TOKYO ELECTRON LIMITED

May 14, 2009

Consolidated Financial Review
for the Year Ended March 31, 2009

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)
Company representative:	Tetsuro Higashi, Chairman & CEO
Person-in-charge:	Yukio Saeki, Director, Accounting Department
Due date of annual general shareholder's meeting:	June 19, 2009
Due date of starting delivery of dividends:	May 29, 2009
Due date of submitting of financial statement:	June 19, 2009

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

1. Financial highlights for the year ended March 31, 2009

(1) Operating results

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Year ended			
	March 31, 2008		March 31, 2009	
		%		%
Net sales (Millions of yen)	906,091	6.4	508,082	(43.9)
Operating income (Millions of yen)	168,498	17.0	14,710	(91.3)
Ordinary income (Millions of yen)	172,713	20.0	20,555	(88.1)
Net income (Millions of yen)	106,271	16.4	7,543	(92.9)
Net income per share (Yen)	594.01	-	42.15	-
Fully diluted net income per share (Yen)	592.71	-	42.07	-
Return on equity	-	21.4	-	1.4
Ordinary income to total assets	-	22.1	-	2.8
Operating income to net sales	-	18.6	-	2.9

Profit/loss on equity method: Year ended 3/31/09: - million yen
Year ended 3/31/08: - million yen

(2) Financial position

	As of March 31, 2008	As of March 31, 2009
Total assets (Millions of yen)	792,817	668,998
Net assets (Millions of yen)	545,244	529,265
Equity ratio (%)	67.5	77.5
Net assets per share (Yen)	2,989.70	2,896.55

Equity: 518,387 million yen (as of March 31, 2009)
534,953 million yen (as of March 31, 2008)

(3) Cash flow

(Millions of yen)

	Year ended	
	March 31, 2008	March 31, 2009
Cash flow from operating activities	116,939	81,030
Cash flow from investing activities	(30,186)	(160,621)
Cash flow from financing activities	(27,033)	(46,015)
Cash and cash equivalents at end of period	193,492	65,883

2. Dividends

	Year ended March 31, 2008	Year ended March 31, 2009	Year ending March 31, 2010 (Forecast)
1Q-end dividend per share (Yen)	-	-	-
2Q-end dividend per share (Yen)	70.00	20.00	4.00
3Q-end dividend per share (Yen)	-	-	-
Year-end dividend per share (Yen)	55.00	4.00	4.00
Annual dividend per share (Yen)	125.00	24.00	8.00

	Year ended March 31, 2008	Year ended March 31, 2009	Year ending March 31, 2010 (Forecast)
Total dividend (Millions of yen)	22,365	4,294	-
Payout ratio (%)	21.0	56.9	-
Dividend on equity (%)	4.5	0.8	-

3. Earnings forecasts for the year ending March 31, 2010

Note: Percentages for full business year indicated changes from the previous term, and for interim period indicated changes from the previous interim period.

	Six months ending June 30, 2009		Year ending March 31, 2010	
		%		%
Net sales (Millions of yen)	126,000	(58.2)	300,000	(41.0)
Operating income (Millions of yen)	(42,000)	-	(63,000)	-
Ordinary income (Millions of yen)	(41,000)	-	(61,000)	-
Net income (Millions of yen)	(26,000)	-	(38,000)	-
Net income per share (Yen)	(145.28)	-	(212.33)	-

4. Others

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

(2) Changes in principles, procedures and display of accounting method concerning consolidated statement policies.
(Listed as changes in basis of presentation of consolidated financial statement)

1. Changes in accounting policies: Yes
2. Other changes: None

(3) Number of shares outstanding (common stock)

1. Number of shares issued
   - As of March 31, 2009: 180,610,911 shares
   - As of March 31, 2008: 180,610,911 shares
2. Number of shares of treasury stock
   - As of March 31, 2009: 1,643,398 shares
   - As of March 31, 2008: 1,678,927 shares

(Reference) Non-consolidated financial review for the year ended March 31, 2009

1. Financial highlights for the year ended March 31, 2009

(1) Operating results

Note: Percentages indicate changes from the previous fiscal year.

