November 14, 2006

Consolidated Interim Financial Review for the Six Months Ended September 30, 2006

Company name:	TOKYO ELECTRON LIMITED
URL:	http://www.tel.com
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 & COO
Person-in-charge:	Yukio Saeki, Director, Accounting Department
Interim Board of Directors Meeting:	November 14, 2006
Application of U.S. GAAP:	None

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

1. Financial highlights for the six months ended September 30, 2006 (4/1/06- 9/30/06)

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 9/30/06	390,562	17.2	58,240	60.7	58,204	58.4
Six months ended 9/30/05	333,138	18.9	36,242	78.8	36,754	75.1
Year ended 3/31/06	673,686		75,703		75,951	

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	(%)	Yen	Yen
Six months ended 9/30/06	37,225	55.2	208.74	208.18
Six months ended 9/30/05	23,978	-	134.64	134.58
Year ended 3/31/06	48,005		267.61	267.32

Notes:

1. Profit/loss on equity method:
   - Six months ended 9/30/06: -323 million yen
   - Six months ended 9/30/05: -186 million yen
   - Year ended 3/31/06: -402 million yen
2. Average number of shares of common stock (consolidated) issued:
   - Six months ended 9/30/06: 178,331,601 shares
   - Six months ended 9/30/05: 178,096,861 shares
   - Year ended 3/31/06: 178,145,523 shares
3. Changes in accounting methods: None
4. Percentages for net sales, operating income, ordinary income and net income indicate changes from the previous term.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 9/30/06	673,458	414,167	60.7	2,290.67
As of 9/30/05	604,260	352,811	58.4	1,980.53
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:

September 30, 2006	178,452,660 shares
September 30, 2005	178,139,876 shares
March 31, 2006	178,274,436 shares

(3) Consolidated cash flow

	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 9/30/06	4,459	(39,424)	(28,056)	77,062
Six months ended 9/30/05	53,483	(6,349)	(35,877)	126,222
Year ended 3/31/06	78,853	(10,536)	(43,420)	140,023

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries:	27 companies
Unconsolidated subsidiaries:	None
Affiliates using equity method:	1 company

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

Consolidated companies:	Additions: 3 companies	Deletions: None
Companies using equity method:	Additions: None	Deletions: None

2. 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
Year ending 3/31/06	830,000	132,000	82,000

For reference: Estimate of net income per share for the year ending March 31, 2006: 459.51 yen

Management Policy

1. Basic Management Policy

The basic management policy of Tokyo Electron Limited (the Company) is to increase its corporate value continuously even in any business environment by working to implement four fundamental management initiatives: (1) a policy of placing customers first; (2) strengthening its product development and technology development capabilities; (3) invigorating its employees; and (4) profit-oriented operations.

Under this policy, the Company intends to promote efforts for creating a powerful, vibrant company with high global competitiveness, high growth, and high profitability, and make its stock attractive to investors.

2. Basic Policies for Allocation of Earnings

The dividend policy of the Company has been to link dividend payments to business performance and revenue on an ongoing basis. Also, the Company's basic policy for returning profits to shareholders is to maintain a payout ratio of around 20% based on consolidated net income for the current term. In addition, as a link in tying its executive compensation system to business performance and revenue, its basic approach in paying bonuses to executives is to pay cash compensation based on business performance.

To expand the Company's business scope, internal capital reserves are used effectively for research and development, capital investment, and global business expansion. Priority is also placed on sound cash flow management and earnings growth in order to respond to the warm support the Company's shareholders provide.

3. Management Task

The Company has gained a high level of trust from customers and has established a strong reputation as a player in the market by providing the most advanced technology with full technical support for its equipment. It has also contributed to worldwide growth of semiconductor-related industries as a market leader. In the past, semiconductors and flat-panel display (FPD) products were mainly used for PCs and mobile phones, but with the dramatic development of an information-driven society in recent years, these products have even penetrated and spread into every aspect of day-to-day life as key components of virtually all electronic products. At the same time, the needs of the device manufacturers who are the Company's customers are more diverse than ever, and they are calling for production equipment that incorporates unique technologies capable of advanced process performance and mass production performance.

The Company recognizes it as a management task to respond to these rapid changes in market needs and the business environment and to improve profit margins.

In order to address this task, the Company carried out a reorganization in April of this year with the aim of enhancing its product marketing, equipment development, and manufacturing technology capabilities. Specifically, in the key semiconductor production equipment division, business units, which had been organized on product categories, and manufacturing plants were unified and reorganized into four new business divisions so that each division can focus on a specific business area when pursuing business development. At the same time, in order to reinforce capabilities and the speed of customer response, the new Sales & Services Division was newly established to integrate sales and service activities on a customer basis.

