

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2009



November 13, 2008

Company Name



Tokyo Seimitsu Co., Ltd.

ACCRETECH

Code number: 7729

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

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Stock Listing: First Section TSE

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(Millions of yen, rounded down)

1. Consolidated Results for 2Q of FY 2009 (April 1, 2008 - September 30, 2008)

(1) Consolidated sales and earnings (Percentage figures represent changes from the 2Q of the previous year)

	Net Sales	Operating Income	Ordinary Income	Net Income
FY2009 2Q	31,806 -	2,130 -	2,571 -	(186) -
FY2008 2Q	49,868 (3.8%)	5,899 (33.9%)	5,964 (32.5%)	3,345 (33.1%)

	Net income per Share (yen)	Net income per Share (diluted) (yen)
FY2009 2Q	(4.63)	--
FY2008 2Q	83.31	77.76

(2) Consolidated financial position (Millions of yen; except as indicated)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (yen)
FY2009 2Q	101,675	53,194	51.9%	1,313.07
FY2008	107,667	55,487	51.2%	1,370.98

Notes: Equity in FY09 2Q: 52,787 million yen; in Full Year FY08 55,111 million yen.

2. Situation of Dividend

(Yen)

	Per Share Dividend				
	1Q	2Q	3Q	4Q	Full Year
FY2008	--	30.00	--	40.00	70.00
FY2009	--	15.00	--	--	--
FY2009 (Forecast)	--	--	--	10.00	25.00

Notes: Revision to dividend forecast: Yes

3. Forecast for FY 2009 (April 1, 2008-March 31, 2009)

(Millions of yen) (Percentage figures represent changes from the previous year)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Full Year	53,000 (42.3%)	1,500 (85.6%)	1,100 (88.3%)	1,600 -	(39.80)

Note: Revisions to consolidated earnings forecast this quarterly: Yes

4. Others

- (1) Significant changes in subsidiaries during the period under review (changes in specific subsidiaries involving changes in scope of consolidation): No
- (2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, procedures, method of presentation and other matters associated with preparation of consolidated financial statements (basic matters for preparation of consolidated financial statements)
 - 1) Changes due to revision of accounting standards, etc.: Yes
 - 2) Changes other than 1): Yes.
- (4) Number of shares outstanding (common shares)
 - 1) Number of shares outstanding at end of period (including treasury shares):
FY2009 2Q: 40,232,181 shares; FY2008: 40,228,281 shares.
 - 2) Number of treasury shares at end of period:
FY2009 2Q: 30,335 shares; FY2008: 29,552 shares.
 - 3) Average Number of shares outstanding during the period (cumulative for period, consolidated):
FY2009 2Q: 40,199,329 shares; FY2008 2Q: 40,162,294 shares.

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.

From April 1, 2008, the Company has applied the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and "Guideline on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guideline No.14). Quarterly consolidated financial statements are prepared in accordance with specific rules governing the reporting of quarterly financial results in Japan.

【Qualitative Information · Financial Statements etc.】

1, Qualitative Information Regarding Consolidated Business Results

The business environment for the term of 2nd quarter of this fiscal year (April 1, 2008 to Sept 30, 2008) has been more difficult than that of the previous fiscal year, because the concern of general recession has spread out from the financial crisis started in U.S. in addition to the lagging capital investment of semiconductor manufacturers.

Under these circumstances, the company's net sales for the term was 31,806 million yen (36.2% decrease from the same term previous year), operating income 2,130 million yen (63.9% decrease), ordinary income 2,571 million yen (56.9% decrease) and adding special loss for 2,559 million due mainly from inventory devaluation loss of 2,519 million, resulted in net loss for the term of 186 million yen.

Breakdown of the segments are as follows.

(1) Semiconductor Production Equipment Division

Business environment for SPE Division was very difficult as there were continuous lag or cancellation of capital investment of semiconductor manufacturers due to lowered market price of DRAM, Flash memory or other semiconductor devices.

As a result, the sales of this division for the term were 19,227 million yen (49.6% decrease from the same term of the previous year) and the operating loss for the term was 556 million yen. The order amount for the term was 15,185 million yen.(57.3% decrease)

(2) Measuring Instrument Division

The performance of measuring instrument division was generally stable for the term. For domestic market, the demand from the new market such as construction machinery and airplanes manufacturers were up in addition to the mainstream automobile related demands. And ,the sales for the term of 2nd quarter of this fiscal year (April 1, 2008 to Sept 30, 2008) was 12,578 million yen (7.6% increase from the same term of the previous year),but the operating income was 2,687 million yen (9.4% decrease). The order amount for the term was 12,288 million yen.(0.1% increase)

2, Qualitative Information Regarding the Financial Position

(1) Consolidated financial condition

Total asset at the end of the second quarter was 101,675 million yen, decrease of 5,992 million yen from the fiscal year end (March 31, 2008). Major factor of the decrease were decrease of inventory for 2,255 million yen and decrease of account receivable for 6,033 million yen.

