



Summary of Consolidated Earnings Report for the Third Quarter of the Fiscal Year Ending March 31, 2007

February 5, 2007

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

Code number: 7729
Stock Listing: First Section TSE

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

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The Company's financial and earnings report summary for the third quarter of fiscal 2007 (April 1, 2006 – December 31, 2006) is as follows:

1. Items pertaining to the preparation of quarterly results:

- (1) Use of simplified accounting procedures : No
- (2) Changes in accounting principles in the most recent financial year : Yes
(Details are described to Supplementary material " Change in Accounting Standards ".)
- (3) Changes in scope of consolidation or application of the equity method : No
- (4) The Company's quarterly financial statements have not been reviewed by an independent auditor.

2. Consolidated Results of Operations for 3Q of FY 2007 (April 1, 2006 - December 31, 2006)

(1) Business Results

(Millions of yen, rounded down)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|------------------------------|-----------|-------|------------------|--------|-----------------|--------|------------|------|
| FY2007 3Q | 71,398 | 13.8% | 11,206 | 16.0% | 11,041 | 12.3% | 6,038 | 7.3% |
| FY2006 3Q | 62,720 | 1.6% | 9,661 | - 8.4% | 9,834 | - 3.9% | 5,626 | 6.8% |
| (Reference) FY2006 full year | 92,845 | | 13,991 | | 14,031 | | 3,125 | |

| | Net Income per Share (yen) | Net Income per Share (Diluted) (yen) |
|------------------------------|-------------------------------|--|
| FY2007 3Q | 150.57 | 140.30 |
| FY2006 3Q | 147.76 | 134.94 |
| (Reference) FY2006 full year | 80.77 | 74.02 |

Note: The percentage figures accompanying net sales, operating income and other items indicate changes from the corresponding period of the previous fiscal year.

Qualitative Information Regarding Business Results

The semiconductor manufacturing equipment market tended to weaken somewhat in the third quarter, in part in counter action to strong conditions in the first half of this fiscal year. However, steady growth is expected over the medium term. In the third quarter, the Semiconductor Manufacturing Equipment Division's performance lagged behind that in the first and second quarters. But targets set at the beginning of the second half of this fiscal year were nearly achieved. For the period under review, the division's sales rose 16.6% from the same period of the previous year to ¥55,435 million, while operating income increased 23.3% to ¥7,459 million. A recovery of orders and sales is forecasted for the division's mainstay probing machines and new product lines in and after the fourth quarter.

Meanwhile, demand for the Measuring Instrument Division's products remained steady in the third quarter, led by demand from automobile-related manufacturers and machine tool producers. For the period under review, the division's sales climbed 5.1% from the same period of the previous year, to ¥15,963 million, and operating income rose 3.8 % to ¥3,746 million.

Overall, the Company's net sales in the period under review totaled ¥71,398 million, up 13.8% from the same period of the previous year and a 71.4% achievement rate compared to the forecast for the full year. Ordinary income increased 12.3%, to ¥11,041 million, a 66.9% achievement rate, and net income reached ¥6,038 million, up 7.3%, a 65.6 achievement rate, all virtually reaching the forecasts.

(2) Financial Position

(Millions of yen, rounded down; except as indicated)

| | Total Assets | Net Assets | Equity Ratio (%) | Net Assets per Share (yen) |
|------------------------------|--------------|------------|------------------|----------------------------|
| FY2007 3Q | 114,473 | 51,460 | 44.8 | 1,277.71 |
| FY2006 3Q | 114,024 | 45,374 | 39.8 | 1,152.73 |
| (Reference) FY2006 full year | 109,875 | 46,703 | 42.5 | 1,165.07 |

【Consolidated Cash Flows】

(Millions of yen, rounded down)

| | Cash flow from Operating Activities | Cash flow from Investing Activities | Cash flow from Financing Activities | Cash and Cash Equivalents at the End of Period |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| FY2007 3Q | 4,359 | -2,071 | -2,993 | 13,253 |
| FY2006 3Q | 1,040 | -5,329 | 2,384 | 10,046 |
| (Reference) FY2006 full year | 8,346 | -6,160 | -290 | 13,851 |

Qualitative Information Regarding the Financial Position

There are no significant factors regarding changes in the financial position

[Reference]

Forecasts for Fiscal Year 2007 (April 1, 2006 – March 31, 2007)

(Millions of yen, rounded down)

| | Net Sales | Ordinary Income | Net Income |
|-----------|-----------|-----------------|------------|
| Full Year | 100,000 | 16,500 | 9,200 |

(Reference) Net income per share for the full year is forecasted at ¥229.18

Qualitative Information Regarding Forecasts

There are no changes to the forecasts announced on November 16, 2006

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.

