

Consolidated Interim Financial Review for the Six Months Ended September 30, 2001

Company name: **TOKYO ELECTRON LIMITED**
 Headquarters address: 3-6 Akasaka 5-chome, Minato-ku, Tokyo 107-8481 Japan
 Telephone number: (03) 5561-7000
 Stock exchange listing: Tokyo Stock Exchange 1st Section
 Code number: 8035
 Inquiries: Yukio Saeki, Vice President, Accounting Department

Board of Directors Meeting: November 8, 2001
 Application of U.S. GAAP: None

For reference only: The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

1. Financial highlights for the six months ended September 30, 2001 (4/1/01 - 9/30/01)

Note: All figures are rounded down to the nearest million yen.

(1) Operating results

	Net sales		Operating income		Ordinary income	
	Millions of yen	(%)	Millions of yen	(%)	Millions of yen	(%)
Six months ended 9/30/01	253,121	(-22.8%)	11,933	(-78.3%)	10,974	(-79.6%)
Six months ended 9/30/00	328,082	(78.6%)	55,056	(552.4%)	53,866	(602.8%)
Year ended 3/31/01	723,880		121,086		119,223	

	Net income		Net income per share		Fully diluted net income per share	
	Millions of yen	(%)	Yen	Yen	Yen	Yen
Six months ended 9/30/01	2,585	(-91.2%)	14.76		-	
Six months ended 9/30/00	29,418	(834.0%)	167.81		163.56	
Year ended 3/31/01	62,011		353.76		344.75	

Notes:

1. Profit/loss on equity method:

Six months ended 9/30/01: None
 Six months ended 9/30/00: None
 Year ended 3/31/01: None

2. Average number of shares of common stock (consolidated) issued:

Six months ended 9/30/01: 175,176,508 shares
 Six months ended 9/30/00: 175,306,013 shares
 Year ended 3/31/01: 175,292,610 shares

3. Changes in accounting methods: None

4. Percentages for net sales, operating income, ordinary income and net income indicated changes from the previous term.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of 9/30/01	642,472	326,411	50.8%	1,864.47
As of 9/30/00	594,182	301,954	50.8%	1,722.78
Year ended 3/31/01	729,511	333,281	45.7%	1,901.38

Note:

Number of shares of common stock (consolidated) issued as of:

September 30, 2001	175,068,825 shares
September 30, 2000	175,271,538 shares
March 31, 2001	175,283,713 shares

(3) Consolidated cash flow position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended 9/30/01	15,204	(21,547)	2,114	59,778
Six months ended 9/30/00	(14,939)	(17,934)	29,803	76,179
Year ended 3/31/01	(29,442)	(62,359)	77,182	65,290

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries:	29 companies
Unconsolidated subsidiaries:	0 companies
Affiliates using the equity method:	0 companies

(5) Changes in scope of consolidation and application of equity method

Consolidated companies:	Additions: 0 companies	Deletions: 1 company
Companies using the equity method:	Additions: 0 companies	Deletions: 0 companies

2. Corporate estimates for the year ending March 31, 2002 (4/1/01 - 3/31/02)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Year ending 3/31/02	436,500	(6,000)	(8,500)

For reference: Estimate of net income per share for the year ending March 31, 2002: -48.55 yen

Consolidated Balance Sheet

(Millions of yen)

	As of September 30, 2001		As of September 30, 2000		Increase (decrease)	As of March 31, 2001	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	Amount	Compo- sition (%)
(Assets)	642,472	100.0	594,182	100.0	48,290	729,511	100.0
Current Assets	459,042	71.4	454,971	76.6	4,070	548,241	75.2
Cash and time deposits	59,788		76,179			65,320	
Trade notes and accounts receivable	231,869		223,484			287,968	
Inventories	146,177		137,532			161,980	
Others	22,085		19,068			34,691	
Allowance for doubtful accounts	(879)		(1,294)			(1,720)	
Long-term Assets	183,430	28.6	139,210	23.4	44,220	181,270	24.8
Tangible fixed assets	129,925		107,110		22,814	124,720	
Intangible fixed assets	28,070		6,067		22,002	27,524	
Investments and other assets	25,683		26,257		(574)	29,268	
Allowance for doubtful accounts	(248)		(226)		(22)	(242)	
Total Assets	642,472	100.0	594,182	100.0	48,290	729,511	100.0

