

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2012 (FY2012), Japan GAAP

November 10th, 2011

Company Name



Tokyo Seimitsu Co., Ltd.

Stock Listing: First Section TSE

ACCRETECH

Code number: 7729

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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 FY2012 (April 1st, 2011 - September 30th, 2011)

(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)	
FY2012 Q2	32,343	37.3%	6,225	109.5%	6,129	172.1%	5,980	150.4%
FY2011 Q2	23,562	105.3%	2,971	-	2,253	-	2,388	-

Note: Comprehensive Income in FY2012 Q2: 5,270 million yen (105.7%), in FY2011 Q2: 2,562 million yen (-%)

	Net Income per Share (Yen)	Net Income per Share (diluted) (Yen)
FY2012 Q2	145.08	144.91
FY2011 Q2	57.94	57.89

(2) Consolidated financial position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio
FY2012 Q2	82,782	50,020	60.2%
FY2011	77,038	44,928	58.2%

Notes: Equity in FY2012 Q2: 49,854 million yen, in FY2011: 44,801 million yen

2. Situation of Dividend

	Per Share Dividend in Fiscal Year				
	Q1 End	Q2 End	Q3 End	Q4 End	Total
	Yen	Yen	Yen	Yen	Yen
FY2011	-	5.00	-	5.00	10.00
FY2012	-	8.00			
FY2012 (Projected)			-	8.00	16.00

Notes: Changes due to revision of dividend projection: Yes

3. Forecast for FY 2012 (April 1st, 2011-March 31st, 2012)

(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	54,500	9.7%	8,200	22.8%	8,000	32.7%	7,800	27.8%	189.23

Note: Changes due to revision of forecast: Yes

4. Others

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

New: - Excluded: -

(2) Accounting procedures specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting principles, estimates and restatements

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

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Restatement: No

Please refer to "2. Other Information" on page 4 of supplementary statement.

(4) Number of shares outstanding (common shares)

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

2) Number of treasury shares at the end of period

3) Average Number of shares outstanding during the period (cumulative for period, consolidated):

FY2012 Q2	41,253,981 shares	FY2011:	41,249,481 shares
FY2012 Q2	32,085 shares	FY2011:	32,018 shares
FY2012 Q2	41,217,836 shares	FY2011 2Q	41,212,216 shares

*** Cautionary statement with respect to the status of quarterly financial review procedures:**

This document, named "Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2012 (FY2012), Japan GAAP" is not subject to the Quarterly review procedures of financial results in accordance with the provisions of the Financial Instruments and Exchange Act. However, at the date and time of issue, the Quarterly financial 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 "Forecasts for current Fiscal Year" on page 3 of supplementary statement.

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1. Analysis of Business Performance for Second quarter of Fiscal Year 2012

(1) Overview of Business Performance

Although continual gradual recovery could be seen, overall business conditions in the first half of Fiscal Year 2012 ending March, 2012 showed a slow-down with the prospects becoming more opaque toward the end of the half. As to the economic situation in the USA and EU, the speed of recovery was decreased, by growing concerns about financial system facing the Greek debt crisis in Europe, unemployment rate remaining at high level in the USA, an increase in material prices, a “top-heaviness” in consumer demand, and various other reasons. Emerging Asian economies kept growing at a continuous rate, mainly inland demand in China and India. However, a slight indication of deceleration in growth was recognized in China caused by the inflation control policy of the Chinese government. In Japan, the stable recovery of production activity, on the way to a quick restoration of its supply-chain following the 2011 earthquake off the Pacific coast of Tohoku (hereinafter referred to as “the Earthquake”) were confirmed; on the other hand, the prospects for the Japanese economy are unclear due to the shortages of power supply and the drastically increased value of the Yen.

In line with the conditions outlined above, the speed of capital investment from semiconductor device manufacturers has decreased the speed since the middle of the period, due to production adjustments partially seen in growing market products such as Smartphones and tablet PCs, in addition to the weak demand of consumers’ PC and digital appliances. Meanwhile, in the automobile and machinery equipment industry, the main customers for the Metrology business, the capital investment has been recovering moderately based on the firm market in Japan (rebuilding demand from the Earthquake) and Asian emerging countries such as China.

