPs, user awareness of the advantages of the concepts behind and structure of our “ChaMP” series has spread, and this business holds substantial growth potential owing to its high appreciation.

B. Measuring Instrument Division

In the measuring instrument division, we were successful in expanding sales through marketing efforts that steadily translated the needs of users in the continually thriving industries such as the automobile and machine tools industries into orders. Divisional orders for the interim period rose strongly to ¥10,788 million (up 27.8% on the interim period of the previous fiscal year) and net sales were ¥10,077 million (up 16.5%), setting a new record for a six-month period. Since the second half of fiscal 2004, sales have reached a record high for four consecutive half-year periods.

We also worked to cut production costs, achieving increased profits and an operating income of ¥2,403 million (up 22.3%).

(Regional overview)
Viewed by region, there has been strong growth compared to the interim period of the previous year, mainly in Japan.

(Product overview)

(a) As for industrial measuring systems, the 3D coordinate measuring machine “XYZAX SVA” series, which combines Carl Zeiss’ analysis and control technologies with our high rigidity design technology, fulfills the needs of our customers and enjoys an excellent reputation.

In addition, sales have boomed mainly thanks to the “XYSAX SVA Fusion” with guaranteed high-quality scanning, which we began selling last year, and the Carl Zeiss company’s new inline 3D coordinate measuring machine “GageMax”that began sales this year.

In the “SURFCOM” series of Surface Texture and Contour Measuring Instruments, which use linear motors to achieve the world’s highest precision while minimizing vibrations, we introduced the “SARFCOM 5000 DX”. Sales are progressing well.

In the “RONDCOM” series of Cylindrical Form Measuring Instruments, which have gained a strong reputation for their high precision, sales of the “RONDCOM 54/44” and large-format “RONDCOM 72/75” series were strong, rounding out the lineup and contributing to stronger sales.

(b) Among In-line Measuring Systems, “PULCOM” series and other instruments used in auto parts production lines were in strong demand owing to intensive capital investment in the automotive industry. In addition, “ATC Run-out Detection System” were used by many machine tool manufacturers. Sales of wireless electro-column gauges and the hand gauge “ELCOM 8 for wireless” were also strong.

[Distribution of profits]

Tokyo Seimitsu will increase the interim dividend by ¥5 per share in addition to our aforementioned policies concerning the distribution of company profits, paying an interim dividend of ¥20 per share in accordance with our start-of-year plan.

② Forecasts for the Second Half and the Full Year

〔Overall and Divisional Forecasts〕

A. Semiconductor Manufacturing Equipment Division

The semiconductor market in the mid-term is expected to experience steady growth on account of growing demand for digital consumer products, firm demand for the computers, and growth in automobile related devices. Various factors such as substantial investment in 300 mm-wafer related products will likely lead to continued capital investment by semiconductors manufacturers.

As for the operating environment for Tokyo Seimitsu’s semiconductor manufacturing equipment division in the second half of fiscal 2006, we are making conservative forecasts as orders with short lead time become increasingly common, for products in which we enjoy high market shares, namely Wafer Probing Machines, Wafer Dicing Machines, and other established lines. However, vigorous capital spending driven by technical innovations such as miniaturization and the growing use of thin wafers leads us to forecast positive sales growth for newer products in such lines as Wafer Inspection Systems, Polish Grinders, and CMPs, with sales for the full year exceeding fiscal year 2005. As a consequence, we forecast net sales in the semiconductor manufacturing equipment division of ¥36,500 million for the second half of this fiscal year and ¥68,500 million (up 2.7% year on year) for the full year, a record high for the past two consecutive years.

B. Measuring Instrument Division

In the measuring systems division, we also anticipate firm demand in Japan and other contries from the automotive industry and other users such as machine tool manufacturers and bearing manufacturers during the second half of fiscal 2006.

Against this backdrop, we aim to accurately grasp users' needs to win new orders. As a result we forecast net sales in the measuring systems division of ¥10,400 million for the second half of fiscal 2006 and ¥20,500 million (up 13.4% year on year) for the full year estimated to be a record high for the past the second consecutive year.

