

Consolidated Financial Review for the First Quarter Ended June 30, 2006

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 Telephone number: (03) 5561-7000
 Stock exchange listing: Tokyo Stock Exchange 1st Section
 Code number: 8035
 Company representative: Kiyoshi Sato, President & COO
 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 (Addition: 3)

2. Financial highlights for the first quarter ended June 30, 2006 (4/1/06 - 6/30/06)

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 6/30/06	179,205	12.0	25,864	19.0	26,739	23.1	16,282	23.0
Three months ended 6/30/05	160,016	(4.0)	21,733	(0.5)	21,717	(1.5)	13,237	(33.2)
Year ended 3/31/06	673,686		75,703		75,951		48,005	

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended 6/30/06	91.32	91.08
Three months ended 6/30/05	74.34	74.32
Year ended 3/31/06	267.61	267.32

Notes:

1. Profit/loss on equity method:

Three months ended 6/30/06: (149) Millions of Yen
 Three months ended 6/30/05: (73) Millions of Yen
 Year ended 3/31/06: (402) Millions of Yen

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

Three months ended 6/30/06: 178,296,681 shares
 Three months ended 6/30/05: 178,080,500 shares
 Year ended 3/31/06: 178,145,523 shares

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

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	
As of 6/30/06	648,590	391,668	59.6%	2,167.36
As of 6/30/05	625,071	339,542	54.3%	1,906.68
As of 3/31/06	663,242	376,900	56.8%	2,112.30

Note:

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

June 30, 2006	178,316,486 shares
June 30, 2005	178,080,134 shares
March 31, 2006	178,274,436 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 the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of 6/30/06	3,849	(4,269)	(9,359)	130,241
As of 6/30/05	24,566	(4,023)	(6,103)	129,433
As of 3/31/06	78,853	(10,536)	(43,420)	140,023

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.

[Reference]

Corporate estimates for the year ending March 31, 2007 (4/1/06 - 3/31/07)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending 9/30/06	383,000	53,000	33,000
Year ending 3/31/07	800,000	115,000	70,000

For reference: Estimate of net income per share for the year ending March 31, 2007: 392.56 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.

Operating Results and Financial Conditions

1. Outline of Financial Results for the First Quarter (April 1 – June 30, 2006)

During the first quarter, the semiconductor and flat panel display (FPD) related markets remained brisk, particularly digital devices, flash memory for flat panel televisions, DRAM, and LCD panels.

Under these market conditions, sales for the Company's core semiconductor production equipment business division in Japan, the United States, and Taiwan were at high levels, and the FPD production equipment business division continued to perform well. As a result, consolidated financial results for the first quarter included net sales of 179,205 million yen (a year-on-year increase of 12.0%), ordinary income of 26,739 million yen (an increase of 23.1%), and net income of 16,282 million yen (an increase of 23.0%). For non-consolidated financial results, there were net sales of 147,813 million yen (an increase of 5.8%), ordinary income of 15,471 million yen (an increase of 12.3%), and net income of 10,388 million yen (an increase of 9.9%).

The consolidated net sales for individual divisions were 125,925 million yen for semiconductor production equipment (up 10.5% from the same period of the previous year), 28,932 million yen for FPD production equipment (up 21.0%), 3,009 million yen for computer networks (down 5.6%), and 21,042 million yen for electronic components (up 13.1%).

(For reference)

Consolidated

(Millions of yen)

	FY2007 1Q	FY2006				
		Full year	1Q	2Q	3Q	4Q
Net Sales	179,205	673,686	160,016	173,122	145,058	195,488
Industrial Electronic Equipment	158,162	586,805	141,413	149,816	124,784	170,791
SPE	125,925	486,882	113,984	125,274	104,568	143,054
Japan	33,226	142,173	22,934	43,446	41,842	33,950
U.S.	27,931	93,272	25,161	20,222	18,887	29,001
Europe	13,774	45,044	8,988	9,739	9,869	16,448
Korea	18,024	66,948	15,910	14,239	12,964	23,834
Taiwan	26,066	108,314	32,483	29,133	14,921	31,775
China	3,806	10,830	2,150	2,845	2,700	3,133
S.E. Asia, Others	3,093	20,299	6,356	5,648	3,384	4,911
FPD	28,932	81,176	23,914	19,122	16,663	21,475
Computer Network	3,009	17,497	3,189	5,089	3,289	5,929
Other	294	1,248	323	329	263	331
Electronic Components	21,042	86,880	18,603	23,306	20,273	24,697
Ordinary income	26,739	75,951	21,717	15,037	16,965	22,231
Net income	16,282	48,005	13,237	10,741	10,147	13,879

