TOKYO ELECTRON LIMITED

April 27, 2012

Consolidated Financial Review for the Year Ended March 31, 2012

Company name:	**Tokyo Electron Limited**
URL:	http://www.tel.com
Telephone number:	(03) 5561-7000
Stock exchange listing:	Tokyo Stock Exchange 1st Section (Code 8035)

Notes:
1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
2. Amounts are rounded down to the nearest million yen.

1. Financial highlights for the year ended March 31, 2012

(1) Operating results (Cumulative)

	Year ended March 31, 2011	Year ended March 31, 2012
Net sales (Millions of yen)	668,722	633,091
Operating income (Millions of yen)	97,870	60,443
Ordinary income (Millions of yen)	101,919	64,046
Net income (Millions of yen)	71,924	36,725
Net income per share (Yen)	401.73	205.04
Fully diluted net income per share (Yen)	401.10	204.72
Return on equity	13.3	6.3
Ordinary income to total assets	13.5	8.0
Operating income to net sales	14.6	9.5

Comprehensive income: Year ended March 31, 2012: 36,953 million yen
Year ended March 31, 2011: 69,598 million yen

Profit/loss on equity method: Year ended March 31, 2012: - million yen
Year ended March 31, 2011: - million yen

(2) Financial position

	As of March 31, 2011	As of March 31, 2012
Total assets (Millions of yen)	809,205	783,610
Net assets (Millions of yen)	584,801	598,602
Equity ratio (%)	70.8	74.9
Net assets per sjare (Yen)	3,198.66	3,275.14

Equity: 586,789 million yen (as of March 31, 2012)
572,741 million yen (as of March 31, 2011)

(3) Cash flow

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Cash flow from operating activities	83,238	29,712
Cash flow from investing activities	(35,881)	(8,352)
Cash flow from financing activities	(5,236)	(27,334)
Cash flow from equivalents at end of period	165,050	158,776

2. Dividends

	Year ended March 31, 2011	Year ended March 31, 2012	Year ending March 31, 2013 (Forecast)
1Q-end dividend per share (Yen)	-	-	-
2Q-end dividend per share (Yen)	38.00	53.00	25.00
3Q-end dividend per share (Yen)	-	-	-
Year-end dividend per share (Yen)	76.00	27.00	55.00
Annual dividend per share (Yen)	114.00	80.00	80.00

	Year ended March 31, 2011	Year ended March 31, 2012	Year ending March 31, 2013 (Forecast)
Total dividend (Millions of yen)	20,412	14,331	-
Payout ratio (%)	28.4	39.0	47.8
Dividend on equity (%)	3.8	2.5	-

The interim dividend for the second quarter ending September 2012 is made up of ordinary dividend 15 yen and commemorative dividend 10 yen.
The year-end dividend for the year ending March 2013 is made up of ordinary dividend 45 yen and commemorative dividend 10

3. Earnings forecasts for the year ending March 31, 2013

	Year ending September 30, 2012 (Cumulative)	Year ending March 31, 2013
Net sales (Millions of yen)	275,000	590,000
Operating income (Millions of yen)	12,500	47,000
Net income (Millions of yen)	7,400	30,000
Net income per share (Yen)	41.30	167.44

4. Others

(1) Important changes in subsidiaries. : None
(Changes on specific subsidiaries with changes in scope of consolidation)

(2) Changes in accounting principles, accounting estimation and restatement
1. Changes in accounting policies along with changes in accountins standards: Yes
2. Other changes of accounting policies besides number 1 above: None
3. Changes in accounting estimation: None
4. Restatement: None

(3) Number of shares issued and outstanding (common stock)
1. Number of shares issued and outstanding (including treasury stock)
   As of March 31, 2012: 180,610,911 shares
   As of March 31, 2011: 180,610,911 shares
2. Number of shares of treasury stock
   As of March 31, 2012: 1,446,079 shares
   As of March 31, 2011: 1,554,231 shares
3. Average number of shares outstanding
   As of March 31, 2012: 179,112,754 shares
   As of March 31, 2011: 179,035,910 shares

(Reference) Non-consolidated financial review for the year ended March 31, 2012

1. Financial highlights for the year ended March 31, 2012

(1) Operating results

Note: Percentages indicate changes from the previous fiscal year.