	Year ended			
	March 31, 2008		March 31, 2009	
		%		%
Net sales (Millions of yen)	767,505	6.6	389,458	(49.3)
Operating income (Millions of yen)	86,233	21.4	8,405	(90.3)
Ordinary income (Millions of yen)	95,926	25.1	14,979	(84.4)
Net income (Millions of yen)	51,471	(0.4)	9,922	(80.7)
Net income per share (Yen)	287.71	-	55.45	-
Fully diluted net income per share (Yen)	287.08	-	55.33	-

(2) Financial position

	As of March 31, 2008	As of March 31, 2009
Total assets (Millions of yen)	598,762	486,594
Net assets (Millions of yen)	354,607	349,048
Equity ratio (%)	59.1	71.5
Net assets per share (Yen)	1,979.10	1,943.93

Equity: 347,899 million yen (as of March 31, 2009)
354,123 million yen (as of March 31, 2008)

Explanations on 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 information currently available. Consequently, actual operating results may differ substantially from the projections in the financial review.

Operating Results

(1) Analysis of Operating Results

(i) Business Environment during the Fiscal Year Ended March 31, 2009

During the fiscal year under review, the effects of the recession triggered by the financial crisis in the United States have spread to Europe and Asia, leading to a global economic downturn.

The electronics industry, in which the Company conducts business, is experiencing decline in demand for electronic devices such as PCs, mobile phones, and digital home appliances as a result of the economic downturn. Demand and prices are also falling in semiconductor markets, and semiconductor manufacturers are delaying and freezing investment in facilities.

(ii) Overview of Profits and Losses during the Fiscal Year Ended March 31, 2009

It is under these harsh economic conditions, the Company's financial results were down sharply from the previous fiscal year as a result of the substantial impact from the deterioration of the business environment including a marked drop in sales in the semiconductor production equipment business sector. However, the Company managed to maintain profitability over the entire fiscal year due to efforts to reinforce fixed cost reductions and improve profits and losses from the outset of last year. Profits and losses for the fiscal year were as follows.

Consolidated net sales for the fiscal year decreased by 43.9% compared to the previous fiscal year, to 508,082 million yen. Domestic net sales decreased by 35.5%, to 208,870 million yen, and overseas net sales decreased 48.6%, to 299,211 million yen, with overseas net sales accounting for 58.9% of consolidated net sales. Consolidated orders for the fiscal year fell 50.9%, to 365,952 million yen, and consolidated order backlogs dropped 43.7%, to 182,833 million yen.

Cost of sales for the fiscal year dropped 37.7%, to 370,673 million yen, and gross profit decreased 55.9%, to 137,408 million yen. As a result, gross profit margin decreased by 7.4 percentage points, to 27.0%.

Selling, general, and administrative (SG&A) expenses decreased 14.1%, to 122,697 million yen, with their ratio to net sales increasing by 8.3 percentage points to 24.1%.

As a result, operating income decreased 91.3%, 14,710 million yen. Ordinary income decreased by 88.1%, to 20,555 million yen, with non-operating income and expenses at 6,809 million yen and 964 million yen, respectively. In terms of margins, the operating income margin decreased by 15.7 percentage points, to 2.9%, and the ordinary income margin dropped 15.1 percentage points, to 4.0%.

The Company posted unusual or infrequent loss of 10,918 million yen (compared to unusual or infrequent loss of 3,493 million yen in the previous fiscal year) due to loss on revaluation of investment securities and provision of allowance for doubtful accounts.

Income before income taxes for the fiscal year was 9,636 million yen, a 94.3% decrease over the previous fiscal year, and net income was 7,543 million yen, a 92.9% decrease.

As a result, net income per share was 42.15 yen (594.01 yen for the previous fiscal year).

(iii) Overview of Operations during the Fiscal Year Ended March 31, 2009 by Business Segment

Industrial Electronic Equipment Business

Net sales from external customers for this segment during the fiscal year decreased by 47.9% compared to the previous fiscal year, to 413,874 million yen.

