

A large background image showing various industrial components like pistons and valves. On the left, there is a semi-transparent version of the Ferro Tec logo and some Japanese text.

Ferrotec Corporation

Results for fiscal year ended March 31, 2007

June 4, 2007

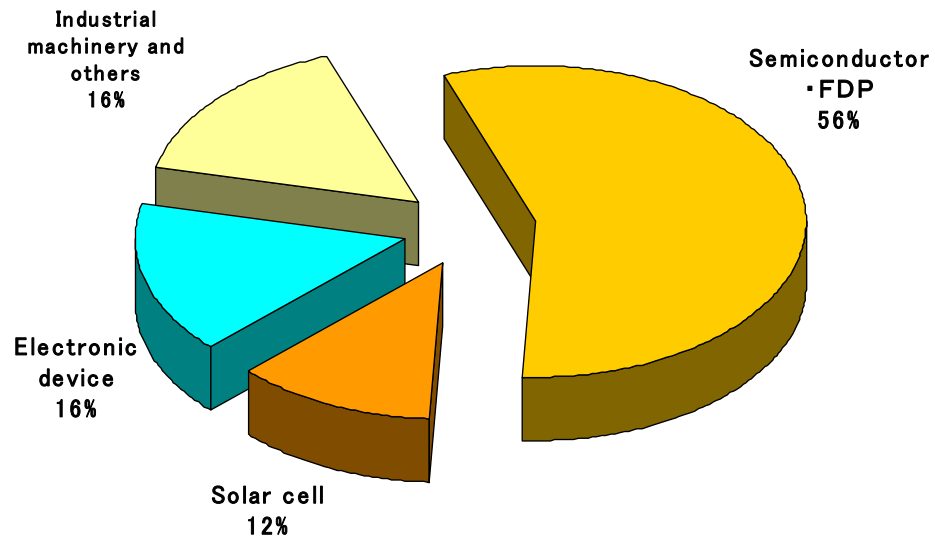
(JASDAQ 6890)

<http://www.ferrotec.co.jp/>

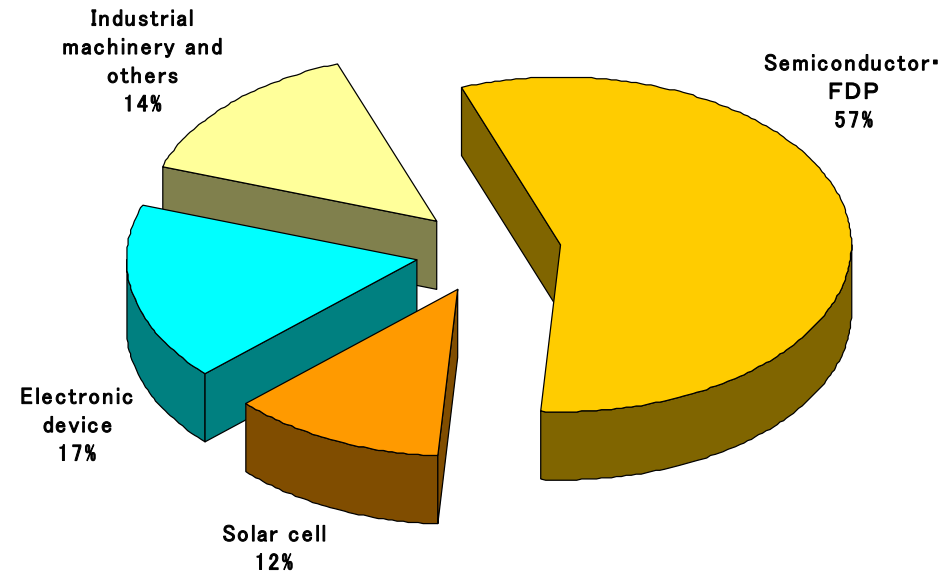
1. This fiscal year results cover twelve months period from April to March of Ferrotec, and twelve months period from Jan. to Dec. of consolidated subsidiaries and affiliated companies included in investment profit loss in equity method.
2. These materials were prepared for the purpose of providing information regarding the company's results of operations for the fiscal year ended March 31, 2007. These materials were prepared based on information available as of May 25, 2007. All opinions, forecasts and other forward-looking statements are based on management's judgments in accordance with materials available at that time and may be changed without prior notice.