Note: 1. Offset elimination has been carried out on the dealings between segments.

2. **Cash Flow in the First Quarter**

The balance of cash and cash equivalents at the end of the first quarter decreased by 9,782 million yen from the end of the previous fiscal year, to 130,241 million yen. The factors underlying this decrease in cash flows were as follows.

Cash flow from operating activities was 3,849 million yen. The main positive factors were income before income taxes of 27,320 million yen, depreciation and amortization of 4,265 million yen, and a 5,029 million yen reduction in trade notes and accounts receivables. The main negative factors were a 12,467 million yen increase in inventory and income tax paid of 22,449 million yen.

Cash flow from investing activities was 4,269 million yen, primarily as a result of the acquisition of tangible fixed assets for production and research and development.

Cash flow from financing activities was 9,359 million yen, mainly due to redemption of the fourth issue of unsecured corporate bonds with stock warrants worth 4,500 million yen and dividends paid of 5,348 million yen.

Consolidated Balance Sheet

(Millions of Yen)

	As of June 30, 2006		As of March 31, 2006		Increase (Decrease)	As of June 30, 2005	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	Amount	Compo- sition (%)
(Assets)	648,590	100.0	663,242	100.0	(14,652)	625,071	100.0
Current Assets	503,597	77.6	517,487	78.0	(13,890)	477,867	76.5
Cash and cash equivalents	130,241		140,023			129,433	
Trade notes and accounts receivable	164,066		169,038			154,683	
Inventories	175,553		163,745			162,443	
Others	33,894		44,844			31,413	
Allowance for doubtful accounts	(158)		(164)			(106)	
Long-term Assets	144,992	22.4	145,755	22.0	(762)	147,203	23.5
Tangible fixed assets	95,676		94,738			98,003	
Intangible fixed assets	15,902		16,709			17,775	
Investments and other assets	33,759		34,681			31,793	
Allowance for doubtful accounts	(346)		(374)			(368)	
Total Assets	648,590	100.0	663,242	100.0	(14,652)	625,071	100.0

Consolidated Balance Sheet

(Millions of Yen)

	As of June 30, 2006		As of March 31, 2006		Increase (Decrease)	As of June 30, 2005	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	Amount	Compo- sition (%)
(Liabilities)	256,921	39.6	281,621	42.5	(24,699)	281,159	45.0
Current liabilities	182,635	28.2	201,627	30.4	(18,991)	184,120	29.5
Trade notes and accounts payable	65,854		65,816			50,955	
Bonds due within 1 year	25,500		24,500			34,500	
Income taxes payable	10,926		22,895			7,969	
Customer advances	35,701		33,810			38,683	
Accrued employees' bonuses	3,986		10,230			3,364	
Accrued warranty expenses	12,868		12,219			12,363	
Others	27,798		32,154			36,283	
Long-term liabilities	74,285	11.4	79,993	12.1	(5,708)	97,038	15.5
Straight bonds	30,000		35,500			55,500	
Accrued pension and severance costs	38,275		38,034			36,042	
Accrued pension and severance costs for directors	691		716			699	
Others	5,317		5,742			4,796	
(Minority interest)	-	-	4,721	0.7	-	4,369	0.7
(Shareholders' equity)	-	-	376,900	56.8	-	339,542	54.3
Common stock	-	-	54,961	8.3	-	54,961	8.8
Capital surplus	-	-	78,078	11.8	-	78,023	12.5
Retained earnings	-	-	249,938	37.7	-	219,623	35.1
Unrealized gains on securities	-	-	5,117	0.7	-	1,708	0.3
Foreign currency translation adjustment	-	-	3,921	0.6	-	1,275	0.2
Treasury stock, at cost	-	-	(15,116)	(2.3)	-	(16,049)	(2.6)
Total liabilities, minority interest and shareholders' equity	-	-	663,242	100.0		625,071	100.0
(Net assets)	391,668	60.4	-	-	-	-	-
Owners' equity	378,701	58.4	-	-	-	-	-
Paid-in capital	54,961		-	-	-	-	-
Capital surplus	78,102		-	-	-	-	-
Earned surplus	260,540		-	-	-	-	-
Treasury Stock	(14,902)		-	-	-	-	-
Valuation and translation adjustments	7,775	1.2	-	-	-	-	-
Subscription rights to shares	483	0.1	-	-	-	-	-
Minority interest	4,708	0.7	-	-	-	-	-
Total Liabilities and net assets	648,590	100.0	-	-	-	-	-

