

# Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2010 (FY2010)

Aug 13, 2009

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 1<sup>st</sup> Quarter of FY 2010 (April 1, 2009 - June 30, 2009)

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

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)
FY2010 Q1	4,163 -72.1%	-1,215 -	-1,208 -	-1,691 -
FY2009 Q1	14,942 -	1,222 -	1,741 -	-623 -

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2010 Q1	-42.05	-
FY2009 Q1	-15.50	-

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (Yen)
FY2010 Q1	73,243	39,460	53.7	976.95
FY2009	81,831	40,830	49.4	1,005.30

Notes: Equity in FY2010 Q1: 39,314 million yen; in FY2009: 40,422 million yen.

## 2. Dividend Per Share

	Per Share Dividend(yen)				
	1Q	2Q	3Q	4Q	Full Year
FY2009	-	15.00	-	-	15.00
FY2010	-				
FY2010 (Projected)		0.00	-	-	-

Note: Changes due to revision of dividend projection: No

FY2010 year end dividend payments are not announced as of the date this statement is issued.

## 3. Forecast for FY 2010 (April 1, 2009-March 31, 2010)

(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	11,000 -65.4%	-1,500 -	-1,800 -	-1,800 -	- 44.70
Full Year	26,000 -43.2%	-1,900 -	-2,300 -	-2,300 -	- 57.20

Note: Changes due to revision of forecast: No

#### **4. Others**

- (1) Significant changes in subsidiaries during the year 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  
Refer to [Analysis of Business Performance], section 4, “Others” for detail.
- (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.: No
  - 2) Changes other than 1): No.
- (4) Number of shares outstanding (common shares)
  - 1) Number of shares outstanding at the end of period (including treasury shares):  
FY2010 Q1: 40,273,081 shares; FY2009: 40,240,581 shares
  - 2) Number of treasury shares at the end of period:  
FY2010 Q1: 31,260 shares; FY2009: 31,171 shares
  - 3) Average Number of shares outstanding during the period (cumulative for period, consolidated):  
FY2010 Q1: 40,241,510 shares; FY2009 Q1: 40,198,729 shares

#### **Cautionary Statements with Respect to Forward-looking Statements**

1. 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 projections 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.
2. For FY 2010, due to the continuing severe business outlook, the Company will review full-year dividend payments in light of prevailing business conditions and make announcements immediately after any decision is taken by the Company Board.

## [Analysis of Business Performance]

### 1. Overview of Business Performance for 1<sup>st</sup> quarter of Fiscal Year 2010

The 1<sup>st</sup> quarter of FY2010 (ending March, 2010) has seen a slight recovery in consumer demand in many economies, especially in emerging countries, and also shows improvement in specific industries' factory utilization due to intervention measures taken by governments around the globe. However, the speed of the recovery process is still slow and while uncertainty remains as to the strength of economic recovery, responses such as work force adjustments and lower consumer demand are still being observed.

Although semiconductor manufacturers' utilization ratios seem on the way of recovery, their stance towards capital investment is still conservative. Orders in the area of SPE products were improved from the previous fiscal quarter, indicating recovery. Sales of SPE products remain low for the current period.

For the Metrology business, the continuing reduction in capital investment across the automobile industry continues to negatively affect the Group's results. Orders for Metrology products were slightly increased from the previous quarter, but sales were decreased from the previous fiscal quarter.

The Tokyo Seimitsu Group has initiated business adjustments in response to these difficult business conditions, including reorganization of the SPE division and cost reductions through voluntary redundancy schemes and remuneration restrictions.

Consequently, Consolidated Sales in 1<sup>st</sup> quarter of FY 2010 (April, 2009 – June, 2009) were ¥4.163 billion, down 72.1% from 1st quarter of FY 2009 ended March 2009, Operating Loss was ¥1.215 billion, Ordinary Loss was ¥1.280 billion, and Net Loss in 1st quarter of FY2010 was ¥1.691 billion.

Business results in each segment are as follows.