(Supplementary Material)**1 . Consolidated Quarterly Balance Sheets (Summary)**

(Millions of yen, rounded down)

| Item | FY07 3Q 31-Dec-06 | FY06 31-Mar-06 | Increase (decrease) | FY06 3Q 31-Dec-05 |
|---------------------------------------|----------------------|-------------------|------------------------|----------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| 1 Cash and cash equivalents | 13,279 | 13,887 | (607) | 10,081 |
| 2 Notes and accounts receivable | 39,703 | 36,437 | 3,265 | 35,928 |
| 3 Inventories | 32,040 | 27,053 | 4,986 | 33,014 |
| 4 Deferred tax assets | 170 | 1,447 | (1,277) | 347 |
| 5 Others | 1,067 | 2,294 | (1,227) | 1,214 |
| 6 Allowance for doubtful accounts | (43) | (53) | 10 | (55) |
| Total Current Assets | 86,216 | 81,067 | 5,149 | 80,531 |
| Fixed Assets | | | | |
| 1 Property, plant and equipment | | | | |
| (1) Buildings and structures | 8,018 | 7,699 | 319 | 7,427 |
| (2) Equipment and vehicles | 2,575 | 2,273 | 301 | 3,609 |
| (3) Land | 3,003 | 2,937 | 66 | 2,910 |
| (4) Other fixed assets | 1,104 | 1,407 | (302) | 1,187 |
| Total Fixed Assets | 14,702 | 14,317 | 384 | 15,134 |
| 2 Intangible fixed assets | | | | |
| (1) Software | 965 | 1,451 | (485) | 1,704 |
| (2) Goodwill | 2,992 | - | 2,992 | - |
| (3) Consolidation adjustments account | - | 3,161 | (3,161) | 3,244 |
| (4) Others | 93 | 224 | (130) | 249 |
| Total Intangible fixed assets | 4,051 | 4,837 | (785) | 5,198 |
| 3 Investments and other assets | | | | |
| (1) Investment securities | 5,945 | 5,786 | 159 | 5,471 |
| (2) Deferred tax assets | 1,622 | 1,907 | (285) | 5,662 |
| (3) Other investments | 1,948 | 1,968 | (20) | 2,033 |
| (4) Allowance for doubtful accounts | (14) | (9) | (4) | (8) |
| Total Investments and other assets | 9,502 | 9,653 | (150) | 13,159 |
| Total Fixed Assets | 28,257 | 28,807 | (550) | 33,492 |
| Deferred Assets | | | | |
| 1 Discount on bonds | - | - | - | 0 |
| Total Deferred Assets | - | - | - | 0 |
| Total Assets | 114,473 | 109,875 | 4,598 | 114,024 |

(Millions of yen, rounded down)