On October 1 of this year, the computer network business, an organization of the Company engaged in trading business, was split off and absorbed by Tokyo Electron Device Limited, a trading firm dealing in electronic components and the Company’s subsidiary. With this reorganization, the new Tokyo Electron Device will pursue synergistic effects in its business as a trading firm specializing in electronics and also aim for further business growth and revenue expansion. TEL, meanwhile, will work with development and manufacturing plants to accelerate selection and concentration in the key semiconductor production and FPD production equipment businesses, and also further improve its Group’s consolidated business performance.

In the future, in addition to these various measures for expanding revenues, the Company will actively make a continual effort to launch new products with high value added, improve manufacturing capabilities, and reinforce post-sales business (remodeling, relocation, etc.).

4. Policy Concerning the Reduction in Size of the Stock Trading Unit

As part of its efforts to consider and implement measures to offer individual shareholders greater convenience, the Company reduced the size of its share trading unit from 1,000 shares to 100 shares on August 1, 2000. The Company also made efforts to improve its website, financial reports and the running of the general meeting of shareholders.

The Company believes that it has achieved greater liquidity for its shares as a result.

The Company intends to adopt a careful approach toward making further reductions in the size of the share trading unit, taking into consideration trends in the stock market, financial performance and other factors.

5. Matters Related to the Parent Company

There is no applicable information since the Company has no parent company.

Operating Results

1. Business Environment during the Period of Interim Consolidated Financial Results

During the period of the interim consolidated financial results, the world economy continued to expand despite the concern over the adverse effects of high oil prices on the prices of raw materials, etc.

With regard to the electronics industry, which the Company is participating in, sales of PCs, mobile devices, digital home appliances, and other products continued to be strong. In the future, the markets for mobile phones, PCs, and other products destined for China, India, and other fast-growing emerging economies are expected to expand, and these products are anticipated to be used for a wider range of purposes. Given this situation, the markets for semiconductors and FPD-related devices used in these products grew animated.

2. Overview of Profit and Loss for Interim Consolidated Financial Results

Consolidated net sales for the interim consolidated financial results were 390,562 million yen (a year-on-year increase of 17.2%). By region, net sales of semiconductor production equipment, the Company's core product, were strong in Japan, South Korea, and the U.S., and they were also steady in Taiwan. As a result, domestic and overseas net sales were 144,539 million yen (an increase of 22.4%) and 246,023 million yen (an increase of 14.4%), respectively. Overseas net sales accounted for 63.0% of consolidated net sales. The value of consolidated net orders for the current interim period was 493,998 million yen (an increase of 66.3%), and the backlog of consolidated orders at the end of the interim period was 464,437 million yen (an increase of 28.7%).

Cost of sales was 271,171 million yen (a year-on-year increase of 11.2%), and gross profit on sales was 119,391 million yen (an increase of 33.8%). As a result, the gross profit margin grew by 3.8 percentage points compared to the previous year, to 30.6%.

Selling, general, and administrative (SG&A) expenses were 61,150 million yen (a year-on-year increase of 15.4%), and the ratio of SG&A expenses compared to net sales fell by 0.2 percentage points, to 15.7%.

As a result, operating income was 58,240 million yen (an increase of 60.7%), and the operating margin rose by 4.0 percentage points, to 14.9%. If non-operating income of 2,312 million yen (an increase of 34.1%) and non-operating expenses of 2,349 million yen (an increase of 93.7%)

are taken into account, ordinary income grew by 58.4% compared to the previous year, to 58,204 million yen.

The Company posted an extraordinary income of 290 million yen compared with an extraordinary loss of 180 million registered for the same period of the previous year.

Income before income taxes for the current interim period was 58,494 million (a year-on-year increase of 59.9%), and net income was 37,225 million yen (an increase of 55.2%), representing a substantial increase in profits. As a result, net income per share was 208.74 yen (134.64 yen in the previous year).

3. Overview of Operations during the Period of Interim Consolidated Financial Results by Business Segment

1) Industrial Electronic Equipment Business

Net sales for this segment during the current consolidated interim period were 345,961 million yen (a year-on-year increase of 18.6%).

