



TDK Corporation
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Contact;

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Consolidated results (U.S. GAAP) for FY March 2008

Summary (April 1, 2007 - March 31, 2008)

Term Item	FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	862,025	100.0	866,285	100.0	8,662,850	4,260	0.5
Operating income	79,590	9.2	87,175	10.1	871,750	7,585	9.5
Income before income taxes	88,665	10.3	91,505	10.6	915,050	2,840	3.2
Net income	70,125	8.1	71,461	8.2	714,610	1,336	1.9
Total assets	989,304	-	935,533	-	9,355,330	(53,771)	
Total stockholders' equity	762,712	-	716,577	-	7,165,770	(46,135)	
Per common share :							
Net income / Basic	Yen 529.88		Yen 551.72		U.S.\$ 5.52		
Net income / Diluted	Yen 529.29		Yen 551.19		U.S.\$ 5.51		
Stockholders' equity	Yen 5,759.18		Yen 5,556.77		U.S.\$ 55.57		
Capital expenditures	70,440	-	84,312	-	843,120	13,872	19.7
Depreciation and amortization	65,337	7.6	71,297	8.2	712,970	5,960	9.1
Research and development	50,058	5.8	57,387	6.6	573,870	7,329	14.6
Result of financial income	6,825	-	8,066	-	80,660	1,241	18.2
Ratio of overseas production	62.2%	-	70.1%	-	-		
Number of employees	51,614	-	60,212	-	-		
Average rate for the period							
US\$=Yen	Yen 116.97		Yen 114.44				
Euro=Yen	Yen 150.02		Yen 161.59				

(Sales breakdown)

Term Product	FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Electronic materials and components	758,821	88.0	818,115	94.4	8,181,150	59,294	7.8
Electronic materials	199,243	23.1	200,101	23.1	2,001,010	858	0.4
Electronic devices	198,199	23.0	209,089	24.1	2,090,890	10,890	5.5
Recording devices	304,822	35.4	334,734	38.6	3,347,340	29,912	9.8
Other electronic components	56,557	6.5	74,191	8.6	741,910	17,634	31.2
Recording media	103,204	12.0	48,170	5.6	481,700	(55,034)	-53.3
Total sales	862,025	100.0	866,285	100.0	8,662,850	4,260	0.5
Overseas sales	690,673	80.1	714,172	82.4	7,141,720	23,499	3.4

Note:

U.S.\$1=Yen 100, for convenience only.

Non-Consolidated results for FY March 2008

Term Item	FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	347,280	100.0	353,034	100.0	3,530,340	5,754	1.7
Operating income	17,647	5.1	5,450	1.5	54,500	(12,197)	-69.1
Current income	31,774	9.1	16,787	4.8	167,870	(14,987)	-47.2
Net income (loss)	18,719	5.4	(785)	-0.2	(7,850)	(19,504)	-
Total assets	580,379	-	544,736	-	5,447,360	(35,643)	
Total net assets	475,366	-	417,870	-	4,178,700	(57,496)	
Per common share :							
Net income(loss) / Basic	Yen 141.45		Yen (6.06)		U.S.\$(0.06)		
Net income / Diluted	Yen 141.29		Yen -		U.S.\$ -		
Stockholders' equity	Yen 3,589.45		Yen 3,236.08		U.S.\$32.36		
Capital expenditures	31,391	-	73,830	-	738,300	42,439	135.2
Depreciation and amortization	29,555	8.5	32,657	9.3	326,570	3,102	10.5
Research and development	28,917	8.3	31,814	9.0	318,140	2,897	10.0
Result of financial income	4,807	-	5,659	-	56,590	852	17.7
Number of employees	5,202	-	5,300	-	-		
Dividends per share	Yen 110.00		Yen 130.00		U.S.\$1.30		

(Sales breakdown)

Term Product	FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Electronic materials and components	318,730	91.8	328,573	93.1	3,285,730	9,843	3.1
Electronic materials	160,141	46.1	160,427	45.5	1,604,270	286	0.2
Electronic devices	100,245	28.9	103,145	29.2	1,031,450	2,900	2.9
Recording devices	28,803	8.3	32,056	9.1	320,560	3,253	11.3
Other electronic components	29,540	8.5	32,943	9.3	329,430	3,403	11.5
Recording media	28,550	8.2	24,461	6.9	244,610	(4,089)	-14.3
Total sales	347,280	100.0	353,034	100.0	3,530,340	5,754	1.7
Overseas sales	219,461	63.2	232,630	65.9	2,326,300	13,169	6.0

Notes:

- Any portion less than Yen one million is disregarded, the same being applicable hereinafter.
U.S.\$1=Yen 100(U.S. dollar translation is added herein solely for convenience of readers outside Japan.)
- The figures for net income per common share are calculated based upon the weighted average number of shares of common stock (the total outstanding number).

I-1) Business Results

(1) Analysis of Business Results

Consolidated results for fiscal 2008, ended March 31, 2008, were as follows.

Looking at economic conditions worldwide during the past fiscal year, the U.S. economy saw consumer spending and capital expenditures slow in the second half as a result of soaring energy and material prices and other factors. This happened at the same time as housing investment continued to plummet, due to a credit crunch triggered by the subprime loan problem. European economies, meanwhile, remained firm, underpinned by strong capital expenditures and increasing consumer spending. In Asia, economic conditions were strong due to continued expansion, particularly in Chinese exports. The Japanese economy, while seeing housing investment drop in the wake of amendments to The Building Standard Codes of Japan, was resilient during the past fiscal year, thanks to increasing capital expenditures and exports.

In the electronics market, which has a major bearing on the TDK Group's performance, fiscal 2008 saw higher production of flat-screen TVs, home game consoles, notebook PCs, HDDs, digital still cameras and mobile phones, thanks in part to increasing demand in emerging growth markets. This growth, together with an increase in the number of electronic components required for use in finished products driven by their increasing sophistication and features, led to higher demand for electronic components, a key market for TDK. The increasing use of electronics in automobiles also lifted demand for electronic components.

In this operating environment, TDK responded to this increasing demand for electronic components by boosting output of multilayer ceramic chip capacitors and other products. It also made DENSEI-LAMBDA K.K. a wholly owned subsidiary with the goal of expanding the power supplies business. In a move designed to make TDK's HDD head operations more competitive, TDK acquired assets of an HDD head-related business from Alps Electric Co., Ltd., namely equipment as well as patents, know-how and other intellectual property. TDK also acquired Magnecomp Precision Technology Public Company Limited (MPT), a Thai-based manufacturer of suspension assemblies for HDDs, and made it a consolidated subsidiary.

