

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2010



November 11, 2009

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

ACCRETECH

Code number: 7729

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(Millions of yen, rounded down)

1. Consolidated Results for 2Q of FY 2010 (April 1, 2009 - September 30, 2009)

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

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)	
FY2010 2Q	11,476	-63.9%	- 1,988	-	- 2,384	-	- 3,815	-
FY2009 2Q	31,806	-	2,130	-	2,571	-	- 186	-

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2010 2Q	- 94.81	-
FY2009 2Q	-4.63	-

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets per Share (Yen)
FY2010 2Q	66,511	37,471	56.1	927.60
FY2009	81,831	40,830	49.4	1,005.30

Notes: Equity in FY10 2Q: 37,328 million yen; in Full Year FY09 40,422 million yen.

2. Situation of Dividend

(Yen)

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

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)

	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)
Full Year	27,000	-41.0%	- 2,300	-	- 2,700	-	- 4,300	-	- 106.94

Note: Revisions to consolidated earnings forecast this quarterly: No

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: No
- (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 end of period (including treasury shares):
FY2010 2Q: 40,273,081 shares; FY2009: 40,240,581 shares
 - 2) Number of treasury shares at end of period:
FY2010 2Q: 31,315 shares; FY2009: 31,171 shares
 - 3) Average Number of shares outstanding during the period (cumulative for period, consolidated):
FY2010 2Q: 40,241,648 shares; FY2009 2Q: 40,199,329 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.

[Analysis of Business Performance]

1. Overview of Business Performance for 2nd quarter of Fiscal Year 2010

Due to intervention measures taken by governments around the globe, a recovery in consumer demand has been seen in Asian emerging countries such as China and a bottoming of economic data widely reported in Japan, United States and Europe.

Increases in factory utilization in various industries were observed, although, capital investments and employment remain static, showing that a full recovery has not yet been realized.

Although semiconductor manufacturers' utilization ratios seem on the way of recovery, their stance towards capital investment generally remains conservative but becoming positive, gradually. Therefore, both orders and sales in the area of SPE products in 2nd quarter of FY2010 were marginally improved from the previous fiscal quarter.

Across the automobile industry, while recovery from the manufacturing and sales point of view seems clearly to be underway, this has not yet flowed on as strongly to new capital investment. Therefore, improvement in Metrology product sales from the previous quarter was more gradual.

Consequently, Consolidated Sales in 1st and 2nd quarter of FY 2010 (April, 2009 – September, 2009) were ¥11.476 billion, remaining significantly lower, -63.9%, than the same term of FY 2009, ended March 2009.

Operating loss and Ordinary loss was increased from projections made in the beginning of FY2010 due mainly to a change in inventory. The operating loss was ¥1.988 billion (down -193.3% from same term of FY 2009), and the ordinary loss was ¥2.384 billion (down -192.8% from same term of FY 2009).

Net Loss was ¥3.815 billion primarily due to a reversal of deferred tax assets (¥1.450 billion from end of March 2009) in light of expected tax obligations forecast conservatively.

Business results in each segment are as follows.

[SPE Business]

The small increase in semiconductor manufacturers' capital investment in the period did allow us to make some more positive gains in the term. Therefore, both orders and sales of wafer probing machines and wafer dicing machines in Taiwan, Korea, and China in this term were comparatively stabilized. The consolidated results for this business in 1st and 2nd quarter of FY 2010 (April, 2009 – September, 2009) were Sales of ¥6.950 billion; down 63.9% from the same term of FY 2009, and Operating Loss were ¥2.112 billion. Orders for this business in this term were ¥6.872 billion (down 54.7% from same term of FY 2009).

[Metrology Business]

The Company has focused on strengthening business to the sectors of Aircraft, Energy Generation Equipment, and public office use, 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. The consolidated results for this business in 1st and 2nd quarter of FY 2010 (April, 2009 – September, 2009) were Sales of ¥4.526 billion (down 64.0% from same term of FY 2009), and Operating Income of ¥123 million. Orders for this business in this term were ¥4.041 billion (down 67.1% from same term of FY 2009).

2. Analysis of Financial Position

Total Assets as of September 30, 2009, amounted to ¥66.511 billion, a decrease of ¥15.320 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 ¥6.827 billion, a decrease in inventories of ¥3.390 billion, a decrease of notes and accounts receivable of ¥2.006 billion, and a decrease of deferred tax assets of ¥1.450 billion.

Total Liabilities were down ¥11.961 billion from the end of FY2009, to ¥29.039 billion. This was mainly because of a ¥6.015 billion decrease in long-term debt, a decrease in notes and accounts payable of ¥2.322 billion, and a decrease in the allowance for employee retirement benefits of ¥1.194 billion.

Net Assets totaled ¥37.471 billion, down ¥3.358 billion from the end of FY2009, mainly because of a decrease in capital surplus of ¥3.815 billion.