<<Semiconductor production equipment>>

Backed by the growing demand for semiconductors used in digital equipment, semiconductor manufacturers made vigorous capital investments, primarily for DRAM and flash memory, thus generating many inquires about the Company's products. Given this situation, during the current consolidated interim period, the semiconductor production equipment division posted net sales of 283,905 million yen (a year-on-year increase of 18.7%).

A look at trends according to equipment type shows that sales of all major products—including coaters/developers, etch systems, thermal processing systems, CVD systems, wafer probers, and cleaning systems—are brisk because of the increase in supply and demand in the equipment market.

<<FPD production equipment>>

As LCD panel manufacturers in Asia, including Japan, continued to strategically increase supply capabilities in order to spread flat-panel TVs through low pricing and mass-production, net sales for the FPD production equipment division during the current consolidated interim period were 52,568 million yen (a year-on-year increase of 22.1%).

<<Computer network>>

Net sales for the computer networks division during the current consolidated interim period were 8,448 million yen (a year-to-year increase of 2.1%).

Among the products related to SANs (storage area networks—high-speed networks that connect external storage systems or storage systems with computers), which are the key products in this division, security solution products attracted customer attention given the interest among businesses in responding to the Personal Information Protection Law and the Japanese version of the Sarbanes-Oxley Act and in building internal control systems.

Among the network-related products, sales of products for Web site creation business and maintenance services were solid.

<<Other>>

Net sales for other division during the current consolidated interim period were 585 million yen (a year-to-year decrease of 10.4%).

2) Electronic Components Business

Concerning semiconductor products, which account for approximately 90% of net sales in this segment, sales of products for mobile phone base stations and medical equipment were solid, backed by higher capital investments. As consumer spending grew, sales of products for mobile phone terminals and portable music players were also solid.

Among board products, efforts were made to expand sales of board computers for semiconductor testing equipment and other products.

In terms of software, sales of operating systems for POS terminals were strong.

In the area of electronic components in general, sales of products for industrial equipment—including switching power sources, LCDs, and panel PCs—were solid, backed by growing capital investment.

As a result, net sales for this segment during the current consolidated interim term rose 7.0% compared to a year earlier, to 45,625 million yen.

（For reference）　【Consolidated】　　　　　　　　　　　　　　　　　　　　　　　　（Millions of yen）

	FY2007 1Q	FY2007 2Q	FY2007 1st Half	FY2006 1st Half	FY2006 2nd Half
Net Sales	179,205	211,357	390,562	333,138	340,547
Industrial Electronic Equipment	158,162	187,345	345,508	291,229	295,576
Semiconductor Production Equipment	125,925	157,980	283,905	239,259	247,623
Japan	33,226	44,615	77,842	66,380	75,792
U.S	27,931	25,252	53,184	45,384	47,888
Europe	13,774	10,863	24,638	18,727	26,317
Korea	18,024	23,149	41,173	30,149	36,798
Taiwan	26,066	36,337	62,404	61,617	46,696
China	3,806	10,487	14,293	4,996	5,833
Southeast Asia	3,093	7,275	10,369	12,004	8,295
FPD Production Equipment	28,932	23,636	52,568	43,037	38,138
Computer Network	3,009	5,438	8,448	8,278	9,218
Others	294	290	585	653	595
Electronic Components	21,042	24,011	45,054	41,909	44,971
Ordinary Income	26,739	31,465	58,204	36,754	39,197
Net Income	16,282	20,942	37,225	23,978	24,026

(Note) Dealings between segments have been offset.

4. Financial Condition and Cash Flow

(1) Financial Position

Current assets at the end of the current consolidated interim period increased by 10,780 million yen compared to the end of the previous consolidated fiscal year, to 528,268 million yen.　Major changes included increases in trade notes and accounts receivable of 30,311 million yen, increased inventories of 18,926 million yen, decreased cash and cash equivalents of 32,961 million yen, and decreases of 4,603 million yen due to the refund of accrued consumption and other taxes.

Tangible fixed assets increased by 2,045 million yen compared to the end of the previous consolidated fiscal year, to 96,783 million yen.　Capital expenditures during the current consolidated interim period totaled 9,681 million yen.

As a result, total assets increased by 10,215 million yen compared to the end of the previous consolidated fiscal year, to 673,458 million yen.

Current liabilities decreased by 18,450 million yen compared to the end of the previous consolidated fiscal year, to 183,176 million yen.　Major changes included increases in trade notes and accounts payable of 5,830 million yen, decreased customer advances of 3,146 million yen, and reductions due to the redemption of the tenth issue of unsecured corporate bonds worth

20,000 million yen and the fourth issue of unsecured corporate bonds with subscription rights worth 4,500 million yen. Another factor was that because the fifth issue of unsecured corporate bonds with subscription rights worth 5,500 million yen will mature within one year, corresponding debts were transferred from long-term liabilities.