Moreover, on August 1, 2007, TDK transferred its TDK brand product sales business for recording media to U.S. company Imation Corp. for U.S.\$250 million. In consideration, TDK received Imation Corp. common stock constituting approximately 16.6% of that company's total outstanding shares and cash of approximately U.S.\$29 million. Subsequently, on December 6, 2007, TDK purchased additional shares in Imation Corp. As a result of this share purchase, TDK owns 20.01% of Imation Corp.'s issued shares and treats this company as an equity-method affiliate.

TDK posted consolidated net sales of ¥866,285 million (U.S.\$8,662,850 thousand), up 0.5% year on year from ¥862,025 million in fiscal 2007. Operating income rose 9.5% from ¥79,590 million to ¥87,175 million (U.S.\$871,750 thousand). Income before income taxes was ¥91,505 million (U.S.\$915,050 thousand), up 3.2% from ¥88,665 million. Net income rose 1.9% from ¥70,125 million to ¥71,461 million (U.S.\$714,610 thousand). Basic net income per common share was ¥551.72 (U.S.\$5.52), compared with ¥529.88 in fiscal 2007.

During fiscal 2008, TDK retired 3,599,000 shares of treasury stock that it had bought back earlier on the open market. The total number of issued TDK shares after retirement is 129,590,659.

During fiscal 2008, the average yen exchange rate was ¥114.44 for the U.S. dollar and ¥161.59 for the euro, representing a 2.2% appreciation in the yen's value against the U.S. dollar and a 7.7% depreciation against the euro. Overall, exchange rate movements had the effect of decreasing net sales by approximately ¥8.1 billion and operating income by approximately ¥5.9 billion.

(Sales by Segment)

TDK Group's businesses are broadly classified into two business segments: the electronic materials and components segment and the recording media segment. The following is a summary of sales by segment.

(1) Electronic materials and components segment

This segment is made up of four product sectors: (1-1) electronic materials, (1-2) electronic devices, (1-3) recording devices, and (1-4) other electronic components.

Segment net sales rose 7.8% from ¥758,821 million to ¥818,115 million (U.S.\$8,181,150 thousand), while segment operating income declined 7.1% from ¥81,775 million to ¥75,972 million (U.S.\$759,720 thousand).

Sector sales of TDK's electronic materials and components were as follows.

(1-1) Electronic materials

This sector is broken down into two product categories: capacitors, and ferrite cores and magnets.

Sales in the electronic materials sector edged up 0.4% from ¥199,243 million to ¥200,101 million (U.S.\$2,001,010 thousand).

[Capacitors] Sales increased slightly year on year, reflecting higher sales of multilayer ceramic chip capacitors, the main product in the capacitors category, to the auto market and other sectors, which outweighed lower sales for use in PCs and mobile phones.

[Ferrite cores and magnets] Sales of ferrite cores and magnets rose year on year, as higher magnet sales countered lower ferrite core sales.

(1-2) Electronic devices

This sector has three product categories: inductive devices, high-frequency components and other products.

Sales in the electronic devices sector increased 5.5% from ¥198,199 million to ¥209,089 million (U.S.\$2,090,890 thousand).

[Inductive devices] Sales of inductive devices increased year on year, mainly as a result of higher sales of power line coils and signal line coils used in flat-screen TVs and of common-mode filters for the auto market.

[High-frequency components] Sales of high-frequency components increased year on year, the result mainly of higher sales for PC applications.

[Other products] Sales of other products were down year on year, with sensor and actuator sales falling mainly due to price declines and power supplies recording a slight drop due in part to the termination of some products.

(1-3) Recording devices

This sector has two product categories: HDD heads and other, which was previously called "other heads." The renaming of the latter category is due to the inclusion of sales of HDD suspension assemblies manufacturer MPT.

Sector sales increased 9.8% from ¥304,822 million to ¥334,734 million (U.S.\$3,347,340 thousand).

[HDD heads] Sales increased year on year, as TDK Group's HDD head sales volume increased on the back of higher unit production of HDDs, which was driven by growth in demand for HDDs for use in PCs. Another factor was the increasing storage capacity of HDDs.

[Other] Category sales increased year on year, with lower "other heads" sales offset by the inclusion from this fiscal term of the sales of MPT, which was consolidated in November 2007.

(1-4) Other electronic components

This sector includes all products of the electronic materials and components segment other than those in the three sectors above. These products include anechoic chambers, mechatronics (production equipment) and energy devices (rechargeable batteries).

Sector sales climbed 31.2% from ¥56,557 million to ¥74,191 million (U.S.\$741,910 thousand), the result of higher anechoic chamber and energy device sales, and strong sales of new products.

(2) Recording media segment

This segment has three product categories: audiotapes and videotapes, optical media and other products.

Segment sales dropped 53.3% from ¥103,204 million to ¥48,170 million (U.S.\$481,700 thousand). The segment recorded operating income of ¥11,203 million, a ¥13,388 million improvement on the operating loss of ¥2,185 million in fiscal 2007.

As mentioned earlier, on August 1, 2007, TDK transferred its TDK brand product sales business for recording media to Imation Corp. At the same time, TDK granted a license to use the TDK brand for current and future recording media products to Imation Corp. This business transfer resulted in TDK recognizing a gain on transfer of ¥15,340 million (U.S.\$153,400 thousand) for the recording media business in fiscal 2008, which is included in operating income.

[Audiotapes and videotapes] Sales of audiotapes and videotapes declined year on year, reflecting falling demand amid an ongoing switch to digital data storage. Another factor was a change in terms of the sales framework and price structure brought about by the abovementioned transfer of the sales business to Imation Corp.

[Optical media] There was a decline in optical media sales year on year. Because sales operations of mainstay CD-Rs and DVDs were transferred to Imation Corp., TDK's sales fell by an equivalent amount. On the other hand, sales of Blu-ray Discs increased.

[Other products] Sales of other products decreased year on year despite higher sales of LTO-standard* (Linear Tape-Open) tape-based data storage media for computers on the back of rising demand. The main reason for the overall fall in sales was lower sales of products other than accessory products following the transfer to Imation Corp.

*Linear Tape-Open, LTO, the LTO Logo, Ultrium and the Ultrium Logo are trademarks of HP, IBM and Quantum in the US and other countries.

(Sales by Region)

Detailed sales by region can be found in the segment information on page 18 of the consolidated results. Recording media segment sales decreased in all regions due to the aforementioned sales business transfer to Imation Corp.

[Japan] Overall sales fell, with sales decreasing in all product sectors except other electronic components.

[Americas] Sales decreased overall due to lower sales of electronic materials.

[Europe] Sales decreased overall due to lower sales of electronic materials.

[Asia (excluding Japan) and other areas] Sales rose overall on the back of higher sales in all four sectors of the electronic materials and components segment.

