TOKYO ELECTRON LIMITED

January 30, 2014

Consolidated Financial Review for the Third Quarter Ended December 31, 2013

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 nine months ended December 31, 2013

(1) Operating results (Cumulative)

	Nine months ended	
	December 31, 2012	December 31, 2013
Net sales (Millions of yen)	358,511	392,900
Operating income (Millions of yen)	5,336	7,244
Ordinary income (Millions of yen)	8,805	9,091
Net income (Millions of yen)	(936)	(35,621)
Net income per share (Yen)	(5.23)	(198.79)
Fully diluted net income per share (Yen)	-	-

Comprehensive income: Nine months ended December 31, 2013: (25,936) million yen
Nine months ended December 31, 2012: 3,099 million yen

(2) Financial position

	As of March 31, 2013	As of December 31, 2013
Total assets (Millions of yen)	775,527	801,290
Net assets (Millions of yen)	605,127	568,279
Equity ratio (%)	76.5	69.4

Equity: 556,120 million yen (as of December 31, 2013)
593,032 million yen (as of March 31, 2013)

2. Dividends

	Year ended March 31, 2013	Year ending March 31, 2014	
2Q-end dividend per share (Yen)	25.00	25.00	
Year-end dividend per share (Yen)	26.00	25.00	(Forecast)
Annual dividend per share (Yen)	51.00	50.00	(Forecast)

Note: Revision of dividends forecast : None

The interim dividend for the second quarter ended September 2012 is made up of ordinary dividend 15 yen and commemorative dividend 10 yen.

The year-end dividend for the year ended March 2013 is made up of ordinary dividend 16 yen and commemorative dividend 10 yen.

3. Earnings forecasts for the year ending March 31, 2014

	Year ending March 31, 2014
Net sales (Millions of yen)	605,000
Operating income (Millions of yen)	30,000
Ordinary income (Millions of yen)	33,000
Net income (Millions of yen)	(22,000)
Net income per share (Yen)	(122.77)

Note: Revision of earnings forecast : None

4. Others

(1) Important changes in subsidiaries during the current period
(changes on specific subsidiaries with changes in scope of consolidation): None

(2) Adoption of special accounting method in preparing quartely financial statement: Yes

(3) Changes in accounting policies, accounting estimation, and restatement
1. Changes in accounting policies along with changes in accounting standards: None
2. Other changes of accounting policies besides number 1 above: None
3. Changes in accounting estimates: None
4. Restatement: None

(4) Number of shares outstanding (common stock)
1. Number of shares issued and outstanding (including treasury stock)
   As of December 31, 2013: 180,610,911 shares
   As of March 31, 2013: 180,610,911 shares
2. Number of shares of treasury stock
   As of December 31, 2013: 1,413,144 shares
   As of March 31, 2013: 1,424,203 shares
3. Average number of shares outstanding
   Nine months ended December 31, 2013: 179,190,171 shares
   Nine months ended December 31, 2012: 179,175,008 shares

Notification of the status of quarterly financial review procedures:
This quarterly financial 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.

Explanations on the appropriate use of earnings forecast:
The performance forecast and estimate stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available. Consequently, actual operating results may differ substantially.

1. Qualitative Information on Financial Results for the Third Quarter

(1) Description of Operating Results

During the first three quarters of the current fiscal year (the nine-month period from April to December 2013), the global economy including Japan recovered at a moderate pace despite some uncertainty concerning future developments including the effects of fiscal issues in Europe and the United States.

In the electronics industry, the primary area of the Tokyo Electron (TEL) Group's business activities, demand for mobile devices remained brisk. In addition, demand for memory used by data centers grew due to the proliferation of cloud services and the use of big data.

Under these circumstances, consolidated net sales in the first three quarters of the current fiscal year were 392,900 million yen (up 9.6% compared to the same period of the previous year), consolidated operating income was 7,244 million yen (up 35.8% compared to the same period of the previous year), and consolidated ordinary income was 9,091 million yen (up 3.3% compared to the same period of the previous year). In addition, 46,583 million yen of loss on impairment of goodwill and others as a result of review of business plans for the PV Production Equipment business and TEL NEXX, Inc. and loss on impairment of fixed assets in conjunction with the facility restructuring plan was reported, resulting in a quarterly net loss of 35,621 million yen (compared to a quarterly net loss of 936 million yen in the same period of the previous year).