(a) Semiconductor Production Equipment

The global fall in semiconductor demand forced semiconductor manufacturers to curtail production and postpone and limit capital investment. As a result of these factors, consolidated net sales in this segment tumbled to 325,383 million yen, down 55.2% from the previous fiscal year. Also, semiconductor manufacturers adjusted inventories, and there were gradual signs that the market had bottomed out including a start of a recovery in semiconductor prices towards the end of the fiscal year, but capital investment has yet to recover and harsh conditions are ongoing.

Developments concerning products during the fiscal year under review include the market launch of several new products such as a high-productivity model “CLEAN TRACK™ LITHIUS Pro™ V”, coater/developers, a high-productivity model with reduced environmental impact “Trias™ SPAi”, plasma processing system for nitridation and oxidation, and a high-functionality model “NS300+”, scrubber system.

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

Sales in this segment were primarily of production equipment for the large liquid crystal display (LCD) manufacturing lines of panel manufacturers, and consolidated net sales were 88,107 million yen, up 29.5% from the previous fiscal year. The situation concerning orders, however, is serious, with panel manufacturers curtailing production and limiting capital investment. In the PV production equipment area, the Company continued product development and worked to build business foundations including the conclusion in February 2009 of a representative agreement for the Asia Oceania region with Oerlikon Solar, a Swiss manufacturer of PV production equipment.

* Starting from the second half of the current fiscal year, the name of this segment was changed from “Flat Panel Display (FPD) Production Equipment” to “Flat Panel Display/Photovoltaic Cell (FPD/PV) Production Equipment.”

(c) Others

Consolidated net sales for this segment decreased by 15.5% compared to the previous fiscal year, to 384 million yen.

Electronic Components and Computer Networks Business

Sales of custom ICs for mobile phone base stations and memory ICs for PCs were relatively strong in the first half, but the market rapidly turned downward in the second half, and as a result, sales in the semiconductors and electronic devices segment were sluggish overall. This segment was also subject to the effects of product adjustments in various areas including consumer and industrial equipment.

In the computer systems segment, the trend towards limiting capital investment increased because of poor corporate performance and uncertainty concerning the future economic developments, and it appeared that companies continued putting off new investment in IT.

As a result of these developments, consolidated net sales from external customers in this segment during the fiscal year under review were down 15.3% from the previous fiscal year to 94,207 million yen.

(For reference)
Consolidated

(Millions of yen)

Year ended March 31, 2009	1Q	2Q	First Half	3Q	4Q	Second Half	Full Year	Year ended March 31, 2008
Net Sales	154,827	146,398	301,225	101,088	105,767	206,856	508,082	906,091
Industrial Electronic Equipment	129,904	119,196	249,100	78,253	86,520	164,774	413,874	794,910
Semiconductor Production Equipment	112,546	96,156	208,702	57,827	58,852	116,680	325,383	726,439
Japan	32,896	33,369	66,265	21,007	18,061	39,068	105,334	191,934
U.S.	18,909	16,010	34,920	13,538	16,915	30,454	65,374	108,708
Europe	7,900	6,942	14,842	5,751	9,794	15,546	30,389	36,929
Korea	14,842	11,791	26,633	5,700	5,211	10,912	37,546	73,212
Taiwan	25,724	13,160	38,884	4,896	5,526	10,423	49,308	254,972
China	3,788	3,236	7,025	3,301	760	4,062	11,087	29,864
S.E.Asia	8,484	11,645	20,129	3,631	2,582	6,213	26,343	30,819
ＦＰＤ/PV Production Equipment	17,264	22,915	40,179	20,370	27,557	47,927	88,107	68,016
Others	93	124	218	55	110	166	384	454
Electronic Components & Computer Networks	24,923	27,202	52,125	22,835	19,246	42,081	94,207	111,181
Operating Income	21,430	4,852	26,282	(2,001)	(9,570)	(11,572)	14,710	168,498
Ordinary Income	22,263	6,644	28,907	(74)	(8,278)	(8,352)	20,555	172,713
Net Income	12,853	4,508	17,361	(7,686)	(2,132)	(9,818)	7,543	106,271