Combining the forecasts mentioned above, we forecast second-half consolidated net sales of ¥46,900 million and the second record year in a row with full-year consolidated net sales of ¥89,000 million (up 5.0% year on year). For profitability we forecast an ordinary income of ¥14,000 million (up 8.6%), and a record net income of ¥7,700 million (up 72.7%).

[Distribution of Profits]

Tokyo Seimitsu intends to maintain its year-end dividend of ¥20 per share (with a dividend increase of ¥10 per share for a full-year dividend of ¥40 per share), in the interests of continuing to pay stable dividends in line with the earnings forecast above and as indicated in the aforementioned policies concerning the distribution of company profits.

(2) Fiscal Position

Cash and cash equivalents at the end of the interim period amounted to ¥10,700 million, a decline of ¥1,100 million versus the end of the previous fiscal year. The status of interim cash flows and factors underpinning changes therein are outlined as follows.

Net cash flows from operating activities amounted to ¥1,100 million, reflecting income before income taxes and minority interests (¥6,800 million), depreciation and amortization (¥1,300 million), an increase in trade receivables (-¥1,200 million), an increase in inventories (-¥1,100 million) an increase in purchase liabilities (¥1,100 million), and an increase in income taxes paid (-¥2,600 million).

Net cash flows used in investing activities amounted to ¥4,600 million, owing primarily to expenditure on capital equipment (¥3,500 million) and long-term fixed deposits (¥1,000 million).

Net cash flows from financing activities amounted to ¥2,300 million, reflecting increased short-term borrowings (¥2,900 million) and dividend payments (-¥500 million).

Owing to strong sales and profits, cash flows from operating activities increased ¥1,100 million. Going forward, we expect sales expansion and profit contributions from new product lines to sustain positive growth in operating cash flows and to help further strengthen Tokyo Seimitsu's financial position.

Trends in cash flow indices are shown below:

	H1 FY2005	FY2005	H1 FY2006
Shareholders' equity ratio (%)	34.1	32.7	35.2
Equity ratio, based on market value (%)	118.2	138.5	184.2
Number of years for amortization (years)	2.7	4.4	15.4
Interest coverage ratio (times)	42.5	29.4	26.6

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.

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 Interim Balance Sheets

(Millions of yen,rounded down)

Item	FY05 1H	FY06 IH	FY05	Item	FY05 1H	FY06 1H	FY05
Assets				Liabilities			
Current Assets	**75,001**	**74,832**	**73,752**	**Current Liabilities**	**34,014**	**34,383**	**34,941**
Cash and cash equivalents	10,177	10,773	11,866	Notes and accounts payable	23,233	19,205	17,809
Notes and accounts receivable	30,248	33,433	32,105	Short-term debt	1,365	3,453	458
Inventories	33,407	29,353	28,134	Current portion of long-term debt	3,731	4,042	4,160
Consumption tax	377	237	539	Current portion of bonds	200	450	450
Deferred tax assets	373	579	753	Income taxes payable	1,323	2,715	2,890
Other current assets	468	507	412	Bonus reserve	697	900	951
Allowance for doubtful accounts	(50)	(53)	(60)	Other current liabirities	3,462	3,615	8,221
Fixed Assets	**23,309**	**29,603**	**27,240**	**Long-term Liabilities**	**28,466**	**30,596**	**30,538**
(Property,plant and equipment)	**12,600**	**15,069**	**13,885**	Bonds	19,750	19,300	19,400
Buildings and structures	5,140	7,347	7,528	Convertible bonds	51	51	51
Eqipment and vehicles	2,919	3,577	1,982	Long-term debt	4,491	6,839	6,753
Tools and fixtures	902	917	927	Allowance for employee retirement benefits	3,521	3,691	3,610
Land	2,917	2,910	2,917	Allowance for director retirement benefits	604	669	675
Construction in progress	719	317	529	Deferred tax liabilities	47	46	46
(Intangible fixed assets)	**3,146**	**2,111**	**2,581**	**Total Liabilities**	**62,480**	**64,980**	**65,479**
Software	2,673	1,828	2,263				
Other intangible fixed assets	472	282	317	**Minority Interests**	**2,299**	**2,700**	**2,510**
(Investments and other assets)	**7,562**	**12,423**	**10,773**				
Investments securities	3,449	4,323	3,524	**Shareholders'Equity**			
Long-term loans	454	333	350	Capitalization	7,392	7,392	7,392
Deferred tax assets	3,057	6,131	6,331	Capital surplus	12,017	12,017	12,017
Long-term deposits	—	1,000	—	Retained earnings	14,153	16,938	13,596
Other investments other assets	614	645	578	Net unrealized holding gain on securities	41	436	70
Allowance for doubtful accounts	(13)	(10)	(10)	Foreign currency translation adjustment	(16)	39	(9)
				Treasury stock	(58)	(68)	(63)
Deferred Assets	**0**	**0**	**0**				
Discount on bonds	0	0	0	**Total Shareholders'Equity**	**33,530**	**36,755**	**33,003**
Total Assets	**98,311**	**104,436**	**100,993**	**Total Liabilities and Shareholders'Equity**	**98,311**	**104,436**	**100,993**