Consolidated Balance Sheet

(Millions of yen)

	As of September 30, 2001		As of September 30, 2000		Increase (decrease)	As of March 31, 2001	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	Amount	Compo- sition (%)
(Liabilities)	316,008	49.2	292,184	49.2	23,824	396,171	54.3
Current liabilities	172,521	26.9	149,778	25.2	22,742	238,441	32.7
Trade notes and accounts payable	27,193		61,122			60,541	
Short-term borrowings	28,467		34,240			51,431	
Commercial paper	55,000		-			30,000	
Bonds due within 1 year	20,000		-			-	
Accrued income taxes	6,889		19,612			41,440	
Allowance for employees' bonuses	3,695		9,404			10,948	
Stock purchase warrant	699		-			-	
Others	30,575		25,398			44,079	
Long-term liabilities	143,487	22.3	142,405	24.0	1,081	157,730	21.6
Straight bonds	80,000		94,500			94,500	
Convertible bonds	15,500		15,528			15,502	
Long-term loans	15,077		12,373			16,345	
Allowance for retirement and severance benefits	30,297		16,080			28,698	
Allowance for retirement and severance benefits for directors	1,174		1,022			1,108	
Stock purchase warrant	630		713			705	
Others	807		2,187			870	
(Minority interest)	53	0.0	43	0.0	9	58	0.0
(Shareholders' equity)	326,411	50.8	301,954	50.8	24,456	333,281	45.7
Common stock	47,213	7.3	47,199	7.9	13	47,212	6.5
Additional paid in capital	70,275	11.0	70,261	11.8	13	70,274	9.6
Consolidated retained earnings	213,419	33.2	185,657	31.3	27,761	214,920	29.5
Revaluation of investment in securities	43	0.0	2,890	0.5	(2,847)	1,658	0.2
Foreign currency translation	541	0.1	(478)	(0.1)	1,020	2,734	0.4
Treasury stock, at cost	(5,082)	(0.8)	(3,577)	(0.6)	(1,505)	(3,519)	(0.5)
Total liabilities, minority interest and shareholders' equity	642,472	100.0	594,182	100.0	48,290	729,511	100.0

Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2001		Six months ended September 30, 2000		Increase (decrease)		Year ended March 31, 2001	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	(%)	Amount	Ratio to net sales
Net sales	253,121	100.0	328,082	100.0	(74,960)	(22.8)	723,880	100.0
Cost of sales	172,947	68.3	210,211	64.1	(37,264)	(17.7)	458,902	63.4
Gross profit	80,174	31.7	117,870	35.9	(37,695)	(32.0)	264,978	36.6
Selling, general & administrative expenses	68,241	27.0	62,814	19.1	5,426	8.6	143,891	19.9
Operating income	11,933	4.7	55,056	16.8	(43,122)	(78.3)	121,086	16.7
Non-operating income								
Interest income	196		219				604	
Rent revenue	347		239				507	
Miscellaneous income	339		304				517	
Non-operating expenses								
Interest expenses	1,066		1,159				2,378	
New bond issuing expenses	37		275				277	
Rent expenses	209		90				222	
Foreign currency translation loss	476		374				424	
Miscellaneous expenses	52		52				188	
Ordinary income	10,974	4.3	53,866	16.4	(42,892)	(79.6)	119,223	16.5
Unusual or infrequent profit								
Reversal of allowance for doubtful accounts	819		-				-	
Gain on sale of fixed assets	97		39				73	
Others	-		-				110	
Unusual or infrequent loss								
Loss on proceeds or disposal of fixed assets	88		1,149				2,521	
Amortization of discrepancy arising from adoption of retirement benefit accounting standards	-		3,993				15,974	
Others	53		9				1,779	
Income before income taxes	11,748	4.6	48,753	14.9	(37,004)	(75.9)	99,131	13.7
Provision for income taxes and enterprise taxes	9,158		19,326		(10,168)		50,588	
Deferred income taxes	-		-		-		(13,489)	
Minority interest	5		8		(3)		20	
Net income (loss)	2,585	1.0	29,418	9.0	(26,833)	(91.2)	62,011	8.6

Consolidated Statement of Retained Earnings

(Millions of yen)