As a result, overseas sales rose 3.4% from ¥690,673 million to ¥714,172 million (U.S.\$7,141,720 thousand). Overseas sales accounted for 82.4% of consolidated net sales, a 2.3 percentage point increase from 80.1% one year earlier.

On a parent-company basis, net sales increased 1.7% from ¥347,280 million to ¥353,034 million (U.S.\$3,530,340 thousand). Operating income dropped 69.1% from ¥17,647 million to ¥5,450 million (U.S.\$54,500 thousand). Current income decreased 47.2% from ¥31,774 million to ¥16,787 million (U.S.\$167,870 thousand). TDK recorded a net loss of ¥785 million (U.S.\$7,850 thousand), ¥19,504 million worse than the net income of ¥18,719 million recorded in the previous fiscal year. Basic net loss per common share was ¥6.06 (U.S.\$0.06), compared with basic net income per common share of ¥141.45 a year earlier.

The large year-on-year drop in both operating income and current income was attributable mainly to an increase in the cost of sales ratio primarily due to soaring raw materials expenses and sales price discounts, and to higher selling, general and administrative expenses, particularly development expenses. The net loss reflects a ¥24,094 million loss on revaluation of affiliated company shares resulting from restructuring charges, including the sale of overseas subsidiaries, and despite an ¥18,511 million gain on business transfer to Imation Corp. Together, these items and their tax effects resulted in the net loss for the fiscal year under review.

Fiscal 2009 Consolidated Projections

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2009, the year ending March 31, 2009, are as follows.

[Consolidated Projections for Fiscal 2009]

Term Item	FY2009 (Forecasts) (¥ millions)	FY2008 (Actual) (¥ millions)	Change from FY2008 (¥ millions)	% change from FY2008
Net sales	880,000	866,285	13,715	1.6
Operating income	80,000	87,175	(7,175)	-8.2
Income before income taxes	85,500	91,505	(6,005)	-6.6
Net income	65,000	71,461	(6,461)	-9.0

[Projections for Capital Expenditures, Depreciation and Amortization, and Research and Development Expenses]

(¥ millions)

Term Item	FY2009 (Forecasts)		FY2008 (Actual)	
	Amount	% of sales	Amount	% of sales
Capital expenditures	70,000	-	84,312	-
Depreciation and amortization	77,000	8.8	71,297	8.2
Research and development expenses	57,000	6.5	57,387	6.6

(Notes)

(Projections for main products are as follows:)

Electronic Materials and Electronic Devices

It is extremely difficult to forecast demand for finished products and electronic components used in them due to the effects of persistently high resource prices and crude oil as well as fears of an economic standstill in the U.S. However, TDK's sales plan for electronic materials and electronic devices is based on a year-on-year positive demand growth forecast for key finished products such as mobile phones, PCs and flat-screen TVs, which drive the consumer electronics market.

Recording Devices

Firm growth is forecast for HDD demand also in fiscal 2009. Demand for HDD heads is forecast based on the assumption of strong projected growth in demand for 2.5-inch HDDs for notebook PCs in particular.

(Exchange Rate Forecast)

An average yen-U.S. dollar exchange rate of ¥100 is assumed for the full year.

Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK and its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs and evaluations of TDK Group in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors. TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK Group's actual results, performance, achievements or financial position could be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements, and TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK Group operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK Group include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations.

(2) Financial Position

(2-1) The following table summarizes TDK's consolidated balance sheet at March 31, 2008, compared with March 31, 2007.

Total assets	¥ 935,533 million	(5.4% decrease)
Total stockholders' equity	¥ 716,577 million	(6.0% decrease)
Stockholders' equity ratio	76.6%	0.5 percentage point decrease

At the end of the fiscal year, cash and cash equivalents and net trade receivable were ¥123,064 million and ¥21,196 million lower than a year ago, respectively, while net property, plant and equipment increased ¥20,446 million, investments in securities increased ¥36,073 million and other assets increased ¥42,260 million. As a result of these and other changes, total assets decreased ¥53,771 million compared with March 31, 2007.

Total liabilities increased ¥2,883 million year on year, with trade payables declining ¥5,380 million. Meanwhile, short-term debt rose ¥5,885 million and accrued expenses increased ¥2,717 million.

Total stockholders' equity decreased ¥46,135 million year on year with accumulated other comprehensive loss climbing ¥63,737 million. Meanwhile, retained earnings rose ¥17,369 million.

(2-2) Cash Flows

	Fiscal 2007	Fiscal 2008	Change
Net cash provided by operating activities	145,483	119,721	(25,762)
Net cash used in investing activities	(81,488)	(158,055)	(76,567)
Net cash used in financing activities	(15,862)	(60,086)	(44,224)
Effect of exchange rate changes on cash and cash equivalents	2,019	(24,644)	(26,663)
Net increase (decrease) in cash and cash equivalents	50,152	(123,064)	(173,216)
Cash and cash equivalents at beginning of period	239,017	289,169	50,152
Cash and cash equivalents at end of period	289,169	166,105	(123,064)

Operating activities provided net cash of ¥119,721 million (U.S.\$1,197,210 thousand), a year-on-year decrease of ¥25,762 million. Net income increased ¥1,336 million to ¥71,461 million (U.S.\$714,610 thousand) and depreciation and amortization increased ¥5,960 million to ¥71,297 million (U.S.\$712,970 thousand). In changes in assets and liabilities, trade receivables increased ¥19,494 million, inventories increased ¥15,468 million, other current assets increased ¥18,227 million and accrued expenses increased ¥18,034 million.

Investing activities used net cash of ¥158,055 million (U.S.\$1,580,550 thousand), ¥76,567 million more than a year earlier. Capital expenditures increased ¥13,872 million to ¥84,312 million (U.S.\$843,120 thousand). There was also an increase of ¥36,900 million for acquisitions of businesses and assets, ¥14,196 million for payment for purchase of investments in securities, ¥18,182 million for acquisition of subsidiaries, net of cash acquired, ¥15,849 million for acquisition of minority interests, while payment for purchase of short-term investments decreased ¥22,549 million.

Financing activities used net cash of ¥60,086 million (U.S.\$600,860 thousand), ¥44,224 million more than a year earlier. Repayment of long-term debt increased ¥7,099 million. There was ¥39,218 million increase in cash paid to acquire the Company's own shares, with the aim of improving capital efficiency and further raising the level of stockholder returns.