5. Consolidated Interim Statements of Income

(Millions of yen, rounded down)

		Item \ Period	FY05 Interim (Apr 1, 2004 - Sep 30, 2004)	FY06 Interim (Apr 1, 2005 - Sep 30, 2005)	FY05 (Apr 1, 2004 – Mar 31, 2005)
Ordinary Income	Operating	Net sales	45,340	42,083	84,750
		Cost of sales	30,847	29,207	59,344
		Gross Profit on Sales	**14,493**	**12,875**	**25,405**
		Selling, general and administrative expenses	**6,336**	**6,282**	**12,354**
		Selling expenses	4,850	4,693	9,516
		General expenses	1,485	1,588	2,837
		Operating Income	**8,157**	**6,593**	**13,051**
	Non-Operating	Non-operating income	**323**	**434**	**278**
		Interest and dividend income	31	37	51
		Other	292	397	226
		Non-operating expenses	**185**	**308**	**443**
		Interest expenses	142	139	293
		Other	43	168	150
		Ordinary Income	**8,295**	**6,720**	**12,885**
Extraordinary Items		Extraordinary gains	**184**	**114**	**523**
		Gain on sale of investment in securities	68	76	358
		Other	115	38	165
		Extraordinary losses	**583**	**8**	**7,007**
		Loss on revaluation and disposal of inventories	574	—	5,861
		Loss on disposal of fixed assets	—	—	854
		Other	9	8	291
Income before taxes and minority interests			**7,895**	**6,827**	**6,401**
Income taxes			**1,207**	**2,543**	**3,187**
Income tax adjustment			**2,001**	**145**	**(1,688)**
Minority interests			**232**	**223**	**444**
Net income			**4,454**	**3,914**	**4,459**

6. Interim Consolidated Statements of Surplus

(Millions of yen, rounded down)

Item / Period	FY05 1H (Apr 1, 2004 - Sep 30, 2004)	FY06 1H (Apr 1, 2005 - Sep 30, 2005)	FY05 (Apr 1, 2004 – Mar 31, 2005)
Capital surplus			
Ccapital surplus at beginning of the period	**11,806**	**12,017**	**11,806**
Increases in capital surplus	211	—	211
New stock issues due to exercise of subscription rights	211	—	211
Decreases in capital surplus	—	—	—
Capital surplus at the end of the period	**12,017**	**12,017**	**12,017**
Retained earnings			
Retained earnings at the beginning of the period	**10,273**	**13,596**	**10,273**
Increase in retained earnings	**4,454**	**3,914**	**4,459**
Net income	4,454	3,914	4,459
Decreases in retained earnings	**574**	**572**	**1,136**
Cash dividends	560	562	1,122
Directors Bonuses	14	9	14
Retained earnings at the end of the period	**14,153**	**16,938**	**13,596**