The overview of each business segment is as described below.

From the first quarter of the current fiscal year, revisions have been made to the reportable segments based on "Accounting Standards for Disclosures about Segments of an Enterprise and Related Information." Figures for the corresponding period of the previous fiscal year listed below for comparison have been adjusted in accordance with the new business segments.

(i) Semiconductor Production Equipment

Demand for DRAM used in mobile devices remained strong, while demand for high-end NAND flash memory grew. Under these circumstances, in addition to prior increases in capital investment for logic semiconductors, memory makers are starting to resume investment for the primary purpose of increasing production, and net sales from external customers in this segment during the first three quarters of the current fiscal year were 297,057 million yen (up 5.1% compared to the same period of the previous fiscal year).

(ii) FPD (Flat Panel Display) Production Equipment

LCD panel makers continued to make capital investments, particularly in China, and the TEL Group's sales of FPD production equipment were firm. Given these circumstances, net sales from external customers in this segment during the first three quarters of the current fiscal year were 18,206 million yen (up 31.5% compared to the same period of the previous fiscal year).

(iii) PV (Photovoltaic Panel) Production Equipment

The environment in the market for thin-film silicon photovoltaic panels in which the TEL Group is active remains adverse, and no new orders for PV production equipment were obtained. Given these circumstances, net sales from external customers in this segment during the first three quarters of the current fiscal year were 4,485 million yen (compared to net sales of 65 million yen in the same period of the previous fiscal year). As a result of a review of the business plan for this segment and future cash flows generated by this business, a loss on impairment of goodwill and fixed assets of 32,635 million yen was reported.

(iv) Electronic Components and Computer Networks

In the electronic components segment, the industrial equipment business environment is improving, and as a result, overall sales were solid, particularly sales of general-purpose ICs. In the computer networks segment, sales of storage devices and network equipment were steady, particularly to existing large customers. Given these circumstances, net sales from external customers in this segment during the first three quarters of the current fiscal year were 72,816 million yen (up 18.3% compared to the same period of the previous year).

(v) Others

Net sales from external customers in this segment during the first three quarters of the current fiscal year were 334 million yen (up 9.8% compared to the same period of the previous year).

(For reference)

Consolidated Operating Results

(Millions of yen)

			FY2014			
			1Q	2Q	3Q	Total
Net Sales			103,452	151,048	138,400	392,900
	Semiconductor Production Equipment		74,944	119,828	102,284	297,057
		Japan	11,648	21,585	21,589	54,823
		U.S.	15,101	29,715	24,474	69,291
		Europe	5,666	7,909	3,815	17,391
		Korea	11,184	17,679	14,660	43,525
		Taiwan	24,509	31,550	21,504	77,563
		China	4,711	4,924	12,764	22,400
		S.E.Asia	2,123	6,463	3,474	12,061
	FPD Production Equipment		4,906	4,486	8,813	18,206
	PV Production Equipment		2,062	1,225	1,196	4,485
	Electronic Components & Computer Networks		21,426	25,359	26,029	72,816
	Others		111	146	76	334
Operating Income(loss)			(9,646)	7,824	9,067	7,244
Ordinary Income(loss)			(9,898)	10,487	8,502	9,091
Net Income(loss)			(2,976)	5,452	(38,098)	(35,621)

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

Production and Order Performance

1. Production

(Millions of yen)

	FY2014			
	1Q	2Q	3Q	Total
Semiconductor Production Equipment	79,358	105,784	145,944	331,087
FPD Production Equipment	6,037	4,777	9,508	20,323
PV Production Equipment	2,146	1,212	1,226	4,585
Total	87,542	111,774	156,679	355,996

Note: 1. Amounts are based on sales prices.