(2-3) Trends in Cash Flow Indicators

	FY2004	FY2005	FY2006	FY2007	FY2008
1) Stockholders' equity ratio (%)	74.8	79.1	76.1	77.1	76.6
2) Capital adequacy ratio on a market value basis	136.7	120.1	127.0	136.8	81.2
3) No. of years to redeem debt	0.00	0.00	0.08	0.03	0.08
4) Interest coverage ratio (times)	352.4	97.0	598.1	727.4	549.2

[Notes]

- 1) Stockholders' equity ratio = Total stockholders' equity/Total assets
- 2) Capital adequacy ratio on a market value basis = Market capitalization (*1)/Total assets
 (*1) Market capitalization = Closing price of TDK's common shares on the Tokyo Stock Exchange at fiscal year-end x Shares issued and outstanding at fiscal year-end after deducting treasury stock
- 3) No. of years to redeem debt = Interest-bearing liabilities (*2)/Cash flows from operating activities (*3)
 (*2) Interest-bearing liabilities: The balance of "short-term debt" and "long-term debt" included in "long-term debt, excluding current installments" on the consolidated balance sheets.
 (*3) Cash flows from operating activities: "Net cash provided by operating activities" on the consolidated statements of cash flows.
- 4) Interest coverage ratio = Cash flows from operating activities/Interest payments (*4)
 (*4) Interest payments: "Interest expense" on the consolidated statements of income

(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2008 and Fiscal 2009 Dividends

Returning earnings to shareholders is one of TDK's highest management priorities. Therefore, TDK's fundamental policy is to give consideration to a consistent increase in dividends based on factors such as the return on equity (ROE), dividends as a percentage of equity (DOE) and TDK's results of operations on a consolidated basis.

Retained earnings are used to make aggressive investments for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to the rapid technological advances in the electronics industry.

TDK plans to pay a year-end dividend of ¥70 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 27, 2008. Combined with the interim dividend of ¥60 per common share paid in December 2007, the planned dividend per common share applicable to the year will be ¥130.

(Yen)	FY2009 Forecast	FY2008 Forecast
Interim dividend	70.00	60.00
Year-end dividend	70.00	70.00
Annual dividend	140.00	130.00

I-2) Management Policies

(1) Fundamental Management Policy

TDK was established in 1935 as the world's first company to commercialize a magnetic material called ferrite. In the ensuing years, TDK has developed and commercialized electronic materials, electronic devices, recording devices and recording media, among other products. This drive has been based on the company's founding spirit: "Contribute to culture and industry through creativity."

To preserve its identity as a dynamic company, TDK believes that it must remain an organization that constantly provides even higher corporate value to all stakeholders, including shareholders, customers, suppliers, employees and society, by drawing on innovative thinking and a willingness to tackle new challenges.

(2) Targeted Management Indicators

To realize this fundamental management policy, the TDK Group conducts its business activities with reference to the following indicators.

(Important Fundamental Management Indicator)

TVA (TDK Value Added): a TDK Group proprietary value-added yardstick that shows the extent of earnings commensurate with invested capital. This indicator compares earnings after taxes but without deducting interest expenses with the cost of capital (stockholders' equity + interest-bearing liabilities).

TVA measures the added value newly created by the company's business activities and is an important decision-making tool for management.

(Indicator for Managing Environmental Performance)

Rate of reduction in CO₂ emissions in Japan

The reduction in CO₂ emissions is an indicator of the TDK Group's progress in conducting its business activities in harmony with the natural environment.

(3) Medium- and Long-Term Management Strategy

The TDK Group has been conducting business based on a new medium-term management plan since April 2007 that sets the strengthening of manufacturing capabilities (monozukuri) and growing with customers as medium-term goals. The plan has three basic policies: create highly customized products, strengthen manufacturing capabilities by emphasizing frontline operations, and optimally utilize and allocate resources. The TDK Group is accelerating specific initiatives in line with these basic policies.

The TDK Group's main business is electronic components and its customers are companies that use and buy these components. Accordingly, the TDK Group's growth is dependent on growth at its customers. That's why it is crucial that the TDK Group develops and supplies products that will help customers grow. Guided by this mission as a manufacturer, the TDK Group will put even greater emphasis on strengthening frontline manufacturing capabilities with the aim of achieving sustained growth from a medium- and long-term perspective.

(4) Pressing Issues

From a medium-term perspective, the electronics industry, the TDK Group's field of operations, is expected to see the growth of digital home appliances; the convergence of information and communications, as typified by the increasingly diverse functions offered by mobile phones and the greater portability of each sort of electronic device; and the increasing use of electronics in motor vehicles. These trends are expected to result in continued expansion in demand for the electronic components that TDK develops, manufactures and sells. At the same time, however, in the dynamically changing electronics industry, a faster response than ever before will be required by the company's electronic components business.

Furthermore, in the digital era of the electronics industry, falling prices due to stiffer competition, rapid shifts in demand and the resulting risks associated with excess inventories and the loss of sales opportunities, and other challenges are unavoidable. Nevertheless, TDK is determined to build a framework to respond adequately to these business risks and remain a company that can grow. In this vein, TDK will refine its core technologies (materials, process and evaluation & simulation technologies) while honing in on three key fields that it believes harbor prospects for growth: IT home electronics; high-speed, large-capacity networks; and car electronics. Increasing the company's ability to generate earnings by supplying products and technologies imbuing value that these markets demand on a timely basis is a key issue. Moreover, TDK will accelerate its growth by making investments that are prudent yet aggressive.

In reinforcing its businesses, TDK will also take into account the environment. TDK will supply products that meet customer demands and that match trends in society such as in terms of energy conservation, legal and regulatory compliance, and safety, and will also take further steps to reduce the environmental impact of its business activities, such as by cutting CO₂ emissions.

As a corporate citizen, TDK is also rededicating itself to prospering together with society, while further upgrading its compliance program to ensure that laws and regulations are observed in Japan and other countries.

(5) Basic Stance on Corporate Governance

Please refer to TDK's website at http://www.tdk.co.jp/ir_e/policy/pol03000.htm for the latest information.