Under such business conditions, Consolidated Orders in 2nd quarter of FY2012 (accumulated April, 2011 – September, 2011) were ¥28.918 billion (up 4.3% YoY), Sales were ¥32.343 billion (up 37.3% YoY), Operating Income was ¥6.225 billion (up 109.5% YoY), Ordinary Income was ¥6.129 billion (up 172.1% YoY), and Net Income was ¥5.980 billion (up 150.4% YoY).

Business results in each segment for this period are as follows.

[Semiconductor Production Equipment (SPE)]

Although the capital investment of semiconductor device manufacturers was active in the first half of the period based on firm demand for Smartphones, tablet PCs, industrial machinery and communications infrastructures, their active investments turned toward a conservative-minded attitude in the latter half while, facing production adjustments of Smartphones and tablet PCs. Accordingly, the number of Orders were reduced in the latter half of the period. However the Sales and Shipments proceeded smoothly, as the supply chain was not disrupted as we had anticipated.

As a result, Orders received in the 2nd quarter of FY2012 (accumulated April, 2011 – September, 2011) were ¥18.800 billion (down 5.1% YoY), Sales were ¥22.756 billion (up 36.0 % YoY), and Operating Income was ¥4.116 billion (up 142.3% YoY).

[Metrology Equipment]

The automobile industry and machinery equipment industry, which are the major users of our products, showed a favorable business atmosphere. Capital investment kept recovering both in Japan and overseas, as the market was bullish in Asian emerging countries such as China, and there was a firm increase in recovery demand from the Earthquake disaster in Japan. We also focused on strengthening business in new industries such as Aircraft, Construction machinery and Energy.

As a result, Orders received in the 2nd quarter of FY2012 (accumulated April, 2011 – September, 2011) were ¥10.118 billion (up 27.6% YoY), Sales were ¥9.586 billion (up 40.3 % YoY), and Operating Income was ¥2.108 billion (up 65.8% YoY).

(2) Analysis of Financial Position

(A) Assets, Liabilities and Net Assets

Total Assets as of September 30th 2011, amounted to ¥82.782 billion, an increase of ¥5.744 billion from the end of FY2011 ended March 31st, 2011. The major factors behind this increase include an increase in Trade notes and accounts receivable of ¥3.316 billion, an increase in Cash and cash equivalents of ¥1.752 billion, an increase in Building and structures of ¥2.119 billion and a decrease in the Construction in progress account of ¥967 million.

Total Liabilities increased ¥652 million, to ¥32.762 billion. This was mainly because of an increase in Notes and accounts payable of ¥2.175 billion, and a decrease in Long-term debt of ¥1.944 billion.

Net Assets totaled ¥50.020 billion, an increase of ¥5.091 billion. This was mainly because of an increase in

Retained earnings of ¥5.767 billion.

(B) Cash Flows

Cash and cash equivalents as of September 30th, 2011 amounted to ¥17.944 billion, an increase of ¥1.701 billion from the end of FY2011 ended March 31, 2011. The status of cash flows and factors behind them are given below.

Net cash earned from operating activities was ¥5.698 billion, mainly due to Income before Taxes and minority interests of ¥6.091 billion, an increase in Notes and accounts receivable of ¥3.519 billion, an increase in Notes and accounts payable of ¥2.365 billion, Depreciation and Amortization of ¥914 million, and an increase in Inventories of ¥607 million.

Net cash used in investment activities was ¥1.542 billion, mainly reflected by purchase of tangible fixed assets of ¥1.449 billion.

Net cash used in financing activities came to ¥2.303 billion. The major element of this was Repayment of long-term debt of ¥1.944 billion.

(3) Forecasts for current Fiscal Year

The economic situation around the globe in the near future is prospected to remain opaque, mainly because of concerns about recession influenced by expanding financial crisis in Europe, the growing unbalance for foreign exchanges creating a drastically high value of the Yen, and the influence on our customers suffering from flood damage in Thailand. Under these circumstances, the Company had revised the prospected figures in profit as follows, which were previously announced on August 12, 2011, with consideration to the effects of cost reduction engaged until today.

Accordingly the Company plans to pay a ¥8 per share year-end dividends, which was previously announced as “undecided”. The kind understanding of shareholders would be highly appreciated.

FY2012 full year (April 1st, 2011 – March 31st, 2012)

(millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (Yen)
Previous Forecast (A)	54,500	7,000	6,600	6,200	150.42
Revised forecast (B)	54,500	8,200	8,000	7,800	189.23
Change (B-A)	0	1,200	1,400	1,600	
Change ratio (%)	-	17.1%	21.2%	25.8%	

2. Other Information

(1) Significant changes in subsidiaries during the term

Not applicable.

