



Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2011 (FY2011), Japan GAAP

November 10th, 2010

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

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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Date of Quarterly Financial Statement Filing (planned) : November 12th, 2010

Interim Dividend Payment Date: December 1st, 2010

Supplementary document for Quarterly Financial Results : Yes

Holding of Quarterly Financial Results Meeting: Yes (for Analysts and Investors)

(Millions of yen, rounded down)

1. Consolidated Results for 2nd Quarter of FY2011 (April 1, 2010 – September 30, 2010)

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

	Net Sales (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)	
FY2011 Q2	23,562	105.3%	2,971	-	2,253	-	2,388	-
FY2010 Q2	11,476	- 63.9%	- 1,988	-	- 2,384	-	- 3,815	-

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2011 Q2	57.94	57.89
FY2010 Q2	- 94.81	-

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (Millions of Yen)	Net Assets per Share (yen)
FY2011 Q2	73,542	41,527	56.3%	1004.28
FY2010	69,485	39,050	56.0%	944.06

Notes: Equity in FY2011 Q2: 41,390 million yen, in FY2010:38,904 million yen

2. Situation of Dividend

	Per Share Dividend in Fiscal Year				Total Dividend Yen
	Q1 End Yen	Q2 End Yen	Q3 End Yen	Fiscal Year End Yen	
FY2010	-	0.00	-	0.00	0.00
FY2011	-	5.00	-	-	-
FY2011 (Projected)	-	-	-	5.00	10.00

Notes: Changes due to revision of dividend projection: Yes

3. Forecast for FY 2011 (April 1, 2010-March 31, 2011)

(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	47,000	52.9%	5,000	4,000	3,800	92.20

Note: Changes due to revision of forecast: Yes

4. Others (refer to Page 4 for details)

(1) Significant changes in subsidiaries during the quarter under review: No.

New : - Excluded: -

Note) Changes in specific subsidiaries involving changes in scope of consolidation for the current quarter is stated.

(2) Application of simplified accounting methods and special accounting methods: Yes

Note) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements are stated.

(3) Changes in accounting principles, procedures, method of presentation and other matters

1) Changes due to revision of accounting standards, etc.: Yes

2) Changes other than 1): No.

Note) Changes in accounting principles, procedures, method of presentation and other matters associated with preparation of quarterly consolidated financial statements are stated.

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):

FY2011 Q2	41,245,581 shares	FY2010:	41,241,081 shares
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2) Number of treasury shares at the end of period

FY2011 Q2	31,693 shares	FY2010:	31,599 shares
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3) Average Number of shares outstanding during the period (cumulative for period, consolidated):

FY2011 Q2	41,2212,216 shares	FY2010 Q2	40,241,648 shares
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* Cautionary statement with respect to the status of quarterly financial review procedures:

This document is not applicable to the review procedures of quarterly financial results in accordance with the provisions of the Financial Instruments and Exchange Act. At the date and time of issue, the quarterly financial statement review procedure in accordance with the provisions of the Financial Instruments and Exchange Act is on-going.

* Cautionary Statements with Respect to Forward-looking Statements

All forecasts and other forward-looking statements in this document are based on information currently available to the Company and assumptions that the Company considers reasonable. Various uncertainties could cause actual results to significantly differ from these forecasts. Please refer to "1. Business Performance" on page 3 of supplementary statement.

Contents of supplementary statement

1.	Analysis of Business Performance for 2 nd Quarter of Fiscal Year 2011	2
	(1) Overview of Business Performance	2
	(2) Analysis of Financial Position	3
	(3) Forecasts for current Fiscal Year	3
2.	Others	4
	(1) Significant Changes in Subsidiaries during the Term	4
	(2) Changes in Accounting Principles, Procedures, Method of Presentation and Other Matters	4
	(3) Change of Accounting Principles, Procedures, and Methods	4
3.	Consolidated Financial Statements	5
	(1) Consolidated Balance Sheet	5
	(2) Consolidated Statements of Income	7
	(3) Consolidated Statements of Cash Flows	8
	(4) Note on Assumptions for Going Concern	9
	(5) Segment Information	9
	(6) Notes on Significant Changes to Stockholder's Equity	10
4.	Additional Information	11
	(1) Production, Orders and Sales	11

1. Analysis of Business Performance for the 2nd Quarter of Fiscal Year 2011

(1) Overview of Business Performance

Despite apprehension in the market arising from concerns such as the delay of recovery in employment levels and real estate values in the USA, coupled with little gains in export levels from Japan due to the appreciation of the Japanese Yen, business conditions in the 1st and 2nd quarter of Fiscal Year 2011 showed a trending recovery lead by continuing strong demand from emerging economies such as China and India.

