

Consolidated Balance Sheets

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Tokyo Electron Limited and Subsidiaries
As of March 31, 2014 and 2013

ASSETS	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current assets:			
Cash and cash equivalents	¥104,797	¥ 85,314	\$1,018,237
Short-term investments	163,350	154,816	1,587,155
Trade notes and accounts receivable	129,032	100,501	1,253,712
Allowance for doubtful accounts	(1,503)	(1,180)	(14,604)
Inventories	168,277	135,698	1,635,027
Deferred income taxes	25,174	15,669	244,598
Prepaid expenses and other current assets	32,365	30,683	314,468
Total current assets	621,492	521,501	6,038,593
Property, plant and equipment:			
Land	25,112	25,030	243,995
Buildings	151,634	163,857	1,473,319
Machinery and equipment	128,422	140,066	1,247,785
Construction in progress	3,623	6,076	35,202
Total property, plant and equipment	308,791	335,029	3,000,301
Less: Accumulated depreciation	196,447	199,331	1,908,735
Net property, plant and equipment	112,344	135,698	1,091,566
Investments and other assets:			
Investment securities	20,027	18,669	194,588
Deferred income taxes	23,224	23,206	225,651
Net asset for retirement benefits	8,904	—	86,514
Goodwill	9,400	38,373	91,333
Intangible assets	20,156	21,545	195,842
Other assets	14,911	18,648	144,880
Allowance for doubtful accounts	(1,866)	(2,112)	(18,131)
Total investments and other assets	94,756	118,329	920,677
Total assets	¥828,592	¥775,528	\$8,050,836

LIABILITIES AND NET ASSETS

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current liabilities:			
Trade notes and accounts payable	¥ 53,668	¥ 36,261	\$ 521,455
Short-term borrowings	11,531	3,756	112,038
Income taxes payable	14,015	2,286	136,174
Accrued employees' bonuses	8,584	6,829	83,405
Customer advances	39,901	18,985	387,689
Accrued warranty expenses	10,072	8,345	97,862
Accrued expenses and other current liabilities	32,739	30,208	318,101
Total current liabilities	170,510	106,670	1,656,724
Deferred tax liabilities	9,279	4,817	90,157
Accrued pension and severance costs	—	57,225	—
Net liability for retirement benefits	54,031	—	524,981
Other liabilities	4,158	1,689	40,400
Total liabilities	237,978	170,401	2,312,262
Net assets:			
Shareholders' equity			
Common stock	54,961	54,961	534,017
Authorized: 300,000,000 shares Issued: 180,610,911 shares as of March 31, 2014 and 2013			
Capital surplus	78,023	78,023	758,094
Retained earnings	436,174	467,921	4,237,991
Treasury stock, at cost 1,408,950 and 1,424,203 shares as of March 31, 2014 and 2013, respectively	(9,479)	(9,589)	(92,101)
Accumulated other comprehensive income			
Net unrealized gains on investment securities	5,593	4,214	54,343
Net deferred gain (losses) on hedging instruments	60	(15)	583
Foreign currency translation adjustments	5,777	(2,484)	56,131
Accumulated adjustments for retirement benefits	6,982	—	67,839
Share subscription rights	1,644	1,375	15,974
Minority interests	10,879	10,721	105,703
Total net assets	590,614	605,127	5,738,574
Total liabilities and net assets	¥828,592	¥775,528	\$8,050,836