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

(iv) Projected Operating Results for the Next Fiscal Year Ending March 31, 2010

There are concerns that the global financial crisis will become more serious or that the global economic downturn will intensify. In semiconductor markets, it will still be some time before capital investment by manufacturers recovers fully despite expectations that demand will increase starting in the second half. Under these challenging circumstances, the Company will make company wide efforts to reduce costs substantially and reinforce profit structures while continuing the development of technologies in growth areas and implementing measures to enhance its manufacturing capabilities to enable it to achieve growth that exceeds that of the market when economic conditions improve. The financial forecast for the next fiscal year (the fiscal year ending March 31, 2010) is set forth below.

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

Year ending March 31, 2010			Interim		Full Year	
Net Sales			126.0	-58.2%	300.0	-41.0%
	Industrial Electronic Equipment		89.5	-64.1%	223.0	-46.1%
		Semiconductor Production Equipment	60.0	-71.3%	164.0	-49.6%
		FPD/PV Production Equipment	29.5	-26.6%	59.0	-33.0%
		Others	0.0	-	0.0	-
	Electronic Components & Computer Networks		36.5	-30.0%	77.0	-18.3%
Operating Income			(42.0)	-	(63.0)	-
Ordinary Income			(41.0)	-	(61.0)	-
Net Income			(26.0)	-	(38.0)	-

(2) Analysis of Financial Conditions

(i)Financial Conditions

Current assets at the end of the fiscal year were down 134,546 million yen from the end of the previous fiscal year to 505,687 million yen. Major factors in the decline were a decrease in trade notes and accounts receivable of 104,483 million yen and a decrease in inventories of 26,909 million yen.

Tangible fixed assets decreased by 4,199 million yen from the end of the previous fiscal year, to 99,906 million yen.

Intangible fixed assets decreased by 2,493 million yen from the end of the previous fiscal year, to 10,760 million yen.

Investments and other assets increased 17,419 million yen from the end of the previous fiscal year to 52,644 million yen because of an increase in deferred income taxes and other factors.

As a result, total assets decreased by 123,819 million yen from the end of the previous fiscal year, to 668,998 million yen.

Current liabilities fell by 109,548 million yen from the end of the previous fiscal year to 89,272 million yen. Major factors in the decrease were a decline in trade notes and accounts payable of 30,939 million yen, a decrease from the redemption of the 11th issue of unsecured corporate bonds worth 30,000 million yen, and a decrease in income taxes payable of 26,487 million yen.

Long-term liabilities increased by 1,708 million yen from the end of the previous fiscal year to 50,460 million yen.

Net assets were down 15,979 million yen from the end of the previous fiscal year to 529,265 million yen as a result of posting a net income of 7,543 million yen, 9,841 million yen in deductions for payment of the year-end dividend for the previous fiscal year and 3,578 million yen for payment of the interim dividend, and 10,114 in valuation and translation adjustments. The equity ratio was 77.5%.

(ii) Cash Flow

The balance of cash and cash equivalents at the end of the fiscal year fell from 193,492 million yen at the end of the previous fiscal year by 127,609 million yen to 65,883 million yen. The combined balance of cash and cash equivalents plus time deposits and certificates of deposit with deposit terms of over three months, which are not included in cash and cash equivalents, increased from 203,562 million yen at the end of the previous fiscal year by 6,593 million yen to 210,156 million yen. Cash flows during the fiscal year under review were as follows.

Cash flow from operating activities during the fiscal year was 81,030 million yen, 35,909 million yen lower than the previous fiscal year. Major positive factors included net income before income taxes of 9,636 million yen, depreciation and amortization of 23,068 million yen, a decrease in trade notes and accounts receivable of 102,412 million yen, and a decrease in inventories of 21,282 million yen. The major negative factors were a decrease in accounts payable of 29,942 million yen and the payment of income taxes of 40,836 million yen.

Cash flow from investing activities was 160,621 million yen, primarily the result of a net increase in time deposits of 134,374 million yen and the acquisition of tangible fixed assets worth 17,227 million yen. Cash flow from investing activities in the previous fiscal year was 30,186 million yen.

