TOKYO ELECTRON LIMITED

April 28, 2011

Consolidated Financial Review for the Year Ended March 31, 2011

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, 2011

(1) Operating results (Cumulative)

	Year ended March 31, 2010	Year ended March 31, 2011
Net sales (Millions of yen)	418,636	668,722
Operating income (Millions of yen)	(2,180)	97,870
Ordinary income (Millions of yen)	2,558	101,919
Net income (Millions of yen)	(9,033)	71,924
Net income per share (Yen)	(50.47)	401.73
Fully diluted net income per share (Yen)	-	401.06
Return on equity	(1.8)	13.3
Ordinary income to total assets	0.4	13.5
Operating income to net sales	(0.5)	14.6

Comprehensive income: Year ended 3/31/11: 69,598 million yen
Year ended 3/31/10: (4,750) million yen

Profit/loss on equity method: Year ended 3/31/11: - million yen
Year ended 3/31/10: - million yen

(2) Financial position

	As of March 31, 2010	As of March 31, 2011
Total assets (Millions of yen)	696,351	809,205
Net assets (Millions of yen)	523,369	584,801
Equity ratio (%)	73.5	70.8
Net assets per share (Yen)	2,859.37	3,198.66

Equity: 572,741 million yen (as of March 31, 2011)
511,818 million yen (as of March 31, 2010)

(3) Cash flow

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash flow from operating activities	48,284	83,238
Cash flow from investing activities	9,613	(35,881)
Cash flow from financing activities	(287)	(5,236)
Cash and cash equivalents at end of period	123,939	165,050

2. Dividends

	Year ended March 31, 2010	Year ended March 31, 2011	Year ending March 31, 2012 (Forecast)
1Q-end dividend per share (Yen)	-	-	-
2Q-end dividend per share (Yen)	4.00	38.00	-
3Q-end dividend per share (Yen)	-	-	-
Year-end dividend per share (Yen)	8.00	76.00	-
Annual dividend per share (Yen)	12.00	114.00	-

	Year ended March 31, 2010	Year ended March 31, 2011	Year ending March 31, 2012 (Forecast)
Total dividend (Millions of yen)	2,147	20,412	-
Payout ratio (%)	-	28.4	-
Dividend on equity (%)	0.4	3.8	-

Note: Interim and year-end dividends for the fiscal year ending March 31, 2012 remain undecided as the result of the performance forecast is currently under investigation. An official announcement of dividends together with the performance forecast is planned for May 13, 2011.

3. Earnings forecasts for the year ending March 31, 2012

We are currently investigating the performance forecast for the fiscal year ending March 31, 2012 and have refrained from publicizing it as the result of the direct and indirect influences of the Great East Japan Earthquake, which have continued to change by the hour since the earthquake struck on March 11, 2011. We plan to officially announce the forecast on May 13, 2011 after making assumptions on what is likely to happen in the future.

4. Others

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

(2) Changes in accounting principles, procedures and display of accounting method concerning consolidated statement policies:

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

(3) Number of shares outstanding (common stock)

	As of March 31, 2010	As of March 31, 2011
1. Number of shares issued (including treasury stock)	180,610,911	180,610,911
2. Number of shares of treasury stock	1,614,225	1,554,231
3. Average number of shares outstanding	178,987,481	179,035,910

(Reference) Non-consolidated financial review for the year ended March 31, 2011

1. Financial highlights for the year ended March 31, 2011

(1) Operating results

Note: Percentages indicate changes from the previous fiscal year.

	Year ended			
	March 31, 2010		March 31, 2011	
		%		%
Net sales (Millions of yen)	318,236	(18.3)	569,298	78.9
Operating income (Millions of yen)	(16,111)	-	30,620	-
Ordinary income (Millions of yen)	(13,985)	-	40,978	-
Net income (Millions of yen)	(16,838)	-	31,928	-
Net income per share (Yen)	(94.08)	-	178.34	-
Fully diluted net income per share (Yen)	-	-	178.04	-

(2) Financial position

	As of March 31, 2010	As of March 31, 2011
Total assets (Millions of yen)	533,081	629,215
Net assets (Millions of yen)	334,495	359,135
Equity ratio (%)	62.5	56.8
Net assets per share (Yen)	1,859.91	1,997.34

Equity: 357,636 million yen (as of March 31, 2011)
332,917 million yen (as of March 31, 2010)

* 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, May 13, 2011. The supplementary materials to these financial reports that will be handed out at this meeting will be posted simultaneously on our company website.