#### [SPE Business]

Although semiconductor manufacturers' demand for capital investment is conservative, results for the wafer dicing machine and polish grinder product groups in China and Taiwan were comparatively stabilized. The consolidated results for this business in 1st quarter of FY 2010 were sales of ¥2.116 billion; down 76.9% from 1<sup>st</sup> quarter of FY 2009, and Operating Loss were ¥1.071 billion. Orders for this business in 1st quarter of FY2010 were ¥2.717 billion (down 69.1% 1<sup>st</sup> quarter of FY 2009).

#### [Metrology Business]

The Company has focused on strengthening business to non-automobile device makers such as Wind Energy Generation Equipment and the Aircraft sector, and increasing overseas sales, especially to emerging countries in order to compensate for the low capital investment demand from the automobile sector, traditionally our major customer group. However, the worldwide recession has negatively affected the Group's results. The consolidated results for this business in 1st quarter of FY 2010 were Sales of ¥2.046 billion (down 64.7% from 1<sup>st</sup> quarter of FY 2009), and Operating Loss of ¥143 million. Orders for this business in 1st quarter of FY2010 were ¥1.735 billion (down 70.4% from 1<sup>st</sup> quarter of FY 2009).

## 2. Analysis of Financial Position

Total Assets as of June 30, 2009, amounted to ¥73.243 billion, a decrease of ¥8.588 billion from the end of FY2009 (ended March 31, 2009). The major factors behind this decrease include a decrease in cash and cash equivalents of ¥3.760 billion, a decrease of notes and account receivable of ¥3.194 billion, and a loss from devaluation of inventories of ¥690 million.

Total Liabilities were down ¥7.398 billion from the end of FY2009, to ¥33.603 billion. This was mainly because of a ¥2.677 billion decrease in notes and accounts payable, a decrease in long-term debt of ¥1.309 billion, and a decrease in the allowance for employee retirement benefits of ¥1.295 billion.

Net Assets totaled ¥39.640 billion, down ¥1.189 billion from the end of FY2009, mainly because of a decrease in capital surplus of ¥1.691 billion.

### [Consolidated Cash Flows]

Net cash from operating activities was ¥ - 2.136 billion. The major components of this were a decrease in change in allowance for employee retirement benefits of ¥1.295 billion, and loss before income taxes and minority interests of ¥ 1.207 billion.

Net cash from investment activities was ¥ - 53 million. This was mainly influenced by purchase of tangible fixed assets of ¥44 million.

Net cash from financing activities was ¥-1.613 billion. The major item in this was repayment of long-term debt of ¥1.520 billion.

Resulting from the items above, Cash and Cash Equivalents at the end of the 1st quarter of FY2010 under review amounted to ¥13.825 billion, a decrease of ¥3.760 billion from the end of FY2009.

## 3. Forecasts for current Fiscal Year

There is no change in projections of consolidated financial results for FY2010, as announced on May 18, 2009.

For FY2010, due to the continuing severe business outlook, the Company will review the full-year dividend payment in light of prevailing business conditions and make immediate announcements accordingly.

#### 4. Others

- (1) Significant changes in subsidiaries during the term under review (changes in specific subsidiaries involving changes in scope of consolidation): None.
- (2) Changes in accounting principles, procedures, method of presentation and other matters associated with preparation of quarterly consolidated financial statements.
  - 1, Application of simplified accounting procedure
    - 1) 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.
    - 2) 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.
    - 3) Calculation method of deferred tax assets and deferred tax liabilities.
  - 2, Accounting procedures specific to the preparation of quarterly consolidated financial statements:  
None.
- (3) Change of accounting principles, procedures, and methods of presentation on Quarterly Consolidated Financial Statements: None.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