	Six months ended September 30, 2001	Six months ended September 30, 2000	Increase (decrease)	Year ended March 31, 2001
	Amount	Amount	Amount	Amount
Consolidated retained earnings at the beginning of the period	214,920	157,875	57,044	157,875
Decrease in consolidated retained earnings				
Cash dividends	3,330	1,402	1,927	4,733
Bonuses to directors	756	234	522	234
Net income	2,585	29,418	(26,833)	62,011
Consolidated retained earnings at the end of the period	213,419	185,657	27,761	214,920

Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2001	Six months ended September 30, 2000	Increase (Decrease)	Year ended March 31, 2001
	Amount	Amount	Amount	Amount
I Cash flow from operating activities				
Earnings before income taxes	11,748	48,753	(37,004)	99,131
Depreciation and amortization	12,287	9,812	2,475	21,678
Amortization of consolidating adjustments	948	-	948	148
Decrease/increase in allowance for employees' bonuses	(7,233)	2,019	(9,253)	3,481
Decrease in allowance for retirement and severance benefits	-	(11,582)	11,582	(11,578)
Increase in allowance for retirement and severance benefits	1,606	16,080	(14,473)	28,698
Increase in allowance for retirement and severance benefits for directors	66	1,022	(955)	1,108
Decrease/increase in allowance for doubtful accounts	(830)	256	(1,087)	695
Interest and dividend revenue	(238)	(255)	16	(669)
Interest expenses	1,077	1,159	(82)	2,380
Foreign currency translation loss	398	375	23	100
New bond issuing expenses	37	275	(238)	277
Gain/loss on sale of fixed assets	(91)	(39)	(52)	(44)
Loss on disposal of fixed assets	83	1,149	(1,066)	2,491
Devaluation of golf memberships	25	9	15	35
Decrease/increase in trade notes and accounts receivable	55,680	(58,411)	114,091	(121,668)
Decrease/increase in inventories	14,140	(26,900)	41,041	(53,665)
Decrease/increase in accounts payable	(33,154)	10,990	(44,144)	9,709
Decrease/increase in prepaid consumption tax	8,079	1,809	6,269	(4,859)
Bonuses to directors	(756)	(234)	(522)	(234)
Others	(7,337)	1,916	(9,254)	14,558
Subtotal	56,537	(1,792)	58,329	(8,221)
Receipts from interest and dividends	239	240	(1)	670
Interest paid	(1,058)	(1,053)	(5)	(2,295)
Income taxes paid	(40,512)	(12,333)	(28,178)	(19,596)
Net cash generated by (used in) operating activities	15,204	(14,939)	30,143	(29,442)
II Cash flow from investing activities				
Payment for time deposits	-	-	-	(30)
Proceeds from repayment of time deposits	20	-	20	-
Payment for purchase of tangible fixed assets	(18,767)	(16,528)	(2,238)	(39,155)
Proceeds from sale of tangible fixed assets	362	224	138	890
Payment for acquisition of intangible fixed assets	(2,578)	(1,104)	(1,474)	(4,568)
Payment for acquisition of investment securities	(19)	(328)	309	(474)
Payment for purchase of newly consolidated subsidiaries	-	-	-	(18,867)
Loans to third parties	(15)	(25)	9	(41)
Collection of loans	30	34	(4)	68
Others	(578)	(207)	(371)	(179)
Net cash used in investing activities	(21,547)	(17,934)	(3,612)	(62,359)
III Cash flow from financing activities				
Net decrease/increase in short-term borrowings	(22,648)	7,150	(29,799)	23,926
Net increase in commercial paper	25,000	-	25,000	30,000
Proceeds from long-term debt	-	2,400	(2,400)	8,671
Repayment of long-term debt	(1,429)	(1,367)	(62)	(3,757)
Proceeds from issuance of bonds	6,094	54,938	(48,843)	54,938
Redemption of straight bonds	-	(30,000)	30,000	(30,000)
Net decrease/increase in treasury stock	(1,564)	(1,914)	349	(1,858)
Dividends paid	(3,330)	(1,402)	(1,927)	(4,733)
Others	(5)	-	(5)	(4)
Net cash generated by financing activities	2,114	29,803	(27,688)	77,182
IV Foreign currency translation difference in cash and cash equivalents	(1,284)	(269)	(1,014)	391
V Net increase in cash and cash equivalents	(5,511)	(3,339)	(2,172)	(14,228)
VI Cash and cash equivalents at the beginning of the year	65,290	79,518	(14,228)	79,518
VII Cash and cash equivalents at the end of the period	59,778	76,179	(16,400)	65,290

Note: Negative figures in the consolidated statement of cash flows represent outflows of cash and cash equivalents.