| Item | FY07 3Q 31-Dec-06 | FY06 31-Mar-06 | Increase (decrease) | FY06 3Q 31-Dec-05 |
|---|----------------------|-------------------|------------------------|----------------------|
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| 1 Notes and accounts payable, trade | 25,098 | 24,807 | 290 | 23,384 |
| 2 Short-term debt | - | 3,056 | (3,056) | 4,552 |
| 3 Current portion of long-term debt | 3,117 | 3,073 | 43 | 3,151 |
| 4 Current portion of bonds | 1,700 | 700 | 1,000 | 350 |
| 5 Income taxes payable | 2,568 | 1,193 | 1,374 | 2,290 |
| 6 Bonus reserve | 561 | 865 | (303) | 563 |
| 7 Others | 4,298 | 4,403 | (104) | 4,022 |
| Total Current Liabilities | 37,343 | 38,099 | (756) | 38,314 |
| Long-term Liabilities | | | | |
| 1 Bonds | 13,965 | 15,165 | (1,200) | 19,195 |
| 2 Convertible bonds | 50 | 51 | (1) | 51 |
| 3 Long-term debt | 7,482 | 5,680 | 1,802 | 6,599 |
| 4 Allowance for employee retirement benefits | 3,878 | 3,822 | 56 | 3,770 |
| 5 Others | 292 | 353 | (60) | 719 |
| Total Long-term Liabilities | 25,669 | 25,072 | 596 | 30,335 |
| Total Liabilities | 63,012 | 63,172 | (159) | 68,650 |
| SHAREHOLDERS' EQUITY | | | | |
| Capitalization | - | 9,447 | (9,447) | 7,652 |
| Capital Surplus | - | 20,466 | (20,466) | 18,671 |
| Retained Earnings | - | 15,399 | (15,399) | 17,900 |
| Net unrealized holding gain on securities | - | 1,340 | (1,340) | 1,118 |
| Foreign currency translation adjustment | - | 139 | (139) | 110 |
| Treasury Stock | - | (90) | 90 | (78) |
| Total Shareholders' Equity | - | 46,703 | (46,703) | 45,374 |
| Total Liabilities and Shareholders' Equity | - | 109,875 | (109,875) | 114,024 |
| NET ASSETS | | | | |
| Shareholders' Equity | | | | |
| 1 Capitalization | 9,563 | - | 9,563 | - |
| 2 Capital Surplus | 20,583 | - | 20,583 | - |
| 3 Retained Earnings | 19,619 | - | 19,619 | - |
| 4 Treasury Stock | (100) | - | (100) | - |
| Total Shareholders' Equity | 49,666 | - | 49,666 | - |
| Valuation Gain/Loss, Translation Gain/Loss, Etc. | | | | |
| 1 Net unrealized holding gain on securities | 1,399 | - | 1,399 | - |
| 2 Foreign currency translation adjustment | 224 | - | 224 | - |
| Total Valuation Gain/Loss, Translation Gain/Loss, Etc. | 1,624 | - | 1,624 | - |
| Share warrants | 170 | - | 170 | - |
| Total Net Assets | 51,460 | - | 51,460 | - |
| Total Liabilities and Net Assets | 114,473 | - | 114,473 | - |

2. Consolidated Quarterly Statements of Income (Summary)

(Millions of yen, rounded down)

| Item | FY07 3Q (April 1, 2006 - December 31, 2006) | FY06 3Q (April 1, 2005 - December 31, 2005) | Increase (decrease) | FY06 (April 1, 2005 - March 31, 2006) |
|--|---|---|------------------------|---|
| Net sales | 71,398 | 62,720 | 8,678 | 92,845 |
| Cost of sales | 49,877 | 43,590 | 6,287 | 65,873 |
| Gross Profit on Sales | 21,521 | 19,130 | 2,390 | 26,971 |
| Selling, general and administrative expenses | 10,315 | 9,468 | 846 | 12,980 |
| Operating Income | 11,206 | 9,661 | 1,544 | 13,991 |
| Non-operating income | 274 | 775 | 501 | 875 |
| Interest and dividend income | 92 | 56 | 36 | 75 |
| Other | 182 | 719 | 537 | 799 |
| Non-operating expenses | 439 | 603 | 164 | 835 |
| Interest expenses | 187 | 207 | 20 | 272 |
| Other | 251 | 395 | 143 | 563 |
| Ordinary Income | 11,041 | 9,834 | 1,207 | 14,031 |
| Extraordinary gains | 155 | 114 | 40 | 116 |
| Consumption tax refund at past financial year | 155 | - | 155 | - |
| Others | - | 114 | 114 | 116 |
| Extraordinary losses | 582 | 26 | 555 | 6,281 |
| Loss on revaluation and disposal of inventories | - | - | - | 2,862 |
| Loss on sale of fixed assets | - | - | - | 1,387 |
| Lease cancellation cost | - | - | - | 1,853 |
| Others | 582 | 26 | 555 | 178 |
| Income before taxes and minority interests | 10,615 | 9,921 | 693 | 7,865 |
| Income taxes | 3,050 | 3,699 | 649 | 1,690 |
| Income tax adjustment | 1,526 | 397 | 1,128 | 2,851 |
| Minority interests | - | 198 | 198 | 198 |
| Net income | 6,038 | 5,626 | 411 | 3,125 |