	Year ended			
	March 31, 2011		March 31, 2012	
		%		%
Net sales (Millions of yen)	569,298	78.9	516,524	(9.3)
Operating income (Millions of yen)	30,620	-	7,131	(76.7)
Ordinary income (Millions of yen)	40,978	-	44,286	8.1
Net income (Millions of yen)	31,928	-	39,144	22.6
Net inc The interim dividend for the second	178.34	-	218.55	-
Fully diluted net income per share (Yen)	178.06	-	218.20	-

(2) Financial position

	As of March 31, 2011	As of March 31, 2012
Total assets (Millions of yen)	629,215	599,411
Net assets (Millions of yen)	359,135	375,761
Equity ratio (%)	56.8	62.5
Net assets per share (Yen)	1,997.34	2,090.84

Equity: 374,605 million yen (as of March 31, 2012)
357,636 million yen (as of March 31, 2011)

* Notes on the status of auditing procedure execution

This earnings report is outside the jurisdiction of auditing procedures outlined in the Financial Instruments and Exchange Act and remain incomplete at the time of announcing this report.

* Explanation of the appropriate use of earnings forecast:

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 currently available information. Consequently, actual operating results may differ substantially from the projections in this Financial Review.
The company plans to hold a financial meeting for analysts and investors on Friday, April 27, 2012. The supplementary materials to these financial reports that will be handed out at this meeting will be posted simultaneously on our company website.

1. Operating Results

(1) Analysis of Operating Results

(i) Business Environment during the Fiscal Year Ended March 31, 2012

Economic conditions slowed overall during the fiscal year, especially in developed nations, due to future uncertainty rooted in Europe's financial instability. However, towards the end of the fiscal year, there were signs of the beginning of a gradual recovery, mainly in the United States. In developing countries such as China and India, growth slowed, but economic growth continued, led by internal demand. Japan's economy began its recovery from the Great East Japan Earthquake at an early stage, but the subsequent worldwide economic recession and historically high yen slowed this recovery.

In the electronics industry, the primary area of the Tokyo Electron Group's business activities, smartphones and tablet PC reached high penetration levels, resulting in overall positive performance. However, sales of PCs and televisions continued to be sluggish. Sales of semiconductors and LCD panels that are key components in these products were not sufficient to cover capital investments.

(ii) Overview of Profits and Losses during the Fiscal Year Ended March 31, 2012

Under these circumstances, profits and losses for the fiscal year were as follows.

Consolidated net sales for the fiscal year decreased by 5.3% compared to the previous fiscal year, to 633,091 million yen. Domestic net sales decreased by 5.9%, to 171,364 million yen, and overseas net sales decreased 5.1%, to 461,727 million yen, with overseas net sales accounting for 72.9% of consolidated net sales. Consolidated orders for the fiscal year decreased 26.4%, to 540,950 million yen, and consolidated order backlogs fell 29.8%, to 216,669 million yen.

Cost of sales for the fiscal year dropped 2.8%, to 421,646 million yen, and gross profit decreased 9.9%, to 211,444 million yen. As a result, gross profit margin decreased by 1.7 percentage points, to 33.4%.

Selling, general, and administrative (SG&A) expenses increased 10.3% to 151,001 million yen due in part to an increase of 10,938 million yen in R&D expenses, and the ratio to consolidated net sales increased by 3.4 percentage points to 23.9%.

As a result of these developments, operating income was down 38.2% to 60,443 million yen. Ordinary income, adjusted for non-operating income of 4,097 million yen and non-operating expenses of 494 million yen, was down 37.2% to 64,046 million yen.

With regards to unusual income and loss, unusual losses increased 47.2% to 3,444 million yen, due in part to posting 1,848 million yen in reserves for possible losses on loans in response to customer bankruptcy.

Income before income taxes for the fiscal year decreased 39.1% to 60,602 million yen, and net income decreased 48.9% to 36,725 million yen, due in part to the impact of deferred income tax asset and liability reversals (additional posting of tax expenses) of 3,587 million yen as a result of Japanese tax law changes.

As a result, net income per share was 205.04 yen (401.73 yen for the previous fiscal year).

(iii) Overview of Operations during the Fiscal Year Ended March 31, 2012 by Business Segment

Semiconductor Production Equipment

Sales of logic semiconductors were robust on strong consumer demand for mobile information terminals. However, DRAM manufacturers took production adjustment measures during the fiscal year due to slower sales of PCs amid the economic downturn. Under these market conditions, manufacturers, primarily foundries and logic semiconductor manufacturers, invested in cutting-edge design shrinkage but memory semiconductor manufacturers refrained from investments to increase production capacity. Net sales from external customers for this segment during the fiscal year decreased by 6.5% compared to the previous fiscal year, to 477,873 million yen.