Operating Results

(1) Analysis of Operating Results

(i) Business Environment during the Fiscal Year Ended March 31, 2011

During the fiscal year, the global economy as a whole took a turn toward recovery. Some regions in Europe and America continued to perform sluggishly, but the general trend was upwards starting in the second half. Economic growth was strong in Asia, particularly in domestic demand in developing countries such as China and India. The Japanese economy showed signs of improvement, but little progress has been made because of the effects of the high value of the yen and an adverse employment environment as well as concerns regarding the repercussions of the Great Eastern Japan Earthquake that occurred in March.

In the electronics industry, the primary area of the Tokyo Electron Group's business activities, demand for PCs and flat-panel televisions was strong through the first half but later there was some adjustment. Demand for consumer electronics such as smartphones and tablet PCs increased rapidly, and the markets for the semiconductors and flat-panel displays that are key components in these products was generally favorable.

(ii) Overview of Profits and Losses during the Fiscal Year Ended March 31, 2011

Under these circumstances, the Group launched new high added value products and undertook active measures to increase sales, and as a result, sales and profit recovered substantially from the previous fiscal year. Profits and losses for the fiscal year were as follows.

Consolidated net sales for the fiscal year increased by 59.7% compared to the previous fiscal year to 668,722 million yen. Domestic net sales increased by 12.0% to 182,165 million yen, and overseas net sales increased 90.0% to 486,557 million yen with overseas net sales accounting for 72.8% of consolidated net sales. Consolidated orders for the fiscal year increased 53.6% to 734,893 million yen, and consolidated order backlogs rose 27.3% to 308,809 million yen.

The Great Eastern Japan Earthquake caused minor damage to some of the Group's plants buildings and equipment, resulting in temporary suspensions of production and shipments, but there was almost no impact on consolidated sales and inventories during the fiscal year.

The cost of sales increased 39.8% to 433,963 million yen and gross profit was up 116.7% to 234,758 million yen. As a result, the gross profit margin rose 9.2 percentage points to 35.1%.
Selling, general, and administrative (SG&A) expenses increased 23.9% to 136,887 million yen, and the ratio to consolidated net sales decreased by 5.9 percentage points to 20.5%.

As a result of these developments, operating income was 97,870 million yen compared to an operating loss of 2,180 million yen in the previous fiscal year. Ordinary income, adjusted for non-operating income of 4,827 million yen and non-operating expenses of 778 million yen, was 101,919 million yen, compared to ordinary income of 2,558 million yen in the previous fiscal year.

Unusual income was 2,134 million yen including reversal of allowance for doubtful accounts and unusual losses amounted to 4,475 million yen for a net unusual loss of 2,340 million yen, compared to an unusual loss of 10,326 million yen in the previous fiscal year. Unusual or infrequent losses included 1,113 million yen in earthquake-related expenses, 1,839 million yen in expenses related to transfer to the new Miyagi Plant.

Income before income taxes for the fiscal year was 99,579 million yen (compared to 7,767 million yen in losses before income taxes in the previous fiscal year), and net income was 71,924 million yen (compared to 9,033 million yen in net losses in the previous fiscal year).
As a result, net income per share was 401.73 yen (negative 50.47 yen in the previous fiscal year).

(iii) Overview of Operations during the Fiscal Year Ended March 31, 2011 by Business Segment

Semiconductor Production Equipment

The expansion of new semiconductor applications such as smartphones and tablet PCs resulted in a rapid recovery of the semiconductor market, particularly flash memory and logic semiconductors. The DRAM market was somewhat weak as a result of a downturn in PC demand starting in the second half, but investment in wafer fab equipment was increased sharply from the previous fiscal year. As a result of proactively promoting sales expansion of the latest products such as coater/developer (CLEAN TRACK™ LITHIUS Pro™ V), plasma etch system (Tactras™ Vigus™), thermal processing system (TELINDY PLUS™), net sales from external customers in this segment during the fiscal year under review were up 94.9% from the previous fiscal year to 511,331 million yen.