Long-term liabilities decreased by 3,880 million yen compared to the end of the previous consolidated fiscal year, to 76,113 million yen, mainly because the fifth issue of unsecured corporate bonds with subscription rights worth 5,500 million yen will mature within one year so that corresponding debts were transferred to current liabilities.

Shareholder's equity at the end of the current interim period was 400,476 million yen chiefly because the Company reported interim net income of 37,225 million yen and distribution of 5,348 million yen from surplus earnings.

Total assets as obtained by adding evaluation and conversion differences, subscription rights, and minority shareholders' interest to shareholder's equity was 414,167 million, and the equity ratio was 60.7%.

(2) Cash Flow

Cash flow from operating activities during the current fiscal period decreased by 49,024 million yen compared to a year earlier, to 4,459 million yen. Major positive factors included interim net income before income taxes of 58,494 million yen, depreciation and amortization of 8,800 million yen, increased trade payable of 5,491 million yen, and decreases in accrued consumption and other taxes of 4,700 million yen. Major negative factors included increases in accounts receivable of 29,720 million yen, increased inventories of 19,556 million yen, and the payment of corporate taxes of 23,158 million yen.

Cash flow from investment activities was 39,424 million yen mainly because 8,725 million yen was spent on the acquisition of tangible fixed assets and 30,000 million yen was transferred to the Company's time deposit accounts.

Cash flow from financial activities was 28,056 million yen mainly due to the redemption of the tenth issue of unsecured corporate bonds worth 20,000 million yen and the fourth issue of unsecured corporate bonds with subscription rights worth 4,500 million yen, as well as dividend payments of 5,348 million yen.

As a result, the balance of cash and cash equivalents at the end of the current consolidated interim period was 77,062 million yen.

The trends in cash flow indicators are shown below.

	Year ended March 31, 2006	6 months ended September 30, 2006
Equity ratio (%)	56.8	60.7
Equity ratio at market value (%)	218.3	231.3
Debt redemption period (number of years)	0.8	4.6
Interest coverage ratio	106.73	17.54

Equity ratio: Shareholders' equity / Total assets x 100

Equity ratio at market value: Market capitalization / Total assets x 100

Debt redemption period: Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest expenses

* All indices are calculated using figures on a consolidated basis.
* Market capitalization is calculated based on the following formula: Closing stock price at fiscal year-end x Number of shares outstanding at fiscal year-end.
* Cash flow from operating activities corresponds to the cash flow from operating activities in the consolidated statement of cash flows. Interest-bearing debt includes all liabilities for which the Company is paying interest among the liabilities reported on the consolidated balance sheet. Interest expenses correspond to the interest paid in the consolidated statement of cash flows.

5. Financial Forecasts for the Year Ending March 31, 2007

(1) Forecasts of Overall Performance for the Year Ending March 31, 2007

Due to increases in orders received, net sales for the semiconductor production equipment division are expected to exceed the previous projections. Given this situation, financial forecasts for the full year announced on July 28, 2006 will be revised as follows:

(For reference)

Year ending March 31, 2007 (Consolidated) (Billions of yen)

		Full year	
Net Sales	Semiconductor Production Equipment	624.5	28.3%
	FPD Production Equipment	97.5	20.1%
	Computer Network	17.0	-2.8%
	Other	1.0	-19.9%
	Electronic Components	90.0	3.6%
	Total	830.0	23.2%
Ordinary income		132.0	73.8%
Net income		82.0	70.8%

Year ending March 31, 2007 (Non-Consolidated) (Billions of yen)

		Full year	
Net Sales	Semiconductor Production Equipment	594.5	25.5%
	FPD Production Equipment	97.0	20.2%
	Computer Network	8.5	-51.5%
	Total	700.0	22.4%
Ordinary income		70.0	56.1%
Net income		45.0	53.8%

(2) Profit Distribution Forecast

Based on the financial forecasts described above, the Company plans to pay an interim dividend of 42 yen per share (17 yen increase from previous fiscal year). The year-end dividend is expected to be 50 yen per share (20 yen increase from previous fiscal year). The dividend for the entire fiscal year will be 92 yen per share (37 yen increase from previous fiscal year).

6. Business-related and Other Risks

The following are possible risks that may have an impact on the Company's operating results, stock prices, or financial position.