In the fiscal year, the TEL Group launched new cleaning systems, "CELLESTA™-i", "EXPEDIUS™-i", and "NS300+ HT", along with new tools for 3D integration packaging, "Tactras™ FAVIAS", "TELINDY PLUS™ VDP", and "Synapse™" series.

FPD/PV (Flat Panel Display/Photovoltaic Cell) Production Equipment

In the global television market, consumers have nearly completed the switch from cathode-ray tube to LCD televisions. With the additional slump in the PC market, LCD panel prices declined. A bright spot in the market was demand for high-definition displays for mobile information terminals. Overall, for FPD production equipment, the TEL Group's sales were sluggish due to panel manufacturers' growing supply capacity. As a result of these developments, net sales from external customers in this segment during the fiscal year were up 4.7% from the previous fiscal year to 69,888 million yen.

Electronic Components and Computer Networks

Sales of electronic components for semiconductor products and other products were sluggish, as a slump in demand for components for televisions and other digital appliances outweighed increasing demand for smartphone-related components. Increased companies' demand for cloud computing and the broader adoption of data centers propelled sales of products for information communications equipment as well as maintenance services. As a result of these developments, net sales from external customers in this segment during the fiscal year under review were down 5.9% from the previous fiscal year to 84,867 million yen.

Other

Net sales from external customers for this segment during the fiscal year increased by 1.8% compared to the previous fiscal year to 461 million yen.

(For reference)

Consolidated (Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012						
		1Q	2Q	First Half	3Q	4Q	Second Half	Full Year
Net Sales	668,722	153,117	173,232	326,350	129,164	177,576	306,740	633,091
Semiconductor Production Equipment	511,331	120,836	127,557	248,394	91,596	137,882	229,479	477,873
Japan	87,940	20,943	29,421	50,365	16,641	15,881	32,522	82,887
U.S.	102,898	29,756	23,823	53,579	28,641	32,601	61,242	114,821
Europe	28,482	13,999	16,988	30,988	9,545	8,792	18,337	49,325
Korea	87,858	16,926	20,957	37,883	20,647	50,209	70,856	108,740
Taiwan	150,282	24,705	19,458	44,163	9,687	21,166	30,854	75,018
China	25,593	9,115	6,685	15,800	3,931	5,663	9,594	25,395
S.E.Asia	28,275	5,390	10,222	15,613	2,501	3,568	6,070	21,683
FPD/PV Production Equipment	66,721	12,536	24,141	36,677	16,633	16,577	33,211	69,888
Electronic Components & Computer Networks	90,216	19,648	21,388	41,037	20,865	22,964	43,830	84,867
Others	453	96	145	241	68	151	219	461
Operating Income	97,870	23,088	13,770	36,859	6,094	17,489	23,584	60,443
Ordinary Income	101,919	23,751	15,970	39,722	6,998	17,326	24,324	64,046
Net Income	71,924	16,636	10,021	26,657	755	9,312	10,067	36,725

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

(iv) Projected Operating Results for the Next Fiscal Year Ending March 31, 2013

Regarding the future economic environment, gradual recovery is taking place after the international economic slowdown. However, markets related to semiconductors such as memory have not yet fully recovered. In this environment the TEL Group will keep an eye on the stages of future economic rebound while continuing to provide new products with great competitive power in a timely manner. We also intend to work to innovate technologies continuously and to improve our competitive power in terms of costs. The financial forecast for the next fiscal year (the fiscal year ending March 31, 2013) is set forth below.

Consolidated Forecast (Billions of yen, Y/Y change)

Year ending March 31, 2013		Interim		Full Year	
Net Sales		275.0	-15.7%	590.0	-6.8%
	Semiconductor Production Equipment	223.0	-10.2%	474.0	-0.8%
	FPD/PV Production Equipment	9.0	-75.5%	20.0	-71.4%
	Electronic Components & Computer Networks	43.0	4.8%	96.0	13.1%
	Others	0.0	-	0.0	-
Operating Income		12.5	-66.1%	47.0	-22.2%
Net Income		7.4	-72.2%	30.0	-18.3%

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

Note: The financial forecasts and estimates stated in this financial review are based on certain assumptions judged to be reasonable by the TEL Group 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. The company does not promise that the forecasts or estimates will be accurate.

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 related industry. Consequently, actual sales and profits may differ substantially from the projections stated in this financial review.