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

In the FPD production equipment business, the large LCD panel market entered an inventory adjustment phase, but investment in the new equipment for small- and medium-sized LCD panels was brisk thanks to strong demand for smartphones and tablet PCs, and the overall market was firm. In the photovoltaic cell production equipment business, the thin-film silicon PV cell market that TEL is entering is still in its early stages, but substantial growth is expected over the medium to long term as energy policies are reviewed worldwide. As a result of these developments, net sales from external customers in this segment during the fiscal year under review were down 6.5% from the previous fiscal year to 66,721 million yen.

Electronic Components and Computer Networks

In the semiconductor and electronic devices business, demand for semiconductor products related to digital home electronics such as flat-panel televisions and peripheral devices and other consumer electronics was weak since the beginning of the year. In contrast, demand for industrial equipment including medical equipment, semiconductor production equipment (SPE), and factory automation equipment was strong, and sales of analog ICs and custom ICs increased. In the computer systems related business, sales of computer network products were sluggish, but sales of software for embedded devices were strong and the maintenance service business performed well. As a result of these developments, net sales from external customers in this segment during the fiscal year under review were up 6.8% from the previous fiscal year to 90,216 million yen.

Other

Net sales from external customers for this segment during the fiscal year increased by 10.4% compared to the previous fiscal year to 453 million yen.

Note: Beginning in the current consolidated fiscal year, business segment information is provided in conformity with the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Corporate Accounting Standards, ASBJ Statement No. 17, dated March 27, 2009), and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Corporate Accounting Standards, ASBJ Guidance No. 20, dated March 21, 2008). As a result, comparisons of net sales from external customers to results from the same period of the previous fiscal year for each business segment are made after arrangement of the financial results from the previous fiscal year into the reported segments following application of the above standards.

(For reference)
Consolidated

(Millions of yen)

Year ended March 31, 2011	1Q	2Q	First Half	3Q	4Q	Second Half	Full Year	Year ended March 31, 2010
Net Sales	144,889	173,510	318,400	159,662	190,658	350,321	668,722	418,636
Semiconductor Production Equipment	103,166	137,063	240,229	115,373	155,728	271,101	511,331	262,391
Japan	18,404	28,547	46,952	16,927	24,060	40,988	87,940	44,174
U.S.	17,552	22,474	40,026	20,974	41,897	62,871	102,898	55,555
Europe	2,942	7,028	9,970	5,609	12,902	18,511	28,482	10,937
Korea	21,445	30,126	51,571	17,092	19,194	36,287	87,858	44,716
Taiwan	34,014	37,082	71,097	35,383	43,802	79,185	150,282	76,795
China	4,649	5,195	9,844	7,960	7,787	15,748	25,593	7,616
S.E.Asia	4,158	6,608	10,766	11,424	6,084	17,509	28,275	22,595
FPD/PV Production Equipment	20,306	12,553	32,860	21,992	11,867	33,860	66,721	71,361
Electronic Components & Computer Network	21,321	23,754	45,075	22,222	22,917	45,140	90,216	84,473
Others	95	138	234	73	145	218	453	410
Operating Income (Loss)	18,321	24,020	42,342	25,815	29,713	55,528	97,870	(2,180)
Ordinary Income (Loss)	19,063	26,043	45,107	26,667	30,145	56,812	101,919	2,558
Net Income (Loss)	14,727	18,726	33,454	18,667	19,802	38,470	71,924	(9,033)

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

(iv) Projected Operating Results for the Next Fiscal Year Ending March 31, 2012

We are currently investigating the performance forecast for the fiscal year ending March 31, 2012 and have refrained from publicizing it as the result of the direct and indirect influences of the Great East Japan Earthquake, which have continued to change by the hour since the earthquake struck on March 11, 2011. We plan to officially announce the forecast on May 13, 2011 after making assumptions on what is likely to happen in the future.

(2) Analysis of Financial Conditions

(i) Financial Conditions

Current assets at the end of the fiscal year rose 91,292 million yen from the end of the previous fiscal year to 644,231 million yen. The major factors resulting in the increase were a 45,057 million yen increase in certificates of deposit included in securities and a 30,475 million yen increase in inventories.

Tangible fixed assets increased by 20,424 million yen from the end of the previous fiscal year to 112,551 million yen.

Intangible fixed assets decreased by 1,373 million yen from the end of the previous fiscal year to 4,212 million yen.

Investments and other assets increased by 2,510 million yen compared to the end of the previous fiscal year to 48,209 million yen.

As a result, total assets increased by 112,853 million yen from the end of the previous fiscal year to 809,205 million yen.