I-3) Balance sheets

ASSETS						
Term Item	As of March 31, 2007		As of March 31, 2008			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current assets	615,370	62.2	462,820	49.5	4,628,200	(152,550)
Cash and cash equivalents	289,169		166,105		1,661,050	(123,064)
Short-term investments	11,071		1,179		11,790	(9,892)
Marketable securities	1,063		3,986		39,860	2,923
Net trade receivables	178,314		157,118		1,571,180	(21,196)
Inventories	89,789		88,816		888,160	(973)
Other current assets	45,964		45,616		456,160	(348)
Noncurrent assets	373,934	37.8	472,713	50.5	4,727,130	98,779
Investments in securities	32,641		68,714		687,140	36,073
Net property, plant and equipment	246,703		267,149		2,671,490	20,446
Other assets	94,590		136,850		1,368,500	42,260
TOTAL	989,304	100.0	935,533	100.0	9,355,330	(53,771)

LIABILITIES AND STOCKHOLDERS' EQUITY						
Term Item	As of March 31, 2007		As of March 31, 2008			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current liabilities	165,540	16.7	161,961	17.3	1,619,610	(3,579)
Short-term debt	3,013		8,898		88,980	5,885
Current installments of long-term debt	514		294		2,940	(220)
Trade payables	81,771		76,391		763,910	(5,380)
Accrued expenses	61,117		63,834		638,340	2,717
Income taxes payables	13,245		7,660		76,600	(5,585)
Other current liabilities	5,880		4,884		48,840	(996)
Noncurrent liabilities	46,849	4.8	53,311	5.7	533,110	6,462
Long-term debt, excluding current installments	532		152		1,520	(380)
Retirement and severance benefits	32,290		33,990		339,900	1,700
Deferred income taxes	7,526		5,998		59,980	(1,528)
Other noncurrent liabilities	6,501		13,171		131,710	6,670
Total liabilities	212,389	21.5	215,272	23.0	2,152,720	2,883
Minority interests	14,203	1.4	3,684	0.4	36,840	(10,519)
Common stock	32,641		32,641		326,410	-
Additional paid-in capital	63,695		63,887		638,870	192
Legal reserve	18,844		19,510		195,100	666
Retained earnings	671,350		688,719		6,887,190	17,369
Accumulated other comprehensive income (loss)	(17,846)		(81,583)		(815,830)	(63,737)
Treasury stock	(5,972)		(6,597)		(65,970)	(625)
Total stockholders' equity	762,712	77.1	716,577	76.6	7,165,770	(46,135)
TOTAL	989,304	100.0	935,533	100.0	9,355,330	(53,771)

Note:

U.S.\$1=Yen 100, for convenience only.

I-4) Statements of income

Item	Term	FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales		862,025	100.0	866,285	100.0	8,662,850	4,260	0.5
Cost of sales		622,819	72.3	635,529	73.4	6,355,290	12,710	2.0
Gross profit		239,206	27.7	230,756	26.6	2,307,560	(8,450)	-3.5
Selling, general and administrative expenses		159,106	18.4	158,921	18.3	1,589,210	(185)	-0.1
Gain on business transfer to Imation Corp.		-	-	(15,340)	-1.8	(153,400)	(15,340)	-
Restructuring cost		510	0.1	-	-	-	(510)	-
Operating income		79,590	9.2	87,175	10.1	871,750	7,585	9.5
Other income (deductions):								
Interest and dividend income		7,025		8,284		82,840	1,259	
Interest expense		(200)		(218)		(2,180)	(18)	
Foreign exchange gain (loss)		973		(3,670)		(36,700)	(4,643)	
Other-net		1,277		(66)		(660)	(1,343)	
Total other income (deductions)		9,075	1.1	4,330	0.5	43,300	(4,745)	-52.3
Income before income taxes		88,665	10.3	91,505	10.6	915,050	2,840	3.2
Income taxes		16,985	2.0	19,948	2.4	199,480	2,963	17.4
Income before minority interests		71,680	8.3	71,557	8.2	715,570	(123)	-0.2
Minority interests		1,555	0.2	96	0.0	960	(1,459)	-93.8
Net income		70,125	8.1	71,461	8.2	714,610	1,336	1.9

Note:

U.S.\$1=Yen 100, for convenience only.

I-5) Statements of stockholders' equity

(Yen millions)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity
FY2007 (April 1, 2006 - Mar. 31, 2007)							
Balance at beginning of period (as previously reported)	32,641	63,237	17,517	618,259	(21,946)	(7,289)	702,419
Adjustment for the cumulative effect on prior years of the adoption of SAB No. 108	-	-	-	(2,287)	-	-	(2,287)
Balance at beginning of period (after adjustment)	32,641	63,237	17,517	615,972	(21,946)	(7,289)	700,132
Non-cash compensation charges under a stock option plans		458					458
Cash dividends				(13,230)			(13,230)
Transferred to legal reserve			1,327	(1,327)			-
Comprehensive income:							
Net income				70,125			70,125
Foreign currency translation adjustments					4,383		4,383
Minimum pension liability adjustments					2,290		2,290
Net unrealized gains (losses) on securities					76		76
Total comprehensive income							76,874
Adjustment to initially apply SFAS 158, net of tax					(2,649)		(2,649)
Acquisition of treasury stock						(32)	(32)
Exercise of stock option				(190)		1,349	1,159
Balance at end of period	32,641	63,695	18,844	671,350	(17,846)	(5,972)	762,712
FY2008 (April 1, 2007 - Mar. 31, 2008)							
Balance at beginning of period	32,641	63,695	18,844	671,350	(17,846)	(5,972)	762,712
Non-cash compensation charges under a stock option plans		241					241
Cash dividends				(15,683)			(15,683)
Transferred to legal reserve			666	(666)			-
Comprehensive income:							
Net income				71,461			71,461
Foreign currency translation adjustments					(55,757)		(55,757)
Pension liability adjustments					(4,684)		(4,684)
Net unrealized gains (losses) on securities					(3,296)		(3,296)
Total comprehensive income							7,724
Acquisition of treasury stock						(39,250)	(39,250)
Retirement of treasury stock				(37,410)		37,410	-
Exercise of stock option				(333)		1,215	882
Adjustment for employee stock awards to be reclassified as a liability		(49)					(49)
Balance at end of period	32,641	63,887	19,510	688,719	(81,583)	(6,597)	716,577

(U.S.\$ thousands)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity
FY2008 (April 1, 2007 - Mar. 31, 2008)							
Balance at beginning of period	326,410	636,950	188,440	6,713,500	(178,460)	(59,720)	7,627,120
Non-cash compensation charges under a stock option plans		2,410					2,410
Cash dividends				(156,830)			(156,830)
Transferred to legal reserve			6,660	(6,660)			-
Comprehensive income:							
Net income				714,610			714,610
Foreign currency translation adjustments					(557,570)		(557,570)
Pension liability adjustments					(46,840)		(46,840)
Net unrealized gains (losses) on securities					(32,960)		(32,960)
Total comprehensive income							77,240
Acquisition of treasury stock						(392,500)	(392,500)
Retirement of treasury stock				(374,100)		374,100	-
Exercise of stock option				(3,330)		12,150	8,820
Adjustment for employee stock awards to be reclassified as a liability		(490)					(490)
Balance at end of period	326,410	638,870	195,100	6,887,190	(815,830)	(65,970)	7,165,770

Note:

U.S.\$1=Yen 100, for convenience only.