Cash flow from financing activities was 46,015 million yen, primarily the result of the redemption of the 11th issue of unsecured corporate bonds worth 30,000 million yen and the payment of 13,420 million yen in dividends. Cash flow from financing activities in the previous fiscal year was 27,033 million yen.

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Equity ratio (%)	67.5	77.5
Equity ratio at market value (%)	136.8	97.4
Interest-bearing debt to cash flow ratio (times)	0.3	0.0
Interest coverage ratio (times)	335.66	401.23

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 20% based on consolidated net income.

In order to expand the Company's business scope, internal capital reserves are used effectively for R&D, capital investment, and global business expansion. The priority is also placed on sound cash flow management and earnings growth in order to respond to the support provided to the Company by shareholders.

Although a loss was recorded in the second half of the fiscal year, the Company intends to pay a year-end dividend for the fiscal year under review (the fiscal year ended March 31, 2009) of four yen per share (for a total dividend of 24 yen per share when combined with the 20-yen interim dividend) to meet shareholder expectations.

Although the outlook for financial results in the next fiscal year (the fiscal year ending March 31, 2010) is extremely severe, as discussed above, the Company plans to pay a dividend of eight yen per share for the entire year (a four-yen interim dividend and a four-yen year-end dividend) from the perspective of continuing the return of profits to shareholders.

(4) 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.

(i) 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 head-count, or increased inventories.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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 avoiding the use of third-party technologies and intellectual property rights.

(vii) 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.

(viii) 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 financial forecasts and estimates stated in this interim 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.

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 TEL Group is currently facing a serious global recession, and the condition of the markets in which it is active is severe. As such, it will make extensive efforts to substantially reduce costs and reinforce profit structures. In doing so, it is crucial that the TEL Group maintains the ability to develop highly competitive products in cutting-edge technology fields so that it can achieve continuous growth and high profitability in the future. The TEL Group will advance intensive R&D investment in high-growth areas and work to rapidly market products in order to achieve growth that greatly exceeds that of the market during the coming economic recovery. It will work to rapidly expand the photovoltaic cell production equipment segment, which the TEL Group entered last year, and develop it into a core group business. With respect to reinforcing manufacturing capabilities, the TEL Group will intensively reduce manufacturing costs by emphasizing internal production, changing materials and components, and other measures, in addition to focusing on the ongoing improvement of quality and the reduction of manufacturing lead times. With respect to human resources, which are the source of growth, the TEL Group will reallocate personnel in a way that best responds to changes in the business environment while implementing extensive skill enhancement programs and taking other measures to further develop human resources and lead to future advances.

Considering environmental responses to be a high-priority management issue, the Company conducts internal activities to reduce environmental impact while saving energy and decreasing the amount of restricted chemicals needed when the semiconductor and FPD production equipment that it sells is used. In addition to reducing the environmental impact of its existing businesses and products, the TEL Group believes that contributing to the solving of global environmental issues through the development of the newly established photovoltaic cell production equipment business is one of its most important group missions.

With respect to finances, although the Company has adequate shareholders' equity and cash on hand, given the current severe financial conditions, it will continue to streamline inventories, reduce manufacturing lead times as well as maintaining and enhancing profitability, among other measures, in order to maximize cash flows and build an even stronger financial structure.

With regard to compliance, corporate ethics and risk management, areas that have been implemented thoroughly for many years, the Company will take necessary measures based on the basic policy for internal controls adopted by the resolution of the Board of Directors, including appointing an executive officer in charge of compliance and internal control and the establishing of the Risk Management & Internal Control Department in April 2009.

Others

Executive Changes (Effective June 19, 2009)

(i) Candidate for Corporate Director

Corporate Director & Senior Vice President Takashi Nakamura (current Senior Vice President)

(ii) Retiring Corporate Director

Corporate Director Yuichi Honda (to be appointed as Statutory Auditor)

Corporate Director Yasuhiro Tsunemi

Note: Mr. Yasuhiro Tsunemi is an external corporate director as stipulated in Article 2 Item 15 of the Company Law.