(1) Impact of Fluctuating Foreign Exchange Rates

By succeeding in actively developing overseas operations, the Company has increased the proportion of its overseas sales. As a rule, the Company carries out export transactions on a yen-basis in order to avert exchange-related risks, but there are some exports involving foreign currency. In these cases, the Company employs an exchange risk hedge, such as a forward exchange contract at the time an order is placed. However, since for overseas customers, exchange-related risks can arise from fluctuations in prices due to drastic exchange fluctuations, this may have an indirectly negative impact on the Company's performance.

(2) Impact from Research and Development

The Company has created cutting-edge technologies through its ongoing implementation of proactive R&D investment and activities, including miniaturization, vacuum, plasma, thermal-processing, coating/developing, cleaning, wafer-transfer, and clean technologies. By promptly introducing new products on the market that are equipped with these technologies, the Company has successfully obtained a large market share in each of the product fields, along with a high profit margin. However, the possibility does exist that the ill-timed introduction of new products may have a negative impact on the Company's performance.

(3) Impact from Changes in the Semiconductor Market

The Company has been able to achieve a high profit margin by concentrating resources in the high-tech field, including semiconductor production equipment, where technologies undergo rapid change and the Company is able to display its strength. The semiconductor market may enjoy broad growth through technological change, while on the other hand, the size of the market may temporarily contract due to an imbalance of supply and demand. Therefore, the Company has been actively involved in business structural reforms to be able to generate profit even when such rapid changes take place. However, the possibility does exist that business results will be negatively impacted by an unexpectedly broad contraction in the size of the market, resulting in order write-offs, excess capacity and personnel, or increased inventories.

(4) Impact from Transactions Concentrated on Particular Customers

The Company has been successful in expanding its business transactions with the world's leading semiconductor manufacturers both inside and outside of Japan by providing products equipped with superior, cutting-edge technology and offering a service system with high customer satisfaction. However, since the Company's net sales may at times be temporarily concentrated on particular customers due to the timing of large-scale capital investments by major semiconductor manufacturers, there is the possibility of a negative impact on business results from intensified sales competition.

(5) Safety-related impact

The Company always carries out operations, including development, manufacturing, sales, services, and administration, with the necessity of paying attention to safety and health in mind. In accordance with this basic principle, the Company is making an active and continued effort to improve the safety of its products and eliminate any harmful impact on health. If damage were to be caused to customers or orders were to be canceled, or some other unexpected event were to occur due to a problem arising from the safety of the Company's products or other causes, it would likely adversely affect the performance of the Company

(6) Impact from Quality Issues

The Company has been proactively developing superior, cutting-edge technologies utilized in new products that are promptly introduced onto the market, while at the same time establishing a quality assurance system, including obtaining ISO 9001 certification. The Company has also worked to establish a world-class service system, and this has resulted in a large number of customers adopting our products. However, because of the cutting-edge nature of our technologies, in addition to other factors, many of the technologies developed are in unknown fields, and the possibility exists that business results may be negatively affected by the unforeseen appearance of defective products.

(7) Impact of Intellectual Property Rights

In order for the Company to set its products apart from rival products and enhance its competitive strength, the Company has promoted an R&D strategy for the prompt development of cutting-edge technologies, together with business and intellectual property strategies. This has made it possible for the Company to obtain many of its own proprietary technologies, thereby successfully ensuring a large market share and high profit margin in each product field. However, partly because the Company's products use many of the consolidated and optimized cutting-edge technologies, there may be cases where a negative impact on business results arises from limiting the use of third-party technologies and intellectual property rights.

(8) Other Risks

The Company has been active in creating new high-growth and high-revenue businesses, pursuing even higher revenue in existing businesses, and improving its structure so that it can earn profits even as the market shrinks. It has also worked to promote environmental protection activities and restructure its compliance and risk management systems. However, to the extent that the Company performs its operations, it is subject - just like other companies in the same or different industries - to the impact from factors that include the global or local economic environment, natural disasters, wars, terrorism, unavoidable incidents (such as infectious diseases), financial or stock markets, government regulation, provision systems of suppliers, market conditions for products and real estate, securing of personnel domestically or overseas, competition over standardization, loss of important personnel, etc., and thus it can be assumed that the Company's business performance will be negatively affected at times by such factors.

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 foreign 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.