I-6) Statements of cash flows

Term Item	FY2007	FY2008	
	(April 1, 2006 - March 31, 2007)	(April 1, 2007 - March 31, 2008)	
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income	70,125	71,461	714,610
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	65,337	71,297	712,970
Loss on disposal of property and equipment	2,649	2,955	29,550
Deferred income taxes	(1,878)	(1,885)	(18,850)
Loss (gain) on securities, net	212	2,081	20,810
Gain on business transfer to Imation Corp.	-	(15,340)	(153,400)
Gain on sale of a subsidiary	-	(274)	(2,740)
Changes in assets and liabilities, net of effects of acquisition of businesses:			
Decrease (increase) in trade receivables	11,241	(8,253)	(82,530)
Decrease (increase) in inventories	892	(14,576)	(145,760)
Decrease (increase) in other current assets	6,202	(12,025)	(120,250)
Increase (decrease) in trade payables	(5,272)	8,027	80,270
Increase (decrease) in accrued expenses	(7,068)	10,966	109,660
Increase (decrease) in income taxes payables, net	4,004	(6,271)	(62,710)
Increase (decrease) in other current liabilities	(1,808)	1,944	19,440
Increase (decrease) in retirement and severance benefits, net	(74)	933	9,330
Other-net	921	8,681	86,810
Net cash provided by operating activities	145,483	119,721	1,197,210
Cash flows from investing activities:			
Capital expenditures	(70,440)	(84,312)	(843,120)
Proceeds from sale and maturity of short-term investments	20,046	18,508	185,080
Payment for purchase of short-term investments	(31,089)	(8,540)	(85,400)
Proceeds from sale of investments in securities	23	178	1,780
Proceeds from maturity of investments in securities	-	999	9,990
Acquisitions of businesses and assets	-	(36,900)	(369,000)
Payment for purchase of investments in securities	(3,638)	(17,834)	(178,340)
Transfer of businesses	-	2,364	23,640
Proceeds from sale of a subsidiary	-	900	9,000
Acquisition of subsidiaries, net of cash acquired	-	(18,182)	(181,820)
Acquisition of affiliates	-	(2,206)	(22,060)
Proceeds from sales of tangible and intangible assets	3,678	3,000	30,000
Acquisition of minority interests	(6)	(15,855)	(158,550)
Other-net	(62)	(175)	(1,750)
Net cash used in investing activities	(81,488)	(158,055)	(1,580,550)
Cash flows from financing activities:			
Repayment of long-term debt	(2,143)	(9,242)	(92,420)
Increase (decrease) in short-term debt, net	(1,456)	3,574	35,740
Proceeds from exercise of stock options	1,159	882	8,820
Cash paid to acquire treasury stock	(32)	(39,250)	(392,500)
Dividends paid	(13,230)	(15,683)	(156,830)
Other-net	(160)	(367)	(3,670)
Net cash used in financing activities	(15,862)	(60,086)	(600,860)
Effect of exchange rate changes on cash and cash equivalents	2,019	(24,644)	(246,440)
Net increase (decrease) in cash and cash equivalents	50,152	(123,064)	(1,230,640)
Cash and cash equivalents at beginning of period	239,017	289,169	2,891,690
Cash and cash equivalents at end of period	289,169	166,105	1,661,050

Note:

U.S.\$1=Yen 100, for convenience only.

I-7) Summary of Significant Accounting Policies

1. The consolidated financial statements are prepared in conformity with the U.S. GAAP.
 - (1) Marketable Securities

Statement of Financial Accounting Standards ("SFAS") No.115, "Accounting for Certain Investments in Debt and Equity Securities" is adopted.
 - (2) Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally by the average method.
 - (3) Depreciation

Depreciation of property, plant and equipment is principally computed by the declining-balance method for assets located in Japan and certain foreign subsidiaries, and by the straight-line method for assets of other foreign subsidiaries based on estimated useful lives.
 - (4) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base and operating loss and tax credit carryforwards. The Financial Accounting Standards Board ("FASB") Interpretation No. 48 "Accounting for Uncertainty in Income Taxes - an interpretation of Statement of Financial Accounting Standards ("SFAS") No. 109" ("FIN 48") is adopted.
 - (5) Derivatives Financial Instruments

SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No.138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No.133" are adopted.
 - (6) Goodwill and Other Intangible Assets

SFAS No.141, "Business Combinations" and SFAS No.142, "Goodwill and Other Intangible Assets" are adopted.
 - (7) Retirement and Severance Benefits

SFAS No. 87, "Employers' Accounting for Pensions" and SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" are adopted.
2. As of March 31, 2008, TDK had 91 subsidiaries (18 in Japan and 73 overseas). TDK also had 7 affiliates (4 in Japan and 3 overseas) whose financial statements are accounted for by the equity method.

I-8) Segment Information

The following industry and geographic segment information are required by the Japanese Financial Instruments Exchange Law.

1. Industry segment information

Product	Term	FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Electronic materials and components								
Net sales		758,821	100.0	818,115	100.0	8,181,150	59,294	7.8
External sales		758,821		818,115		8,181,150	59,294	7.8
Intersegment		-		-		-	-	-
Operating expenses		677,046	89.2	742,143	90.7	7,421,430	65,097	9.6
Operating income		81,775	10.8	75,972	9.3	759,720	(5,803)	-7.1
Recording media								
Net sales		103,204	100.0	48,170	100.0	481,700	(55,034)	-53.3
External sales		103,204		48,170		481,700	(55,034)	-53.3
Intersegment		-		-		-	-	-
Operating expenses		105,389	102.1	36,967	76.7	369,670	(68,422)	-64.9
Operating income (loss)		(2,185)	-2.1	11,203	23.3	112,030	13,388	-
TOTAL								
Net sales		862,025	100.0	866,285	100.0	8,662,850	4,260	0.5
External sales		862,025		866,285		8,662,850	4,260	0.5
Intersegment		-		-		-	-	-
Operating expenses		782,435	90.8	779,110	89.9	7,791,100	(3,325)	-0.4
Operating income		79,590	9.2	87,175	10.1	871,750	7,585	9.5

Notes:

1. U.S.\$1=Yen 100, for convenience only.
2. Electronic materials and components products :
 Ferrite cores, Rare-earth magnets, Multilayer ceramic chip capacitors,
 Inductors(Coils, Transformers), Switching power supplies, HDD heads, Rechargeable batteries
 Recording media products :
 Audio tapes, Video tapes, CD-Rs, DVDs, Tape-based data storage media for computers