Sales by industry sector

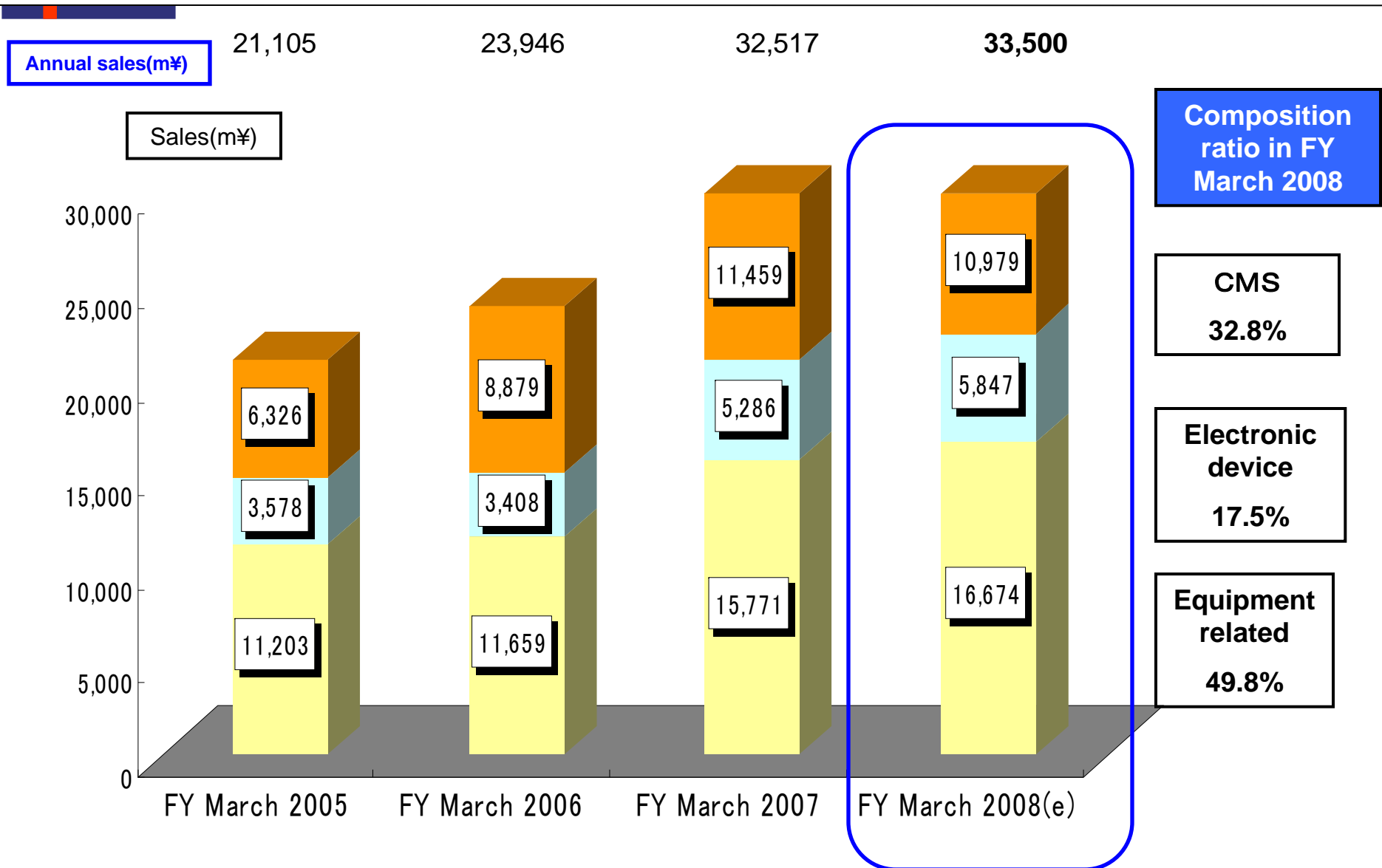
FY March 2007
Sales 32.5 billion yen



FY March 2007(plan)
Sales 33.5 billion yen



Sales trend by segment

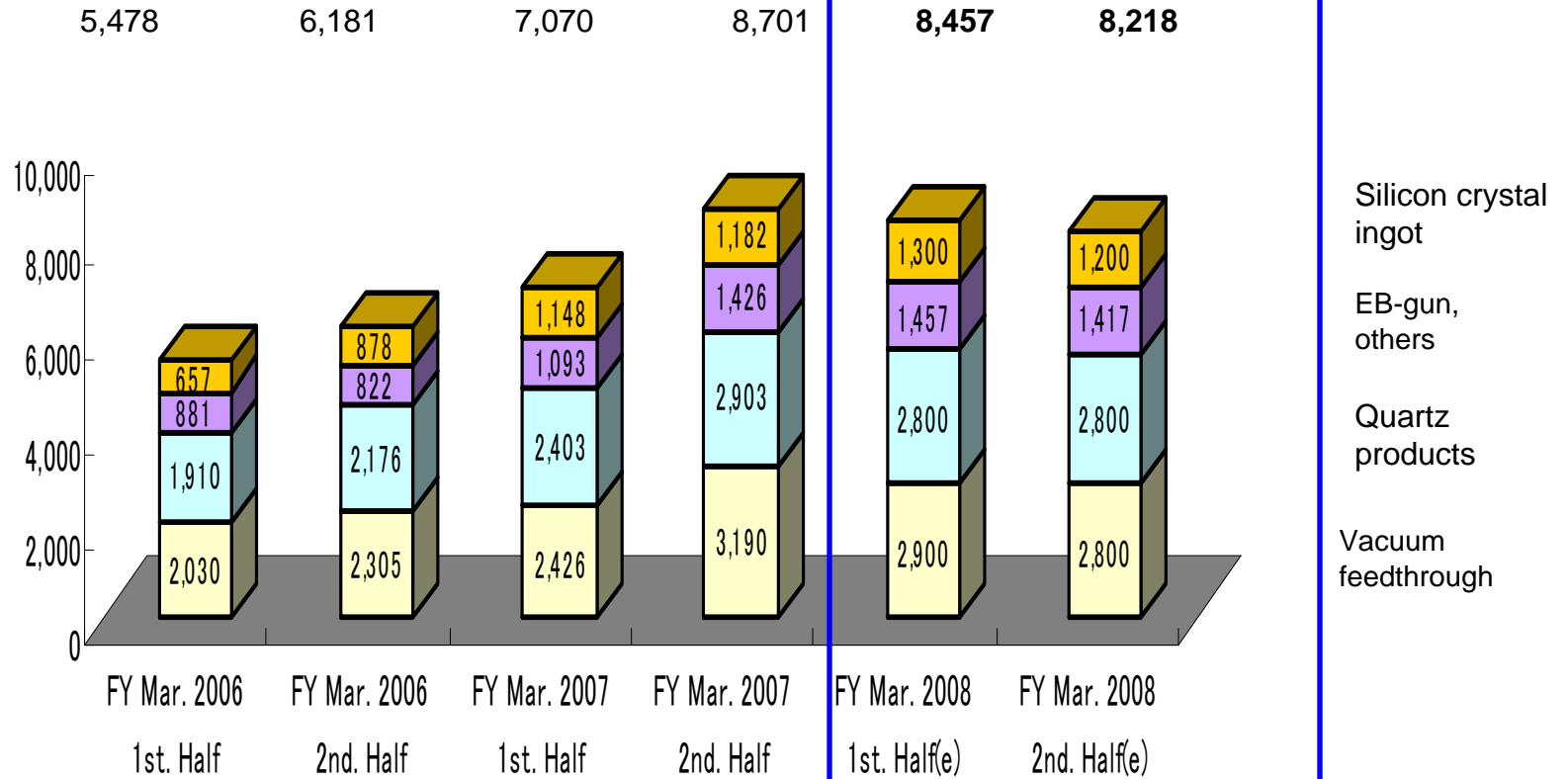


Equipment related sales by product