Semiconductor manufacturers' stance towards capital investment became positive mainly driven by the rapid increase in demand for Smartphones, Tablet PCs, Industrial Machinery, and Automotive Semiconductors. However, in the latter part of the 1st half of FY2011, some semiconductor manufacturers shifted their stance on capital investment to conservative because of uncertain market conditions for PCs and digital household appliances.

The automobile industry and the machinery equipment industry, which are the major users of our Metrology products, continue slight recovery to their capital investments mainly because of the recovery of the market in Asian emerging countries such as China.

Consequently, Consolidated Sales in 1st and 2nd quarter of FY2011 (April, 2010 – September, 2010) was ¥23.562 billion (up 105.3% YoY), Operating Income was ¥2.971 billion (1st-2nd quarter of FY2010: ¥1.988 billion loss) and Ordinary Income was ¥2.253 billion (1st-2nd quarter of FY2010: ¥2.384 billion loss).

Due to the capitalization of extraordinary gains of ¥872 million from proceeds from sales of lands and properties in Mitaka City, Tokyo, the Company's ex-Head office, and of extraordinary losses of ¥493 million from loss on valuation of inventories, Income before income tax and minority interests was ¥2.631 billion (1st-2nd quarter of FY2010: ¥2.198 billion loss), and Net Income was ¥ 2.388 billion (1st-2nd quarter of FY2010: ¥3.815 billion loss).

Starting from 1st quarter of Fiscal Year ending March 31, 2011, the Company and consolidated affiliates expanded the application of a change to accounting procedures for recording Sales to all main units of SPE products and specific Metrology equipment, where sales are now capitalized on placement with the customer rather than on the shipment date. In 1st and 2nd quarter of FY2011, compared with the previous accounting methods, these changes resulted in a decrease of ¥273 million in Sales and a decrease of ¥109 million in Consolidated Operating Income, Ordinary Income, and Income before income taxes and minority interests.

Business results in each segment are as follows.

[Semiconductor Production Equipment (SPE)]

Orders of SPE for testing processes and manufacturing processes in South East Asian countries, Taiwan and Korea kept a firm tone because of the positive stance towards capital investments of semiconductor manufacturers based on the increase in demand for goods such as Smartphones and Tablet PCs.

As a result, Orders received in the 1st and 2nd quarter of FY2011 were ¥19.802 billion (up 188.1% YoY), Sales were ¥16.730 billion (up 140.7% YoY), and Operating Income was ¥ 1.699 billion (1st-2nd quarter of FY2010: ¥2.112 billion loss).

[Metrology Equipment]

A recovery seems to be underway in the automobile industry and machinery equipment industry, which are the major users of our products, through recovery in markets mainly in Asian emerging countries such as China. Simultaneously, the Company and consolidated affiliates has focused on strengthening business to the Aircraft sector, the Energy Generation Equipment sector, public office use, and Small and Medium sized Enterprises.

As a result, Orders received in the 1st and 2nd quarter of FY2011 were ¥7.929 billion (up 96.2% YoY), Sales were ¥6.832 billion (up 51.0% YoY), and Operating Income was ¥ 1.271 billion (up 928.6% YoY).

(2) Analysis of Financial Position

a) Assets, Liabilities and Net Assets

Total Assets as of September 30, 2010, amounted to ¥73.542 billion, an increase of ¥4.057 billion from the end of FY2010 ended March 31, 2010. The major factors behind this increase include an increase in Notes and accounts receivable of ¥2.981 billion, an increase in Cash and cash equivalents of ¥1.989 billion, and an increase in inventories of ¥980 million.

Total Liabilities were increased ¥1.579 billion, to ¥32.014 billion. This was mainly because of an increase in Notes and accounts payable of ¥3.220 billion, and a decrease in long term debt of ¥1.944 billion.