(2) Qualitative Information on Consolidated Financial Conditions

(i) Financial Conditions

Current assets at the end of the fiscal year dropped 37,181 million yen from the end of the previous fiscal year to 607,050 million yen. The major factors influencing this result were a 20,267 million yen decrease in short-term investments included in securities, a 19,455 million yen decrease in inventories, a 17,157 million yen decrease in cash and deposits, and a 13,920 million yen increase in trade notes and accounts receivable.

Tangible fixed assets increased by 14,333 million yen from the end of the previous fiscal year, to 126,885 million yen.

Intangible fixed assets increased by 491 million yen from the end of the previous fiscal year, to 4,703 million yen.

Investments and other assets decreased 3,237 million yen from the end of the previous fiscal year, to 44,971 million yen.

As a result, total assets decreased by 25,594 million yen compared to the end of the previous fiscal year, to 783,610 million yen.

Current liabilities were down 43,243 million yen compared to the end of the previous fiscal year, to 124,794 million yen. The major factors in the decrease were a 21,039 million yen decrease in categories such as income taxes payable, a 6,625 million yen decrease in trade notes and accounts payable, and a 5,551 million yen decrease in customer advances.

Long-term liabilities were up 3,848 million yen compared to the end of the previous fiscal year, to 60,213 million yen.

Net assets were 598,602 million yen, as a result of a net income of 36,725 million yen reported for the fiscal year combined with a decrease due to year-end dividends for the previous fiscal year of 13,608 million yen and interim dividends for the current fiscal year of 9,493 million yen. The equity ratio was 74.9%.

(ii) Cash Flow

Cash and cash equivalents at the end of the fiscal year decreased by 6,274 million yen compared to the end of the previous fiscal year, to 158,776 million yen. The balance of cash and cash equivalents at the end of the fiscal year decreased by 37,425 million yen compared to the end of the previous fiscal year, to 247,624 million yen. This includes 88,848 million yen in time deposits with deposit terms of over three months, and short-term investments, which are not included in cash and cash equivalents.

Cash flows during the fiscal year under review were as follows.

Cash flow from operating activities during the fiscal year was 29,712 million yen, 53,526 million yen lower than the previous fiscal year. Major positive factors included net income before income taxes of 60,602 million yen, depreciation and amortization of 24,197 million yen, and decrease in inventories of 16,022 million yen. The major negative factors were the payment of 47,628 million yen in income taxes and other taxes, and an increase in trade notes and accounts receivable of 15,540 million yen.

Cash flow from investing activities was 8,352 million yen compared to the 35,881 million yen in the previous year, primarily as a result of the 36,010 million yen in payment for purchase of tangible fixed assets and 31,000 million yen in inflows from the decline in time deposits and short-term investments. Cash flow from financing activities was 27,334 million yen, primarily as a result of the payment of 23,101 million yen in dividends. Cash flow from financing activities in the previous fiscal year was 5,236 million yen.

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Equity ratio (%)	70.8	74.9
Equity ratio at market value (%)	101.5	108.3
Interest-bearing debt to cash flow ratio (times)	0.1	0.1
Interest coverage ratio (times)	1824.28	691.25

Equity ratio: (Equity / Total assets) x 100

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

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow from operating activities

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

* All indicators are calculated using financial figures on a consolidated basis.

* Market capitalization is calculated based on the following formula: Closing stock price at fiscal year-end × Number of shares outstanding at fiscal year-end after deduction of treasury stock.

* Cash flow from operating activities corresponds to the cash flow from operating activities in the consolidated statement of cash flow. 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 flow.

(3) Basic Policy for Profit Allocation and Payment of Dividends for Current and Next Fiscal Years

The dividend policy of the Company is to link dividend payments to business performance and earnings on an ongoing basis. Its basic policy for returning profits to shareholders is to maintain a payout ratio of around 35% based on consolidated net income.

TEL will effectively use internal capital reserves to raise corporate value through earnings growth and provides returns directly to shareholders by concentrating investment in high-growth areas and linking dividend payments to business performance and earnings.

In the current fiscal year (the fiscal year ended March 2012), a year-end dividend of 27 yen per share is planned, pursuant to application of the above policy to consolidated financial results for the second half. Including the interim dividend (53 yen per share), an annual dividend of 80 yen is planned.

Plans call for the ordinary dividend for the next fiscal year (the fiscal year ending March 31, 2013) to be 60 yen per share for the entire year (a 15 yen interim dividend and a 45 yen year-end dividend), in accordance with the outlook for the year's net income as stated above.