Total liabilities were 48,480 million yen, decrease of 3,699 million yen from the previous fiscal year end. Major factors of the decrease were the decrease of account payable for 5,203 million yen, decrease of short term borrowing for 1,593 million yen and increase of long term borrowing for 2,869 million yen.

Net assets were 53,194 million yen, decrease of 2,292 million yen from the previous fiscal year end. Major factors of the decrease were decrease of profit surplus for 1,784 million yen and decrease of evaluation difference of 547 million yen.

(2) Consolidated cash flow situation

Operating cash flow for the term of 2nd quarter of this fiscal year (April 1, 2008 to Sept 30, 2008) was inflow of positive 2,270 million yen, due mainly to the decrease of account receivables for 5,972 million, decrease of inventory for 2,228 million yen, decrease of account payable for 5,189 million yen and payment of corporate income tax for 2,014 million yen.

Cash flow from investment activities was cash outflow of 1,261 million yen due mainly to the increase of the real property for 1,115 million yen.

Cash flow from financial activities was net cash inflow of 53 million yen. This is due to inflow of cash for 5,000 million yen by execution of long term borrowing, payment of loan for 1,548 million yen, net decrease of short term borrowing for 1,603 million yen and payment of dividend for 1,607 million yen.

As the result, the balance of cash and cash equivalent at the end of the term was 16,632 million, increase of 967 million yen from the previous fiscal year end.

3, Qualitative Information Regarding Forecasts

It is informed that the operation forecast for the fiscal year was revised down from the one announced on August 1, 2008 due to the uncertainty of future condition of the economy and to the fact that we assume it will take time for semiconductor manufacturers to recover their capital investment.

Earning Outlook for the FY 2009 (April 1, 2008 to March 31, 2009)

Unit: Millions of Yen

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Previous forecast (A) (As of August 1,2008)	65,000	5,000	5,000	1,000	24.88
Revised Forecast (B)	53,000	1,500	1,100	(1,600)	(39.80)
Margin (B-A)	(12,000)	(3,500)	(3,900)	(2,600)	--
Percent Increase (B/A)	(18.5%)	(70.0%)	(78.0%)	--	--
Last fiscal Term (April 2007 to March 2008)	91,823	10,450	9,375	4,813	119.84

5. Consolidated Quarterly Financial Statement

(1) Consolidated Quarterly Balance Sheets

(Millions of yen, rounded down)

	FY09 2Q 30-Sep-08	FY08 31-Mar-08
ASSETS		
Current Assets		
Cash and cash equivalents	16,660	15,693
Notes and accounts receivable	26,248	32,282
Purchased parts	4	4
Finished goods	3,343	3,984
Raw materials	3,892	3,790
Work in process	18,171	19,882
Others	2,405	2,011
Allowance for doubtful accounts	(49)	(45)
Total Current Assets	70,678	77,603
Fixed Assets		
Property, plant and equipment	20,311	18,969
Intangible fixed assets		
Goodwill	2,329	2,495
Others	754	692
Total Intangible fixed assets	3,083	3,188
Investments and other assets		
Others	7,730	8,009
Allowance for investment loss	(82)	(82)
Allowance for doubtful accounts	(46)	(21)
Total Investments and other assets	7,601	7,905
Total Fixed Assets	30,996	30,063
Total Assets	101,675	107,667

(Millions of yen, rounded down)

	FY09 2Q 30-Sep-08	FY08 31-Mar-08
LIABILITIES		
Current Liabilities		
Notes and accounts payable, trade	14,326	19,530
Short-term debt	207	1,800
Current portion of bonds	13,965	13,965
Income taxes payable	937	1,777
Allowance	779	903
Others	7,228	6,563
Total Current Liabilities	37,444	44,540
Long-term Liabilities		
Long-term debt	6,340	3,471
Allowance for employee retirement benefit	3,990	3,891
Allowance for director retirement benefits	98	106
Others	607	170
Total Long-term Liabilities	11,036	7,640
Total Liabilities	48,480	52,180
NET ASSETS		
Shareholders' Equity		
Common stock	9,639	9,633
Capital Surplus	20,658	20,653
Retained Earnings	23,115	24,900
Treasury Stock	(106)	(105)
Total Shareholders' Equity	53,305	55,081
Accumulated gains from valuation and translation adjustments		
Unrealized holding gain on investment	(276)	65
Foreign currency translation adjustment	(241)	(35)
Total Accumulated gains from valuation and translation adjustments	(517)	29
Share subscription rights	407	375
Total Net Assets	53,194	55,487
Total Liabilities and Net Assets	101,675	107,667