Net Assets totaled ¥41.527 billion, an increase of ¥2.477 billion. This was mainly because of an increase in Retained earnings of ¥2.308 million.

b) Cash Flows

Cash and cash equivalents as of September 30, 2010 amounted to ¥14.016 billion, an increase of ¥1.875 billion from the end of FY2010 ended March 31, 2010, and an additional increase of ¥113 million from a change in scope of consolidation.

The status of cash flows and factors behind them are given below.

(Cash flows from operating activities)

Net cash earned from operating activities was ¥3.232 billion, mainly due to Income before income taxes and minority interests of ¥2.631 million, increase in Notes and accounts receivable of ¥3.517 billion, increase in Inventories of ¥802 million, and an increase in Notes and accounts payable of ¥3.266 million.

(Cash flows from investing activities)

Net cash earned from investment activities was ¥869 million, mainly reflected by Proceeds from sales of tangible fixed assets of ¥981 million.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥2.098 billion. The major element of this was Repayment of long-term debt of ¥1.944 billion.

(3) Forecasts for current Fiscal Year

The economic outlook assumes a continuing recovery especially in Asian countries even though some apprehension in the Semiconductor industry is evident. Given the situation above, the Company and consolidated affiliates anticipate an increase in Sales and Profits in FY2011 full year, therefore forecasts for FY2011 Full Year are revised as below, from a projection previously announced on August 13, 2010.

FY2011 Full-Year (Apr 1st, 2010 – March 31st, 2011)

(millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (Yen)
Previous Forecast (A)	45,000	4,000	3,100	3,300	80.05
Revised forecast (B)	47,000	5,000	4,000	3,800	92.20
Change (B-A)	2,000	1,000	900	500	
Change ratio (%)	4.4%	25.0%	29.0%	15.2%	

2. Others

(1) Significant Changes in Subsidiaries during the term

Not applicable.

(2) Changes in Accounting Principles, Procedures, Method of Presentation and Other Matters

a) Application of simplified accounting procedure

i) 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.

ii) Calculation method of deferred tax assets and deferred tax liabilities.

b) Accounting procedures specific to the preparation of quarterly consolidated financial statements:

Not applicable.

(3) Change of Accounting Principles, Procedures, and Methods

a) Change of accounting principles

Starting from 1st quarter of Fiscal Year ending March 31, 2011, the Company applies “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18, March 31st 2008), and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.21, March 31st 2008).

There is no effect on Consolidated Financial Statements.

b) Changes other than a)

Not applicable.

3.Consolidated Financial Statements

(1) Consolidated Balance Sheet

Millions of Yen

	FY2011 Q2E (September 30th, 2010)	FY2010E (Mar 31, 2010)
ASSETS		
Current Assets		
Cash and cash equivalents	14,044	12,055
Notes and accounts receivable	18,493	15,511
Merchandise and finished goods	1,029	984
Work in progress	10,154	9,362
Raw materials and supplies	2,460	2,317
Others	1,452	1,675
Allowance for doubtful accounts	- 232	- 202
Total current assets	47,402	41,703
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	7,634	7,917
others (net)	9,041	9,548
Total Tangible Fixed Assets	16,676	17,466
Intangible Fixed Assets		
Goodwill	1,663	1,830
Others	468	590
Total Intangible Fixed Assets	2,131	2,420
Investments and other assets		
Others	7,363	8,547
Allowance for doubtful accounts	- 31	- 652
Total Investments and other assets	7,331	7,894
Total Fixed Assets	26,139	27,782
Total Assets	73,542	69,485

