

# Non-consolidated Financial Review for the Year Ended March 31, 2005

Company name:	 TOKYO ELECTRON LIMITED
Headquarters address:	3-6 Akasaka 5-chome, Minato-ku, Tokyo 107-8481 Japan
Telephone number:	(03) 5561-7000
URL:	<a href="http://www.tel.com">http://www.tel.com</a>
Stock exchange listing:	Tokyo Stock Exchange 1st Section
Code number:	8035
Representative:	Kiyoshi Sato, President & COO
Person-in-charge:	Yukio Saeki, Director, Accounting Department
Board of Directors Meeting:	May 12, 2005
General Shareholders Meeting:	June 24, 2005
Declaration of interim dividends:	Yes
Date of interim dividend payment:	June 27, 2005
Number of shares per unit:	100 shares

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 year ended March 31, 2005 (4/1/04 - 3/31/05)

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	%
Year ended 3/31/05	536,711	23.7	28,118	-	33,227	300.6
Year ended 3/31/04	433,708	17.4	193	-	8,294	-

	Net income		Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended 3/31/05	33,805	794.8	188.51	188.46	13.6	6.3	6.2
Year ended 3/31/04	3,778	-	21.11	20.87	1.7	1.7	1.9

### Notes:

- Average number of shares of common stock issued:
  - Year ended 3/31/05: 178,252,161 shares
  - Year ended 3/31/04: 176,629,342 shares
- Changes in accounting methods: Changed
- Percentages for net sales, operating income, ordinary income and net income indicated changes from the previous term.

### (2) Cash dividends

	Annual dividends per share			Total dividends paid (Full year)	Payout ratio	Annual dividends to shareholders' equity
	Interim	F.Y. end				
	Yen	Yen	Yen	Millions of yen	%	%
Year ended 3/31/05	45.00	15.00	30.00	8,013	23.9	3.0
Year ended 3/31/04	10.00	4.00	6.00	1,785	47.4	0.8

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Year ended 3/31/05	555,987	262,814	47.3	1,474.67
Year ended 3/31/04	495,055	235,860	47.6	1,320.41

Notes:

1. Number of shares of common stock issued as of:

March 31, 2005	178,081,239 shares
March 31, 2004	178,588,568 shares

2. Number of shares of treasury stock as of:

March 31, 2005	2,529,672 shares
March 31, 2004	2,022,343 shares

2. Corporate estimates for the year ending March 31, 2006 (4/1/05 - 3/31/06)

	Net sales	Ordinary income	Net income	Annual cash dividends per share		
				Interim	F.Y. end	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Six months ending 9/30/05	270,000	14,000	8,500	21.00	-	-
Year ending 3/31/06	510,000	29,000	17,500	-	21.00	42.00

For reference: Estimate of net income per share for the year ending March 31, 2006: 98.27 yen

Note:

The performance forecasts and estimates stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in exchange rates and other factors that may have an impact on performance.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products and their success or failure, and global conditions in the semiconductor production equipment business. Consequently, actual sales and profits may differ substantially from the projections stated in this Financial Review.

# Non-consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2005		As of March 31, 2004		Increase (decrease)	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	(%)
<b>(Assets)</b>						
<b>Current Assets</b>	463,014	83.3	402,087	81.2	60,927	15.2
Cash and time deposits	101,434		35,001		66,432	
Trade notes	1,527		2,037		(510)	
Accounts receivable - trade	148,275		207,889		(59,614)	
Inventories	89,551		28,445		61,105	
Supplies	93		32		60	
Advances paid	420		595		(175)	
Prepaid expenses	4,397		654		3,742	
Deferred tax assets	10,013		-		10,013	
Short-term loans to subsidiaries	83,463		107,170		(23,706)	
Accounts receivable - other	18,889		14,518		4,370	
Others	5,010		5,815		(805)	
Allowance for doubtful accounts	(63)		(75)		12	
<b>Long-term Assets</b>	92,972	16.7	92,968	18.8	4	0.0
<b>Tangible fixed assets</b>	29,714	5.3	32,806	6.6	(3,092)	(9.4)
Buildings	9,379		10,544		(1,165)	
Structures	182		226		(43)	
Machinery & equipment	3,672		5,152		(1,480)	
Vehicles & carriers	8		0		8	
Tools, furniture & fixtures	1,486		1,908		(421)	
Land	14,842		14,842		-	
Construction in progress	143		133		10	
<b>Intangible fixed assets</b>	6,760	1.2	8,110	1.7	(1,350)	(16.6)
Patent rights	2,873		3,655		(781)	
Software	3,686		4,257		(571)	
Telephone rights and others	53		53		-	
Others	146		143		2	
<b>Investments and other assets</b>	56,497	10.2	52,051	10.5	4,446	8.5
Investment securities	7,440		8,323		(882)	
Investments in subsidiaries	39,994		39,194		800	
Long-term loans to employees	-		10		(10)	
Long-term loans to subsidiaries	721		1,280		(559)	
Long-term prepaid expenses	643		593		50	
Deferred tax assets	4,023		-		4,023	
Long-term deposits	2,069		2,074		(4)	
Others	1,962		2,332		(370)	
Allowance for doubtful accounts	(358)		(1,758)		1,400	
<b>Total Assets</b>	555,987	100.0	495,055	100.0	60,931	12.3