2. The above amounts do not include consumption taxes.

2. Orders Received

(Millions of yen)

	FY2014			
	1Q	2Q	3Q	Total
Semiconductor Production Equipment	97,708	151,322	143,495	392,526
FPD Production Equipment	14,491	6,351	3,885	24,729
PV Production Equipment	1,185	1,101	1,447	3,733
Electronic Components & Computer Networks	23,872	24,735	26,525	75,133
Others	111	146	76	334
Total	137,369	183,657	175,431	496,458

Note: 1. Offset elimination has been carried out on the dealing between segments.

2. The above amounts do not include consumption taxes.

3. Orders Backlog

(Millions of yen)

	FY2014		
	1Q	2Q	3Q
Semiconductor Production Equipment	164,587	196,081	237,292
FPD Production Equipment	25,584	27,449	22,522
PV Production Equipment	7,618	7,494	7,744
Electronic Components & Computer Networks	17,231	16,606	17,102
Others	-	-	-
Total	215,022	247,632	284,663

Note: 1. Offset elimination has been carried out on the dealing between segments.

2. The above amounts do not include consumption taxes.

(2) Description of Financial Conditions

(i) Financial Conditions

Current assets at the end of the third quarter of the current consolidated fiscal year were 592,367 million yen, up 70,866 million yen compared to the end of the previous fiscal year. The major factors influencing this result were a 38,376 million yen increase in trade notes and accounts receivable, a 57 billion yen increase in inventories, and a 41,493 million yen decrease in short-term investments included in securities.

Tangible fixed assets fell by 20,143 million yen from the end of the previous consolidated fiscal year to 115,554 million yen as a result of impairment of fixed assets in accordance with the facility restructuring plan.

Intangible fixed assets decreased by 28,814 million yen from the end of the previous consolidated fiscal year to 31,103 million yen as a result of impairment of goodwill and others in conjunction with review of business plans for the PV Production Equipment business and TEL NEXX, Inc.

Investments and other assets increased by 3,854 million yen from the end of the previous fiscal year, to 62,265 million yen.

As a result, total assets increased by 25,762 million yen compared to the end of the previous fiscal year, to 801,290 million yen.

Current liabilities were up 57,154 million yen compared to the end of the previous fiscal year, to 163,824 million yen. The major factors causing the increase were a 15,222 million yen increase in notes payable and accounts payable and a 28,972 million yen increase in customer advances.

Long-term liabilities were up 5,455 million yen compared to the end of the previous fiscal year, to 69,186 million yen.

Net assets were down 36,847 million yen compared to the end of the previous fiscal year, to 568,279 million yen. The main factors were a decrease due to a reported quarterly net loss of 35,621 million yen, a decrease due to payment of 4,658 million yen in year-end dividends for the previous fiscal year and 4,479 million yen in interim dividends for the current fiscal year, a decrease of 3,190 million yen in retained earnings due to changes in accounting periods at consolidated subsidiaries, and an increase of 10,136 million yen due to translation adjustments resulting from the depreciation of the yen. The equity ratio was 69.4%.

(ii) Cash Flow

Cash and cash equivalents at the end of the third quarter of the current consolidated fiscal year decreased by 2,188 million yen compared to the end of the previous fiscal year, to 83,125 million yen. The combined balance including the 129,379 million yen in time deposits and short-term investments with periods to maturity or redemption of at least three months that are not included in cash and cash equivalents, was 212,504 million yen, down 27,624 million yen from the end of the previous fiscal year. The overall situation regarding cash flow during the first three quarters of the current fiscal year is as described below.

Cash flow from operating activities decreased by 83,743 million yen compared to the same period of the previous fiscal year to negative 12,110 million yen. The main positive factors included a 46,583 million yen loss on impairment, a 26,289 million yen increase in customer advances, 18,643 million yen in depreciation and amortization, and a 12,504 million yen increase in trade notes and accounts payable. The main negative factors were a loss before income taxes for the current quarter of 37,542 million yen, a 53,371 million yen increase in inventories, and a 34,764 million yen increase in trade notes and accounts receivable.

Cash flow from investing activities was positive 16,776 million yen, compared to negative 150,415 million yen in the same period of the previous financial year. The primary positive factor was a 25,435 million yen decrease in time deposits and short-term investments. The primary negative factor was 6,969 million yen in payments for purchase of tangible fixed assets.