Segment Information

1. Segment information by business type

Tokyo Electron Limited and its consolidated subsidiaries are primarily engaged in manufacturing and marketing industrial electronic equipment, and are deemed to operate in a single segment. Segment information has therefore been omitted.

2. Segment information by country

Segment information by country is abbreviated, as both net sales and the assets of the consolidated subsidiaries situated outside Japan are less than 10% of consolidated net sales or assets.

3. Net Sales Outside Japan

(Millions of yen)

Six months ended September 30, 2001				
	U.S.	Taiwan	Others	Total
Net sales outside Japan	47,792	36,893	50,532	135,219
Consolidated net sales				253,121
Ratio to consolidated net sales (%)	18.9	14.6	19.9	53.4

(Millions of yen)

Six months ended September 30, 2000				
	Taiwan	U.S.	Others	Total
Net sales outside Japan	79,437	54,640	76,856	210,933
Consolidated net sales				328,082
Ratio to consolidated net sales (%)	24.2	16.7	23.4	64.3

(Millions of yen)

Year ended March 31, 2001				
	U.S.	Taiwan	Others	Total
Net sales outside Japan	140,228	131,152	153,226	424,608
Consolidated net sales				723,880
Ratio to consolidated net sales (%)	19.4	18.1	21.2	58.7

Notes:

1. Classifications of countries and regions are based on geographical proximity.

2. Principal countries included in others:

Korea
U.K.
France
Germany
Singapore

3. Net sales outside Japan represent net sales of Tokyo Electron Limited and its consolidated subsidiaries

Production, Orders and Sales

1. Production

(Millions of yen)

Division	Six months ended September 30, 2001	Six months ended September 30, 2000	Year ended March 31, 2001
	Amount	Amount	Amount
Semiconductor Production Equipment	218,149	298,353	672,312
Total	218,149	298,353	672,312

Notes:

1. Amounts are based on selling prices.
2. The above amounts do not include consumption taxes.

2. Orders

(Millions of yen)

Division	Six months ended September 30, 2001	Six months ended September 30, 2000	Year ended March 31, 2001
	Orders	Orders	Orders
Semiconductor Production Equipment	97,183	420,983	627,573
Computer Network	6,810	5,590	15,476
Electronic Components	34,593	46,783	89,178
Others	787	838	1,614
Total	139,374	474,195	733,843

Division	As of September 30, 2001	As of September 30, 2000	As of March 31, 2001
	Backlog	Backlog	Backlog
Semiconductor Production Equipment	151,418	391,171	258,117
Computer Network	3,593	3,217	5,190
Electronic Components	6,485	17,005	11,937
Total	161,497	411,394	275,244

Note: The above amounts do not include consumption taxes.

3. Sales

(Millions of yen)

Division	Six months ended September 30, 2001	Six months ended September 30, 2000	Year ended March 31, 2001
	Amount	Amount	Amount
Semiconductor Production Equipment	203,881	279,357	619,001
Computer Network	8,407	6,140	14,053
Electronic Components	40,045	41,746	89,210
Others	787	838	1,614
Total	253,121	328,082	723,880

Note: The above amounts do not include consumption taxes.