# Non-consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2005		As of March 31, 2004		Increase (decrease)	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	(%)
<b>(Liabilities)</b>						
<b>Current liabilities</b>	215,129	38.7	150,198	30.4	64,931	43.2
Trade notes	-		0		(0)	
Accounts payable - trade	92,346		86,244		6,102	
Short-term borrowings	394		1,142		(748)	
Bonds due within 1 year	30,000		20,000		10,000	
Accounts payable - other	22,709		22,198		510	
Accrued expenses	398		309		88	
Accrued income taxes	870		8		861	
Advance from customer	42,814		12,069		30,744	
Deposits received	6,812		5,544		1,268	
Unearned revenue	-		42		(42)	
Allowance for employees' bonuses	1,561		1,131		429	
Warranty reserves	15,505		-		15,505	
Provision for loss resulting from lawsuits	73		73		-	
Stock purchase warrant	1,043		1,084		(41)	
Other current liabilities	601		349		251	
<b>Long-term liabilities</b>	78,043	14.0	108,997	22.0	(30,953)	(28.4)
Straight bonds	60,000		90,000		(30,000)	
Long-term loans	-		200		(200)	
Deferred tax liabilities	-		2,307		(2,307)	
Allowance for retirement and severance benefits	9,972		10,899		(926)	
Allowance for retirement and severance benefits for directors	465		456		8	
Allowance for losses on investments in subsidiaries	7,604		5,132		2,471	
Deposits received for guarantees	0		0		-	
<b>Total Liabilities</b>	293,172	52.7	259,195	52.4	33,977	13.1
<b>(Shareholders' equity)</b>						
<b>Common stock</b>	54,961	9.9	54,961	11.1	-	-
<b>Capital surplus</b>	78,023	14.0	78,023	15.8	-	-
Additional paid in capital	78,023		78,023		-	
<b>Retained earnings</b>	143,980	25.9	113,967	23.0	30,013	26.3
Legal reserve	5,660		5,660		-	
Voluntary retained earnings	105,752		104,923		829	
Reserve for special depreciation	1,252		423		829	
Other retained earnings	104,500		104,500		-	
Unappropriated retained earnings at the end of the year [of which net income]	32,568		3,384		29,183	
<b>Revaluation of investment in securities</b>	1,891	0.4	2,111	0.4	(219)	(10.4)
<b>Treasury stock, at cost</b>	(16,042)	(2.9)	(13,203)	(2.7)	(2,839)	21.5
<b>Total shareholders' equity</b>	262,814	47.3	235,860	47.6	26,954	11.4
<b>Total liabilities and shareholders' equity</b>	555,987	100.0	495,055	100.0	60,931	12.3

# Non-consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2005		Year ended March 31, 2004		Increase (decrease)	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	(%)
Net sales	536,711	100.0	433,708	100.0	103,003	23.7
Cost of sales	462,631	86.2	389,073	89.7	73,557	18.9
<b>Gross profit</b>	74,080	13.8	44,634	10.3	29,445	66.0
Selling, general & administrative expenses	45,961	8.6	44,440	10.3	1,521	3.4
<b>Operating income</b>	28,118	5.2	193	0.0	27,924	-
Non-operating income						
Interest income	590		584			
Dividend income	3,299		6,971			
Rent revenue	2,594		3,171			
Miscellaneous income	1,600		1,103			
Non-operating expenses						
Interest expenses	68		49			
Bond interest	894		1,039			
New stock issuing expenses	-		117			
New bond issuing expenses	-		232			
Rent expenses	1,485		1,924			
Foreign currency translation loss	364		117			
Miscellaneous expenses	162		247			
Ordinary income	33,227	6.2	8,294	1.9	24,932	300.6
Unusual or infrequent profit						
Reversal of allowance for doubtful accounts	1,417		351			
Gain on sale of fixed assets	151		738			
Gain on return of substitutional portion of employees' pension fund	2,026		-			
Gain on sale of product line	-		637			
Unusual or infrequent loss						
Loss on proceeds or disposal of fixed assets	653		216			
Warranty reserves for previous fiscal years	11,608		-			
Provision to reserve for losses on investments in subsidiaries	2,471		1,443			
Loss from discontinued operations	2,454		-			
Devaluation of investment securities	572		469			
Provision for losses on investments in subsidiaries	28		171			
Devaluation of investment in subsidiary	-		2,786			
Loss on disposal of R&D assets	-		577			
Others	237		-			
<b>Income before income taxes</b>	18,796	3.5	4,357	1.0	14,439	331.4
Provision for income taxes and enterprise taxes	1,185	0.2	16	0.0	1,168	-
Deferred income taxes	(16,194)	(3.0)	562	0.1	(16,757)	-
<b>Net income</b>	33,805	6.3	3,778	0.9	30,027	794.8
Profit carried forward	1,433		320			
Loss on disposal of treasury stocks	-		0			
Interim dividends	2,671		714			
Unappropriated retained earnings at the end of the year	32,568		3,384			

# Proposal for Appropriation of Surplus

(Millions of yen)

	Year ended March 31, 2005	Year ended March 31, 2004	Increase (decrease)
	Amount	Amount	Amount
<b>Unappropriated retained earnings at the end of the year</b>	32,568	3,384	29,183
<b>Reversal of Voluntary retained earnings</b>			
Reserve for special depreciation	344	153	191
<b>Total</b>	<b>32,912</b>	<b>3,537</b>	<b>29,374</b>
<b>Appropriations</b>			
Cash dividends	5,342	1,071	4,270
	[30 yen per share]	[6 yen per share]	
Bonuses to board members	204	50	154
Voluntary retained earnings			
Reserve for special depreciation	554	982	(428)
Other retained earnings	20,000	-	20,000
<b>Retained earnings to be carried forward</b>	<b>6,811</b>	<b>1,433</b>	<b>5,378</b>

Notes:

- Interim cash dividends of 2,671 million yen (15 yen per share) were implemented on December 10, 2004.