Cash flow from financing activities was positive 251 million yen, compared to negative 11,382 million yen in the same period of the previous fiscal year. This was primarily the result of a 7,933 million yen increase in short term loans, a 2,000 million yen increase in long-term loans, and payment of 9,138 million yen in dividends.

Consolidated Cash Flow (Summary)

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Cash flow from operating activities	71,632	(12,110)
Income before income taxes (loss)	9,349	(37,542)
Depreciation and amortization	18,426	18,643
Loss on impairment	6	46,583
Decrease in trade notes and accounts receivable (increase)	75,982	(34,764)
Decrease in inventories (increase)	6,857	(53,371)
Increase in accounts payable (decrease)	(20,271)	12,504
Others	(18,720)	35,836
Cash flow from investing activities	(150,415)	16,776
Decrease in time deposits (increase)	(80,000)	25,435
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(55,068)	-
Others (purchase of fixed assets)	(15,346)	(8,659)
Cash flow from financing activities	(11,382)	251
Effect of exchange rate changes on cash and cash equivalents	(3,268)	(5,899)
Net increase in cash and cash equivalents (decrease)	(93,433)	(982)
Cash and cash equivalents at beginning of period	158,776	85,313
Increase in cash and cash equivalents from changes in accounting periods at consolidated subsidiaries (decrease)	-	(1,206)
Cash and cash equivalents at end of period	65,342	83,125

Cash and cash equivalents and time deposits and short-term investments with periods to maturity or redemption of at least three months that are not included in cash and cash equivalents	234,191	212,504

(3) Description of Financial Estimates Information such as Consolidated Performance Forecasts

For the current fiscal year ending March 31, 2014, the consolidated financial forecast for the full year was revised as follows in “Announcement on Consolidated Financial Forecast Revision and Extraordinary Loss” published on December 18, 2013.

Consolidated Forecast (Billions of yen, Y/Y change)

	FY2014(E)	
Net Sales	605.0	21.7%
Semiconductor Production Equipment	475.0	21.2%
FPD Production Equipment	26.0	29.5%
PV Production Equipment	7.0	-
Electronic Components & Computer Networks	96.5	14.0%
Others	0.5	11.6%
Operating Income	30.0	139.1%
Ordinary Income	33.0	97.6%
Net Income(loss)	(22.0)	-

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

Note: The financial forecasts and estimates stated in this announcement are based on certain assumptions judged to be reasonable by the Company in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in foreign exchange rates, and other factors that may have an impact on performance. The company does not promise that the forecasts or estimates will be accurate.

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 related industry. Consequently, actual sales and profits may differ substantially from the projections stated in this announcement.

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
ASSETS		
Current assets		
Cash and deposit	49,632	63,500
Trade notes and accounts receivable	100,500	138,877
Securities	190,497	149,004
Merchandise and finished goods	87,397	130,688
Work in process	33,402	46,148
Raw materials and supplies	14,898	15,861
Others	46,351	48,843
Allowance for doubtful accounts	(1,179)	(557)
Total current assets	521,501	592,367
Long-term assets		
Tangible fixed assets	135,697	115,554
Intangible fixed assets		
Goodwill	38,372	9,923
Others	21,545	21,180
Total intangible fixed assets	59,918	31,103
Investments and other assets		
Others	60,522	64,228
Allowance for doubtful accounts	(2,112)	(1,963)
Total investments and other assets	58,410	62,265
Total long-term assets	254,026	208,923
Total assets	775,527	801,290

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	36,261	51,483
Short-term borrowings	3,756	11,994
Accrued warranty expenses	8,344	9,369
Other allowance	6,908	3,592
Others	51,399	87,385
Total current liabilities	106,670	163,824
Long-term liabilities		
Accrued pension and severance costs	56,643	59,184
Other allowance	580	580
Others	6,505	9,421
Total long-term liabilities	63,730	69,186
Total liabilities	170,400	233,010
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,023	78,023
Retained earnings	467,920	419,966
Treasury stock	(9,588)	(9,507)
Total shareholders' equity	591,315	543,443
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,214	4,810
Deferred gains or losses on hedges	(14)	213
Translation adjustments	(2,483)	7,653
Total accumulated other comprehensive income	1,716	12,677
Subscription rights to shares	1,374	1,572
Minority interests	10,720	10,587
Total net assets	605,127	568,279
Total liabilities and net assets	775,527	801,290

Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	358,511	392,900
Cost of sales	244,622	262,520
Gross profit	113,889	130,380
Selling, general & administrative expenses		
Research and development expenses	54,859	57,394
Others	53,692	65,741
Total selling, general & administrative expenses	108,552	123,135
Operating income (loss)	5,336	7,244
Non-operating income		
Interest income	1,022	1,009
Dividend revenue	245	1,791
Revenue from grants	1,263	1,117
Others	1,415	851
Total non-operating income	3,947	4,770
Non-operating expenses		
Foreign currency translation loss	227	2,619
Others	251	304
Total non-operating expenses	478	2,923
Ordinary income (loss)	8,805	9,091
Unusual or infrequent profit		
Gain on sale of fixed assets	930	88
Others	-	18
Total unusual or infrequent profit	930	107
Unusual or infrequent loss		
Loss on impairment	6	46,583
Loss on liquidation of subsidiaries and affiliates	133	-
Reorganization costs	132	-
Others	113	158
Total unusual or infrequent loss	386	46,741
Income (loss) before income taxes	9,349	(37,542)
Income taxes	7,916	(2,032)
Prior year’s corporate tax	2,194	-
Income (loss) before minority interests	(760)	(35,510)
Minority interests	175	111
Net income (loss)	(936)	(35,621)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income (loss) before minority interests	(760)	(35,510)
Other comprehensive income		
Valuation difference on available-for-sale securities	(643)	608
Deferred gains or losses on hedges	(34)	197
Translation adjustments	4,539	8,768
Total other comprehensive income	3,860	9,573
Comprehensive income	3,099	(25,936)
(Breakdown)		
Comprehensive income attributable to owners	2,888	(26,116)
Comprehensive income attributable to minority interests	211	180

Note: Loss on impairment

The Tokyo Electron Group groups its business assets into small units that generate independent cash flow. For those business sites we have decided to restructure or handle otherwise, we are grouping assets separately based on each individual business.
During the first three quarters of the current fiscal year (the nine-month period from April 1, 2013 to December 31, 2013), we are posting a loss on impairment of the following asset groups.

(i) Loss on impairment of goodwill and long-term assets for consolidated subsidiary TEL Solar Holding AG

Location	Purpose	Accounting treatment	Loss on impairment (Millions of yen)
Trubbach, St. Gallen, Switzerland	Plant	Goodwil, machinery, equipment, etc.	32,635

Regarding the goodwill posted at the time we acquired TEL Solar Holding AG, a consolidated subsidiary in the PV production equipment business, given that sales have been trending below initial plans due to significant deterioration of the business environment, we implemented an impairment test. And as a result, we wrote down this goodwill to a recoverable value and are posting this reduced value as an unusual or infrequent loss. The recoverable value was gauged based on value in use. We set this value at zero as we cannot foresee the forecast of future cash flow.

We also decreased the book value of the machinery, equipment, etc. possessed by TEL Solar Holding AG and its consolidated subsidiary to a recoverable value and posting the reduced value as an unusual or infrequent loss. The recoverable value was gauged in accordance with the net selling price. However, given that we believe it will be difficult to transfer or sell this machinery, equipment, etc. to another party, we value the net selling price at zero.

(ii) Loss on impairment of goodwill for consolidated subsidiary TEL NEXX, Inc.

Location	Purpose	Accounting treatment	Loss on impairment (Millions of yen)
Billerica, Massachusetts, U. S. A.	Plant	Goodwill, etc.	5,009

Regarding the goodwill and other items posted at the time we acquired the consolidated subsidiary TEL NEXX, Inc., in the semiconductor production equipment (SPE) business, given that sales have been trending below initial plans, we implemented an impairment test. And as a result, we wrote down this goodwill to a recoverable value and are posting this write-down as an unusual or infrequent loss. We note that the recoverable book value was gauged in accordance with value in use and applying a 14.0% discount to future cash flow.