(iii) Candidate for Statutory Auditor

Statutory Auditor Yuichi Honda (current Corporate Director)

(iv) Retiring Statutory Auditor

Statutory Auditor Takeo Tanaka (to be appointed as Corporate Consultant)

Consolidated Balance Sheet

(Millions of yen)

ASSETS	As of March 31, 2008	As of March 31, 2009
Current assets		
Cash and deposit	67,540	51,156
Trade notes and accounts receivable	224,170	119,687
Securities	136,022	159,001
Merchandise and finished goods	-	88,416
Work in process	-	29,306
Raw materials and supplies	-	16,518
Inventories	161,151	-
Defferd income taxes	24,140	11,480
Others	27,271	30,139
Allowance for doubtful accounts	(62)	(20)
Total current assets	640,233	505,687
Long-term assets		
Tangible fixed assets		
Buildings and structures	119,577	121,568
Accumulated depreciation	(67,279)	(71,308)
Buildings and structures, net	52,297	50,259
Machinery and carriers	69,818	72,586
Accumulated depreciation	(51,388)	(54,999)
Machinery and carriers, net	18,429	17,587
Tools, furniture and fixtures	29,917	-
Accumulated depreciation	(21,467)	-
Tools, furniture and fixtures, net	8,449	-
Land	20,729	20,678
Construction in progress	4,199	4,708
Others	-	31,886
Accumulated depreciation	-	(25,213)
Others, net	-	6,672
Total tangible fixed assets	104,105	99,906
Intangible fixed assets		
Others	13,253	10,760
Total intangible fixed assets	13,253	10,760
Investments and other assets		
Investment securities	8,837	9,131
Deferred income taxes	14,846	31,939
Others	11,843	19,118
Allowance for doubtful accounts	(301)	(7,545)
Total investments and other assets	35,224	52,644
Total long-term assets	152,584	163,311
Total assets	792,817	668,998

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	55,332	24,393
Income taxes payable	28,239	-
Accrued employees' bonuses	12,726	4,965
Accured warranty expenses	9,815	6,115
Others	92,706	53,798
Total current liabilities	198,820	89,272
Long-term liabilities		
Accrued pension and severance costs	43,704	47,046
Others	5,047	3,413
Total long-term liabilities	48,752	50,460
Total liabilities	247,572	139,732
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,392	78,114
Retained earnings	410,866	404,435
Treasury stock	(11,369)	(11,111)
Total shareholders' equity	532,850	526,398
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,172	(842)
Deferred gains or losses on hedges	460	66
Translation adjustments	(529)	(7,235)
Total valuation and translation adjustments	2,102	(8,011)
Subscription rights to shares	483	1,148
Minority interests	9,807	9,729
Total net assets	545,244	529,265
Total liabilities and net assets	792,817	668,998

Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Net sales	906,091	508,082
Cost of sales	594,794	370,673
Gross profit	311,297	137,408
Selling, general & administrative expenses		
Salaries and allowances	20,044	19,042
Provision for accrued bonuses	3,411	1,269
Provision for retirement allowances	1,990	1,998
Other personal expenses	11,647	7,044
Depreciation and amortization	5,355	5,872
Research and development expenses	66,072	60,987
Others	34,277	26,481
Total selling, general & administrative expenses	142,799	122,697
Operating income	168,498	14,710
Non-operating income		
Interest income	1,416	1,707
Revenue from development grants	2,170	2,700
Others	1,544	2,400
Total non-operating income	5,131	6,809
Non-operating expenses		
Interest expenses	343	175
Lease expenses of fixed assets	240	266
Loss on sale of trade notes and accounts receivable	167	132
Others	164	389
Total non-operating expenses	916	964
Ordinary income	172,713	20,555
Unusual or infrequent profit		
Gain on sale of fixed assets	2,364	67
Gain on reversal of subscription rights to shares	466	-
Others	188	18
Total unusual or infrequent profit	3,020	85
Unusual or infrequent loss		
Provision of allowance for doubtful accounts	-	7,360
Loss on retirement or sale of fixed assets	884	352
Loss on impairment	808	-
Loss on revaluation of investment securities	-	2,432
Office relocation expenses	729	212
Amortization of goodwill	4,072	-
Others	18	646
Total unusual or infrequent loss	6,513	11,004
Income before income taxes	169,219	9,636
Provision for income taxes and enterprise taxes	56,568	4,552
Deferred income taxes	5,373	(2,762)
Total income taxes	61,942	1,790
Minority interests	1,005	303
Net income	106,271	7,543

