

Tokyo Electron Device Limited  
**Statement of Income**  
For the six months ended September 30,2003 and 2002

	Thousands of		
	Millions of Yen		U.S.dollars
	2003	2002	2003
<b>Net Sales</b>	¥ 40,454	¥ 38,051	\$ 363,631
Cost of sales	35,027	33,221	314,849
<b>Gross profit</b>	5,427	4,830	48,782
Selling,general and administrative expenses	4,077	3,597	36,647
<b>Operating income</b>	1,350	1,233	12,135
<b>Other income(expenses)</b>			
Interest expenses	(60)	(83)	(539)
Asset finance costs	(39)	(24)	(351)
Foreign currency gain or loss	(84)	(149)	(755)
Prior-period adjustment of allowance for doubtful accounts	22	3	198
Other,net	21	27	188
<b>Income before income taxes</b>	1,210	1,007	10,876
Provision for income taxes			
Current	523	444	4,701
<b>Net income</b>	687	563	6,175
<b>Per share of common stock:</b>	Yen	Yen	U.S.dollars
Net income	¥ 29,855	¥ 35,212	\$ 268
Cash dividends paid	8,500	-	76

Note: Dollar amounts have been translated, for convenience only, at the rate of ¥111.25 to U.S.\$1.00.

Tokyo Electron Device Limited  
**Balance Sheet**  
As of September 30,2003 and 2002(unaudited)

<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	¥ 821	¥ 1,028	\$ 7,380
Trade notes and accounts receivable	19,652	19,221	176,647
Allowance for doubtful accounts	(6)	(26)	(54)
Inventories	12,944	13,322	116,351
Consumption Tax Receivable	192	400	1,726
Deferred tax assets	208	69	1,870
Prepaid expenses and other current assets	58	130	521
Total current assets	<b>33,869</b>	34,144	<b>304,441</b>
<b>Intangible and other assets:</b>			
Software	464	696	4,171
Long-term deposit	980	1,156	8,809
Intangible and other assets	84	75	754
Deferred tax assets	844	666	7,587
Total investments and other assets	<b>2,372</b>	2,593	<b>21,321</b>
<b>Property,plant and equipment:</b>			
Buildings	258	245	2,319
Machinery and equipment	460	307	4,135
Total property,plant and equipment	<b>718</b>	552	<b>6,454</b>
Less:accumulated depreciation	390	289	3,506
Net property,plant and equipment	<b>328</b>	263	<b>2,948</b>
<b>Total assets</b>	<b>36,569</b>	37,000	<b>328,710</b>

Note: Dollar amounts have been translated, for convenience only, at the rate of ¥111.25 to U

<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	¥ 14,000	\$ 40,449
Trade notes and accounts payable:	8,212	7,869	73,816
Accrued income taxes	517	424	4,647
Allowance for employees' bonuses	336	164	3,020
Other current liabilities	176	134	1,583
Total current liabilities	<b>13,741</b>	22,591	<b>123,515</b>
<b>Long-term debt, less current portion</b>	<b>8,000</b>	5,000	<b>71,910</b>
<b>Allowance for retirement and severance benefits</b>	<b>2,651</b>	2,252	<b>23,829</b>
<b>Allowance for retirement and severance benefits for directors</b>	<b>60</b>	41	<b>539</b>
<b>Other non-current liabilities</b>	<b>141</b>	123	<b>1,268</b>
Total long-term liabilities	<b>10,852</b>	7,416	<b>97,546</b>
<b>Shareholders' equity:</b>			
Common stock, no par value Authorized : 64,000 shares at September 30, 2003 and 2002 Issued : 23,000 shares at September 30, 2003 and 16,000 shares at September 30, 2002	2,496	800	22,436
Capital surplus	2,055	-	18,472
Retained earnings	7,425	6,193	66,741
Total shareholders' equity	<b>11,976</b>	6,993	<b>107,649</b>
<b>Total liabilities and shareholders' equity</b>	<b>36,569</b>	37,000	<b>328,710</b>

Tokyo Electron Device Limited  
**Statement of Cash Flows**  
For the six months ended September 30,2003 and 2002

	Millions of Yen		Thousands of U.S.dollars
	2003	2002	2003
<b>Cash flow from operating activities:</b>			
Income before income taxes	¥ 1,210	¥ 1,007	\$ 10,876
Depreciation and amortization	209	239	1,879
Increase in allowance for retirement and severance benefits	235	117	2,112
Increase(decrease) in allowance for employees' bonuses	81	4	728
Interest expenses	60	83	539
Increase(decrease) in trade notes and accounts receivable	244	1,154	2,193
Increase(decrease) in inventories	(1,940)	(3,682)	(17,438)
Increase(decrease) in accounts payable	1,236	2,216	11,110
Increase(decrease) in deposit for guarantee	180	-	1,618
Others	288	(807)	2,590
Subtotal	1,803	331	16,207
Receipts from interest and dividends	0	1	0
Interest paid	(60)	(82)	(539)
Income taxes paid	(1,013)	(551)	(9,106)
<b>Net cash provided by(used by)operating activities</b>	<b>730</b>	<b>(301)</b>	<b>6,562</b>
<b>Cash flow from investing activities:</b>			
Payment for purchase of property,plant and equipment	(45)	(14)	(404)
Payment for acquisition of intangible assets	(45)	(134)	(404)
Others	(3)	38	(27)
Net cash used in investing activities	(93)	(110)	(835)
<b>Cash flow from financing activities:</b>			
Increase(decrease) in short-term borrowings	-	1,320	-
Dividends paid	(299)	(150)	(2,688)
<b>Net cash provided by financing activities</b>	<b>(299)</b>	<b>1,170</b>	<b>(2,688)</b>
Effect of exchange rate changes on cash and cash equivalents	0	0	0
<b>Net increase(decrease)in cash and cash equivalents</b>	<b>338</b>	<b>759</b>	<b>3,039</b>
Cash and cash equivalents at beginning of year	483	269	4,342
<b>Cash and cash equivalents at end of year</b>	<b>821</b>	<b>1,028</b>	<b>7,381</b>

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