Millions of Yen

	<b>FY2010 Q1E</b> (June 30, 2009)	<b>FY2009E</b> (Mar 31, 2009)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	13,853	17,614
Notes and accounts receivable	8,666	11,860
Merchandise and finished goods	2,705	1,429
Work in progress	11,784	13,659
Raw materials and supplies	2,779	2,870
Others	2,399	3,090
Allowance for doubtful accounts	- 186	- 269
Total Current Assets	42,003	50,256
Fixed Assets		
Tangible Fixed Assets		
Building and structures(net)	8,773	8,945
Others(net)	10,649	11,002
Total Tangible Fixed Assets	19,422	19,948
Intangible Fixed Assets		
Goodwill	2,079	2,162
Others	711	742
Total Intangible Fixed Assets	2,790	2,905
Investments and other assets		
Others	9,810	9,492
Allowance for doubtful accounts	- 782	- 770
Total Investments and other assets	9,027	8,721
Total Fixed Assets	31,240	31,575
<b>Total Assets</b>	<b>73,243</b>	<b>81,831</b>

	<b>FY2010 Q1E</b> (June 30, 2009)	<b>FY2009E</b> (Mar 31, 2009)
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable	2,595	5,272
Short-term debt	9,604	9,604
Income taxes payable	34	68
Reserve	474	691
Others	7,443	9,225
Total Current Liabilities	20,152	24,862
Long-term Liabilities		
Long-term debt	10,132	11,441
Allowance for employee retirement benefits	2,109	3,405
Allowance for director retirement benefits	105	104
Others	1,103	1,187
Total Long-term Liabilities	13,450	16,139
Total Liabilities	33,603	41,001
<b>NET ASSETS</b>		
Shareholder's Equity		
Common Stock	9,698	9,650
Capital Surplus	20,716	20,668
Retained earnings	9,808	11,500
Treasury Stock	- 107	- 107
Total Shareholder's Equity	40,115	41,712
Accumulated gains from valuation and translation adjustments		
Holding Gain or loss in investment	- 589	- 963
Foreign currency translation adjustment	- 211	- 326
Total Accumulated gains from valuation and translation adjustments	- 801	- 1,289
Share subscription rights	326	408
Total Net Assets	39,460	40,830
Total Liabilities and Net Assets	73,243	81,831

**(2) Consolidated Statements of Income**

Millions of Yen

	<b>FY2009 Q1</b> (April 1, 2008 - June 30, 2008)	<b>FY2010 Q1</b> (April 1, 2009 - June 30, 2009)
Net Sales	14,912	4,163
Cost of Sales	10,912	3,972
Gross Profit on Sales	4,029	190
Selling, general and administrative expenses		
Selling expenses	2,149	888
General expenses	657	518
Total Selling, general and administrative expenses	2,806	1,406
Operating Income (or Loss)	1,222	- 1,215
Non-operating income		
Interest	4	4
Dividend income	173	28
Foreign exchange income	415	-
Proceeds from government grants for employment promotion	-	115
Reversal of allowance for doubtful accounts	-	73
Others	17	65
Total Non-operating income	611	288
Non-operating expenses		
Interest expenses	64	109
Financing expenses	-	133
Others	28	37
Total Non-Operating Expenses	92	281
Ordinary Income (or Loss)	1,741	- 1,208
Extraordinary gains		
Invalidation of share subscription rights	-	0
Total Extraordinary gains	-	0
Extraordinary losses		
Loss on valuation of inventories	2,519	-
Loss on Application of accounting procedures for leasing transactions	25	-
Total Extraordinary Losses	2,545	-
Loss before income taxes and minority interests	- 804	- 1,207
Income tax and other taxes	913	32
Adjustment on income tax	- 1,094	452
Total Income tax and others	- 180	484
Net loss	- 623	- 1,691

