

Consolidated Financial Review for the First Quarter Ended June 30, 2004

Company name:	 TOKYO ELECTRON LIMITED
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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
Company representative:	Kiyoshi Sato, President & CEO
Person-in-charge:	Yukio Saeki, Director, Accounting Department

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

1. Matters relating to prepare quarterly consolidated financial statements

- 1) Adoption of simplified accounting method: None
- 2) Changes in the accounting method from the most recent fiscal year: None
- 3) Changes in scope of consolidation and application of the equity method: Yes (Deletion: 2)

2. Financial highlights for the first quarter ended June 30, 2004 (4/1/04 - 6/30/04)

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

(1) Operating results

	Net sales		Operating income		Ordinary income		Net Income	
	Millions of yen	(%)	Millions of yen	(%)	Millions of yen	(%)	Millions of yen	(%)
Three months ended 6/30/04	166,607	89.8%	21,831	-	22,051	-	19,804	-
Three months ended 6/30/03	87,778	(4.9%)	(8,294)	-	(8,740)	-	(10,366)	-
Year ended 3/31/04	529,653		22,279		21,167		8,297	

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended 6/30/04	110.90	110.87
Three months ended 6/30/03	(59.69)	-
Year ended 3/31/04	46.37	45.78

Notes:

1. Profit/loss on equity method

Three months ended 6/30/04	-38 Millions of Yen
Three months ended 6/30/03	-24 Millions of Yen
Year ended 3/31/04:	-132 Millions of Yen

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

Three months ended 6/30/04	178,587,975 shares
Three months ended 6/30/03	173,663,614 shares
Year ended 3/31/04:	176,629,342 shares

3. Percentages for net sales, operating income, ordinary income and net income indicated changes from the same period of the previous year.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of 6/30/04	583,595	294,327	50.4%	1,648.08
As of 6/30/03	505,251	242,515	48.0%	1,396.47
As of 3/31/04	561,631	275,799	49.1%	1,543.73

Note:

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

June 30, 2004	178,587,706 shares
June 30, 2003	173,663,532 shares
March 31, 2004	178,588,568 shares

[Consolidated cash flow position]

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of 6/30/04	13,745	(3,083)	6,615	59,792
As of 6/30/03	9,056	(2,556)	(4,388)	55,241
As of 3/31/04	7,883	(8,544)	(10,270)	42,649

Note:

Cash and cash equivalents are consisted of cash on hand, time deposits possible to withdraw anytime, and short-term investments which mature within 3 months after acquisition with low risk in value fluctuation.

Operating Results

1. Summary of Results for the First Quarter Ended June 30, 2004

The electronics industry remained strong from the replacement demand of personal computers (PCs), additional to digital consumer electronics. Demand of semiconductor and Flat Panel Display (FPD) to be installed to these devices and the market both became active.

Under these circumstances, our SPE sales and orders were especially strong for Asian device manufacturers, such as Japan, Taiwan and Korea. As a result, consolidated results for the first quarter ended June 30, 2004, were as follows: net sales increased 89.8% from the previous year to 166,607 million yen, ordinary income of 22,051 million yen. Net income was 19,804 million yen. On a non-consolidated basis, net sales were 143,353 million yen, an increase of 118.9% from the previous year, ordinary income was 15,689 million yen and net income was 15,777 million yen.

The breakdown of consolidated net sales by division is as follows. Total sales of the Semiconductor Production Equipment Division and FPD Production Equipment Division amounted to 142,319 million yen, an increase of 117.9% from the previous year. Sales of the Computer Network Division were 3,100 million yen, a decrease of 8.7% from the previous year. Sales of the Electronic Components Division were 20,910 million yen, an increase of 11.4% from the previous year.

(For reference 1)

Consolidated

(Millions of Yen)

			FY2004 1Q	FY2004 2Q	FY2004 3Q	FY2004 4Q	Full Year	FY2005 1Q*
Net sales	Semiconductor Production Equipment *Including FPD Production Equipment	Japan	22,254	50,911	27,715	41,034	141,916	37,661 4,128
		U.S.	9,519	13,464	12,982	14,655	50,621	15,650 -
		Europe	7,281	9,227	5,884	11,502	33,895	8,543 -
		Korea	10,671	10,444	14,538	25,757	61,411	15,279 3,281
		Taiwan	13,039	15,816	26,558	45,041	100,455	32,516 7,451
		China	1,261	3,697	4,121	8,476	17,557	14,274 2,133
		South East Asia and others	1,292	3,350	4,695	10,550	19,888	18,393 27
		Total	65,320	106,912	96,496	157,017	425,747	142,319 17,022
	Computer Network	3,397	5,244	3,815	5,989	18,447	3,100	
	Electronic Components	18,768	21,141	20,619	23,698	84,229	20,910	
Other	291	338	302	296	1,229	277		
Total	87,778	133,637	121,234	187,002	529,653	166,607		
Ordinary income (loss)	(8,740)	3,115	4,040	22,751	21,167	22,051		
Net income (loss)	(10,366)	559	2,751	15,352	8,297	19,804		

*Sales of FPD Division for FY2005 1Q by region are shown in the second row. Disclosure of sales of this division started from current fiscal year, sales of previous fiscal year is included in SPE Division's sales.