Current liabilities increased by 48,876 million yen from the end of the previous fiscal year to 168,038 million yen. The major factors in the increase were a 20,972 million yen increase in income taxes payable and a 9,847 million yen increase in customer advances.

Long-term liabilities were up 2,545 million yen compared to the end of the previous fiscal year to 56,365 million yen.

Net assets increased by 61,432 million yen from the end of the previous fiscal year to 584,801 million yen as a result of net income of 71,924 million yen reported in the current fiscal year and payment of year-end dividends of 1,431 million yen for the previous fiscal year and interim dividends of 6,804 million yen for the current fiscal year. The equity ratio was 70.8%.

(ii) Cash Flow

The balance of cash and cash equivalents at the end of the fiscal year increased from 123,939 million yen at the end of the previous fiscal year by 41,110 million yen to 165,050 million yen. The combined balance of cash and cash equivalents plus 120,000 million yen in time deposits and certificates of deposit with deposit terms of over three months (which are not included in cash and cash equivalents) was 285,050 million yen. Cash flows during the fiscal year under review were as follows.

Cash flow from operating activities increased by 34,953 million yen compared to the same period of the previous fiscal year to 83,238 million yen. Major positive factors included net income before income taxes of 99,579 million yen, depreciation and amortization of 17,707 million yen, and an increase in customer advances of 9,575 million yen. The major negative factors were an increase in inventories of 36,532 million yen, an increase in trade notes and accounts receivable of 13,319 million yen, and the payment of 7,583 million yen in income taxes.

Cash flow from investing activities was a negative 35,881 million yen compared to the positive 9,613 million yen in the same period of the previous fiscal year, primarily as a result of payment of 33,541 million yen for the purchase of tangible fixed assets.

Cash flow from financing activities was 5,236 million yen, primarily as a result of the payment of 8,236 million yen in dividends. Cash flow from financing activities in the previous fiscal year was 287 million yen.

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Equity ratio (%)	73.5	70.8
Equity ratio at market value (%)	159.4	101.5
Interest-bearing debt to cash flow ratio (times)	0.1	0.1
Interest coverage ratio (times)	1047.59	1824.28

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 the Current and Next Fiscal Years

TEL's basic policy for returning profits to shareholders by maintaining a payout ratio of around 20% based on consolidated net income was revised on November 2, 2010 by the Board of Directors, in order to increase the target payout ratio to 35% based on consolidated net income starting with the year-end dividend for the fiscal year ended March 2011.

TEL effectively uses 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 on a continual basis. We will maintain our policy of actively investing in research and development, facilities, and human resources to establish the foundations for future growth. The Board's decision to raise the consolidated payout ratio as a means of providing greater returns to shareholders was based on the results of a review of medium-term projections of business and financial conditions.

In the current fiscal year (the fiscal year ended March 2011), an interim dividend of 38 yen per share was declared, and a year-end dividend of 76 yen per share is planned pursuant to application of the new policy to consolidated financial results for the second half.

As a result, the dividend for the entire fiscal year including the interim dividend will be 114 yen per share.

The dividend for the next fiscal year (ending March 2012) is undetermined at this time as we are currently examining projections of financial performance, however we plan to make an announcement on May 13, 2011 at the time of releasing these financial projections.

Management Policies

(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 policy, the TEL Group engages in the development of dynamic and internationally-competitive companies with high growth potential and profitability to make its shares 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.

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

Based on these management policies, the TEL Group implements the following priority measures.

1. Reinforce Research and Development Capabilities

Maintaining and extending research and development capabilities are essential for making the technological innovations necessary for establishing a more prosperous world and marketing competitive new products in a timely manner. The TEL Group has prioritized the development of next-generation and differentiating technologies with a focus on semiconductor and FPD production equipment, a field that is expected to undergo rapid growth in the future. We also use technologies accumulated over many years to cultivate and develop new businesses such as organic EL display and photovoltaic cell production equipment and provide high added value products.

2. Reinforce Manufacturing Capabilities

The TEL Group has established integrated development and mass production functions and is enhancing its manufacturing capabilities to reduce manufacturing costs, shorten manufacturing times, and raise quality while shortening the development times of high added value products. We are currently constructing a new plant in Taiwa, Miyagi Prefecture, which will conduct integrated operations from development to mass production of etch systems for semiconductors, a market that is expected to grow. As a result, TEL expects to raise its market share. The new plant will also work toward raising productivity and reducing production times through the adoption of production method innovations, and will mass-produce equipment using a radial line slot antenna, a new plasma technology.