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Operations

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Net sales	¥612,170	¥497,300	\$5,948,018
Cost of sales	410,278	338,545	3,986,378
Gross profit	201,892	158,755	1,961,640
Selling, general and administrative expenses	169,687	146,206	1,648,727
Operating income	32,205	12,549	312,913
Other income (expenses):			
Interest and dividend income	3,162	1,659	30,723
Revenue from grants	1,154	2,672	11,213
Gain on sale of property, plant and equipment	433	943	4,207
Reversal of allowance for doubtful accounts	—	558	—
Foreign exchange loss, net	(1,229)	(1,520)	(11,941)
Loss on impairment of property, plant and equipment, goodwill and other assets	(46,969)	(7)	(456,364)
Loss on sale and disposal of property, plant and equipment	(492)	(153)	(4,780)
Loss on devaluation of investment securities, net	(308)	(44)	(2,993)
Other, net	288	1,110	2,797
Income (loss) before income taxes and minority interests	(11,756)	17,767	(114,225)
Income taxes:			
Current	15,995	6,255	155,412
Prior years	—	2,195	—
Deferred	(8,538)	2,959	(82,958)
Income (loss) before minority interests	(19,213)	6,358	(186,679)
Minority interests	196	282	1,904
Net income (loss)	¥ (19,409)	¥ 6,076	\$ (188,583)

	Yen		U.S. dollars
	2014	2013	2014
Per share of common stock:			
Net income (loss) — basic	¥ (108.31)	¥ 33.91	\$ (1.05)
Net income — diluted	—	33.85	—
Net assets	3,225.92	3,309.58	31.34
Cash dividends	50.00	51.00	0.49

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Income (loss) before minority interests	¥(19,213)	¥ 6,358	\$(186,679)
Other comprehensive income:			
Changes in fair value of investment securities	1,365	652	13,263
Changes in deferred gains (losses) on hedging instruments	92	56	894
Foreign currency translation adjustments	6,867	8,760	66,721
Total other comprehensive income	8,324	9,468	80,878
Comprehensive income (loss)	(10,889)	15,826	(105,801)
Total comprehensive income (loss) attributable to:			
Owners of the Company	(11,151)	15,426	(108,346)
Minority interests	262	400	2,545

See accompanying Notes to Consolidated Financial Statements.

■ Consolidated Statements of Changes in Net Assets ■ Consolidated Statements of Cash Flows

Consolidated Statements of Changes in Net Assets

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen										
	Shareholders' equity				Accumulated other comprehensive income				Share subscription rights	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on investment securities	Deferred gains (losses) on hedging instruments	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits			
Balance as of April 1, 2012	¥54,961	¥78,023	¥471,186	¥(9,748)	¥3,576	¥(51)	¥(11,158)	¥ —	¥1,157	¥10,657	¥598,603
Cash dividends	—	—	(9,317)	—	—	—	—	—	—	—	(9,317)
Net income	—	—	6,076	—	—	—	—	—	—	—	6,076
Repurchase of treasury stock	—	—	—	(15)	—	—	—	—	—	—	(15)
Disposal of treasury stock	—	—	(24)	174	—	—	—	—	—	—	150
Other, net	—	—	—	—	638	36	8,674	—	218	64	9,630
Balance as of March 31, 2013	¥54,961	¥78,023	¥467,921	¥(9,589)	¥4,214	¥(15)	¥ (2,484)	¥ —	¥1,375	¥10,721	¥605,127
Adjustments due to the changes in fiscal year-end of consolidated subsidiaries	—	—	(3,190)	—	—	—	—	—	—	—	(3,190)
Cash dividends	—	—	(9,139)	—	—	—	—	—	—	—	(9,139)
Net loss	—	—	(19,409)	—	—	—	—	—	—	—	(19,409)
Repurchase of treasury stock	—	—	—	(30)	—	—	—	—	—	—	(30)
Disposal of treasury stock	—	—	(9)	140	—	—	—	—	—	—	131
Other, net	—	—	—	—	1,379	75	8,261	6,982	269	158	17,124
Balance as of March 31, 2014	¥54,961	¥78,023	¥436,174	¥(9,479)	¥5,593	¥ 60	¥ 5,777	¥6,982	¥1,644	¥10,879	¥590,614