(2) Consolidated Quarterly Statement of Income

(Millions of yen, rounded down)

FY09 2Q	
(April 1, 2008 - September 30, 2008)	
Net sales	31,806
Cost of sales	24,118
Gross Profit on Sales	7,687
Selling, general and administrative expenses	
Selling expenses	4,148
General and administrative expenses	1,408
Total Selling, general and administrative expenses	5,556
Operating income	2,130
Non-operating income	
Interest income	12
Dividend income	182
Foreign exchange gain	403
Others	33
Total Non-operating income	631
Non-operating expenses	
Interest expenses	133
Others	57
Total Non-operating expenses	191
Ordinary income	2,571
Extraordinary gains	
Total Extraordinary gains	—
Extraordinary losses	
Loss on valuation of inventories	2,519
Effect of changes of lease accounting	39
Total Extraordinary losses	2,559
Quarterly loss before taxes and minority interests	11
Income tax	1,194
Adjustment on income tax	(996)
Total Income tax	198
Quarterly loss	(186)

(3) Consolidated Quarterly Statement of Cash Flows

(Millions of yen, rounded down)

FY09 2Q

(April 1, 2008 - September 30, 2008)

Cash flows from operating activities:	
Quarterly losses before income taxes and minority interests	11
Depreciation and amortization	1,170
Amortization of goodwill	166
Stock related expense	41
Change in allowance for employee retirement benefits	98
Change in allowance for director retirement benefits	(8)
Change in allowance for doubtful accounts	30
Interest and dividend income	(194)
Interest expense	133
Loss on revaluation of investments in securities	13
Change in trade notes and accounts receivable	5,972
Change in inventories	2,228
Change in trade notes and accounts payable	(5,189)
Others	(270)
Sub-total	4,205
Proceeds from interest and dividend income	194
Payment of interest	(115)
Payment of income taxes	(2,014)
Net cash provided by operating activities	2,270
Cash flows from investing activities:	
Payment for time deposits	(11)
Proceeds from time deposits	11
Payment for purchase of investment securities	(5)
Payment for purchase of property, plant and equipment	(1,115)
Payment for purchase of intangible assets	(142)
Proceeds from repayment of loans	3
Others	(0)
Net cash used in investing activities	(1,261)
Cash flows from financing activities:	
Change in short-term loans payable	(1,603)
Proceeds from long-term debt	5,000
Repayment of long-term debt	(1,548)
Repayment of lease liabilities	(184)
Dividend payments	(1,607)
Others	(1)
Net cash provided by (used in) financing activities	53
Effect of exchange rate changes on cash and cash equivalents	(94)
Net increase (decrease) in cash and cash equivalents	967
Cash and cash equivalents at beginning of period	15,665
Cash and cash equivalents at end of period	16,632

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(4) Notes for Continuation of Business Operation: None

(5) Segment Information

1) Business segments

FY2009 2Q (April 1, 2008 – September 30, 2008)

(Millions of yen, rounded down)

	SPE Business	Metrology Business	Total	Corporate and elimination	Consolidation
Sales					
(1) Sales to external parties	19,227	12,578	31,806	—	31,806
(2) Intersegment sales or transfers	—	—	—	(—)	—
Total	19,227	12,578	31,806	(—)	31,806
Operating income(or Operating loss)	(556)	2,687	2,130	—	2,130

(Notes)1 The Company's business segments are determined with consideration for 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 inspection systems, CMPs, polish grinders, wafer probing machines, wafer dicing machines, wafer manufacturing machines

(2) Metrology business

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

2) Geographical segments

FY2009 2Q (April 1, 2008 – September 30, 2008)

(Millions of yen, rounded down)

	Japan	USA	Germany	Korea	Total	Corporate and elimination	Consolidation
Sales							
(1) Sales to external parties	28,268	1,899	1,465	172	31,806	—	31,806
(2) Intersegment sales or transfers	2,359	105	7	267	2,740	(2,740)	—
Total	30,628	2,005	1,472	440	34,546	(2,740)	31,806
Operating income (or Operating loss)	2,253	(388)	87	133	2,085	45	2,130

(Notes) 1 Method of determining country segments

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

3) Overseas sales

FY2009 2Q (April 1, 2008 – September 30, 2008)

(Millions of yen, rounded down)

	East Asia	South east Asia	Europe	North America	Other regions	Total
I Overseas sales	7,675	2,832	1,723	1,082	328	13,642
II Consolidated sales	—	—	—	—	—	31,806
III Percentage of overseas sales in consolidated sales (%)	24.2	8.9	5.4	3.4	1.0	42.9