Millions of Yen

	FY2011 Q2E (September 30th, 2010)	FY2010E (Mar 31, 2010)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	11,405	8,185
Short-term debt	1,300	1,300
Income taxes payable	246	75
Reserves	444	339
Others	6,012	5,808
Total current liabilities	19,408	15,709
Long-term Liabilities		
Corporate bond	3,000	3,000
Long-term debt	6,440	8,384
Allowance for employee retirement benefits	2,405	2,363
Allowance for director retirement benefits	82	114
Others	678	863
Total Long-term liabilities	12,606	14,725
Total Liabilities	32,014	30,435
NET ASSETS		
Shareholder's Equity		
Common Stock	10,204	10,198
Capital Surplus	21,222	21,216
Retained earnings	10,295	7,987
Treasury Stock	- 107	- 107
Total Shareholder's Equity	41,614	39,294
Accumulated gains from valuation and translation adjustments		
Holding Gain or loss in investment	- 186	- 194
Foreign currency translation adjustment	- 38	- 195
Total Accumulated gains from valuation and translation adjustments	- 224	- 390
Share subscription rights	137	146
Total Net Assets	41,527	39,050
Total Liabilities and Net Assets	73,542	69,485

(2) Consolidated Statements of Income

Millions of Yen

	FY2010 Q2 (April 1, 2009 - September 30, 2009)	FY2011 Q2 (April 1, 2010 - September 30, 2010)
Net Sales	11,476	23,562
Cost of Sales	10,762	16,469
Gross Profit on Sales	714	7,093
Selling, general and administrative expenses		
Selling expenses	1,796	2,712
General expenses	906	1,410
Total Selling, general and administrative expenses	2,702	4,122
Operating Income (or Loss)	- 1,988	2,971
Non-operating income		
Interest	7	1
Dividend income	103	28
Proceeds from government grants for employment promotion	132	-
Reversal of provision for allowance for doubtful accounts	-	57
Others	182	66
Total Non-operating income	425	154
Non-operating expenses		
Interest expenses	223	283
Financing expenses	273	-
Foreign exchange loss	315	559
Others	10	29
Total Non-Operating Expenses	821	872
Ordinary Income (or Loss)	- 2,384	2,253
Extraordinary gains		
Proceeds from sales of lands	-	872
Gain on reversal of share subscription rights	186	-
Total Extraordinary gains	186	872
Extraordinary losses		
Loss on valuation of inventories	-	493
Total Extraordinary Losses	-	493
Income (or Loss) before income taxes and minority interests	- 2,198	2,631
Income tax and other taxes	166	211
Adjustment on income tax	1,450	32
Total Income tax and others	1,617	243
Income (or Loss) before Minority Interests	-	2,388
Net Income (or Loss)	- 3,815	2,388

(3) Consolidated Statements of Cash Flows

Millions of Yen

	FY2010 Q2 (April 1, 2009 - September 30, 2009)	FY2011 Q2 (April 1, 2010 - September 30, 2010)
Cash flows from operating activities:		
Income (or Loss) before income taxes and minority interests	- 2,198	2,631
Depreciation and amortization	1,046	874
Amotizationof goodwill	166	166
Stock related expense	17	3
Change in allowance for employee retirement benefits (-:decrease)	- 1,194	42
Change in allowance for director retirement benefits (- decrease)	3	- 31
Change in allowance for doubtful accounts (-:decrease)	- 101	- 591
Interest and dividend income	- 110	- 30
Interest expense	223	283
Gain on reversal of share subscription rights	- 186	-
Gains/Losses from proceeds from sale of lands (- : gains)	-	- 872
Gains/Losses from valuation of inventories (-: gains)	-	493
Change in trade notes and accounts receivable (-:increase)	1,950	- 3,517
Change in inventories (-: increase)	3,410	- 802
Change in trade notes and accounts payable (-: decrease)	- 2,280	3,266
Others	- 984	1,284
Subtotal	- 238	3,202
Proceeds from interest and dividend income	36	30
Payment of interest	- 241	- 292
Payment or return of income taxes (-:payment)	- 127	291
Net cash provided by operating activities	- 572	3,232
Cash flows from investing activities:		
Payment for time deposits	- 11	- 11
Proceeds from time deposits	11	11
Payment for purchase of tangible assets	- 53	- 69
Proceeds from sales of tangible assets	-	981
Payment for purchase of intangible assets	- 0	- 6
Payment for purchase of investment securities	- 1	- 1
Payment for purchase of shares of consolidated company	-	- 14
Payment for loans receivable	- 14	- 21
Proceeds from collection of loans receivable	1	1
Others	1	-
Net cash used in investing activities	- 67	869
Cash flows from financing activities:		
Change in short-term loans payable (- : decrease)	- 4,000	-
Proceeds from long-term debt	1,000	-
Repayment of long-term debt	- 3,015	- 1,944
Repayment of lease liability	- 185	- 154
Others	- 0	- 0
Net cash provided by (used in) financing activities	- 6,200	- 2,098
Effect of exchange rate changes on cash and cash equivalents	12	- 127
Net increase (-: decrease) in cash and cash equivalents	- 6,827	1,875
Cash and cash equivalents at beginning of fiscal year	17,586	12,027
Net increase (-: decrease) in cash and cash equivalents by change in consolidated subsidiaries	-	113
Cash and cash equivalents at end of 2 nd quarter of fiscal year	10,758	14,016