7. Interim Consolidated Statements of Cash Flows

(Millions of yen, rounded down)

Item \ Period	FY05 1H (Apr 1, 2004 – Sep 30, 2004)	FY06 1H (Apr 1, 2005 – Sep 30, 2005)	FY05 (Apr 1, 2004 – Mar 31, 2005)
Cash flows from operating activities:			
Income before income taxes and minority interests	7,895	6,827	6,401
Depreciation and amortization	1,470	1,338	2,732
Amortization of consolidation goodwill	40	―	160
Change in provision for employee bonuses	23	80	112
Change in provision for director' bonuses	47	(6)	118
Change in provision for doubtful accounts	9	(6)	16
Interest and dividend income	(31)	(37)	(51)
Interest expense	142	139	293
Loss on sales of property, plant and equipment	(14)	150	936
Loss on revaluation of investment securities and golf membership	9	―	2
Gain on sales of investment securites	(68)	(76)	(358)
Change in accounts receivable	(3,493)	(1,216)	(5,427)
Change in inventories	(4,105)	(1,178)	1,006
Change in purchase liabilities	5,304	1,183	37
Payments of directors' bonuses	(14)	(9)	(14)
Other income and expenses from operating activities	(817)	(3,328)	2,532
Subtotal	6,397	3,858	8,499
Interest and dividends received	31	37	51
Interest expenses paid	(149)	(146)	(291)
Income taxes paid	(724)	(2,641)	(1,201)
Net cash from operating activities	**5,554**	**1,108**	**7,058**
Cash flows from investing activities:			
Investments in term deposits	(11)	(1,021)	(21)
Payment from term deposits	10	11	20
Acquisition of investment securities	(222)	(194)	(412)
Sale of investment securites	116	85	579
Investment in affiliated companies	(21)	―	(46)
Acquisition of fixed assets	(717)	(3,555)	(1,998)
Sale of fixed assets	62	35	78
Execution of loans	(376)	―	(382)
Redemption of loans	303	16	413
Net cash from investing activities	**(857)**	**(4,622)**	**(1,769)**
Cash flows from financing activities:			
Net change in short-term borrowing	(4,178)	2,994	(5,085)
Execution of long-term debt	700	2,500	5,300
Repayment of long-term debt	(3,084)	(2,532)	(4,994)
Redemption of bonds	(100)	(100)	(200)
Exercise of rights for new stock issues	383	70	383
Cash dividends paid	(560)	(562)	(1,122)
Other expenses for financing activities	(8)	(5)	(13)
Net cash from financing activities	**(6,847)**	**2,365**	**(5,732)**
cash and cash equivalents translation difference	58	46	39
Change in cash and cash equivalents	(2,092)	(1,101)	(403)
Cash and cash equivalents at the beginning of the period	12,242	11,838	12,242
Cash and cash equivalents at the end of the period	10,149	10,737	11,838

8. Basis of Preparation of the Interim Consolidated Finacial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries (8 companies)

Tosei Engineering Corp.; Tosei Systems Co., Ltd.; Accretech Micro Technologies Co., Ltd.; Accretech Create Corp.; Accretech Finance Co., Ltd.; LEEPL Corp.; Accretech USA, Inc.; Accretech (Europe) GmbH

(2) Non-consolidated subsidiaries (9 companies)

Tosei Box Corp.; Accretech (Malaysia) Sdn, Bhd.; Accretech (Israel) Ltd.; Accretech (Singapore) Pte Ltd.; Accretech Micro Technologies Korea Co., Ltd; Accretech (China) Co., Ltd.; Tosei Measuring (Pinghu) Co. Ltd.; TOSEI KOREA CO., LTD; Tosei (Thailand) Co., Ltd.

The reason these nine companies are excluded from the scope of consolidation is that they are small companies, their combined assets, sales, net income and retained earnings are also small, and do not have a significant impact on the interim financial statements.