(iii) Loss on impairment of long-term assets in line with plans to restructure business locations

Location	Purpose	Accounting treatment	Loss on impairment (Millions of yen)
Tsukuba, Ibaraki (Technology Center Tsukuba)	R&D center	Buildings and structures, machinery, equipment, etc.	4,403
Sendai, Miyagi (Technology Center Sendai)	R&D center	Buildings and structures, land, etc.	3,345
Others	-	Buildings and structures, etc.	316

There is no expectation for future use of the aforementioned asset groups given the decision by management to restructure the facility or handle otherwise, we reduced book value to a recoverable value and are posting the reduced amount as an unusual or infrequent loss.
We note that the recoverable value is gauged in accordance with the net selling price.
Values of land, buildings and structures were calculated based on the market value, which was based on a rational assessment by a third party.
The value of machinery, equipment and others excluding land, buildings and structures, we value the net selling price at zero given the difficulty of transfer or sale to another party.

(iv) Others
In the others grouping, we are posting 873 million yen from loss on impairment as an unusual or infrequent loss.

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(Flat Panel Display) Production Equipment, Photovoltaic Panel (PV) 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 Production Equipment segment consists of coaters/developers, plasma etch/ash systems used in the manufacturing of flat panel displays, and we are engaged in the development, manufacturing, sales and provision of maintenance services, etc. for such products.

The PV Production Equipment segment consists of photovoltaic panel production equipment used in the manufacturing of thin film silicon photovoltaic panels, 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) Net sales and income (loss) in reportable segments

Nine months ended December 31, 2013

(Millions of yen)

	Reportable Segments				Others	Total
	Semiconductor Production Equipment	FPD Production Equipment	PV Production Equipment	Electronic Components & Computer Networks		
Net sales	297,086	18,206	4,485	73,556	8,891	402,226
Segment income (loss)	37,950	294	(42,005)	201	1,051	(2,508)

	Eliminations	Consolidated Total
Net sales	(9,325)	392,900
Segment income (loss)	(35,033)	(37,542)

Notes:

1. The "Others" segment is all other businesses which are not included in the reported business segments, such as the transportation of products, facility management and insurance, etc. of the Tokyo Electron Group companies.
2. The eliminations of segment income (loss) amounting to 35,033 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 14,741 million yen, pertaining to fundamental research and element research conducted by the company not related to any of the reportable segments, and 8,938 million yen in loss on impairment relating to buildings and structures that became idle as a result of facility restructuring.
3. Segment income (loss) is adjusted against loss before income taxes in consolidated statement of income.

Segment Information

(iii) Items Related to Changes in Reportable Segments

With the acquisition of TEL Solar Holding AG as a consolidated subsidiary, from the first quarter of the current fiscal year, the reportable segment has been divided from FPD/PV Production Equipment to FPD Production Equipment, and PV Production Equipment.

(iv) Impairment losses on fixed assets and goodwill, etc. in reportable segments

Significant impairment losses related to fixed assets:

The amounts of loss on impairment for each segment during the first three quarters of the current fiscal year are as follows. For details, refer to the Consolidated Statement of Income.

(Millions of yen)

	Reportable Segments				Others	Total
	Semiconductor Production Equipment	FPD Production Equipment	PV Production Equipment	Electronic Components & Computer Networks		
Loss on impairment	5,009	-	32,635	-	-	37,644

	Eliminations	Consolidated Total
Loss on impairment	8,938	46,583

Note: Adjustment amounts are related primarily to buildings and structures that became idle as a result of facility restructuring.

Significant changes in goodwill amount:

During the third quarter of the current consolidated fiscal year, goodwill for the semiconductor production equipment, as a result of recording a loss on impairment, decreased 4,976 million yen compared to the end of the previous fiscal year. For the PV production equipment segment, the goodwill amount increased due to the allocation of the goodwill amount to the acquisition value of TEL Solar Holding AG - provisionally calculated during the previous fiscal year - being finalized during the third quarter of the current consolidated fiscal year. However, this amount was recorded as a loss on impairment, resulting in a decrease of 23,396 million yen compared to the end of the previous fiscal year.

Significant income related to negative goodwill: None