Securities

1. Marketable securities

(Millions of yen)

Classification	September 30, 2001			September 30, 2000			March 31, 2001		
	Acquisition cost	Value at September 30, 2001	Difference	Acquisition cost	Value at September 30, 2000	Difference	Acquisition cost	Value at March 31, 2001	Difference
Stock	7,730	7,797	67	9,238	14,203	4,965	7,730	10,576	2,846
Bond									
Straight bond	10	10	0	10	10	0	10	10	0
Others	113	113	(-0)	113	109	(4)	113	113	(-0)
Total	7,854	7,921	67	9,361	14,323	4,961	7,854	10,700	2,846

2. Non-marketable securities

(Millions of yen)

Classification	September 30, 2001	September 30, 2000	March 31, 2001
Securities	Value at September 30, 2001	Value at September 30, 2000	Value at March 31, 2001
Non-listed stock (Excluding over-the-counter shares)	917	809	898
Total	917	809	898

Derivatives transactions

Six months ended 9/30/01 (As of September 30, 2001): No items applicable

Six months ended 9/30/00 (As of September 30, 2000): No items applicable

Year ended 3/31/01 (As of March 31, 2001): No items applicable

For reference

Consolidated Balance Sheet (Quarterly comparison)

(Millions of yen)

	As of September 30, 2001		As of June 30, 2001		Increase (decrease)
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount
(Assets)	642,472	100.0	661,201	100.0	(18,728)
Current Assets	459,042	71.4	474,579	71.8	(15,537)
Cash and time deposits	59,788		43,664		
Trade notes and accounts receivable	231,869		238,245		
Inventories	146,177		169,004		
Others	22,085		24,712		
Allowance for doubtful accounts	(879)		(1,047)		
Long-term Assets	183,430	28.6	186,622	28.2	(3,191)
Tangible fixed assets	129,925		130,659		(733)
Intangible fixed assets	28,070		26,973		1,097
Investments and other assets	25,434		28,989		(3,555)
Total Assets	642,472	100.0	661,201	100.0	(18,728)

For reference

Consolidated Balance Sheet (Quarterly comparison)

(Millions of yen)

	As of September 30, 2001		As of June 30, 2001		Increase (decrease)
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount
(Liabilities)	316,008	49.2	337,417	51.0	(21,409)
Current liabilities	172,521	26.9	172,923	26.1	(401)
Trade notes and accounts payable	27,193		35,630		
Short-term borrowings	28,467		46,773		
Commercial paper	55,000		45,000		
Bonds due within 1 year	20,000		-		
Accrued income taxes	6,889		4,777		
Allowance for employees' bonuses	3,695		4,996		
Stock purchase warrant	699		-		
Others	30,575		35,744		
Long-term liabilities	143,487	22.3	164,494	24.9	(21,007)
Straight bonds	80,000		100,000		
Convertible bonds	15,500		15,500		
Long-term debt	15,077		15,734		
Allowance for retirement and severance benefits	30,297		29,812		
Allowance for retirement and severance benefits for directors	1,174		1,121		
Stock purchase warrant	630		1,333		
Others	807		992		
(Minority interest)	53	0.0	53	0.0	(-0)
(Shareholders' equity)	326,411	50.8	323,730	49.0	2,680
Common stock	47,213	7.3	47,213	7.1	-
Additional paid in capital	70,275	11.0	70,275	10.6	-
Consolidated retained earnings	213,419	33.2	207,320	31.4	6,099
Revaluation of investment in securities	43	0.0	831	0.1	(787)
Foreign currency translation adjustment	541	0.1	1,607	0.3	(1,065)
Treasury stock, at cost	(5,082)	(0.8)	(3,517)	(0.5)	(1,565)
Total liabilities, minority interest and shareholders' equity	642,472	100.0	661,201	100.0	(18,728)

For reference

Consolidated Statement of Income (Quarterly comparison)

(Millions of yen)

	Three months ended September 30, 2001		Three months ended June 30, 2001		Increase (decrease)	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	(%)
Net sales	136,300	100.0	116,821	100.0	19,479	16.7
Cost of sales	94,372	69.2	78,574	67.3	15,798	20.1
Gross profit	41,927	30.8	38,246	32.7	3,681	9.6
Selling, general & administrative expenses	30,581	22.5	37,659	32.2	(7,078)	(18.8)
Operating income	11,346	8.3	586	0.5	10,759	-
Non-operating income	463		419			
Non-operating expenses	1,037		805			
Ordinary income	10,773	7.9	200	0.2	10,572	-
Unusual or infrequent profit	201		714			
Unusual or infrequent loss	116		25			
Income before income taxes	10,858	8.0	890	0.8	9,968	-
Provision for income taxes and enterprise taxes	4,757		4,400		357	
Minority interest	1		3		(2)	
Net income (loss)	6,099	4.5	(3,513)	(3.0)	9,612	-