(4) Note on Assumptions for Going Concern

Not applicable.

(5) Segment Information**[Business segments]****FY 2010 Q2 (April 1, 2009 - September 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

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

[Geographical segments]**FY 2010 Q2 (April 1, 2009 - September 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 Income (or 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.

[Overseas Sales]**FY 2010 Q2 (April 1, 2009 - September 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: Thailand, Singapore and Malaysia

North America: USA and Canada

Europe: Germany, UK, and Italy

Other regions: India and Brazil

[Segment Information]

1. Overview of reportable segments

The reportable segments of the Company and consolidated subsidiaries are the business segments for which separate financial information can be obtained and are at the level where the Company's board of directors conducts periodic reviews leading to the allocation of resources and evaluation of business performance.

The Company consists of internal companies known as the Semiconductor Company and the Metrology Company, and each company's products and services are managed under comprehensive strategies inside and outside of Japan.

Therefore, the Company defines "SPE" and "Metrology Equipment" as reportable segments based on the intercompany system and their outputs.

The "SPE" consists of manufacturing and sales of process and inspection equipment to be applied to Semiconductor Manufacturing Processes and the "Metrology Equipment" consists of manufacturing and sales of precision measurement equipment such as 3D coordinate measuring machines, surface texture and contour measuring instruments.

2. Net sales and profit/loss in reportable segments

FY 2011 Q2 (April 1, 2010 – September 30, 2010)

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party:				
Intersegment sales to transfer	16,730	6,832	23,562	23,562
-	-	-	-	-
Total	16,730	6,832	23,562	23,562
Segment Profit	1,699	1,271	2,971	2,971

3. Balance between the Total profit or loss amount of reported segments and profit and loss amount of consolidated financial statement, and these and descriptions

Total Segment profit of reportable segments is same amount of Operating income of consolidated financial statement.

4. Changes in constitution of reportable segments

Not applicable.

5. Impairment losses on fixed assets and goodwill per each reportable segment

Not applicable.

(Additional information)

Starting from 1st quarter of Fiscal Year ending March 31, 2011, the Company applies "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No.17, March 27th 2009), and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.20, March 21st 2008).

(6) Notes on Significant Changes to Stockholder's Equity

Not applicable.

4. Additional Information

(1) Production, Orders and Sales

a) Actual Production

(Millions of yen)

Reportable Segment	FY2010 Q2 (April 1, 2009 - September 30, 2009)	FY2011 Q2 (April 1, 2010 - September 30, 2010)
SPE	5,292	16,764
Metrology Equipment	4,023	7,124
Total	9,316	23,889

Notes: 1. The above production results are based on the sales prices.
2. The above amounts are exclusive of consumption tax.

b) Actual Orders

(Millions of yen)

Reportable Segment	FY2010 Q2 (April 1, 2009 - September 30, 2009)		FY2011 Q2 (April 1, 2010 - September 30, 2010)	
	Orders received	Order backlog	Orders received	Order backlog
SPE	6,872	4,539	19,802	8,740
Metrology Equipment	4,041	1,308	7,929	2,960
Total	10,914	5,847	27,731	11,701

Note : The above amounts are exclusive of consumption tax.

b) Actual Sales

(Millions of yen)

Reportable Segment	FY2010 Q2 (April 1, 2009 - September 30, 2009)	FY2011 Q2 (April 1, 2010 - September 30, 2010)
SPE	6,950	16,730
Metrology Equipment	4,526	6,832
Total	11,476	23,562

Note : The above amounts are exclusive of consumption tax.