TEL will add a commemorative dividend of 20 yen (a 10 yen interim dividend and a 10 yen year-end dividend) to celebrate the 50th anniversary of the TEL group and an expression of gratitude to shareholders for their support. Therefore, the annual total dividend for the next fiscal year (the fiscal year ending March 31, 2013) will be 80 yen per share (a 25 yen interim dividend and a 55 yen year-end dividend).

	Dividend per share		
	2Q-end	Year-end	Total
Current fiscal year (ending March, 2012)	53 yen	27 yen	80 yen
Next fiscal year (ending March, 2013)	25 yen (Ordinary dividend) 15 yen (Commemorative dividend) 10 yen	55 yen (Ordinary dividend) 45 yen (Commemorative dividend) 10 yen	80 yen (Ordinary dividend) 60 yen (Commemorative dividend) 20 yen

2. Management Policy

(1) Basic Management Policy

The basic management policy of the TEL Group is to raise its corporate value through profit-oriented operations by placing the highest priority on customers, enhancing product and technology development capabilities, and invigorating its workforce.

Under this basic fundamental policy, the TEL Group will engage in the development of vibrant and internationally competitive companies with high growth potential and profitability that are attractive to investors.

(2) Management Tasks

The Group engages in dynamic business activities in the electronics industry, a field characterized by rapid technological innovation, and is one of the world's leading suppliers of semiconductor and flat panel display

(FPD) production equipment. In accordance with this status, its fundamental principles are as outlined below.

- Provide high-value products and services in the world in order to realize healthy and high quality life
- Show much leadership as a world-wide leading company for constructing society of dreams and progressing environmental problems
- Share a sense of mission with all TEL employees, and a company of radiant existence, dreams, and vitality

To implement these fundamental principles, we have adopted the following concrete management policies.

- Be an innovative company that creates groundbreaking technologies
- Seek to be a highly-competitive global leader
- Offer solutions that best meet customer needs
- Make global responses and contributions to environmental issues

In the markets in which we operate, the oligopolization of our customers (semiconductor manufacturers and others) has continued, and so it is vital that we acquire and maintain our high position in terms of market share etc. in the fields in which we are already operating. At the same time it is important that we continue to develop new technology in new fields that can be commercialized quickly. With these issues in mind, we have adopted the following key policies.

(i) Innovation through proactive research and development

In our 50th fiscal year, we will continue with proactive research and development in both existing and new fields while selecting and focusing on particular areas to rationalize development costs. In our semiconductor manufacturing equipment business, we will invest heavily in fields where growth is expected such as in next-generation memory, 3D integration, and wafer-level packaging. In our FPD manufacturing equipment business, we will concentrate on developing organic EL manufacturing equipment for the organic EL currently attracting technology as the next-generation FDP. In our PV manufacturing equipment business, we will accelerate the development of PV manufacturing equipment for thin-film solar cells with improved generating efficiency in the interests of creating a market for thin-film silicon solar cells. In addition to carrying out our own work, we will accelerate acquisition of necessary technologies through M&A activity.

(ii) Improving product strength to expand market share

To acquire and maintain a high market share in markets where we are already operating, further improvements to the processing performance, productivity and reliability of our products are required. We will work to increase market share, improving competitiveness of our products such as etching equipment, cleaning equipment, coater/developer and wafer deposition equipment. In particular, we are aiming to substantially improve our share in the field of etching equipment, a market forecast to grow in future years, by implementing an integrated system incorporating the stages from development through manufacture at our Miyagi Plant which came online last year, by improving productivity with new production methods, and by starting mass production of RLSA plasma etching equipment containing new plasma etching technology. Also, we will look to improve cost competitiveness by utilizing the construction of a factory in Kunshan, China for FPD manufacturing equipment.

(iii) Always looking for the best solution

As the oligopolization of our customer base continues, we will look to strengthen our partnerships with our customers through constructing a process development center in Korea, creating other evaluation development facilities and partnership organizations and implementing a sales and service system. These policies are allowing us to contribute to the technological development of our customers at an early stage and thus quickly understand their needs so as to provide them with the best solution. In addition to the marketing and sale of cutting edge equipment, we are also working to expand our business, responding to shift to longer equipment lifecycles in our field solutions business. This covers areas such as the moving and remodeling and improvement of sold equipment and the spare parts business.