Consolidated Statement of Income

(Millions of Yen)

	Three months ended June 30, 2006		Three months ended June 30, 2005		Increase (decrease)		Year ended March 31, 2006	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	(%)	Amount	Ratio to net sales
Net sales	179,205	100.0	160,016	100.0	19,188	12.0	673,686	100.0
Cost of sales	124,765	69.6	113,512	70.9	11,252	9.9	483,954	71.8
Gross profit	54,439	30.4	46,503	29.1	7,936	17.1	189,731	28.2
Selling, general & administrative expenses	28,575	16.0	24,770	15.5	3,805	15.4	114,028	17.0
Operating income	25,864	14.4	21,733	13.6	4,131	19.0	75,703	11.2
Non-operating income	1,257		634				3,589	
Non-operating expenses	382		650				3,340	
Ordinary income	26,739	14.9	21,717	13.6	5,021	23.1	75,951	11.3
Unusual or infrequent profit	597		863				1,141	
Unusual or infrequent loss	16		496				1,765	
Income before income taxes	27,320	15.2	22,083	13.8	5,236	23.7	75,328	11.2
Provision for income taxes and enterprise	10,954	6.1	8,793	5.5			29,190	4.3
Deferred income taxes	-	-	-	-			(2,352)	(0.3)
Minority interest	83	0.0	53	0.0			484	0.1
Net income	16,282	9.1	13,237	8.3	3,044	23.0	48,005	7.1

Segment Information

Information by business segment

(Millions of yen)

Three months ended June 30, 2006 (4/1/06 - 6/30/06)					
	Industrial electronic equipment	Electronic components	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	158,162	21,042	179,205	-	179,205
(2) Intersegment sales or transfers	221	256	478	(478)	-
Total	158,384	21,298	179,683	(478)	179,205
Operating expenses	132,994	20,841	153,835	(495)	153,340
Operating income	25,390	457	25,847	17	25,864

(Millions of yen)

Three months ended June 30, 2005 (4/1/05 - 6/30/05)					
	Industrial electronic equipment	Electronic components	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	141,413	18,603	160,016	-	160,016
(2) Intersegment sales or transfers	257	306	564	(564)	-
Total	141,670	18,909	160,580	(564)	160,016
Operating expenses	120,297	18,557	138,855	(572)	138,282
Operating income	21,372	352	21,725	8	21,733

(Millions of yen)

Year ended March 31, 2006 (4/1/05 - 3/31/06)					
	Industrial electronic equipment	Electronic components	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	586,805	86,880	673,686	-	673,686
(2) Intersegment sales or transfers	1,003	1,409	2,412	(2,412)	-
Total	587,809	88,290	676,099	(2,412)	673,686
Operating expenses	515,240	85,189	600,430	(2,447)	597,983
Operating income	72,568	3,100	75,668	34	75,703

Note: 1. Method of classifying businesses: Businesses are classified after considering similarities in type of product, function, or method of sale.

2. Major products in each business segment:

Business segment	Major products
Industrial electronic equipment	Semiconductor production equipment, FPD production equipment, computer systems and networks, other
Electronic components	Semiconductor products, boards, software, other electronic components