2. Geographic segment information

Term		FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Japan	Net sales	397,147	100.0	390,364	100.0	3,903,640	(6,783)	-1.7
	Operating income	31,277	7.9	35,257	9.0	352,570	3,980	12.7
Americas	Net sales	111,689	100.0	103,248	100.0	1,032,480	(8,441)	-7.6
	Operating income	7,869	7.0	7,905	7.7	79,050	36	0.5
Europe	Net sales	84,329	100.0	54,418	100.0	544,180	(29,911)	-35.5
	Operating income (loss)	(3)	-0.0	(4,056)	-7.5	(40,560)	(4,053)	-
Asia and others	Net sales	572,979	100.0	636,242	100.0	6,362,420	63,263	11.0
	Operating income	41,515	7.2	44,397	7.0	443,970	2,882	6.9
Intersegment eliminations	Net sales	304,119		317,987		3,179,870	13,868	
	Operating income (loss)	1,068		(3,672)		(36,720)	(4,740)	
Total	Net sales	862,025	100.0	866,285	100.0	8,662,850	4,260	0.5
	Operating income	79,590	9.2	87,175	10.1	871,750	7,585	9.5

Notes:

1. Net sales in each geographic area are based on the location of TDK entities where the sales are generated.
2. U.S.\$1=Yen 100, for convenience only.

3. Sales by region

Term		FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas		103,124	11.9	96,287	11.1	962,870	(6,837)	-6.6
Europe		83,545	9.7	59,128	6.8	591,280	(24,417)	-29.2
Asia and others		504,004	58.5	558,757	64.5	5,587,570	54,753	10.9
Overseas sales total		690,673	80.1	714,172	82.4	7,141,720	23,499	3.4
Japan		171,352	19.9	152,113	17.6	1,521,130	(19,239)	-11.2
Net sales		862,025	100.0	866,285	100.0	8,662,850	4,260	0.5

Notes:

1. Overseas sales are based on the location of the customers.
2. U.S.\$1=Yen 100, for convenience only.

I-9) Fair Value of Securities

(Yen millions)	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
As of March 31, 2007				
Equity securities	11,919	3,566	488	14,997
Debt securities	1,983	-	5	1,978
Total	13,902	3,566	493	16,975
As of March 31, 2008				
Equity securities	22,800	2,276	4,039	21,037
Debt securities	4,972	3	-	4,975
Total	27,772	2,279	4,039	26,012

(U.S.\$ thousands)	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
As of March 31, 2008				
Equity securities	228,000	22,760	40,390	210,370
Debt securities	49,720	30	-	49,750
Total	277,720	22,790	40,390	260,120

Note:

U.S.\$1=Yen 100, for convenience only.

I-10) Fair Value of Derivatives

(Yen millions)	Contract Amount	Carrying Amount	Estimated Fair Value
As of March 31, 2007			
Forward foreign exchange contracts	8,434	72	72
Currency option contracts	5,400	82	82
As of March 31, 2008			
Forward foreign exchange contracts	12,244	(50)	(50)
Currency option contracts	1,080	18	18

(U.S.\$ thousands)	Contract Amount	Carrying Amount	Estimated Fair Value
As of March 31, 2008			
Forward foreign exchange contracts	122,440	(500)	(500)
Currency option contracts	10,800	180	180

Note:

U.S.\$1=Yen 100, for convenience only.

I-11) Net income per share

Item	Term	FY2008	
	FY2007 (April 1, 2006 - March 31, 2007)	(April 1, 2007 - March 31, 2008)	
Net income available to common stockholders	(Yen millions) 70,125	(Yen millions) 71,461	(U.S.\$ thousands) 714,610
	Number of shares (Thousands)	Number of shares (Thousands)	
Weighted average common shares outstanding - Basic	132,342	129,525	
Effect of dilutive stock options	146	124	
Weighted average common shares outstanding - Diluted	132,488	129,649	
Net income per share :	(Yen)	(Yen)	(U.S.\$)
Basic	529.88	551.72	5.52
Diluted	529.29	551.19	5.51

Note:

U.S.\$1=Yen 100, for convenience only.

I-12) Supplementary Information (Consolidated)

Ratio of results on a Consolidated basis to results on a Non-Consolidated basis

	Ratio of FY2007	Ratio of FY2008
Net sales	2.5	2.5
Operating income	4.5	16.0
Income before income taxes	3.1	11.1
Net income	3.7	-

Exchange rates used for conversion

Term	April 1, 2006 - March 31, 2007		April 1, 2007 - March 31, 2008	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
Average rate for the period	116.97	150.02	114.44	161.59
The end of the period	118.05	157.33	100.19	158.19

Overseas sales by division

Term	April 1, 2006 - March 31, 2007		April 1, 2007 - March 31, 2008		Change(%)
	Amount (Yen millions)	Ratio to sales (%)	Amount (Yen millions)	Ratio to sales (%)	
Product					
Electronic materials and components	611,932	71.0	678,495	78.3	10.9
Electronic materials	145,548	16.9	150,602	17.4	3.5
Electronic devices	125,930	14.6	140,327	16.2	11.4
Recording devices	299,772	34.8	331,035	38.2	10.4
Other electronic components	40,682	4.7	56,531	6.5	39.0
Recording media	78,741	9.1	35,677	4.1	-54.7
Overseas sales	690,673	80.1	714,172	82.4	3.4

II-1) Balance sheets (Non-Consolidated)

ASSETS						
Item \ Term	As of March 31, 2007		As of March 31, 2008			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current assets	274,910	47.4	140,915	25.9	1,409,150	(133,995)
Cash	28,830		10,522		105,220	(18,308)
Marketable securities	39,992		-		-	(39,992)
Trade receivables	92,089		77,855		778,550	(14,234)
Inventories	25,129		28,192		281,920	3,063
Others	88,868		24,344		243,440	(64,524)
Noncurrent assets	305,468	52.6	403,821	74.1	4,038,210	98,353
Investments in securities	15,269		17,208		172,080	1,939
Investments in affiliates	137,883		183,819		1,838,190	45,936
Net property, plant and equipment	123,687		145,175		1,451,750	21,488
Others	28,628		57,618		576,180	28,990
TOTAL	580,379	100.0	544,736	100.0	5,447,360	(35,643)