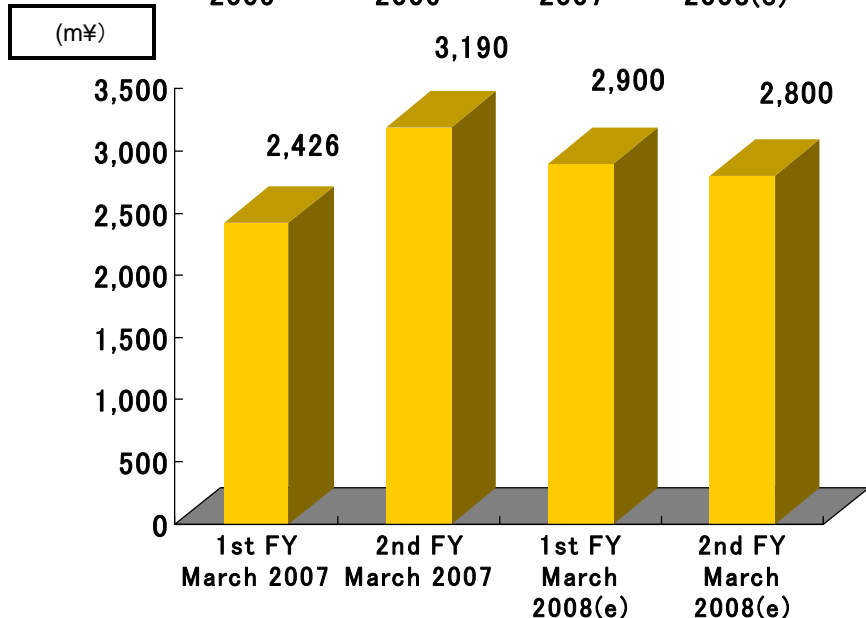
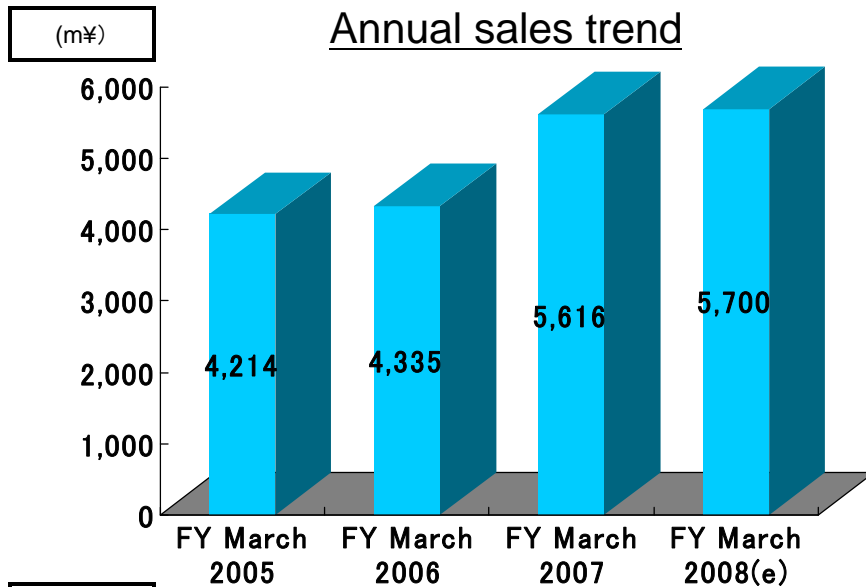


▣ Quartz production by commission is growing

Sales(m¥)



Status of Vacuum Feedthroughs and Outlook



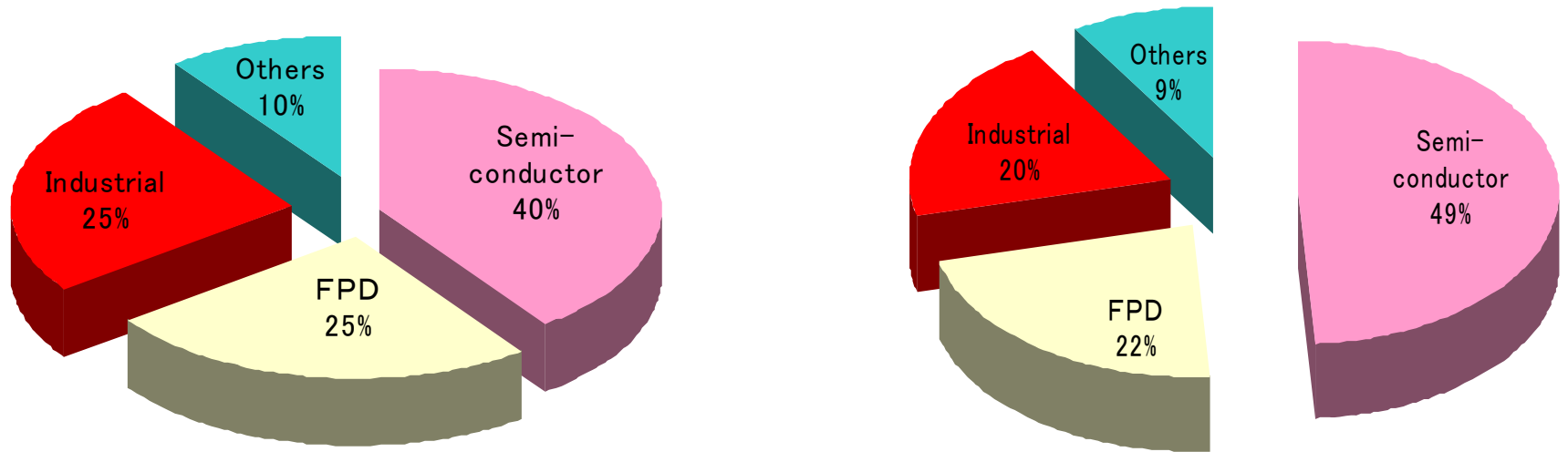
1. Results in year ended March 2007

- Steady recovery backed by growth in capital expenditures
- Strong in all regions: Japan, Asia, Europe/U.S.
 - PDF related products enter the adjustment stage from year end in Japan
 - Established Ferrotec Taiwan
 - Merged Ferrotec Precision (Hub factory)