[Consolidated Cash Flows]

Net cash from operating activities was ¥ - 572 million. The major components of this were a loss before income taxes and minority interests of ¥ 2.198 billion, a change in inventories of ¥3.410 billion, a decrease in trade notes and accounts payable of ¥2.280 billion, a decrease in trade notes and accounts receivable of ¥1.950 billion, and a decrease in allowance for employee retirement benefits of ¥1.194 billion.

Net cash from investment activities was ¥ - 67 million. This was mainly influenced by purchase of tangible fixed assets of ¥53 million.

Net cash from financing activities was ¥ - 6.200 billion. The major item in this was a decrease in short-term loans payable of ¥4.000 billion, repayment of long-term debt of ¥3.015 billion, and proceeds from long-term debt of ¥1.000 billion.

Resulting from the items above, Cash and Cash Equivalents at the end of the 2nd quarter of FY2010 under review amounted to ¥10.758 billion, a decrease of ¥6.827 billion from the end of FY2009.

3. Forecasts for current Fiscal Year

The Company has announced changes in projections for its consolidated financial results for FY2010, on October 14th 2009 from projections previously announced on May 18th 2009, including an increase in Sales based on the current business outlook, and changes in Operating Income, Ordinary Income, and Net Income forecasts due to changes in inventory and allowing for tax and other minor adjustments.

Please refer to our statement “Revision of Forecasts for the Fiscal Year Ending March 31, 2010” issued on October 14, 2009.

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) 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.

2) 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

	FY2010 2QE (Sep 30, 2009)	FY2009E (Mar 31, 2009)
ASSETS		
Current Assets		
Cash and cash equivalents	10,786	17,614
Notes and accounts receivable	9,854	11,860
Merchandise and finished goods	1,087	1,429
Work in progress	11,022	13,659
Raw materials and supplies	2,460	2,870
Others	1,569	3,090
Allowance for doubtful accounts	- 149	- 269
Total Current Assets	36,631	50,256
Fixed Assets		
Tangible Fixed Assets		
Building and structures(net)	8,597	8,945
Others(net)	10,320	11,002
Total Tangible Fixed Assets	18,917	19,948
Intangible Fixed Assets		
Goodwill	1,996	2,162
Others	677	742
Total Intangible Fixed Assets	2,674	2,905
Investments and other assets		
Others	9,066	9,492
Allowance for doubtful accounts	- 777	- 770
Total Investments and other assets	8,288	8,721
Total Fixed Assets	29,880	31,575
Total Assets	66,511	81,831

Millions of Yen

	FY2010 2QE (Sep 30, 2009)	FY2009E (Mar 31, 2009)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	2,950	5,272
Short-term debt	5,604	9,604
Income taxes payable	107	68
Allowance reserve	551	691
Others	6,155	9,225
Total Current Liabilities	15,368	24,862
Long-term Liabilities		
Long-term debt	10,328	11,441
Allowance for employee retirement benefits	2,211	3,405
Allowance for director retirement benefits	108	104
Others	1,023	1,187
Total Long-term Liabilities	13,671	16,139
Total Liabilities	29,039	41,001
NET ASSETS		
Shareholder's Equity		
Common Stock	9,698	9,650
Capital Surplus	20,716	20,668
Retained earnings	7,684	11,500
Treasury Stock	- 107	- 107
Total Shareholder's Equity	37,992	41,712
Accumulated gains from valuation and translation adjustments		
Holding Gain or loss in investment	- 525	- 963
Foreign currency translation adjustment	- 138	- 326
Total Accumulated gains from valuation and translation adjustments	- 663	- 1,289
Share subscription rights	143	408
Total Net Assets	37,471	40,830
Total Liabilities and Net Assets	66,511	81,831

(2) Consolidated Statements of Income

Millions of Yen

	FY2009 2Q (April 1, 2008 - Sep 30, 2008)	FY2010 2Q (April 1, 2009 - Sep 30, 2009)
Net Sales	31,806	11,476
Cost of Sales	24,118	10,762
Gross Profit on Sales	7,687	714
Selling, general and administrative expenses		
Selling expenses	4,148	1,796
General expenses	1,408	906
Total Selling, general and administrative expenses	5,556	2,702
Operating Income (or Loss)	2,130	- 1,988
Non-operating income		
Interest	12	7
Dividend income	182	103
Foreign exchange income	403	—
Proceeds from government grants for employment promotion	—	132
Others	33	182
Total Non-operating income	631	425
Non-operating expenses		
Interest expenses	133	223
Financing expenses	—	273
Foreign exchange loss	—	315
Others	57	10
Total Non-Operating Expenses	191	821
Ordinary Income (or Loss)	2,571	- 2,384
Extraordinary gains		
Invalidation of share subscription rights	—	186
Total Extraordinary gains	—	186
Extraordinary losses		
Loss on valuation of inventories	2,519	—
Others	39	—
Total Extraordinary Losses	2,559	—
Loss before income taxes and minority interests	11	- 2,198
Income tax and other taxes	1,194	166
Adjustment on income tax	- 996	1,450
Total Income tax and others	198	1,617
Net loss	- 186	- 3,815