LIABILITIES AND NET ASSETS						
Item \ Term	As of March 31, 2007		As of March 31, 2008			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current liabilities	88,364	15.2	109,470	20.1	1,094,700	21,106
Trade payables	44,924		44,132		441,320	(792)
Accrued expenses	16,309		11,106		111,060	(5,203)
Income taxes payables	5,383		5,135		51,350	(248)
Others	21,747		49,095		490,950	27,348
Noncurrent liabilities	16,648	2.9	17,395	3.2	173,950	747
Retirement and severance benefits	16,368		16,898		168,980	530
Directors' retirement allowance	280		211		2,110	(69)
Other	-		285		2,850	285
Total liabilities	105,013	18.1	126,866	23.3	1,268,660	21,853
Total stockholders' equity	472,214		417,376		4,173,760	(54,838)
Common stock	32,641		32,641		326,410	-
Capital surplus	59,256		59,256		592,560	-
Additional paid-in capital	59,256		59,256		592,560	-
Retained earnings	386,286		332,074		3,320,740	(54,212)
Legal reserve	8,160		8,160		81,600	-
Other retained earnings	378,126		323,914		3,239,140	(54,212)
Treasury stock	(5,971)		(6,597)		(65,970)	(626)
Valuation and translation adjustments	2,923		(64)		(640)	(2,987)
Net unrealized gains on other securities	2,923		(64)		(640)	(2,987)
Equity warrant	228		558		5,580	330
Total net assets	475,366	81.9	417,870	76.7	4,178,700	(57,496)
TOTAL	580,379	100.0	544,736	100.0	5,447,360	(35,643)

Note:

U.S.\$1=Yen 100 , for convenience only.

II-2) Statements of income (Non-Consolidated)

Term Item	FY2007 (April 1, 2006 - March 31, 2007)		FY2008 (April 1, 2007 - March 31, 2008)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	347,280	100.0	353,034	100.0	3,530,340	5,754	1.7
Cost of sales	264,342	76.1	277,848	78.7	2,778,480	13,506	5.1
Gross profit	82,937	23.9	75,186	21.3	751,860	(7,751)	-9.3
Selling, general and administrative expenses	65,289	18.8	69,736	19.8	697,360	4,447	6.8
Operating income	17,647	5.1	5,450	1.5	54,500	(12,197)	-69.1
Other income (deductions):							
Interest and dividend income	4,603		5,850		58,500	1,247	
Technology commission	8,861		8,387		83,870	(474)	
Interest expense	(38)		(410)		(4,100)	(372)	
Foreign exchange gain (loss)	(251)		(3,780)		(37,800)	(3,529)	
Other-net	953		1,289		12,890	336	
Total other income (deductions)	14,126	4.0	11,337	3.3	113,370	(2,789)	-19.7
Current income	31,774	9.1	16,787	4.8	167,870	(14,987)	-47.2
Extraordinary profit	958	0.3	21,510	6.1	215,100	20,552	-
Gain on business transfer to Imation Corp.	-		18,511		185,110	18,511	
Others	958		2,998		29,980		
Extraordinary loss	(4,302)	-1.2	(30,085)	-8.5	(300,850)	(25,783)	599.3
Loss from write-down of affiliated company	-		(24,094)		(240,940)	(24,094)	
Others	(4,302)		(5,991)		(59,910)	(1,689)	
Income before income taxes	28,431	8.2	8,212	2.3	82,120	(20,219)	-71.1
Income taxes	9,711	2.8	8,997	2.5	89,970	(714)	-7.4
Net income(loss)	18,719	5.4	(785)	-0.2	(7,850)	(19,504)	-

Note:

U.S.\$1=Yen 100 , for convenience only.

II-3) Statements of changes in stockholders' equity (Non-Consolidated)

FY2007 (April 1, 2006 - March 31, 2007)

(Yen millions)

	Stockholders' equity						Valuation and translation adjustments	Equity warrant	Total net assets
	Common stock	Capital surplus	Retained earnings		Treasury stock	Total stockholders' equity			
		Additional paid-in capital	Legal reserve	Other retained earnings			Net unrealized gains on other securities		
Balance at beginning of period	32,641	59,256	8,160	372,933	(7,289)	465,702	2,894	-	468,597
Changes in the term									
Dividends from surplus				(13,230)		(13,230)			(13,230)
Bonus of directors and corporate auditors				(106)		(106)			(106)
Net income				18,719		18,719			18,719
Purchase of treasury stock					(31)	(31)			(31)
Disposal of treasury stock				(189)	1,349	1,160			1,160
Net change of items other than shareholders' equity							28	228	257
Total changes in the term	-	-	-	5,193	1,317	6,511	28	228	6,768
Balance at end of period	32,641	59,256	8,160	378,126	(5,971)	472,214	2,923	228	475,366

FY2008 (April 1, 2007 - March 31, 2008)

(Yen millions)

	Stockholders' equity						Valuation and translation adjustments	Equity warrant	Total net assets
	Common stock	Capital surplus	Retained earnings		Treasury stock	Total stockholders' equity			
		Additional paid-in capital	Legal reserve	Other retained earnings			Net unrealized gains on other securities		
Balance at beginning of period	32,641	59,256	8,160	378,126	(5,971)	472,214	2,923	228	475,366
Changes in the term									
Dividends from surplus				(15,683)		(15,683)			(15,683)
Net loss				(785)		(785)			(785)
Purchase of treasury stock					(39,250)	(39,250)			(39,250)
Retirement of treasury stock				(37,409)	37,409	-			-
Disposal of treasury stock				(333)	1,215	881			881
Net change of items other than shareholders' equity							(2,987)	330	(2,657)
Total changes in the term	-	-	-	(54,212)	(625)	(54,837)	(2,987)	330	(57,495)
Balance at end of period	32,641	59,256	8,160	323,914	(6,597)	417,376	(64)	558	417,870

(U.S.\$ thousands)

	Stockholders' equity						Valuation and translation adjustments	Equity warrant	Total net assets
	Common stock	Capital surplus	Retained earnings		Treasury stock	Total stockholders' equity			
		Additional paid-in capital	Legal reserve	Other retained earnings			Net unrealized gains on other securities		
Balance at beginning of period	326,410	592,560	81,600	3,781,260	(59,710)	4,722,140	29,230	2,280	4,753,660
Changes in the term									
Dividends from surplus				(156,830)		(156,830)			(156,830)
Net loss				(7,850)		(7,850)			(7,850)
Purchase of treasury stock					(392,500)	(392,500)			(392,500)
Retirement of treasury stock				(374,090)	374,090	-			-
Disposal of treasury stock				(3,330)	12,150	8,810			8,810
Net change of items other than shareholders' equity							(29,870)	3,300	(26,570)
Total changes in the term	-	-	-	(542,120)	(6,250)	(548,370)	(29,870)	3,300	(574,950)
Balance at end of period	326,410	592,560	81,600	3,239,140	(65,970)	4,173,760	(640)	5,580	4,178,700

Note:

U.S.\$1=Yen 100 , for convenience only.

II-4) Management Changes (June 27, 2008)

Directors (new appointments and resignations)

Director Candidate

Kenichi Mori (Ph.D.)

Professor Tokyo University of Science

Graduate School of Management of Science and Technology

Retiring Director

Jiro Iwasaki

Director , Executive Vice President