In addition, we are constructing a new FPD production equipment manufacturing site in Kunshan City in China's Jiangsu Province to provide timely products and services in response to demand for FPD production equipment in China and other parts of Asia, and to raise cost competitiveness.

3. Strengthen the Provision of Optimal Solutions

The Group is strengthening partnerships with customers not only in sales and services, but in development as well. We are establishing overseas development sites in New York State in the United States and in Hsinchu City, Taiwan, as well as strengthening collaboration with research organizations in Europe and the United States. We also plan to establish a new development site in South Korea. In addition, we are integrating group equipment and incorporating field engineering into the organizational structures of each production site, in order to enhance our ability to make rapid and appropriate proposals in response to the broad-ranging technology needs of customers. We are reinforcing the field solution business so we can not only market and sell state-of-the-art equipment, but also relocate, modify, and enhance the performance of equipment we have already sold.

4. Measures to Address Environmental Issues

The TEL Group is implementing measures to reduce the environmental impact of its business and logistics activities. We are also implementing industry-wide environmental countermeasures intended to halve the total environmental impact of customer plants by 2015 compared to 2007 by reducing greenhouse gases emissions, electricity usage and water consumption.

In addition to these measures, we will continue optimal placement of human resources and enhancement of skills development programs to support the development of human resources that can respond to changes in the business environment and serve as a source of growth. We will also create fair evaluation and compensation systems based on the degree of employee contribution and link them to create a company filled with dreams, and vitality.

While the Great Eastern Japan Earthquake that occurred in March had only minimal impact on the TEL Group's production facilities, the Group is making concerted efforts to address concerns regarding supply chains and electric power shortages, primarily in the territories of Tokyo Electric Power.

Based on its profit-oriented management, the Group will continue, to enhance its corporate value by implementing a customer-first policy, improving product and technology development capabilities, strengthening international competitiveness, and motivating employees.

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
ASSETS		
Current assets		
Cash and deposit	56,939	52,992
Trade notes and accounts receivable	124,462	136,385
Securities	187,000	232,057
Merchandise and finished goods	87,201	111,918
Work in process	37,793	43,246
Raw materials and supplies	13,455	13,760
Deferred income taxes	26,625	27,609
Others	19,638	27,414
Allowance for doubtful accounts	(176)	(1,153)
Total current assets	552,939	644,231
Long-term assets		
Tangible fixed assets		
Buildings and structures	120,429	121,597
Accumulated depreciation	(75,001)	(75,363)
Buildings and structures, net	45,428	46,234
Machinery and carriers	70,036	75,735
Accumulated depreciation	(56,854)	(58,755)
Machinery and carriers, net	13,182	16,980
Land	26,355	25,772
Construction in progress	3,739	19,509
Others	28,906	28,963
Accumulated depreciation	(25,484)	(24,909)
Others, net	3,421	4,054
Total tangible fixed assets	92,127	112,551
Intangible fixed assets		
Others	5,586	4,212
Total intangible fixed assets	5,586	4,212
Investments and other assets		
Investment securities	14,720	15,725
Deferred income taxes	20,505	20,727
Others	17,924	13,786
Allowance for doubtful accounts	(7,452)	(2,031)
Total investments and other assets	45,698	48,209
Total long-term assets	143,412	164,973
Total assets	696,351	809,205

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	52,359	53,612
Income taxes payable	-	25,328
Accrued employees' bonuses	6,043	11,130
Accrued warranty expenses	5,267	7,594
Others	55,490	70,372
Total current liabilities	119,161	168,038
Long-term liabilities		
Accrued pension and severance costs	49,906	52,230
Others	3,913	4,134
Total long-term liabilities	53,820	56,365
Total liabilities	172,982	224,403
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,034	78,045
Retained earnings	393,970	457,658
Treasury stock	(10,900)	(10,484)
Total shareholders' equity	516,065	580,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,504	2,807
Deferred gains or losses on hedges	(67)	(12)
Translation adjustments	(6,683)	(10,234)
Total accumulated other comprehensive income	(4,247)	(7,439)
Subscription rights to shares	1,578	1,499
Minority interests	9,973	10,560
Total net assets	523,369	584,801
Total liabilities and net assets	696,351	809,205

Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Net sales	418,636	668,722
Cost of sales	310,320	433,963
Gross profit	108,316	234,758
Selling, general & administrative expenses		
Salaries and allowances	18,084	19,938
Provision for accrued bonuses	1,765	3,243
Provision for retirement allowances	2,358	2,222
Other personal expenses	6,400	8,872
Depreciation and amortization	5,605	4,386
Research and development expenses	54,074	70,568
Others	22,208	27,655
Total selling, general & administrative expenses	110,496	136,887
Operating income (loss)	(2,180)	97,870
Non-operating income		
Interest income	993	612
Revenue from development grants	1,842	3,026
Others	2,494	1,188
Total non-operating income	5,331	4,827
Non-operating expenses		
Building demolition cost	-	226
Maintenance and operation cost of closed business bases	-	185
Loss on revaluation of investment securities	185	-
Lease expenses of fixed assets	103	-
Foreign currency translation loss	-	143
Others	302	222
Total non-operating expenses	591	778
Ordinary income	2,558	101,919
Unusual or infrequent profit		
Reversal of allowance for doubtful accounts	-	1,891
Gain on sale of fixed assets	282	-
Others	17	242
Total unusual or infrequent profit	299	2,134
Unusual or infrequent loss		
Loss on sale or disposal of fixed assets	977	624
Loss on impairment	7,553	810
Loss from earthquake damage	-	1,113
Plant relocation expenses	-	1,839
Expenses for integration and closure of business bases	1,908	-
Others	186	86
Total unusual or infrequent loss	10,626	4,475
Income (loss) before income taxes	(7,767)	99,579
Provision for income taxes and enterprise taxes	5,747	29,482
Deferred income taxes	(5,020)	(2,711)
Total income taxes	726	26,771
Income before minority interests	-	72,807
Minority interests	539	883
Net income (loss)	(9,033)	71,924

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Income before minority interests	-	72,807
Other comprehensive income		
Valuation difference on available-for-sale securities	-	303
Deferred gains or losses on hedges	-	71
Translation adjustments	-	(3,584)
Total other comprehensive income	-	(3,209)
Comprehensive income	-	69,598
(Breakdown)		
Comprehensive income of attributable to owners	-	68,732
Comprehensive income attributable to minority interests	-	866

Reference:

Consolidated comprehensive income for the year ended March 31, 2010

(Millions of yen)

Other comprehensive income	
Valuation difference on available-for-sale securities	3,349
Deferred gains or losses on hedges	(151)
Translation adjustments	545
Total other comprehensive income	3,743
Comprehensive income	
Comprehensive income of attributable to owners	(5,269)
Comprehensive income attributable to minority interests	518
Total comprehensive income	(4,750)

Consolidated Statements of Changes in Net Assets

	Year ended March 31, 2010	Year ended March 31, 2011
		(Millions of yen)
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	78,114	78,034
Disposal of treasury stock	(79)	11
Balance at end of period	78,034	78,045
Retained earnings		
Balance at beginning of period	404,435	393,970
Cash dividends	(1,431)	(8,236)
Net income (loss)	(9,033)	71,924
Balance at end of period	393,970	457,658
Treasury stock		
Balance at beginning of period	(11,111)	(10,900)
Purchase of treasury stock	(58)	(37)
Disposal of treasury stock	270	453
Balance at end of period	(10,900)	(10,484)
Total shareholders' equity		
Balance at beginning of period	526,398	516,065
Cash dividends	(1,431)	(8,236)
Net income (loss)	(9,033)	71,924
Purchase of treasury stock	(58)	(37)
Disposal of treasury stock	190	464
Balance at end of period	516,065	580,180

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of period	(842)	2,504
Net change except shareholders' equity	3,346	303
Balance at end of period	2,504	2,807
Deferred gains or losses on hedges		
Balance at beginning of period	66	(67)
Net change except shareholders' equity	(134)	55
Balance at end of period	(67)	(12)
Translation adjustments		
Balance at beginning of period	(7,235)	(6,683)
Net change except shareholders' equity	551	(3,550)
Balance at end of period	(6,683)	(10,234)
Total accumulated other comprehensive income		
Balance at beginning of period	(8,011)	(4,247)
Net change except shareholders' equity	3,764	(3,192)
Balance at end of period	(4,247)	(7,439)
Subscription rights to shares		
Balance at beginning of period	1,148	1,578
Net change except shareholders' equity	429	(78)
Balance at end of period	1,578	1,499
Minority interests		
Balance at beginning of period	9,729	9,973
Net change except shareholders' equity	244	587
Balance at end of period	9,973	10,560
Total net assets		
Balance at beginning of period	529,265	523,369
Cash dividends	(1,431)	(8,236)
Net income (loss)	(9,033)	71,924
Purchase of treasury stock	(58)	(37)
Disposal of treasury stock	190	464
Net change except shareholders' equity	4,438	(2,683)
Balance at end of period	523,369	584,801