(iv) Measures to address environmental issues

Based on the principle of “solving environmental problems with technology”, to promote more environmentally friendly practices at customer factories, we are developing manufacturing equipment which will lead to reduced emission of greenhouse gases, reduced power consumption and lower water usage. Moreover, as a group, we will promote activities such as the introduction of photovoltaic power generation equipment in our main factories to reduce the environmental impact of our business practices and logistics.

In addition to the policies described above, for the human resources who will be the source of growth, we think that the placement of the right people in the right positions and proactive development of training programs to educate our human resources to equip them to respond to changes in the business environment will help the Group to make rapid progress in the future. We will also continue to provide evaluation and compensation which fairly recognize the extent of individual contributions, and seek to create a company that is brimming with dreams and vitality.

The Group will continue, on the basis of its profit-oriented management, to further enhance its corporate value by means of placing the customers first, improving product and technology development capabilities, strengthening international competitiveness, and motivating employees.

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
ASSETS		
Current assets		
Cash and deposit	52,992	35,834
Trade notes and accounts receivable	136,385	150,305
Securities	232,057	211,790
Merchandise and finished goods	111,918	101,789
Work in process	43,246	35,104
Raw materials and supplies	13,760	12,575
Deferred income taxes	27,609	23,546
Others	27,414	37,480
Allowance for doubtful accounts	(1,153)	(1,376)
Total current assets	644,231	607,050
Long-term assets		
Tangible fixed assets		
Buildings and structures	121,597	143,461
Accumulated depreciation	(75,363)	(79,077)
Buildings and structures, net	46,234	64,384
Machinery and carriers	75,735	85,499
Accumulated depreciation	(58,755)	(63,835)
Machinery and carriers, net	16,980	21,664
Land	25,772	26,260
Construction in progress	19,509	9,514
Others	28,963	30,334
Accumulated depreciation	(24,909)	(25,272)
Others, net	4,054	5,061
Total tangible fixed assets	112,551	126,885
Intangible fixed assets		
Others	4,212	4,703
Total intangible fixed assets	4,212	4,703
Investments and other assets		
Investment securities	15,725	16,081
Deferred income taxes	20,727	17,585
Others	13,786	15,152
Allowance for doubtful accounts	(2,031)	(3,848)
Total investments and other assets	48,209	44,971
Total long-term assets	164,973	176,560
Total assets	809,205	783,610

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	53,612	46,986
Accrued employees' bonuses	11,130	8,646
Accrued warranty expenses	7,594	8,903
Others	95,700	60,257
Total current liabilities	168,038	124,794
Long-term liabilities		
Accrued pension and severance costs	52,230	54,646
Others	4,134	5,567
Total long-term liabilities	56,365	60,213
Total liabilities	224,403	185,007
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,045	78,023
Retained earnings	457,658	471,186
Treasury stock	(10,484)	(9,747)
Total shareholders' equity	(580,180)	594,422
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,807	3,575
Deferred gains or losses on hedges	(12)	(51)
Translation adjustments	(10,234)	(11,157)
Total accumulated other comprehensive income	(7,439)	(7,633)
Subscription rights to shares	1,499	1,156
Minority interests	10,560	10,656
Total net assets	584,801	598,602
Total liabilities and net assets	809,205	783,610

Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net sales	668,722	633,091
Cost of sales	433,963	421,646
Gross profit	234,758	211,444
Selling, general & administrative expenses		
Salaries and allowances	19,938	21,446
Research and development expenses	70,568	81,506
Others	46,381	48,048
Total selling, general & administrative expenses	136,887	151,001
Operating income	97,870	60,443
Non-operating income		
Interest income	612	775
Revenue from development grants	3,026	1,130
Others	1,188	2,192
Total non-operating income	4,827	4,097
Non-operating expenses		
Loss on revaluation of investment securities	39	120
Maintenance and operation cost of closed business bases	185	111
Others	553	262
Total non-operating expenses	778	494
Ordinary income	101,919	64,046
Unusual or infrequent profit		
Gain on sale of fixed assets	33	565
Gain on collection written-off claims	-	1,437
Reversal of allowance for doubtful accounts	1,891	-
Others	209	171
Total unusual or infrequent profit	2,134	2,174
Unusual or infrequent loss		
Loss from earthquake damage	1,113	935
Provision of allowance for doubtful accounts	0	1,848
Loss from restructuring	-	848
Loss on revaluation of investment securities	34	696
Others	3,326	1,289
Total unusual or infrequent loss	4,475	5,619
Income before income taxes	99,579	60,602
Provision for income taxes and enterprise taxes	29,482	15,022
Deferred income taxes	(2,711)	8,400
Total income taxes	26,771	23,422
Income before minority interests	72,807	37,179
Minority interests	883	453
Net income	71,924	36,725