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2008	Year ended March 31, 2009
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	78,346	78,392
Disposal of treasury stock	45	(278)
Balance at end of period	78,392	78,114
Retained earnings		
Balance at beginning of period	328,026	410,866
Changes in accounting treatment by subsidiaries outside Japan	-	(551)
Cash dividends	(23,431)	(13,420)
Net income	106,271	7,543
Effect of changes in scope of consolidation	-	(2)
Balance at end of period	410,866	404,435
Treasury stock		
Balance at beginning of period	(12,167)	(11,369)
Purchase of treasury stock	(40)	(38)
Disposal of treasury stock	838	296
Balance at end of period	(11,369)	(11,111)
Total shareholders' equity		
Balance at beginning of period	449,166	532,850
Changes in accounting treatment by subsidiaries outside Japan	-	(551)
Cash dividends	(23,431)	(13,420)
Net income	106,271	7,543
Purchase of treasury stock	(40)	(38)
Disposal of treasury stock	884	17
Effects of changes in scope of consolidation	-	(2)
Balance at end of period	532,850	526,398

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Valuation and Translation Adjustments		
Valuation difference on available-for-sale securities		
Balance at beginning of period	5,853	2,172
Net change	(3,680)	(3,014)
Balance at end of period	2,172	(842)
Deferred gains or losses on hedges		
Balance at beginning of period	(177)	460
Net change	637	(393)
Balance at end of period	460	66
Translation adjustments		
Balance at beginning of period	5,332	(529)
Net change	(5,862)	(6,705)
Balance at end of period	(529)	(7,235)
Total Valuation and Translation Adjustments		
Balance at beginning of period	11,008	2,102
Net change	(8,905)	(10,114)
Balance at end of period	2,102	(8,011)
Subscription rights to shares		
Balance at beginning of period	584	483
Net change	(100)	664
Balance at end of period	483	1,148
Minority interests		
Balance at beginning of period	9,051	9,807
Net change	756	(78)
Balance at end of period	9,807	9,729
Total net assets		
Balance at beginning of period	469,810	545,244
Changes in accounting treatment by subsidiaries outside Japan	-	(551)
Cash dividends	(23,431)	(13,420)
Net income	106,271	7,543
Purchase of treasury stock	(40)	(38)
Disposal of treasury stock	884	17
Effects of changes in scope of consolidation	-	(2)
Net change except shareholders' equity	(8,249)	(9,527)
Balance at end of period	545,244	529,265