(2) Accounting procedures specific to the preparation of quarterly consolidated financial statements

Not applicable.

(3) Change of accounting principles, estimates and restatements

Starting from Fiscal Year 2012, the Company applies “Accounting Standard for Earnings Per Share” (ASBJ Statement No.2, June 30th 2010), and “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4, June 30th, 2010).

(4) Additional information

Starting from Fiscal Year 2012, the Company will apply “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4th, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4th, 2011) to any changes and/or error corrections on accounting which announces from the beginning day of 1st quarter of FY2012.

3.Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	FY2011E (Mar 31 st , 2011)	FY2012Q2E (September 30 th , 2011)
ASSETS		
Current Assets		
Cash and cash equivalents	16,222	17,974
Notes and accounts receivable	18,796	22,113
Merchandise and finished goods	797	1,185
Work in progress	10,546	10,326
Raw materials and supplies	2,733	3,100
Others	1,967	2,187
Allowance for doubtful accounts	- 245	- 161
Total current assets	50,820	56,725
Fixed Assets		
Tangible fixed assets		
Building and structures(net)	7,349	9,469
Others (net)	9,631	8,598
Total Tangible Fixed Assets	16,981	18,067
Intangible Fixed Assets		
Goodwill	1,497	1,330
Others	428	306
Total Intangible Fixed Assets	1,925	1,637
Investments and other assets		
Others	7,328	6,367
Allowance for doubtful accounts	- 16	- 15
Total Investments and other assets	7,311	6,352
Total Fixed Assets	26,218	26,056
Total Assets	77,038	82,782

(Millions of Yen)

	FY2011E (Mar 31 st , 2011)	FY2012Q2E (September 30 th , 2011)
LIABILITIES		
Current Liabilities		
Notes and accounts payable	11,568	13,743
Short-term debt	1,300	1,300
Income taxes payable	521	358
Allowances	660	869
Others	7,142	7,333
Total current liabilities	21,192	23,605
Long-term Liabilities		
Corporate bond	3,000	3,000
Long-term debt	4,900	3,400
Allowance for employee retirement benefits	2,403	2,280
Allowance for director retirement benefits	88	94
Others	524	381
Total Long-term liabilities	10,916	9,156
Total Liabilities	32,109	32,762
NET ASSETS		
Shareholder's Equity		
Common Stock	10,209	10,215
Capital Surplus	21,227	21,233
Retained earnings	13,805	19,573
Treasury Stock	- 108	- 108
Total Shareholder's Equity	45,134	50,913
Accumulated other comprehensive income		
Holding Gain or loss in investment	- 17	- 483
Foreign currency translation adjustment	- 315	- 576
Total accumulated other comprehensive income	- 332	- 1,059
Share subscription rights	127	165
Total Net Assets	44,928	50,020
Total Liabilities and Net Assets	77,038	82,782

(2) Consolidated Statements of Income, and Comprehensive Income**(Consolidated Statements of Income)**

(Millions of Yen)

	FY2011 Q2 (April 1 st , 2010 - September 30 th , 2010)	FY2012 Q2 (April 1 st , 2011- September 30 th , 2011)
Net Sales	23,562	32,343
Cost of Sales	16,469	21,473
Gross profit on sales	7,093	10,869
Selling, general and administrative expenses		
Selling expenses	2,712	3,165
General expenses	1,410	1,478
Total Selling, general and administrative expenses	4,122	4,644
Operating income	2,971	6,225
Non-operating income		
Interest	1	5
Dividend income	28	35
Reversal of allowance for doubtful accounts	57	90
Bad debts recovered	-	271
Others	66	81
Total Non-operating income	154	485
Non-operating expenses		
Interest expenses	283	236
Foreign exchange loss	559	285
Others	29	58
Total non-operating expenses	872	580
Ordinary Income	2,253	6,129
Extraordinary gains		
Proceeds from sales of lands	872	-
Gain on reversal of Share subscription rights	-	0
Total Extraordinary gains	872	0
Extraordinary losses		
Loss on valuation of investment securities	493	39
Total extraordinary losses	493	39
Income before income taxes and minority interests	2,631	6,091
Income tax and other taxes	211	298
Adjustment on income tax	32	-187
Total Income tax and others	243	111
Income before minority interests	2,388	5,980
Net Income	2,388	5,980