Change in Accounting Standards

Previously, earnings from wafer inspection systems, polish grinders and CMPs had been booked on a shipment basis. Starting in the fiscal year under review, earnings from these products are booked on the basis of completion of installation. This change is to reflect the actual state of earnings in our consolidated financial statements in a more accurate manner than before in light of the following factors. First, these products tend to take a relatively longer time from shipment to the completion of installation than other products; second, sales of these products have a larger share of total consolidated net sales than before as a result of our market penetration efforts in recent years; and third, our data on the completion of installation and related systems have been improved following a review of operational processes after shipment.

3. Quarterly Consolidated Statements of Changes in Net Assets

FY2007 3Q(Apr.1, 2006 - Dec.31, 2006)

(Millions of yen)

| | Stockholders' Equity | | | | |
|---|----------------------|-----------------|------------------|----------------|---------|
| | Common Stock | Capital surplus | Retained earning | Treasure stock | Total |
| Balance of Mar.31,2006 | 9,447 | 20,466 | 15,399 | (90) | 45,223 |
| Changes in the term | | | | | |
| Issuance of new shares | 116 | 116 | | | 232 |
| Dividends from retained earnings | | | (1,804) | | (1,804) |
| Bonus of directors | | | (14) | | (14) |
| Net income | | | 6,038 | | 6,038 |
| Purchase of treasury stock | | | | (10) | (10) |
| Disposal of treasury stock | | 0 | | 0 | 1 |
| Net changes of item other than stockholders' equity | | | | | |
| Total changes in the term | 116 | 116 | 4,219 | (10) | 4,442 |
| Balance of Dec.31,2006 | 9,563 | 20,583 | 19,619 | (100) | 49,666 |

| | Valuation and translation adjustments | | | Stock Acquisition Rights | Total Net ASSETS |
|---|---|---|---------------------------------------|--------------------------|------------------|
| | Net unrealized holding gain on securities | Foreign currency translation adjustment | Valuation and translation adjustments | | |
| Balance of Mar.31,2006 | 1,340 | 139 | 1,479 | - | 46,703 |
| Changes in the term | | | | | |
| Issuance of new shares | | | | | 232 |
| Dividends from retained earnings | | | | | (1,804) |
| Bonus of directors | | | | | (14) |
| Net income | | | | | 6,038 |
| Purchase of treasury stock | | | | | (10) |
| Disposal of treasury stock | | | | | 1 |
| Net changes of item other than stockholders' equity | 59 | 85 | 144 | 170 | 315 |
| Total changes in the term | 59 | 85 | 144 | 170 | 4,757 |
| Balance of Dec.31,2006 | 1,399 | 224 | 1,624 | 170 | 51,460 |