Consolidated Balance Sheet

(Millions of yen)

	As of September 30, 2006		As of September 30, 2005		Increase (decrease)	As of March 31, 2006	
	Amount	Compo-sition (%)	Amount	Compo-sition (%)	Amount	Amount	Compo-sition (%)
(Assets)	673,458	100.0	604,260	100.0	69,197	663,242	100.0
Current Assets	528,268	78.4	456,829	75.6	71,439	517,487	78.0
Cash and cash equivalents	107,062		126,222			140,023	
Trade notes and accounts receivable	199,349		148,878			169,038	
Inventories	182,672		147,598			163,745	
Others	39,382		34,264			44,844	
Allowance for doubtful accounts	(198)		(136)			(164)	
Long-term Assets	145,189	21.6	147,431	24.4	(2,241)	145,755	22.0
Tangible fixed assets	96,783		96,620			94,738	
Intangible fixed assets	15,309		18,072			16,709	
Investments and other assets	33,409		33,112			34,681	
Allowance for doubtful accounts	(312)		(374)			(374)	
Total Assets	673,458	100.0	604,260	100.0	69,197	663,242	100.0

Consolidated Balance Sheet

(Millions of yen)

	As of September 30, 2006		As of September 30, 2005		Increase (decrease)	As of March 31, 2006	
	Amount	Compo-sition (%)	Amount	Compo-sition (%)	Amount	Amount	Compo-sition (%)
(Liabilities)	259,290	38.5	246,908	40.9	12,381	281,621	42.5
Current liabilities	183,176	27.2	168,932	28.0	14,244	201,627	30.4
Trade notes and accounts payable	71,646		55,019			65,816	
Bonds due within 1 year	5,500		24,500			24,500	
Income taxes payable	21,833		13,163			22,895	
Customer advances	30,664		24,136			33,810	
Accrued employees' bonuses	8,749		6,467			10,230	
Accured warranty expenses	13,561		12,893			12,219	
Others	31,220		32,751			32,154	
Long-term liabilities	76,113	11.3	77,975	12.9	(1,862)	79,993	12.1
Straight bonds	30,000		35,500			35,500	
Accrued pension and severance costs	38,691		36,819			38,034	
Accrued pension and severance costs for directors	699		704			716	
Others	6,722		4,951			5,742	
(Minority interest)	-	-	4,540	0.7	-	4,721	0.7
(Shareholders' equity)	-	-	352,811	58.4	-	376,900	56.8
Common stock	-	-	54,961	9.1	-	54,961	8.3
Capital surplus	-	-	78,023	12.9	-	78,078	11.8
Retained earnings	-	-	230,364	38.1	-	249,938	37.7
Valuation difference on available-for-sale securities	-	-	3,478	0.6	-	5,117	0.7
Translation adjustments	-	-	1,762	0.3	-	3,921	0.6
Treasury stock, at cost	-	-	(15,779)	(2.6)	-	(15,116)	(2.3)
Total liabilities, minority interest and shareholders' equity	-	-	604,260	100.0	-	663,242	100.0
(Net assets)	414,167	61.5	-	-	-	-	-
Owners' equity	400,476	59.5	-	-	-	-	-
Paid-in capital	54,961		-		-	-	
Capital surplus	78,159		-		-	-	
Retained earnings	281,483		-		-	-	
Treasury Stock	(14,127)		-		-	-	
Valuation and translation adjustments	8,298	1.2	-	-	-	-	-
Valuation difference on available-for-sale securities	4,046		-		-	-	
Deferred gains or losses on hedges	(339)		-		-	-	
Translation adjustments	4,591		-		-	-	
Subscription rights to shares	519	0.1	-	-	-	-	-
Minority interests	4,872	0.7	-	-	-	-	-
Total Liabilities and net assets	673,458	100.0	-	-	-	-	-

Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2006		Six months ended September 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	390,562	100.0	333,138	100.0	57,423	17.2	673,686	100.0
Cost of sales	271,171	69.4	243,913	73.2	27,257	11.2	483,954	71.8
Gross profit	119,391	30.6	89,224	26.8	30,166	33.8	189,731	28.2
Selling, general & administrative expense	61,150	15.7	52,982	15.9	8,168	15.4	114,028	17.0
Operating income	58,240	14.9	36,242	10.9	21,998	60.7	75,703	11.2
Non-operating income								
Interest income	334		166				421	
Revenue from development grants	1,158		707				1,536	
Miscellaneous income	819		851				1,631	
Non-operating expenses								
Interest expenses	221		413				686	
Foreign currency translation los	1,579		378				1,675	
Equity in net losses of affiliates	323		186				402	
Others	224		234				575	
Ordinary income	58,204	14.9	36,754	11.0	21,449	58.4	75,951	11.3
Unusual or infrequent profi								
Gain on prior year adjustmen	-		855				855	
Gain on sale of fixed assets	137		49				286	
Gain on reversal of subscription rights to share	526		-				-	
Others	9		-				-	
Unusual or infrequent loss								
Loss on proceeds or disposal of fixed assets	235		338				719	
Loss on impairment of fixed assets	-		418				418	
Loss on devaluation of investment in securitie	146		94				-	
Others	0		233				626	
Income before income taxes	58,494	15.0	36,574	11.0	21,920	59.9	75,328	11.2
Provision for income taxes and enterprise taxe	21,000	5.4	12,368	3.7			29,190	4.3
Deferred income taxes	-	-	-	-			(2,352)	(0.3)
Minority interest	268	0.1	227	0.1			484	0.1
Net income	37,225	9.5	23,978	7.2	13,246	55.2	48,005	7.1

Consolidated Statement of Retained Earnings

(Million pf yen)

	Six months ended September 30, 2005	Year ended March 31, 2006
	Amount	Amount
(Capital surplus)		
Capital surplus at the beginning of the period	78,023	78,023
Increase in capital surplus	-	55
Gain on disposal of treasury stock	-	55
Capital surplus at the end of the period	78,023	78,078
(Retained earnings)		
Retained earnings at the beginning of the period	212,093	212,093
Increase in retained earnings	23,978	48,005
Net income	23,978	48,005
Decrease in retained earnings	5,708	10,161
Cash dividends	5,342	9,795
Bonuses to directors and statutory auditors	349	349
Loss on disposal of treasury stocks	0	-
Decrease due to increment of consolidated companies	16	16
Retained earnings at the end of the period	230,364	249,938

Consolidated Statements of Net Assets

(Millions of yen)

4/1/06-30/9/06

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance 3/31/06	54,961	78,078	249,938	(15,116)	367,861
Net increase/decrease during the term under the review					
Cash dividends			(5,348)		(5,348)
Bonuses to directors and statutory auditors			(331)		(331)
Net income			37,225		37,225
Repurchases of treasury stocks				(17)	(17)
Disposal of treasury stocks		80		1,006	1,086
Net increase/decrease during the term					
Total increase/decrease during the term under the review	-	80	31,545	989	32,615
Balance 9/30/06	54,961	78,159	281,483	(14,127)	400,476

	Valuation and Translation Adjustments				Subscription rights to shares	Minority interests	Total Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustment	Total			
Balance 3/31/06	5,117	-	3,921	9,038	1,013	4,721	382,635
Net increase/decrease during the term under the review							
Cash dividends							(5,348)
Bonuses to directors and statutory auditors							(331)
Interim net income							37,225
Repurchases of treasury stocks							(17)
Disposal of treasury stocks							1,086
Net increase/decrease during the term	(1,071)	(339)	670	(740)	(494)	151	(1,083)
Total increase/decrease during the term under the review	(1,071)	(339)	670	(740)	(494)	151	31,532
Balance 9/30/06	4,046	(339)	4,591	8,298	519	4,872	414,167

Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Increase (decrease)	Year ended March 31, 2006
	Amount	Amount	Amount	Amount
I Cash flow from operating activities				
Income (loss) before income taxes	58,494	36,574	21,920	75,328
Depreciation and amortization	8,800	9,211	(411)	19,170
Loss on impairment	-	418	(418)	418
Amortization of consolidating adjustments	-	800	(800)	1,600
Amortization of goodwill	800	-	800	-
Increase in accrued pension and severance costs	645	1,176	(531)	2,372
Increase (decrease) in accrued employees' bonuses	(1,481)	(2,176)	694	1,586
Increase (decrease) in accrued warranty expenses	1,200	(222)	1,422	(985)
Interest and dividend revenue	(387)	(206)	(181)	(503)
Interest expenses	221	413	(192)	686
Gain on prior year adjustment	-	(855)	855	(855)
Loss (gain) on sale of fixed assets	(123)	(4)	(119)	(224)
Loss on disposal of fixed assets	221	292	(71)	658
Gain on reversal of subscription rights to shares	(526)	-	(526)	-
Restructuring costs	-	214	(214)	-
Decrease (increase) in trade notes and accounts receivable	(29,720)	24,055	(53,776)	5,144
Decrease (increase) in inventories	(19,556)	12,443	(32,000)	(5,467)
Increase (decrease) in accounts payable	5,491	(3,445)	8,936	6,743
Decrease (increase) in prepaid consumption tax	4,700	9,531	(4,831)	2,656
Increase (decrease) in customer advances	(3,510)	(18,860)	15,350	(9,504)
Others	2,258	(3,049)	5,307	(208)
Subtotal	27,526	66,314	(38,787)	98,614
Receipts from interest and dividends	345	209	135	502
Interest paid	(254)	(464)	210	(738)
Income taxes paid	(23,158)	(12,575)	(10,583)	(19,524)
Net cash generated by operating activities	4,459	53,483	(49,024)	78,853
II Cash flow from investing activities				
Increase in time deposits	(30,000)	-	(30,000)	-
Payment for purchase of tangible fixed assets	(8,725)	(4,846)	(3,878)	(8,600)
Proceeds from sale of tangible fixed assets	474	426	48	1,279
Payment for acquisition of intangible fixed assets	(891)	(1,715)	823	(2,610)
Others	(281)	(213)	(68)	(604)
Net cash (used in) investing activities	(39,424)	(6,349)	(33,074)	(10,536)
III Cash flow from financing activities				
Net increase (decrease) in short-term borrowings	826	(264)	1,091	1,037
Repayment of long-term debt	-	(449)	449	(5,475)
Redemption of straight bonds	(24,500)	(30,000)	5,500	(30,000)
Net (increase) decrease in treasury stock	1,069	262	806	981
Dividends paid	(5,348)	(5,342)	(5)	(9,795)
Others	(104)	(84)	(20)	(168)
Net cash (used in) financing activities	(28,056)	(35,877)	7,821	(43,420)
IV Foreign currency translation difference in cash and cash equivalents	60	(502)	562	(340)
V Net increase (decrease) in cash and cash equivalents	(62,961)	10,754	(73,715)	24,555
VI Cash and cash equivalents at the beginning of the year	140,023	115,420	24,603	115,420
VII Cash and cash equivalents at the beginning of the year of newly added consolidated companies	-	48	(48)	48
VIII Cash and cash equivalents at the end of the period	77,062	126,222	(49,160)	140,023

Note: Figures in parentheses in the consolidated statement of cash flows represent outflows of cash and cash equivalents.

Segment Information

Information by business segment

(Millions of yen)

Six months ended September 30, 2006 (4/1/06 - 9/30/06)	Industrial electronic equipment	Electronic components	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	345,508	45,054	390,562	-	390,562
(2) Intersegment sales or transfers	453	571	1,024	(1,024)	-
Total	345,961	45,625	391,587	(1,024)	390,562
Operating expenses	289,289	44,075	333,364	(1,042)	332,321
Operating income	56,672	1,550	58,222	18	58,240

(Millions of yen)

Six months ended September 30, 2005 (4/1/05 - 9/30/05)	Industrial electronic equipment	Electronic components	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	291,229	41,909	333,138	-	333,138
(2) Intersegment sales or transfers	510	713	1,223	(1,223)	-
Total	291,740	42,622	334,362	(1,223)	333,138
Operating expenses	256,956	41,183	298,140	(1,244)	296,896
Operating income	34,783	1,438	36,222	20	36,242

(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

Segment Information

Information by geographic segment

(Millions of yen)

Six months ended September 30, 2006 (4/1/06 - 9/30/06)	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	339,624	50,938	390,562	-	390,562
(2) Intersegment sales or transfers	32,987	21,911	54,898	(54,898)	-
Total	372,611	72,849	445,461	(54,898)	390,562
Operating expenses	318,512	68,262	386,774	(54,452)	332,321
Operating income	54,099	4,587	58,686	(445)	58,240

Note: 1. National and regional categories are determined on the basis of geographic proximity.

2. Main countries and territories in other regions: U.S., Europe, South Korea

in the Company's financial results for the previous interim accounting period, Japan accounted for more than 90% of total net sales in all segments, and therefore, information by geographic segment has been omitted.

(Millions of yen)

Year ended March 31, 2006 (4/1/05 - 3/31/06)	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	602,564	71,121	673,686	-	673,686
(2) Intersegment sales or transfers	61,442	43,811	105,253	(105,253)	-
Total	664,007	114,933	778,940	(105,253)	673,686
Operating expenses	588,933	107,639	696,572	(98,589)	597,983
Operating income	75,073	7,293	82,367	(6,664)	75,703

Note: 1. National and regional categories are determined on the basis of geographic proximity.

2. Main countries and territories in other regions: U.S., Europe, South Korea