

# Consolidated Financial Review for the First Quarter Ended June 30, 2007

Company name:  TOKYO ELECTRON LIMITED  
 URL: <http://www.tel.com>  
 Telephone number: (03) 5561-7000  
 Stock exchange listing: Tokyo Stock Exchange 1st Section  
 Code number: 8035  
 Company representative: Kiyoshi Sato, President & COO  
 Person-in-charge: Yukio Saeki, Director, Accounting Department

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

Note: All figures are rounded down to the nearest million yen.

## 1. Financial highlights for the first quarter ended June 30, 2007 (4/1/07- 6/30/07)

### (1) Operating results

Note: Percentages indicate changes from previous year.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended 6/30/07	212,494	18.6	43,034	66.4	41,175	54.0
Three months ended 6/30/06	179,205	12.0	25,864	19.0	26,739	23.1
Year ended 3/31/07	851,975		143,978		143,940	

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended 6/30/07	26,192	60.9	146.45	146.04
Three months ended 6/30/06	16,282	23.0	91.32	91.08
Year ended 3/31/07	91,262		511.27	509.84

### (2) Financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 6/30/07	750,501	486,360	63.6	2,666.84
As of 6/30/06	648,590	391,668	59.6	2,167.36
As of 3/31/07	770,513	469,810	59.7	2,573.72

### (3) Cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Three months ended 6/30/07	(29,519)	(4,630)	(14,277)	85,942
Three months ended 6/30/06	3,849	(4,269)	(9,359)	130,241
Year ended 3/31/07	54,296	(25,293)	(34,719)	134,389

2. Estimates for the year ending March 31, 2008 (4/1/07 - 3/31/08)

Estimates remain the same as those announced on May 11, 2007.

3. Others

- 1) Important changes in subsidiaries. (Changes on specific subsidiaries with changes in scope of consolidation): None
- 2) Adoption of simplified accounting method: None
- 3) Changes in the accounting method from the most recent fiscal year: None

Note:

The performance forecasts and estimates stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in exchange rates and other factors that may have an impact on performance.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products and their success or failure, and global conditions in the semiconductor production equipment business. Consequently, actual sales and profits may differ substantially from the projections stated in this Financial Review.

## Operating Results and Financial Conditions

### 1. Outline of Financial Results for the First Quarter (April 1 – June 30, 2007)

The Company's consolidated performance for the first quarter showed net sales of 212,494 million yen (up 18.6% from the same period of the previous year), operating income of 43,034 million yen (up 66.4%), operating income to net sales of 20.3%, ordinary income of 41,175 million yen (up 54.0%), and net income of 26,192 million yen (up 60.9%).

Viewing consolidated net sales by segment, the semiconductor production equipment division had sales of 165,785 million yen (up 31.7% from the same period of the previous year), the FPD(Flat Panel Display) production equipment division had sales of 21,400 million yen (down 26.0%), and the electronic components and computer networks division had sales of 25,175 million yen (up 4.7%). the Company's mainstay semiconductor production equipment division continued to enjoy brisk sales for the Asian memory makers.

(For reference)

Consolidated

(Millions of yen)

	FY2008 1Q	FY2007				
		Full Year	1Q	2Q	3Q	4Q
Net Sales	212,494	851,975	179,205	211,357	210,093	251,318
Industrial Electronic Equipment	187,318	744,512	155,152	181,907	185,094	222,358
Semiconductor Production Equipment	165,785	642,625	125,925	157,980	158,828	199,891
Japan	31,614	175,731	33,226	44,615	47,017	50,871
U.S.	21,111	105,613	27,931	25,252	21,513	30,915
Europe	7,922	47,963	13,774	10,863	12,217	11,108
Korea	21,432	106,168	18,024	23,149	23,165	41,829
Taiwan	62,517	141,794	26,066	36,337	36,347	43,042
China	13,848	29,650	3,806	10,487	8,982	6,374
S.E.Asia	7,338	35,702	3,093	7,275	9,582	15,750
F P D Production Equipment	21,400	100,766	28,932	23,636	26,023	22,173
Other	132	1,120	294	290	242	293
Electronic Components & Computer Networks	25,175	107,462	24,052	29,450	24,999	28,960
Operating Income	43,034	143,978	25,864	32,376	42,904	42,833
Ordinary Income	41,175	143,940	26,739	31,465	42,116	43,620
Net Income	26,192	91,262	16,282	20,942	26,987	27,050

Note: 1. Offset elimination has been carried out on the dealing between segments.  
 2. Starting from the second half of the previous fiscal year, "Computer Networks," which previously were included in the "Industrial Electronic Equipment" segment, was incorporated into the "Electronic Components" segment, which has been renamed the "Electronic Components and Computer Networks" segment. In line with these changes, net sales for the first and second quarters of the previous fiscal year are indicated according to the new segmentation.