4. Quarterly Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

| | FY07 3Q (Apr 1, 2006 - Dec 31, 2006) | FY06 3Q (Apr 1, 2005 - Dec 31, 2005) | FY06 (Apr 1, 2005 - Mar 31, 2006) |
|--|---|---|--|
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | 10,615 | 9,921 | 7,865 |
| Depreciation and amortization | 1,670 | 1,974 | 2,768 |
| Loss on sales and disposal of tangible assets | 122 | 338 | 1,704 |
| Change in trade notes and accounts receivable | (3,067) | (3,551) | (4,043) |
| Change in inventories | (4,960) | (4,797) | 1,152 |
| Change in trade notes and accounts payable | 88 | 5,126 | 6,546 |
| Payment of income taxes | (1,759) | (4,191) | (3,261) |
| Change in other operating activities | 1,649 | (3,780) | (4,385) |
| Net cash flows from operating activities | 4,359 | 1,040 | 8,346 |
| Cash flows from investing activities: | | | |
| Payment for time deposits | (11) | (1,021) | (1,048) |
| Payment for purchase of investment securities | (1,000) | (140) | (140) |
| Proceeds from sales of investment securities | 1,009 | 85 | 85 |
| Payment for purchase of property, plant and equipment | (1,923) | (4,035) | (4,821) |
| Change in other investing activities | (145) | (218) | (235) |
| Net cash flows from investing activities | (2,071) | (5,329) | (6,160) |
| Cash flows from financing activities: | | | |
| Change in short-term borrowings | (3,056) | 4,093 | 2,598 |
| Proceeds from long-term borrowings | 4,000 | 2,500 | 2,500 |
| Payments for repayment of long-term borrowings | (2,154) | (3,662) | (4,660) |
| Dividend payments | (1,804) | (1,312) | (1,312) |
| Change in other financing activities | 21 | 766 | 583 |
| Net cash flows from financing activities | (2,993) | 2,384 | (290) |
| Adjustment on foreign currency translation of cash and cash equivalents | 107 | 111 | 117 |
| Net increase (decrease) in cash and cash equivalents | (597) | (1,792) | 2,012 |
| Cash and cash equivalents at beginning of year | 13,851 | 11,838 | 11,838 |
| Cash and cash equivalents at end of period | 13,253 | 10,046 | 13,851 |

5. Net Sales and Orders

1. Business segments

(1) Sales

(Millions of yen, rounded down)

| | FY 07 3Q (April 1, 2006 - December 31, 2006) | FY 06 3Q (April 1, 2005 - December 31, 2005) | FY 06 (April 1, 2005 - March 31, 2006) |
|---------------------------------------|--|--|--|
| Semiconductor manufacturing equipment | 55,435 | 47,530 | 71,824 |
| Measuring systems | 15,963 | 15,189 | 21,020 |
| Total | 71,398 | 62,720 | 92,845 |

(2) Operating Income

(Millions of yen, rounded down)

| | FY 07 3Q (April 1, 2006 - December 31, 2006) | FY 06 3Q (April 1, 2005 - December 31, 2005) | FY 06 (April 1, 2005 - March 31, 2006) |
|---------------------------------------|--|--|--|
| Semiconductor manufacturing equipment | 7,459 | 6,050 | 8,972 |
| Measuring systems | 3,746 | 3,610 | 5,019 |
| Total | 11,206 | 9,661 | 13,991 |

2. Sales by geographical segment

(Millions of yen, rounded down)

| | FY 07 3Q (April 1, 2006 - December 31, 2006) | FY 06 3Q (April 1, 2005 - December 31, 2005) | FY 06 (April 1, 2005 - March 31, 2006) |
|---------------|--|--|--|
| Japan | 57,380 | 53,504 | 78,130 |
| United States | 8,934 | 5,385 | 9,054 |
| Germany | 5,084 | 3,830 | 5,660 |
| Total | 71,398 | 62,720 | 92,845 |

3. Overseas sales

(Millions of yen, rounded down)

| | FY 07 3Q (April 1, 2006 - December 31, 2006) | FY 06 3Q (April 1, 2005 - December 31, 2005) | FY 06 (April 1, 2005 - March 31, 2006) |
|----------------------|--|--|--|
| Overseas sales total | 34,479 | 31,753 | 47,676 |
| East Asia | 17,740 | 21,287 | 31,224 |
| North America | 6,698 | 5,075 | 7,043 |
| Europe | 5,466 | 3,208 | 5,034 |
| Other areas | 4,574 | 2,182 | 4,374 |

4. Orders received and backlog

(Millions of yen, rounded down)

| | FY 07 3Q (April 1, 2006 - December 31, 2006) | | FY 06 3Q (April 1, 2005 - December 31, 2005) | | FY 06 (April 1, 2005 - March 31, 2006) | |
|---------------------------------------|--|---------|--|---------|--|---------|
| | Received | Backlog | Received | Backlog | Received | Backlog |
| Semiconductor manufacturing equipment | 58,319 | 22,334 | 57,247 | 23,116 | 77,874 | 19,450 |
| Measuring systems | 16,768 | 5,159 | 16,163 | 4,664 | 21,683 | 4,354 |
| Total | 75,087 | 27,493 | 73,410 | 27,781 | 99,558 | 23,804 |