

Tokyo Electron Device Limited
Statement of Income
For the six months ended September 30,2004 and 2003

	Thousands of		
	Millions of Yen		U.S.dollars
	2004	2003	2004
Net Sales	¥ 46,019	¥ 40,454	\$ 414,399
Cost of sales	<u>39,904</u>	35,027	<u>359,334</u>
Gross profit	6,115	5,427	55,065
Selling,general and administrative expenses	<u>4,357</u>	4,077	<u>39,234</u>
Operating income	1,758	1,350	15,831
Other income(expenses)			
Interest expenses	(53)	(60)	(477)
Asset finance costs	(61)	(39)	(549)
Foreign currency gain or loss	(167)	(84)	(1,504)
Prior-period adjustment of allowance for doubtful accounts	2	22	18
Other,net	<u>7</u>	21	<u>62</u>
Income before income taxes	1,486	1,210	13,381
Provision for income taxes			
Current	620	523	5,583
Net income	<u>866</u>	687	<u>7,798</u>
Per share of common stock:	Yen	Yen	U.S.dollars
Net income - actual	¥ 9,417	¥ 29,855	\$ 85
Net income - adjusted(Notes 2)	¥ 9,417	¥ 7,464	\$ 85
Cash dividends paid - actual	¥ 2,500	¥ 8,500	\$ 23
Cash dividends paid - adjusted(Notes 2)	<u>¥ 2,500</u>	<u>¥ 2,125</u>	<u>\$ 23</u>

Notes:1 U.S.dollar amounts are translated from yen,for convenience only,at the rate of ¥111.05 to U.S.\$1.00.

2 On November 20,2003 and September 15,2004,we have instituted 2-for-1 stock splits.Per share data has been restated to give retroactive effect to these stock splits.

Tokyo Electron Device Limited
Balance Sheet
As of September 30,2004 and 2003(unaudited)

Assets	Thousands of		
	Millions of Yen		U.S. dollars
	2004	2003	2004
Current assets:			
Cash and time deposits	¥ 949	¥ 821	\$ 8,546
Trade notes and accounts receivable	18,051	19,652	162,548
Allowance for doubtful accounts	(11)	(6)	(99)
Inventories	13,250	12,944	119,316
Consumption Tax Receivable	341	192	3,071
Deferred tax assets	428	208	3,854
Prepaid expenses and other current assets	69	58	621
Total current assets	33,077	33,869	297,857
Intangible and other assets:			
Software	288	464	2,593
Long-term deposit	1,007	980	9,068
Intangible and other assets	110	84	991
Deferred tax assets	1,105	844	9,950
Total investments and other assets	2,510	2,372	22,602
Property,plant and equipment:			
Buildings	283	258	2,548
Machinery and equipment	577	460	5,196
Total property,plant and equipment	860	718	7,744
Less:accumulated depreciation	491	390	4,421
Net property,plant and equipment	369	328	3,323
Total assets	35,956	36,569	323,782

Notes:1 U.S.dollar amounts are translated from yen,for convenience only,at the rate of ¥111.05 to U.S.\$1.00.

Liabilities and Shareholders' Equity	Thousands of		
	Millions of Yen		U.S. dollars
	2004	2003	2004
Current liabilities:			
Short-term bank loans	¥ 1,000	¥ 4,500	\$ 9,005
Trade notes and accounts payable:	9,046	8,212	81,459
Accrued income taxes	647	517	5,826
Allowance for employees' bonuses	440	336	3,962
Other current liabilities	163	176	1,468
Total current liabilities	11,296	13,741	101,720
Long-term debt, less current portion	8,000	8,000	72,040
Allowance for retirement and severance benefits	3,007	2,651	27,078
Allowance for retirement and severance benefits for directors	86	60	774
Other non-current liabilities	171	141	1,540
Total long-term liabilities	11,264	10,852	101,432
Shareholders' equity:			
Common stock, no par value			
Authorized : 256,000 shares at September 30, 2004			
64,000 shares at September 30, 2003			
Issued : 92,000 shares at September 30, 2004			
23,000 shares at September 30, 2003	2,496	2,496	22,476
Capital surplus	2,055	2,055	18,505
Retained earnings	8,845	7,425	79,649
Total shareholders' equity	13,396	11,976	120,630
Total liabilities and shareholders' equity	35,956	36,569	323,782

Tokyo Electron Device Limited
Statement of Cash Flows
For the six months ended September 30, 2004 and 2003

	Millions of Yen		Thousands of U.S.dollars
	2004	2003	2004
Cash flow from operating activities:			
Income before income taxes	¥ 1,486	¥ 1,210	\$ 13,381
Depreciation and amortization	148	209	1,333
Increase in allowance for retirement and severance benefits	164	235	1,477
Increase(decrease) in allowance for employees' bonuses	89	81	801
Interest expenses	53	60	477
Increase(decrease) in trade notes and accounts receivable	2,406	244	21,666
Increase(decrease) in inventories	(694)	(1,940)	(6,249)
Increase(decrease) in accounts payable	384	1,236	3,458
Increase(decrease) in deposit for guarantee	5	180	45
Others	(291)	288	(2,620)
Subtotal	3,750	1,803	33,769
Interest paid	(53)	(60)	(477)
Income taxes paid	(1,033)	(1,013)	(9,302)
Net cash provided by(used by)operating activities	2,664	730	23,990
Cash flow from investing activities:			
Payment for purchase of property, plant and equipment	(105)	(45)	(946)
Payment for acquisition of intangible assets	(14)	(45)	(126)
Others	(8)	(3)	(72)
Net cash used in investing activities	(127)	(93)	(1,144)
Cash flow from financing activities:			
Increase(decrease) in short-term borrowings	(2,000)	-	(18,010)
Payment for stock-issuing expense	(6)	-	(54)
Dividends paid	(221)	(299)	(1,990)
Net cash provided by financing activities	(2,227)	(299)	(20,054)
Effect of exchange rate changes on cash and cash equivalents	0	0	0
Net increase(decrease)in cash and cash equivalents	310	338	2,792
Cash and cash equivalents at beginning of year	639	483	5,754
Cash and cash equivalents at end of year	949	821	8,546

Notes:1 U.S.dollar amounts are translated from yen, for convenience only, at the rate of ¥111.05 to U.S.\$1.00.