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2011 Q2 (April 1 st , 2010 - September 30 th , 2010)	FY2012 Q2 (April 1 st , 2011- September 30 th , 2011)
Income before minority interests	2,388	5,980
Accumulated other comprehensive income		
Holding Gain or loss in investment	8	- 466
Foreign currency translation adjustment	166	- 243
Total accumulated other comprehensive income	174	- 709
Comprehensive Income	2,562	5,270
(breakdown)		
Comprehensive income attributable to owners of the parent	2,562	5,270
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2011 Q2 (April 1, 2010 - September 30, 2010)	FY2012 Q2 (April 1, 2011 - September 30, 2011)
Cash flows from operating activities:		
Income before income taxes and minority interests	2,631	6,091
Depreciation and amortization	874	914
Amotization of goodwill	166	166
Stock related expense	3	51
Change in allowance for employee retirement benefits (-:decrease)	42	-123
Change in allowance for director retirement benefits (-: decrease)	- 31	6
Change in allowance for doubtful accounts (-:decrease)	- 591	-84
Interest and dividend income	- 30	-41
Interest expense	283	236
Gains/Losses from proceeds from sale of lands (- : gains)	- 872	-
Gains/Losses from valuation of inventories (-: gains)	493	39
Change in trade notes and accounts receivable (-:increase)	- 3,517	-3,519
Change in inventories (-: increase)	- 802	-607
Change in trade notes and accounts payable (-: decrease)	3,266	2,365
Others	1,284	689
Subtotal	<u>3,202</u>	<u>6,183</u>
Proceeds from interest and dividend income	30	41
Payment of interest	- 292	-245
Payment or return of income taxes (-:payment)	291	-280
Net cash provided by (used in) operating activities	<u>3,232</u>	<u>5,698</u>
Cash flows from investing activities:		
Payment for time deposits	- 11	-13
Proceeds from time deposits	11	11
Payment for purchase of tangible fixed assets	- 69	-1,449
Proceeds from sales of tangible fixed assets	981	0
Payment for purchase of intangible fixed assets	- 6	-33
Payment for purchase of investment securities	- 1	-1
Proceeds from sales of investment securities	-	1
Payment for purchase of shares of subsidiaries	- 14	-7
Payment for purchase of investments in capital of subsidiaries	-	-29
Payment for loans receivable	- 21	-23
Proceeds from collection of loans receivable	1	2
Net cash provided by (used in) investing activities	<u>869</u>	<u>-1,542</u>
Cash flows from financing activities:		
Repayment of long-term debt	- 1,944	-1,944
Repayment of lease liability	- 154	-152
Dividend payments	-	-206
Others	- 0	-0
Net cash provided by (used in) financing activities	<u>- 2,098</u>	<u>-2,303</u>
Effect of exchange rate changes on cash and cash equivalents	- 127	-152
Net increase (-: decrease) in cash and cash equivalents	<u>1,875</u>	<u>1,701</u>
Cash and cash equivalents at beginning of fiscal year	12,027	16,194
Net increase (-: decrease) in cash and cash equivalents by change in consolidated subsidiaries	113	48
Cash and cash equivalents at end of 2 nd quarter of fiscal year	<u>14,016</u>	<u>17,944</u>

(4) Note on assumptions for going concern

Not applicable.

(5) Segment information and others**1. FY2011 Q2 (April 1st, 2010 – September 30th, 2010)****a) Sales and Profit (or loss) information of FY 2011 Q2 per each reportable segments**

(Millions of yen)

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

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

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

c) Impairment losses on fixed assets and goodwill per each reportable segment

Not applicable.

2. FY2012 Q2 (April 1st, 2011 – September 30th, 2011)**a) Sales and Profit (or loss) information of FY 2012 Q2 per each reportable segments**

(Millions of yen)

	Reportable Segments			Total
	SPE	Metrology Equipment	Total	
I. Sales				
Sales to third party:	22,756	9,586	32,343	32,343
Intersegment sales to transfer	-	-	-	-
Total	22,756	9,586	32,343	32,343
Segment Profit	4,116	2,108	6,225	6,225

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

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

c) Impairment losses on fixed assets and goodwill per each reportable segment

Not applicable.

(6) Significant changes in Shareholder's Equity

Not applicable.