Consolidated Cash Flow

(Millions of yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Cash flow from operating activities		
Income before income taxes	169,219	9,636
Depreciation and amortization	21,413	23,068
Loss on impairment	808	-
Amortization of goodwill	5,672	-
Increase in accrued pension and severance costs (decrease)	3,754	3,426
Decrease in prepaid pension expenses (increase)	(4,035)	-
Increase in accured employees' bonuses (decrease)	(1,404)	(7,761)
Increase in accrued warranty expenses (decrease)	(4,322)	(3,345)
Interest and dividend revenue	(1,491)	(1,805)
Interest expenses	343	175
Foreign currency translation loss (gain)	694	103
Loss on sale of fixed assets (gain)	(2,332)	-
Loss on disposal of fixed assets	852	350
Loss on revaluation of investment securities (gain)	-	2,432
Office relocation expenses	729	212
Gain on reversal of subscription rights to shares	(466)	-
Decrease in trade notes and accounts receivable (increase)	2,473	102,412
Decrease in inventories (increase)	28,342	21,282
Increase in accounts payable (decrease)	(27,373)	(29,942)
Decrease in prepaid consumption tax (increase)	(1,446)	4,509
Increase in customer advances (decrease)	2,130	5,321
Others	(3,924)	(9,756)
Subtotal	189,637	120,319
Receipts from interest and dividends	1,372	1,749
Interest paid	(348)	(201)
Income taxes paid	(73,721)	(40,836)
Net cash generated by operating activities	116,939	81,030
Cash flow from investing activities		
Payment into time deposits	(44,070)	(353,803)
Proceeds from time deposits	34,000	219,429
Payment for purchase of tangible fixed assets	(19,338)	(17,227)
Proceeds from sale of tangible fixed assets	4,270	655
Payment for purchase of intangible fixed assets	(4,041)	(1,182)
Payment for purchase of investment securities	-	(7,815)
Others	(1,006)	(677)
Net cash used in investing activities	(30,186)	(160,621)
Cash flow from financing activities		
Net increase in short-term borrowings (decrease)	4,351	(2,262)
Repayment of long-term borrowings	(3,000)	-
Redemption of straight bonds	(5,500)	(30,000)
Net decrease in treasury stock (increase)	843	(20)
Dividends paid	(23,431)	(13,420)
Others	(297)	(311)
Net cash generated by financing activities	(27,033)	(46,015)
Effect of exchange rate changes on cash and cash equivalents	(617)	(2,068)
Net increase in cash and cash equivalents (decrease)	59,103	(127,676)
Cash and cash equivalents at beginning of period	134,389	193,492
Cash and cash equivalents from newly consolidated subsidiaries	-	67
Cash and cash equivalents at end of period	193,492	65,883

Segment Information

(1) Information by business segment

(Millions of yen)

Year ended March 31, 2009 (4/1/08 - 3/31/09)	Industrial Electronic Equipment	Electronic Components and Computer Networks	Total	Eliminations and Corporate	Consolidated
1. Net sales, operating income and expenses					
Net sales					
(1) Sales to external customers	413,874	94,207	508,082	-	508,082
(2) Intersegment sales or transfers	942	494	1,436	(1,436)	-
Total	414,816	94,701	509,518	(1,436)	508,082
Operating expenses	401,973	92,861	494,834	(1,463)	493,371
Operating income	12,843	1,840	14,683	27	14,710
2. Assets, depreciation expenses and capital expenditure					
Assets	631,061	40,680	671,741	(2,743)	668,998
Depreciation expenses	22,860	473	23,333	-	23,333
Capital expenditure	19,467	698	20,166	-	20,166

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

2. Major products in each business segment:

Business segment	Major products
Industrial Electronic Equipment	Semiconductor Production Equipment, FPD Production Equipment, Photovoltaic Cell Production Equipment, Others
Electronic Components and Computer Networks	Semiconductor Products, Boards, Computer Systems and Networks, and Software, Other Electronic Components

Segment Information

(2) Information by geographic segment

(Millions of yen)

Year ended March 31, 2009 (4/1/08 - 3/31/09)					
	Japan	Other Regions	Total	Eliminations and Corporate	Consolidated
1. Net sales, Operating income and expenses					
Net sales					
(1) Sales to external customers	435,434	72,647	508,082	-	508,082
(2) Intersegment sales or transfers	47,182	41,403	88,586	(88,586)	-
Total	482,617	114,051	596,668	(88,586)	508,082
Operating expenses	475,295	108,975	584,270	(90,899)	493,371
Operating income	7,322	5,075	12,397	2,313	14,710
2. Assets	638,047	67,154	705,201	(36,203)	668,998

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, Taiwan

(3) Overseas sales

(Millions of yen)

Year ended March 31, 2009 (4/1/08 - 3/31/09)					
	Taiwan	Korea	U.S.	Others	Total
Overseas sales	80,327	72,507	65,536	80,839	299,211
Consolidated net sales					508,082
Proportion of overseas sales in consolidated net sales (%)	15.8	14.3	12.9	15.9	58.9

Note: 1. National and regional categories are determined on the basis of geographic proximity.
2. Main countries in others: Singapore, China, Israel
3. Overseas sales indicates net sales in countries and territories except Japan.