2. Analysis of Cash Flows for the First Quarter Ended June 30, 2004

Net cash provided by operating activities amounted to 13,745 million yen. The main factors included were income before income taxes amounting to 21,982 million yen, depreciation and amortization totaling 5,280 million yen, increases in inventories and decreases in accounts payable.

Net cash used in investing activities was 3,083 million yen, mainly due to the purchase of property, plant and equipment for production and R&D.

Net cash provided from financing activities was 6,615 million yen mainly due to issue of commercial paper.

As a result, cash and cash equivalents at the end of the first quarter ended June 30, 2004 amounted to 59,792 million yen.

Consolidated Balance Sheet

(Millions of Yen)

	As of June 30, 2004		As of March 31, 2004		Increase (Decrease)	As of June 30, 2003	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	Amount	Compo- sition (%)
(Assets)	583,595	100.0	561,631	100.0	21,964	505,251	100.0
Current Assets	427,957	73.3	402,974	71.8	24,983	338,709	67.0
Cash and time deposits	59,792		42,649			55,642	
Trade notes and accounts receivable	230,647		231,044			143,480	
Inventories	117,261		105,186			123,312	
Others	20,397		24,247			16,401	
Allowance for doubtful accounts	(141)		(154)			(127)	
Long-term Assets	155,637	26.7	158,657	28.2	(3,019)	166,541	33.0
Tangible fixed assets	107,036		108,788		(1,752)	117,894	
Intangible fixed assets	21,159		21,512		(352)	25,298	
Investments and other assets	27,752		28,667		(915)	23,757	
Allowance for doubtful accounts	(311)		(311)		0	(408)	
Total Assets	583,595	100.0	561,631	100.0	21,964	505,251	100.0

Consolidated Balance Sheet

(Millions of Yen)

	As of June 30, 2004		As of March 31, 2004		Increase (Decrease)	As of June 30, 2003	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	Amount	Compo- sition (%)
(Liabilities)	285,303	48.9	281,885	50.2	3,418	259,165	51.3
Current liabilities	144,183	24.7	141,472	25.2	2,710	150,324	29.8
Trade notes and accounts payable	56,615		65,419			34,798	
Short-term borrowings	6,787		8,569			12,441	
Commercial paper	10,000		-			30,000	
Bonds due within 1 year	20,000		20,000			20,000	
Accrued income taxes	3,768		3,272			1,790	
Allowance for employees' bonuses	4,718		6,376			2,458	
Others	42,292		37,834			48,835	
Long-term liabilities	141,120	24.2	140,412	25.0	707	108,840	21.5
Straight bonds	90,000		90,000			60,000	
Long-term loans	8,099		8,475			9,835	
Allowance for retirement and severance	39,066		37,575			37,142	
Allowance for retirement and severance benefits for directors	645		700			625	
Others	3,309		3,661			1,237	
(Minority interest)	3,964	0.7	3,946	0.7	17	3,569	0.7
(Shareholders' equity)	294,327	50.4	275,799	49.1	18,528	242,515	48.0
Common stock	54,961	9.4	54,961	9.8	-	47,224	9.3
Additional paid in capital	78,023	13.4	78,023	13.9	-	70,286	13.9
Consolidated retained earnings	172,968	29.6	154,342	27.5	18,625	136,393	27.0
Revaluation of investment in securities	1,862	0.3	2,395	0.4	(532)	226	0.1
Foreign currency translation adjustment	(279)	(0.0)	(719)	(0.1)	440	1,625	0.3
Treasury stock, at cost	(13,208)	(2.3)	(13,203)	(2.4)	(5)	(13,241)	(2.6)
Total liabilities, minority interest and shareholders' equity	583,595	100.0	561,631	100.0	21,964	505,251	100.0

Consolidated Statement of Income

(Millions of Yen)

	Three months ended June 30, 2004		Three months ended June 30, 2003		Increase (decrease)		Year ended March 31, 2004	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	(%)	Amount	Ratio to net sales
Net sales	166,607	100.0	87,778	100.0	78,828	89.8	529,653	100.0
Cost of sales	117,037	70.2	66,607	75.9	50,429	75.7	389,498	73.5
Gross profit	49,570	29.8	21,171	24.1	28,399	134.1	140,155	26.5
Selling, general & administrative expenses	27,738	16.7	29,465	33.5	(1,727)	(5.9)	117,875	22.3
Operating income (loss)	21,831	13.1	(8,294)	(9.4)	30,126	-	22,279	4.2
Non-operating income	903		390				2,659	
Non-operating expenses	683		836				3,771	
Ordinary income (loss)	22,051	13.2	(8,740)	(10.0)	30,792	-	21,167	4.0
Unusual or infrequent profit	108		264				632	
Unusual or infrequent loss	177		525				6,864	
Income (Loss) before income taxes	21,982	13.2	(9,001)	(10.3)	30,984	-	14,935	2.8
Provision for income taxes and enterprise	2,086	1.2	1,294	1.4			5,107	0.9
Deferred income taxes	-	-	-	-			1,015	0.2
Minority interest	91	0.1	70	0.1			515	0.1
Net income (loss)	19,804	11.9	(10,366)	(11.8)	30,171	-	8,297	1.6