Consolidated Cash Flow

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash flow from operating activities		
Income (loss) before income taxes	(7,767)	99,579
Depreciation and amortization	20,001	17,707
Loss on impairment	7,553	810
Increase in accrued pension and severance costs (decrease)	2,828	2,342
Increase in allowance for doubtful accounts (decrease)	120	(4,341)
Increase in accrued employees' bonuses (decrease)	1,078	5,086
Increase in accrued warranty expenses (decrease)	(836)	2,352
Interest and dividend revenue	(1,055)	(696)
Loss on disposal of fixed assets	916	-
Decrease in trade notes and accounts receivable (increase)	(4,890)	(13,319)
Decrease in inventories (increase)	(4,868)	(36,532)
Increase in accounts payable (decrease)	27,975	1,667
Decrease in prepaid consumption tax (increase)	568	(8,025)
Increase in accrued consumption tax (decrease)	-	2,304
Increase in customer advances (decrease)	(6,380)	9,575
Decrease in specific doubtful receivables (increase)	(139)	5,302
Others	6,377	6,308
Subtotal	41,480	90,121
Receipts from interest and dividends	1,171	745
Interest paid	(46)	(45)
Income taxes paid or refund (paid)	5,679	(7,583)
Net cash generated by operating activities	48,284	83,238
Cash flow from investing activities		
Payment into time deposits	(449,000)	(360,000)
Proceeds from time deposits	473,347	360,000
Payment for purchase of tangible fixed assets	(14,194)	(33,541)
Proceeds from sale of tangible fixed assets	488	509
Payment for purchase of intangible fixed assets	(786)	(925)
Others	(241)	(1,923)
Net cash used in investing activities	9,613	(35,881)
Cash flow from financing activities		
Net increase in short-term borrowings (decrease)	1,299	2,890
Net decrease in treasury stock (increase)	131	427
Dividends paid	(1,431)	(8,236)
Others	(286)	(318)
Net cash generated by financing activities	(287)	(5,236)
Effect of exchange rate changes on cash and cash equivalents	445	(1,009)
Net increase in cash and cash equivalents (decrease)	58,056	41,110
Cash and cash equivalents at beginning of period	65,883	123,939
Cash and cash equivalents at end of period	123,939	165,050

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 (Flat Panel Display and Photovoltaic Cell) Production Equipment segment consists of coaters/developers, plasma etch/ash system 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, 2011 (Millions of yen)

	Reportable Segment			Others *1
	Semiconductor Production Equipment	FPD/PV Production Equipment	Electronic Components & Computer Networks	
Sales to external customers	511,331	66,721	90,216	453
Inter-segment sales or transfers	0	-	1,099	14,907
Net sales	511,331	66,721	91,315	15,361
Segment income	120,845	6,640	2,907	1,916
Segment assets	239,707	42,812	50,254	2,093
Depreciation and amortization	7,369	543	455	353
Increase in the amount of tangible fixed assets and intangible fixed assets	13,181	553	774	27

	Total Segment	Eliminations *2	Consolidated Total *3
Sales to external customers	668,722	-	668,722
Inter-segment sales or transfers	16,007	(16,007)	-
Net sales	684,729	(16,007)	668,722
Segment income	132,309	(32,730)	99,579
Segment assets	334,868	474,336	809,205
Depreciation	8,721	8,985	17,707
Increase in the amount of tangible fixed assets and intangible fixed assets	14,536	26,723	41,260

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 32,730 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 22,718 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 474,336 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 26,723 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.

(Additional Information)

From this consolidated fiscal year, the business segment information is provided in conformity with the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Corporate Accounting Standards, ASBJ Statement No.17, dated March 27, 2009), and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Corporate Accounting Standards, ASBJ Guidance No.20, dated March 21, 2008).