	Thousands of U.S. dollars										
	Shareholders' equity				Accumulated other comprehensive income				Share subscription rights	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on investment securities	Deferred gains (losses) on hedging instruments	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits			
Balance as of March 31, 2013	\$534,017	\$758,094	\$4,546,453	\$(93,169)	\$40,944	\$(146)	\$(24,135)	\$ —	\$13,360	\$104,168	\$5,879,586
Adjustments due to the changes in fiscal year-end of consolidated subsidiaries	—	—	(30,995)	—	—	—	—	—	—	—	(30,995)
Cash dividends	—	—	(88,797)	—	—	—	—	—	—	—	(88,797)
Net loss	—	—	(188,583)	—	—	—	—	—	—	—	(188,583)
Repurchase of treasury stock	—	—	—	(292)	—	—	—	—	—	—	(292)
Disposal of treasury stock	—	—	(87)	1,360	—	—	—	—	—	—	1,273
Other, net	—	—	—	—	13,399	729	80,266	67,839	2,614	1,535	166,382
Balance as of March 31, 2014	\$534,017	\$758,094	\$4,237,991	\$(92,101)	\$54,343	\$ 583	\$ 56,131	\$67,839	\$15,974	\$105,703	\$5,738,574

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
	Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	¥ (11,756)	¥ 17,767	\$ (114,225)
Depreciation and amortization	24,888	26,631	241,819
Loss on impairment of property, plant and equipment, goodwill and other assets	46,969	7	456,364
Amortization of goodwill	4,262	1,141	41,411
Increase in accrued pension and severance costs	—	1,825	—
Increase in net liability for retirement benefits	2,887	—	28,051
Increase (decrease) in accrued employees' bonuses	1,396	(2,750)	13,564
Increase (decrease) in accrued warranty expenses	1,256	(2,918)	12,204
Interest and dividend income	(3,162)	(1,659)	(30,723)
(Increase) decrease in trade notes and accounts receivable	(25,358)	57,549	(246,386)
(Increase) decrease in inventories	(32,088)	20,279	(311,776)
Increase (decrease) in trade notes and accounts payable	15,606	(15,482)	151,632
(Increase) decrease in prepaid consumption tax	(2,913)	2,862	(28,304)
Increase in accrued consumption tax	1,123	596	10,911
Increase (decrease) in customer advances	19,083	(12,456)	185,416
Other, net	859	(2,972)	8,347
Subtotal	43,052	90,420	418,305
Receipts from interest and dividends	3,223	1,587	31,316
Interest paid	(84)	(68)	(816)
Income taxes paid	(1,742)	(7,672)	(16,926)
Net cash provided by operating activities	44,449	84,267	431,879
Cash flows from investing activities:			
Payment for purchases of short-term investments	(192,614)	(192,057)	(1,871,492)
Proceeds from maturities of short-term investments	184,071	126,000	1,788,486
Payment for purchase of property, plant and equipment	(9,451)	(19,012)	(91,829)
Proceeds from sale of property, plant and equipment	897	3,630	8,716
Payment for acquisition of intangible assets	(1,640)	(1,234)	(15,935)
Payment for acquisition of investments in newly consolidated subsidiaries	—	(55,079)	—
Payments for transfer of business	—	(1,097)	—
Other, net	(862)	(2,920)	(8,375)
Net cash used in investing activities	(19,599)	(141,769)	(190,429)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	7,551	(646)	73,368
Proceeds from long-term borrowings	2,000	—	19,433
Increase in treasury stock, net	(30)	(15)	(292)
Dividends paid	(9,139)	(9,317)	(88,797)
Other, net	(569)	(647)	(5,529)
Net cash used in financing activities	(187)	(10,625)	(1,817)
Effect of exchange rate changes on cash and cash equivalents	(3,973)	(5,335)	(38,603)
Net increase (decrease) in cash and cash equivalents	20,690	(73,462)	201,030
Cash and cash equivalents at beginning of year	85,314	158,776	828,935
Decrease in cash and cash equivalents due to the changes in fiscal year-end of consolidated subsidiaries	(1,207)	—	(11,728)
Cash and cash equivalents at end of year	¥104,797	¥ 85,314	\$1,018,237

See accompanying Notes to Consolidated Financial Statements.