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Income before minority interests	72,807	37,179
Other comprehensive income		
Valuation difference on available-for-sale securities	303	768
Deferred gains or losses on hedges	71	(68)
Translation adjustments	(3,584)	(925)
Total other comprehensive income	(3,209)	(225)
Comprehensive income	69,598	36,953
(Breakdown)		
Comprehensive income attributable to owners	68,732	36,531
Comprehensive income attributable to minority interests	866	422

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Common stock		
Balance at beginning of period	54,961	54,961
Balance at end of period	54,961	54,961
Capital surplus		
Balance at beginning of period	78,034	78,045
Disposal of treasury stock	11	(22)
Balance at end of period	78,045	78,023
Retained earnings		
Balance at beginning of period	393,970	457,658
Cash dividends	(8,236)	(23,101)
Net income	71,924	36,725
Disposal of treasury stock	-	(96)
Balance at end of period	457,658	471,186
Treasury stock		
Balance at beginning of period	(10,900)	(10,484)
Purchase of treasury stock	(37)	(12)
Disposal of treasury stock	453	749
Balance at end of period	(10,484)	(9,747)
Total shareholders' equity		
Balance at beginning of period	516,065	580,180
Cash dividends	(8,236)	(23,101)
Net income	71,924	36,725
Purchase of treasury stock	(37)	(12)
Disposal of treasury stock	464	630
Balance at end of period	580,180	594,422

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of period	2,504	2,807
Net change except shareholders' equity	303	768
Balance at end of period	2,807	3,575
Deferred gains or losses on hedges		
Balance at beginning of period	(67)	(12)
Net change except shareholders' equity	55	(38)
Balance at end of period	(12)	(51)
Translation adjustments		
Balance at beginning of period	(6,683)	(10,234)
Net change except shareholders' equity	(3,550)	(923)
Balance at end of period	(10,234)	(11,157)
Total accumulated other comprehensive income		
Balance at beginning of period	(4,247)	(7,439)
Net change except shareholders' equity	(3,192)	(194)
Balance at end of period	(7,439)	(7,633)
Subscription rights to shares		
Balance at beginning of period	1,578	1,499
Net change except shareholders' equity	(78)	(342)
Balance at end of period	1,499	1,156
Minority interests		
Balance at beginning of period	9,973	10,560
Net change except shareholders' equity	587	96
Balance at end of period	10,560	10,656
Total net assets		
Balance at beginning of period	523,369	584,801
Cash dividends	(8,236)	(23,101)
Net income	71,924	36,725
Purchase of treasury stock	(37)	(12)
Disposal of treasury stock	464	630
Net change except shareholders' equity	(2,683)	(440)
Balance at end of period	584,801	598,602

Consolidated Cash Flow

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Cash flow from operating activities		
Income before income taxes	99,579	60,602
Depreciation and amortization	17,707	24,197
Increase in accrued pension and severance costs (decrease)	2,342	2,422
Increase in allowance for doubtful accounts (decrease)	(4,341)	2,111
Increase in accrued employees' bonuses (decrease)	5,086	(2,506)
Increase in accrued warranty expenses (decrease)	2,352	1,343
Interest and dividend revenue	(696)	(1,009)
Decrease in trade notes and accounts receivable (increase)	(13,319)	(15,540)
Decrease in inventories (increase)	(36,532)	16,022
Increase in accounts payable (decrease)	1,667	(5,807)
Decrease in prepaid consumption tax (increase)	(8,025)	1,507
Increase in accrued consumption tax (decrease)	2,304	(2,417)
Increase in customer advances (decrease)	9,575	(4,566)
Decrease in specific doubtful receivables (increase)	5,302	(1,889)
Others	7,119	1,935
Subtotal	90,121	76,405
Receipts from interest and dividends	745	978
Interest paid	(45)	(42)
Income taxes paid or refund (paid)	(7,583)	(47,628)
Net cash generated by operating activities	83,238	29,712
Cash flow from investing activities		
Payment into time deposits	(90,000)	(35,000)
Proceeds from time deposits	90,000	55,000
Payment for purchase of short-term investments	(270,000)	(249,500)
Proceeds from redemption of short-term investments	270,000	260,500
Payment for purchase of tangible fixed assets	(33,541)	(36,010)
Proceeds from sale of tangible fixed assets	509	1,102
Payment for purchase of intangible fixed assets	(925)	(2,140)
Others	(1,923)	(2,304)
Net cash used in investing activities	(35,881)	(8,352)
Cash flow from financing activities		
Net increase in short-term borrowings (decrease)	2,890	(3,593)
Net decrease in treasury stock (increase)	427	(12)
Dividends paid	(8,236)	(23,101)
Others	(318)	(626)
Net cash generated by financing activities	(5,236)	(27,334)
Effect of exchange rate changes on cash and cash equivalents	(1,009)	(299)
Net increase in cash and cash equivalents (decrease)	41,110	(6,274)
Cash and cash equivalents at beginning of period	123,939	165,050
Cash and cash equivalents at end of period	165,050	158,776