2. Application of the Equity Method

The eight non-consolidated subsidiaries and affiliated company Sanmenxia Zhongyuan Tokyo Seimitsu Co., Ltd., to which the equity method is not applied, each have only a minor impact on interim consolidated net income and consolidated retained earnings. Their overall importance is minimal, so investment in these companies is accounted for by the cost method rather than the equity method.

3. Interim Settlement Date of Consolidated Subsidiaries

The interim settlement date for consolidated subsidiaries is the same as that of Tokyo Seimitsu's interim consolidated settlement date.

4. Application of the Equity Method

(1) Valuation standards and methods for significant assets

(a.) Investment securities

・Equities in subsidiaries and affiliated companiesstated at cost determined by the moving average method.

・Other investment securities

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

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

(b) Derivatives

Based on the market value method.

(c.) Inventories

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

(2) Depreciation method of significant depreciable assets

(a.) Property, plant and equipment:

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

(b.) Intangible fixed assets:

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

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

(3) Accounting standards for significant allowances and reserves

(a.) 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.) Allowance for employee retirement benefits

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

(d.) Allowance for director retirement benefits

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

(4) Accounting method for significant lease transactions

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

(5) Accounting of consumption tax

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

5. Scope of Funds in the Interim Consolidated Cash Flow Statements

Funds (cash and cash equivalents) in the interim consolidated cash flow statements include cash on hand, deposits receivable on demand, and funds easily encashable, as well as short-term investments for which there is a minimal risk of price fluctuation, and the forthcoming redemption period is within three months of the acquisition date.

6. Accounting standards for impairment losses of fixed assets

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

9. Segment Information

(1) Business segments

FY 2006 Interim (April 1, 2005 － September 30, 2005) (Millions of yen, rounded down)

	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 2005 Interim (April 1, 2004 － September 30, 2004) (Millions of yen, rounded down)

	Semiconductor manufacturing equipment	Measuring systems	Total	Eliminations and Corporate	Consolidated
Net sales and operating income					
(1) Sales to customers	36,691	8,649	45,340	—	45,340
(2)Intersegment sales to transfers	—	—	—	(—)	—
Total	36,691	8,649	45,340	(—)	45,340
Operating expenses	30,498	6,684	37,183	(—)	37,183
Operating income	6,192	1,964	8,157	(—)	8,157

FY 2005 (April 1, 2004 － March 31, 2005) (Millions of yen, rounded down)

	Semiconductor manufacturing equipment	Measuring systems	Total	Eliminations and Corporate	Consolidated
Net sales and operating income					
(1) Sales to customers	66,669	18,081	84,750	—	84,750
(2)Intersegment sales to transfers	—	—	—	(—)	—
Total	66,669	18,081	84,750	(—)	84,750
Operating expenses	57,884	13,814	71,698	(—)	71,698
Operating income	8,784	4,267	13,051	(—)	13,051

(2) Geographical segments

FY 2006 Interim (April 1, 2005 － September 30, 2005) (Millions of yen, rounded down)

	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 2005 Interim (April 1, 2004 － September 30, 2004) (Millions of yen, rounded down)

	Japan	U.S.	Germany	Total	Corporate and elimination	Consolidation
Net sales and operating income						
(1) Sales to customers	37,664	4,552	3,123	45,340	－	45,340
(2)Intersegment sales to transfers	4,513	－	－	4,513	(4,513)	－
Total	42,178	4,552	3,123	49,854	(4,513)	45,340
Operating expenses	34,423	4,516	2,809	41,749	(4,566)	37,183
Operating income	7,755	35	314	8,105	52	8,157

FY 2005 (April 1, 2004 － March 31, 2005) (Millions of yen, rounded down)

	Japan	U.S.	Germany	Total	Corporate and elimination	Consolidation
Net sales and operating income						
(1) Sales to customers	69,846	9,226	5,677	84,750	－	84,750
(2)Intersegment sales to transfers	9,277	－	－	9,277	(9,277)	－
Total	79,123	9,226	5,677	94,027	(9,277)	84,750
Operating expenses	66,386	9,199	5,478	81,064	(9,365)	71,698
Operating income	12,737	27	199	12,963	88	13,051