(3) Consolidated Statements of Cash Flows

Millions of Yen

	FY2009 2Q (April 1, 2008 - Sep 30, 2008)	FY2010 2Q (April 1, 2009 - Sep 30, 2009)
Cash flows from operating activities:		
Income(Loss) before income taxes and minority interests (-:Loss)	11	- 2,198
Depreciation and amortization	1,170	1,046
Amotization of goodwill	166	166
Stock related expense	41	17
Change in allowance for employee retirement benefits (-: decrease)	98	- 1,194
Change in allowance for director retirement benefits (-: decrease)	- 8	3
Change in allowance for doubtful accounts (-: decrease)	30	- 101
Interest and dividend income	- 194	- 110
Interest expense	133	223
Gain on reversal of subscription rights	—	- 186
Loss (profit) on revaluation of investments in securities (-:profit)	13	—
Change in trade notes and accounts receivable (-: increase)	5,972	1,950
Change in inventories (-: increase)	2,228	3,410
Change in trade notes and accounts payable (-:decrease)	- 5,189	- 2,280
Others	- 270	- 984
Subtotal	4,205	- 238
Proceeds from interest and dividend income	194	36
Payment of interest	- 115	- 241
Payment of income taxes	- 2,014	- 127
Net cash provided by operating activities	2,270	- 572
Cash flows from investing activities:		
Payment for time deposits	- 11	- 11
Proceeds from time deposits	11	11
Payment for purchase of tangible assets	- 1,115	- 53
Payment for purchase of intangible assets	- 142	0
Payment for purchase of investment securities	- 5	- 1
Payment for loans receivable	—	- 14
Proceeds from collection of loans receivable	3	1
Others	0	1
Net cash used in investing activities	- 1,261	- 67
Cash flows from financing activities:		
Change in short-term loans payable (- : decrease)	- 1,603	- 4,000
Proceeds from long-term debt	5,000	1,000
Repayment of long-term debt	- 1,548	- 3,015
Repayment of lease liability	- 184	- 185
Dividend payments	- 1,607	—
Others	- 1	0
Net cash provided by (used in) financing activities	53	- 6,200
Effect of exchange rate changes on cash and cash equivalents	- 94	12
Net increase (-: decrease) in cash and cash equivalents	967	- 6,827
Cash and cash equivalents at beginning of fiscal year	15,665	17,586
Cash and cash equivalents at end of fiscal quarter	16,632	10,758

(4). Segment Information

(a) Business segments

FY 2009 2Q (April 1, 2008 – Sep 30, 2008)

(Millions of yen)

	SPE business	Metrology business	Total	Corporate and elimination	Consolidation
I. Sales and operating income:					
1. Sales and operating income:	19,227	12,578	31,806	—	31,806
2. Intersegment sales to transfer	—	—	—	(—)	—
Total	19,227	12,578	31,806	(—)	31,806
Operating Income (or Loss)	- 556	2,687	2,130	—	2,130

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 2Q (April 1, 2009 - Sep 30, 2009)

(Millions of yen)

	SPE business	Metrology business	Total	Corporate and elimination	Consolidation
I. Sales and operating income:					
1. Sales and operating income:	6,950	4,526	11,476	—	11,476
2. Intersegment sales to transfer	—	—	—	(—)	—
Total	6,950	4,526	11,476	(—)	11,476
Operating Income (or Loss)	- 2,112	123	- 1,988	—	- 1,988

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

2. Primary products of each business segment

(1) SPE business

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

(2) Metrology business

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 2Q (April 1, 2008 - Sep 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	28,268	1,899	1,465	172	31,806	—	31,806
2. Intersegment sales to transfer	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 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.

FY 2010 2Q (April 1, 2009 - Sep 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	10,386	619	296	174	11,476	—	11,476
2. Intersegment sales to transfer	522	-	-	105	627	(627)	—
Total	10,908	619	296	280	12,104	(627)	11,476
Operating Loss	- 1,882	- 65	- 31	- 8	- 1,988	—	- 1,988

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 2Q (April 1, 2008 - Sep 30, 2008)**

(Millions of yen)

	East Asia	South East Asia	Europe	North America	Other regions	Total
Overseas sales	7,675	2,832	1,723	1,082	328	13,642
Consolidated sales	—	—	—	—	—	31,806
Ratio of overseas sales to 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, 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 2Q (April 1, 2009 - Sep 30, 2009)

(Millions of yen)

	East Asia	South East Asia	North America	Europe	Other regions	Total
Overseas sales	4,612	695	617	322	106	6,354
Consolidated sales	—	—	—	—	—	11,476
Ratio of overseas sales to consolidated sales (%)	40.2	6.1	5.4	2.8	0.9	55.4

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, and Brazil