(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, China

South East Asia: Singapore, Malaysia, Philippines

Europe: Germany, UK, Italy

North America: USA, Canada

Other regions: India, Brazil, Mexico

(6) Notes in case of substantial change in net assets: Not applicable

【Reference】

Financial Statement of the 2Q in the previous fiscal year

(1) Income statements (Summary)

Items	FY08 2Q From April 1, 2007 to September 30, 2007		
		Million Yen	%
I Net sales		49,868	100.0
II Cost of sales		37,103	74.4
Gross Profit on Sales		12,764	25.6
III Selling, general and administrative expenses	5,203		
Operating income	1,661	6,865	13.8
IV Non-operating income		5,899	11.8
1 Interest and dividend income	398		
2 Foreign exchange gain	71	469	0.9
3 Others	130		
V Non-operating expenses	272	403	0.8
1 Interest expenses		5,964	11.9
2 Others		5	0.0
Ordinary income		5,959	11.9
Quarterly income before taxes and minority interests	1,252		
Income tax	1,361	2,613	5.2
Quarterly income		3,345	6.7

(2) Consolidated Statements of Cash Flows (Summary)

(Millions of yen, rounded down)

	FY08 1Q (April 1, 2007- September 30, 2007)
I Cash flows from operating activities:	
Income before income taxes and minority interests	5,959
Depreciation and amortization	1,053
Amotization of goodwill	206
Stock compensation expense	165
Change in allowance for employee retirement benefits	43
Change in allowance for director retirement benefits	(194)
Interest and dividend income	(398)
Interest expense	130
Loss on revaluation of investments in securities	5
Change in trade notes and accounts receivable	(639)
Change in inventories	(1,030)
Change in trade notes and accout payable	3,592
Income in other operating activities	(785)
Subtotal	8,109
Proceeds from interest and dividend income	63
Payment of interest	(132)
Payment of income taxes	(3,543)
Net cash provided by operating activities	4,497
II Cash flows from investing activities:	
Payment for time deposits	(11)
Proceeds from time deposits	11
Payment for purchase of property, plant and equipment	(3,497)
Proceeds from sales of property, plant and equipment	53
Payment for purchase of intangible assets	(116)
payment for purchase of investment securites	(4)
Payment for investment in subsidiaries	(12)
Proceeds from repayment of loans	4
Net cash used in investing activities	(3,573)
III Cash flows from financing activities:	
Change in short-term loans payable	(115)
Payment for redemption of long-term loans	(1,558)
Payment for redemption of bonds	(100)
Income by execution of warrants	15
Dividend payments	(1,003)
Change in other financing activities	(4)
Net cash provided by (used in) financing activities	(2,767)
IV Effect of exchange rate changes on cash and cash equivalents	36
V Net increase (decrease) in cash and cash equivalents	(1,806)
VI Cash and cash equivalents at beginning of year	16,800
Increase of cash and cash equivalents by newly consolidated subsidiaries at beginning of the period.	175
VII Cash and cash equivalents at end of year	15,168

(3) Quarterly Segment Information

1) Business segments

2Q in the previous fiscal year (April 1, 2007 – September 30, 2007) (Millions of yen, rounded down)

	SPE business	Metrology business	Total	Corporate and elimination	Consolidation
Sales					
(1) Sales to external parties	38,176	11,691	49,868	—	49,868
(2) Intersegment sales or transfers	—	—	—	(—)	—
Total	38,176	11,691	49,868	(—)	49,868
Operating income(or Operating loss)	2,934	2,965	5,899	(—)	5,899

2) Geographical segments

2Q in the previous fiscal year (April 1, 2007 – September 30, 2007) (Millions of yen, rounded down)

	Japan	USA	Germany	Korea	Total	Corporate and	Consolidation
Sales							
(1) Sales to external parties	39,798	4,748	4,962	359	49,868	—	49,868
(2) Intersegment sales or transfers	5,990	—	14	438	6,443	(6,443)	—
Total	45,788	4,748	4,976	797	56,311	(6,443)	49,868
Operating income(or Operating loss)	5,461	(320)	515	155	5,811	88	5,899

3) Overseas sales

2Q in the previous fiscal year (April 1, 2007 – September 30, 2007) (Millions of yen, rounded down)

	East Asia	North America	Europe	Other regions	Total
I Overseas sales	14,246	3,036	5,014	3,555	25,853
II Consolidated sales	—	—	—	—	49,868
III Percentage of overseas sales in consolidated sales	28.6	6.1	10.0	7.1	51.8