**(3) Consolidated Statements of Cash Flows**

Millions of Yen

	<b>FY2009 Q1</b> (April 1, 2008 - June 30, 2008)	<b>FY2010 Q1</b> (April 1, 2009 - June 30, 2009)
<b>Cash flows from operating activities:</b>		
Loss before income taxes and minority interests	- 804	- 1,207
Depreciation and amortization	573	533
Amortization of goodwill	83	83
Stock related expense	25	14
Change in allowance for employee retirement benefits	83	- 1,295
Change in allowance for director retirement benefits	3	0
Change in allowance for doubtful accounts	- 5	- 68
Interest and dividend income	- 177	- 33
Interest expense	64	109
Change in trade notes and accounts receivable	1,674	3,186
Change in inventories (-: increase)	587	719
Change in trade notes and accounts payable	- 2,950	- 2,668
Others	845	- 1,336
Subtotal	4	- 1,963
Proceeds from interest and dividend income	53	33
Payment of interest	- 38	- 158
Payment of income taxes	- 1,971	- 47
Net cash provided by operating activities	- 1,952	- 2,136
<b>Cash flows from investing activities:</b>		
Payment for time deposits	- 1	- 1
Proceeds from time deposits	1	1
Payment for purchase of tangible assets	- 670	- 44
Payment for purchase of intangible assets	- 74	0
Payment for purchase of investment securities	- 5	0
Payment for loans receivable	—	- 8
Proceeds from collection of loans receivable	1	0
Others	0	0
Net cash used in investing activities	- 749	- 53
<b>Cash flows from financing activities:</b>		
Change in short-term loans payable (- : decrease)	- 1,606	—
Proceeds from long-term debt	5,000	—
Repayment of long-term debt	- 239	- 1,520
Repayment of lease liability	- 98	- 93
Dividend payments	- 1,607	—
Others	0	0
Net cash provided by (used in) financing activities	1,447	- 1,613
Effect of exchange rate changes on cash and cash equivalents	102	42
Net increase (-: decrease) in cash and cash equivalents	- 1,152	- 3,760
Cash and cash equivalents at beginning of fiscal year	15,665	17,586
Cash and cash equivalents at end of 1 <sup>st</sup> quarter of fiscal year	14,512	13,825

**(4). Segment Information**  
**(a) Business segments**

**FY 2009 Q1 (April 1, 2008 - June 30, 2008)**

(Millions of yen)

	SPE business	Metrology business	Total	Corporate and elimination	Consolidation
I. Sales and operating income:					
1. Sales and operating income:	9,142	5,800	14,942	-	14,942
2. Intersegment sales to transfer	-	-	-	(-)	-
Total	9,142	5,800	14,942	(-)	14,942
Operating Income (or Loss)	- 61	1,284	- 1,222	-	- 1,222

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 inspection systems, CMPs, polish grinders, wafer probing machines, wafer dicing machines, and 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

**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, wafer inspection systems, and CMPs
- (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

**(b) Geographical segments****FY 2009 Q1 (April 1, 2008 - June 30, 2008)**

(Millions of Yen)

	Japan	U.S.	Germany	Korea	Total	Corporate and elimination	Consolidation
I. Sales and operating income:							
1. Sales to third parties	12,662	1,215	896	168	14,942	-	14,942
2. Intersegment sales to transfer	1,414	105	-	193	1,713	(1,713)	-
Total	14,076	1,321	896	361	16,656	(1,713)	14,942
Operating Income(or Loss)	1,204	- 199	44	128	1,178	44	1,222

Notes: 1. Method of determining country segments

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

**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.

**(c) Overseas Sales****FY 2009 Q1 (April 1, 2008 - June 30, 2008)**

(Millions of yen)

	East Asia	South East Asia	Europe	North America	Other regions	Total
Overseas sales	3,768	1,541	981	449	246	6,987
Consolidated sales	-	-	-	-	-	14,942
Ratio of overseas sales to consolidated sales (%)	25.2	10.3	6.6	3.0	1.6	46.7

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: Singapore, Malaysia, and Philippines

Europe: Germany, UK, and Italy

North America: USA and Canada

Other regions: India, Brazil, and Mexico

**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: Singapore, Malaysia, and Philippines

North America: USA and Canada

Europe: Germany, UK, and Italy

Other regions: India, Brazil, and Mexico