### 2. Financial Conditions for the First Quarter

Total assets at the end of the first quarter were 750,501 million yen, a decrease of 20,012 million yen compared to the end of the previous fiscal year, mainly due to a decrease in cash and cash equivalents accompanying the payment of income taxes and dividends. Total liabilities were 264,140 million yen, a decrease of 36,562 million yen compared to the end of the previous fiscal year, due to the payment of income taxes. Net assets were 486,360 million yen, a increase of 16,550 million yen compared to the end of the previous fiscal year, chiefly due to an increase from reporting net income of 26,192 million yen and a decrease from cash dividends of 10,906 million yen, and the equity ratio was 63.6%.

### **3. Cash Flow for the First Quarter**

Cash and cash equivalents at the end of the first quarter were 85,942 million yen, down 48,447 million yen compared to the end of the previous fiscal year. The overall situation affecting cash flow in the first quarter was as follows.

Cash flow from operating activities was negative, at 29,519 million yen. The main positive factors included income before income taxes of 42,483 million yen, depreciation and amortization of 4,642 million yen, and an increase of 10,571 million yen in customer advances received. The main negative factors were payment of 45,635 million yen in income taxes, an increase in inventories of 27,235 million yen, an increase in trade notes and accounts receivable of 4,463 million yen, and a decrease in trade notes and accounts payables of 11,432 million yen.

Cash flow from investing activities was 4,630 million yen, attributed mainly to the acquisition of tangible fixed assets for use in production and R&D.

Cash flow from financing activities was 14,277 million yen, mainly due to payment of dividends of 10,906 million yen, and redemption of the fifth issue of unsecured straight bonds with warrants worth 5,500 million yen.

# Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2007	As of June 30, 2007	Increase (decrease)		As of June 30, 2006
	Amount	Amount	Amount	(%)	Amount
<b>(Assets)</b>					
<b>Current Assets</b>	610,363	588,069	(22,293)	(3.7)	503,597
Cash and cash equivalents	134,389	85,942			130,241
Trade notes and accounts receivable	228,688	234,260			164,066
Inventories	194,840	222,390			175,553
Others	52,571	45,615			33,894
Allowance for doubtful accounts	(127)	(139)			(158)
<b>Long-term Assets</b>	160,150	162,432	2,281	1.4	144,992
<b>Tangible fixed assets</b>	104,930	107,496			95,676
<b>Intangible fixed assets</b>	19,399	18,661			15,902
<b>Investments and other assets</b>	36,118	36,570			33,759
Allowance for doubtful accounts	(297)	(297)			(346)
<b>Total Assets</b>	770,513	750,501	(20,012)	(2.6)	648,590

# Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2007	As of June 30, 2007	Increase (decrease)		As of June 30, 2006
	Amount	Amount	Amount	(%)	Amount
<b>(Liabilities)</b>					
<b>Current liabilities</b>	225,854	188,068	(37,786)	(16.7)	182,635
Trade notes and accounts payable	83,837	73,084			65,854
Bonds due within 1 year	5,500	-			25,500
Income taxes payable	45,657	18,081			10,926
Customer advances	21,956	32,805			35,701
Accrued employees' bonuses	14,131	6,345			3,986
Accrued warranty expenses	14,114	14,175			12,868
Others	40,658	43,575			27,798
<b>Long-term liabilities</b>	74,848	76,072	1,224	1.6	74,285
Straight bonds	30,000	30,000			30,000
Accrued pension and severance costs	40,018	40,850			38,275
Accrued pension and severance costs for directors	666	644			691
Others	4,162	4,577			5,317
<b>Total liabilities</b>	300,702	264,140	(36,562)	(12.2)	256,921
<b>(Net assets)</b>					
<b>Shareholders' equity</b>	449,166	465,093	15,926	3.5	378,701
Common stock	54,961	54,961			54,961
Capital surplus	78,346	78,413			78,102
Retained earnings	328,026	343,312			260,540
Treasury Stock, at cost	(12,167)	(11,593)			(14,902)
<b>Valuation and translation adjustments</b>	11,008	11,999	990	9.0	7,775
<b>Share subscription rights</b>	584	156	(427)	(73.2)	483
<b>Minority interests</b>	9,051	9,111	60	0.7	4,708
<b>Total net assets</b>	469,810	486,360	16,550	3.5	391,668
<b>Total Liabilities and net assets</b>	770,513	750,501	(20,012)	(2.6)	648,590

# Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2006		Three months ended June 30, 2007		Increase (decrease)		Year ended March 31, 2007	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	(%)	Amount	Ratio to net sales
Net sales	179,205	100.0	212,494	100.0	33,288	18.6	851,975	100.0
Cost of sales	124,765	69.6	135,907	64.0	11,142	8.9	579,325	68.0
<b>Gross profit</b>	54,439	30.4	76,586	36.0	22,146	40.7	272,649	32.0
Selling, general & administrative expense	28,575	16.0	33,551	15.7	4,976	17.4	128,670	15.1
<b>Operating income</b>	25,864	14.4	43,034	20.3	17,169	66.4	143,978	16.9
Non-operating income	1,257		1,061				4,908	
Non-operating expenses:	382		2,920				4,946	
<b>Ordinary income</b>	26,739	14.9	41,175	19.4	14,436	54.0	143,940	16.9
Unusual or infrequent profit	597		1,380				2,721	
Unusual or infrequent loss:	16		72				2,247	
<b>Income before income taxes</b>	27,320	15.2	42,483	20.0	15,163	55.5	144,414	17.0
Provision for income taxes and enterprise tax	10,954	6.1	16,088	7.6			60,132	7.1
Deferred income taxes	-	-	-	-			(7,534)	(0.9)
Minority interest	83	0.0	202	0.1			553	0.1
<b>Net income</b>	16,282	9.1	26,192	12.3	9,910	60.9	91,262	10.7

## Segment Information

Information by business segment

(Millions of yen)

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

(Millions of yen)

Three months ended June 30, 2007 (4/1/07 - 6/30/07)					
	Industrial electronic equipment	Electronic components and computer networks	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	187,318	25,175	212,494	-	212,494
(2) Intersegment sales or transfers	273	281	554	(554)	-
Total	187,592	25,456	213,048	(554)	212,494
Operating expenses	145,427	24,591	170,019	(560)	169,459
Operating income	42,164	864	43,029	5	43,034

(Millions of yen)

Year ended March 31, 2007 (4/1/06 - 3/31/07)					
	Industrial electronic equipment	Electronic components and computer networks	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	744,512	107,462	851,975	-	851,975
(2) Intersegment sales or transfers	2,381	1,247	3,628	(3,628)	-
Total	746,893	108,709	855,603	(3,628)	851,975
Operating expenses	606,539	104,739	711,279	(3,282)	707,996
Operating income	140,354	3,969	144,324	(345)	143,978

Note: Starting from the second half of the previous fiscal year, "Computer Networks", which previously were included in the "Industrial Electronic Equipment" segment, was incorporated into the "Electronic Components" segment, which has been renamed the "Electronic Components and Computer Networks" segment. Also about three months ended June 30, 2006 (4/1/06 - 6/30/06), they are indicated according to the previous segmentation.



## Segment Information

Information by geographic segment

(Millions of yen)

Three months ended June 30, 2006 (4/1/06 - 6/30/06)					
	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	153,573	25,631	179,205	-	179,205
(2) Intersegment sales or transfers	15,915	10,434	26,349	(26,349)	-
Total	169,488	36,066	205,554	(26,349)	179,205
Operating expenses	145,982	33,538	179,520	(26,180)	153,340
Operating income	23,505	2,528	26,033	(169)	25,864

(Millions of yen)

Three months ended June 30, 2007 (4/1/07 - 6/30/07)					
	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	188,848	23,645	212,494	-	212,494
(2) Intersegment sales or transfers	19,361	12,748	32,109	(32,109)	-
Total	208,209	36,393	244,603	(32,109)	212,494
Operating expenses	165,438	33,680	199,118	(29,659)	169,459
Operating income	42,771	2,713	45,484	(2,449)	43,034

(Millions of yen)

Year ended March 31, 2007 (4/1/06 - 3/31/07)					
	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	749,281	102,693	851,975	-	851,975
(2) Intersegment sales or transfers	69,936	48,525	118,461	(118,461)	-
Total	819,218	151,219	970,437	(118,461)	851,975
Operating expenses	683,388	140,782	824,171	(116,174)	707,996
Operating income	135,829	10,436	146,266	(2,287)	143,978