

Tokyo Electron Device Limited  
**Statement of Income**  
 Years ended March 31, 2003 and 2002

	Thousands of		
	Millions of Yen	2002	U.S.dollars
	2003	2002	2003
<b>Net Sales</b>	<b>¥ 78,812</b>	¥ 74,629	<b>\$ 655,674</b>
Cost of sales	<u>68,423</u>	64,995	<u>569,243</u>
<b>Gross profit</b>	<b>10,389</b>	9,634	<b>86,431</b>
Selling, general and administrative expenses	<u>7,391</u>	6,986	<u>61,489</u>
<b>Operating income</b>	<b>2,998</b>	2,648	<b>24,942</b>
<b>Other income(expenses)</b>			
Interest expenses	(162)	(203)	(1,348)
Asset finance costs	(69)	(9)	(574)
Foreign currency gain or loss	(187)	67	(1,556)
Share issue expenses	(26)	-	(216)
Prior-period adjustment of allowance for doubtful accounts	1	68	8
Devaluation of golf memberships	(2)	(24)	(17)
Other, net	<u>27</u>	8	<u>225</u>
<b>Income before income taxes</b>	<b>2,580</b>	2,555	<b>21,464</b>
Provision for income taxes			
Current	1,473	919	12,255
Deferred	(317)	189	(2,638)
<b>Net income</b>	<u><b>1,424</b></u>	1,447	<u><b>11,847</b></u>
<b>Per share of common stock:</b>	Yen	Yen	U.S.dollars
Net income-primary	<b>¥ 84,950</b>	¥ 90,451	<b>\$ 707</b>
Cash dividends paid	<u>13,000</u>	9,375	<u>108</u>

Note: Dollar amounts have been translated, for convenience only, at the rate of ¥120.20 to U.S.\$1.00.

Our company was first listed on the 2nd section of the Tokyo Stock Exchange on March 7, 2003.

Tokyo Electron Device Limited  
**Balance Sheet**  
 March 31, 2003 and 2002

<b>Assets</b>	Thousands of		
	Millions of Yen		U.S. dollars
	<b>2003</b>	2002	<b>2003</b>
<b>Current assets:</b>			
Cash and time deposits	¥ 483	¥ 269	\$ 4,018
Trade notes and accounts receivable	19,895	20,380	165,516
Allowance for doubtful accounts	(28)	(58)	(233)
Inventories	11,004	9,640	91,547
Consumption Tax Receivable	446	-	3,710
Deferred tax assets	208	69	1,730
Prepaid expenses and other current assets	55	89	459
Total current assets	<b>32,063</b>	30,389	<b>266,747</b>
<b>Intangible and other assets:</b>			
Software	563	845	4,684
Long-term deposit	1,156	1,152	9,617
Intangible and other assets	88	117	732
Deferred tax assets	844	666	7,022
Total investments and other assets	<b>2,651</b>	2,780	<b>22,055</b>
<b>Property, plant and equipment:</b>			
Buildings	256	244	2,130
Machinery and equipment	414	289	3,444
Total property, plant and equipment	<b>670</b>	533	<b>5,574</b>
Less: accumulated depreciation	<b>343</b>	247	<b>2,854</b>
Net property, plant and equipment	<b>327</b>	286	<b>2,720</b>
<b>Total assets</b>	<b>35,041</b>	33,455	<b>291,522</b>

Note: Dollar amounts have been translated, for convenience only, at the rate of ¥ 120.20 to U.S.\$1.00.

<b>Liabilities and Shareholders' Equity</b>	Thousands of		
	Millions of Yen		U.S. dollars
	<b>2003</b>	2002	<b>2003</b>
<b>Current liabilities:</b>			
Short-term bank loans	¥ 4,500	¥ 12,680	\$ 37,438
Trade notes and accounts payable:	6,924	5,927	57,604
Accrued income taxes	1,008	531	8,386
Allowance for employees' bonuses	255	160	2,121
Other current liabilities	146	254	1,214
Total current liabilities	12,833	19,552	106,763
<b>Long-term debt, less current portion</b>	<b>8,000</b>	5,000	<b>66,556</b>
<b>Allowance for retirement and severance benefits</b>	<b>2,425</b>	2,078	<b>20,175</b>
<b>Allowance for retirement and severance benefits for directors</b>	<b>50</b>	99	<b>416</b>
<b>Other non-current liabilities</b>	<b>129</b>	146	<b>1,073</b>
Total liabilities	10,604	7,323	88,220
<b>Shareholders' equity:</b>			
Common stock	2,496	800	20,765
Additional Paid-in Capital, Capital Reserve	2,055	-	17,097
Retained earnings	7,053	5,780	58,677
Total shareholders' equity	11,604	6,580	96,539
<b>Total liabilities and shareholders' equity</b>	<b>35,041</b>	<b>33,455</b>	<b>291,522</b>

Tokyo Electron Device Limited  
**Statement of Cash Flows**  
Years ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S.dollars
	2003	2002	2003
<b>Cash flow from operating activities:</b>			
Income before income taxes	¥ 2,580	¥ 2,555	\$ 21,464
Depreciation and amortization	493	442	4,101
Increase in allowance for retirement and severance benefits	299	249	2,488
Increase(decrease) in allowance for employees' bonuses	95	(486)	790
Interest expenses	162	203	1,348
Loss on disposal of fixed assets	2	11	17
Increase(decrease) in trade notes and accounts receivable	474	8,717	3,943
Increase(decrease) in inventories	(1,364)	6,628	(11,348)
Increase(decrease) in accounts payable	1,195	(3,984)	9,942
Increase(decrease) in deposit for guarantee	-	600	-
Others	(694)	196	(5,774)
Subtotal	3,242	15,131	26,971
Receipts from interest and dividends	1	5	8
Interest paid	(161)	(205)	(1,339)
Income taxes paid	(996)	(2,044)	(8,286)
<b>Net cash provided by(used by)operating activities</b>	<b>2,086</b>	<b>12,887</b>	<b>17,354</b>
<b>Cash flow from investing activities:</b>			
Payment for purchase of property, plant and equipment	(135)	(126)	(1,123)
Payment for acquisition of intangible assets	(176)	(242)	(1,464)
Others	36	(63)	300
Net cash used in investing activities	(275)	(431)	(2,287)
<b>Cash flow from financing activities:</b>			
Increase(decrease) in short-term borrowings	(5,180)	(14,320)	(43,095)
Proceeds from long-term debt	3,000	-	24,958
Repayment of long-term debt	(3,000)	-	(24,958)
Increase in equity financing	3,724	-	30,982
Dividends paid	(150)	(200)	(1,248)
<b>Net cash provided by financing activities</b>	<b>(1,606)</b>	<b>(14,520)</b>	<b>(13,361)</b>
Effect of exchange rate changes on cash and cash equivalents	9	76	75
<b>Net increase(decrease)in cash and cash equivalents</b>	<b>214</b>	<b>(1,988)</b>	<b>1,781</b>
Cash and cash equivalents at beginning of year	269	2,257	2,238
<b>Cash and cash equivalents at end of year</b>	<b>483</b>	<b>269</b>	<b>4,019</b>

Note: Dollar amounts have been translated, for convenience only, at the rate of ¥120.20 to U.S.\$1.00.