Segment Information

(i) Overview of reportable segments

The reportable segments by the company provide separate financial information pertaining to the various segments of the company, which is reviewed periodically by the management to evaluate corporate performance as well as make decisions about the allocation of management resources.

The corporate structure consists of product and service segments based on business units (BUs), and the reportable segments are as follows: Semiconductor Production Equipment, FPD/PV (Flat Panel Display and Photovoltaic Cell) Production Equipment, and Electronic Components and Computer Networks.

The Semiconductor Production Equipment segment consists of coaters/developers, plasma etch systems, thermal processing systems, single wafer deposition systems, cleaning systems used in wafer processing, wafer probers used in the wafer testing process and other semiconductor production equipment, and we are engaged in the development, manufacturing, sales and provision of maintenance services, etc. for such products.

The FPD/PV Production Equipment segment consists of coaters/developers, plasma etch/ash systems used in the manufacturing of flat panel displays, and plasma CVD systems used in the manufacturing of thin film silicon PV cells, and we are engaged in the development, manufacturing, sales and provision of maintenance services, etc. for such products.

The Electronic Components and Computer Networks segment consists of semiconductor products centering on integrated circuits (IC), other electronic components, computer networks and software, etc., and we are engaged in the design, development, procurement, and sales, etc. for such products.

(ii) Ways of estimating net sales and profits, or losses, assets, and other amounts by reportable segment.

Accounting method used in each reportable segment is almost the same as the method used to prepare consolidated financial statements. Inter-segment revenues or transfers are based on prevailing market prices. Moreover, shared assets have not been allotted to each reportable segments, but associated costs have been distributed among them according to rational standards.

Segment Information

(iii) Net sales and profits, or losses, assets, and other amounts by reportable segment

Year ended March 31, 2012 (Millions of yen)

	Reportable Segment			Others *1
	Semiconductor Production Equipment	FPD/PV Production Equipment	Electronic Components & Computer Networks	
Sales to external customers	477,873	69,888	84,867	461
Inter-segment sales or transfers	-	-	1,432	14,564
Net sales	477,873	69,888	86,300	15,026
Segment income	89,019	2,271	2,311	1,827
Segment assets	262,788	21,294	46,391	1,927
Depreciation and amortization	11,282	686	569	170
Increase in the amount of tangible fixed assets and intangible fixed assets	13,518	672	406	35

	Total Segment	Eliminations *2	Consolidated Total *3
Sales to external customers	633,091	-	633,091
Inter-segment sales or transfers	15,997	(15,997)	-
Net sales	649,088	(15,997)	633,091
Segment income	95,429	(34,827)	60,602
Segment assets	332,401	451,208	783,610
Depreciation	12,709	11,488	24,197
Increase in the amount of tangible fixed assets and intangible fixed assets	14,632	28,572	43,205

Notes:

*1 The "Others" segment includes all other businesses which are not included in the reported business segments, such as the transportation of products, etc. of the Tokyo Electron Group companies, equipment leasing and insurance, etc.

*2 a) The eliminations of segment income amounting to 34,827 million yen includes corporate expenses pertaining to the corporate account which are not allocated to any specific reportable segments. The corporate account expenses are mainly R&D expenses of 26,071 million yen, pertaining to fundamental research and element research conducted by the company not related to any of the reportable segments.

b) The main constituents of the eliminations of segment assets worth 451,208 million yen are cash, savings, securities, buildings and structures, etc. unallocated to each reportable segment.

c) The main constituent of the eliminations of tangible fixed assets and intangible fixed assets worth 28,572 million yen is capital investments in buildings and structures unallocated to each reportable segment.

*3 Segment income is adjusted against net income before taxes in consolidated income statement.