(3) Overseas Sales

FY 2006 Interim (April 1, 2005 － September 30, 2005) (Millions of yen, rounded down)

	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 2005 Interim (April 1, 2004 － September 30, 2004) (Millions of yen, rounded down)

	East Asia	North America	Europe	Other	Total
Overseas sales	14,429	4,771	3,112	1,943	24,257
Consolidated sales					45,340
Overseas proportion of sales	31.8%	10.5%	6.9%	4.3%	53.5%

FY 2005 (April 1, 2004 － March 31, 2005) (Millions of yen, rounded down)

	East Asia	North America	Europe	Other	Total
Overseas sales	25,048	8,166	5,706	3,938	42,860
Consolidated sales					84,750
Overseas proportion of sales	29.6%	9.6%	6.7%	4.7%	50.6%

10. Production, Orders and Sales

(1) Production

(Millions of yen, ronded down)

Business Segment	FY 2005 Interim (April 1, 2004–September 30, 2004)	FY 2006 Interim (April 1, 2005–September 30, 2005)	FY 2005 (April 1, 2004– March 31, 2005)
Semiconductor manufacturing equipment	37,830	31,019	67,708
Measuring systems	8,645	10,318	18,054
Total	46,476	41,337	85,763

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

(2) Orders

(Millions of yen, rounded down)

Business Segment	FY 2005 Interim (April 1, 2004–September 30, 2004)		FY 2006 Interim (April 1, 2005–September 30, 2005)		FY 2005 (April 1, 2004– March 31, 2005)	
	Received	Backlog	Received	Backlog	Received	Backlog
Semiconductor manufacturing equipment	38,488	16,617	34,167	15,562	65,248	13,400
Measuring systems	8,440	3,356	10,788	4,402	18,207	3,691
Total	46,929	19,974	44,956	19,964	83,456	17,091

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

(3) Sales

(Millions of yen, ronded down)

Business Segment	FY 2005 Interim (April 1, 2004–September 30, 2004)	FY 2006 Interim (April 1, 2005–September 30, 2005)	FY 2005 (April 1, 2004– March 31, 2005)
Semiconductor manufacturing equipment	36,691	32,005	66,669
Measuring systems	8,649	10,077	18,081
Total	45,340	42,083	84,750

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

11. Market Value of Securities

(1) Marketvalue of securities

Marketable securities

(Millions of yen, rounded down)

	FY 2005 Interim (As of September 30, 2004)			FY 2006 Interim (As of September 30, 2005)			FY 2005 (As of March 31, 2005)		
Other marketable securities	Cost	Interim balance sheet amount	Difference	Cost	Interim balance sheet amount	Difference	Cost	Interim balance sheet amount	Difference
Stocks	2,443	2,531	87	2,744	3,482	738	2,591	2,715	124
Total	2,443	2,531	87	2,744	3,482	738	2,591	2,715	124

Non-marketable securities

(Millions of yen, rounded down)

	FY 2005 Interim (As of September 30, 2004)	FY 2006 Interim (As of September 30, 2005)	FY 2005 (As of March 31, 2005)
	Interim balance sheet amoun	Interim balance sheet amoun	Interim balance sheet amoun
Other marketable securties Non-marketable securities	918	841	808
Total	918	841	808

12. Related-Party Transactions

There were no related-party transactions during the fiscal 2006 interim period (April 1, 2005 to September 30, 2005)

13. Important Post-Balance Sheet Events

For the current consolidated interim fiscal year (April 1, 2005 - September 30, 2005)

On October 1, 2005 through a stock swap agreement Tosei Engineering Corp., formerly a subsidiary of Tokyo Seimitsu was turned into wholly owned subsidiary.

As a result of this stock swap, the increases/decreases of the number of shares outstanding, a consolidation adjustment account, minority interests, and capital surpluses are the followings.

Number of shares outstanding	Increased by	1,711,203
Consolidation adjustments account	Increased by	¥3,327,483,000
Minority interests	Decreased by	¥2,610,585,000
Capital surplus	Increased by	¥6,218,511,000