2. Outlook for year ending March 2008

- Still strong in U.S.
- FPD related sales in Japan tend to be sluggish. Recovery is expected in year end.
- Strong in Ferrotec Taiwan
- Establish Ferrotec Korea in April as manufacturing base
- Reinforcement of sales for industries other than current customers
- From single product to module product

Vacuum Feedthrough Sales by Category

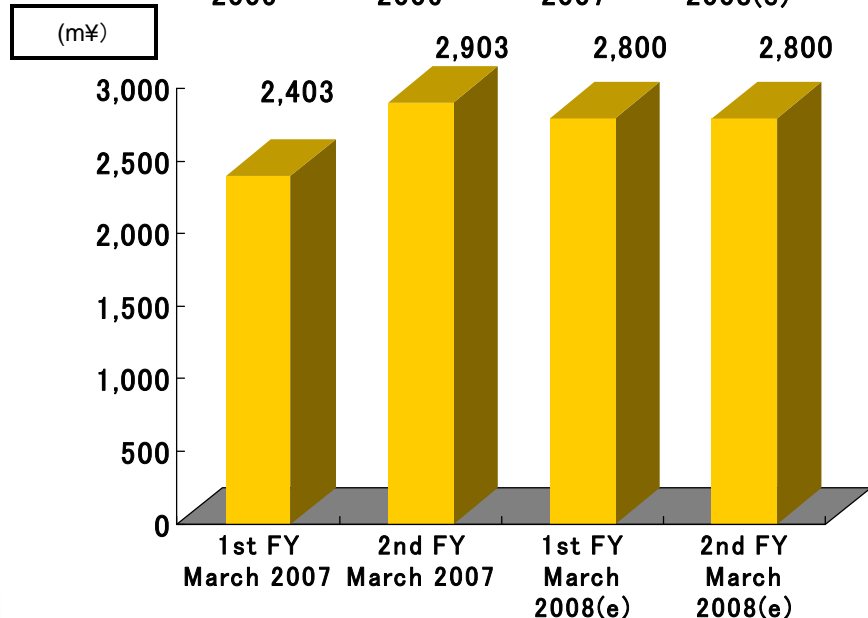
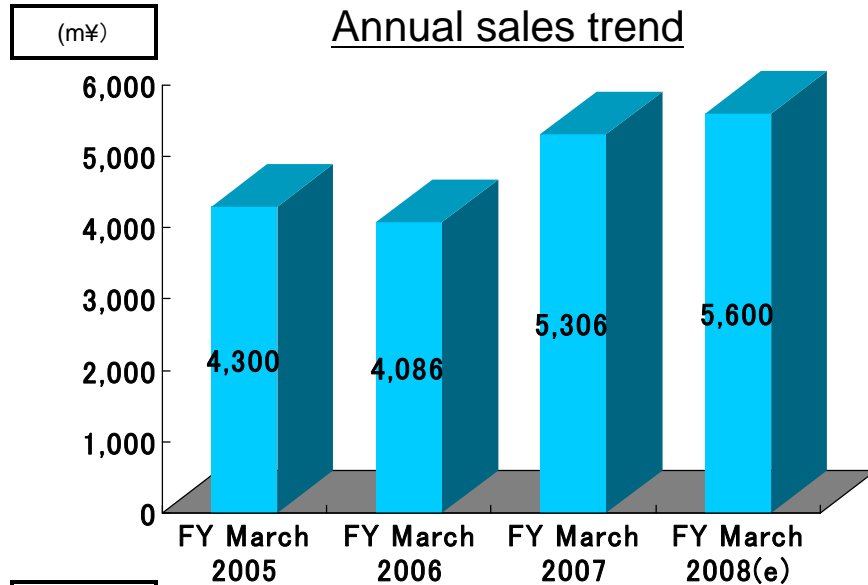


FY March 2006
Sales 4.3 b¥

FY March 2007
Sales 5.6 b¥

Industrial: Industrial Vacuum Equipment Others: Aero, Medical,

Status of Quartz Products and Outlook

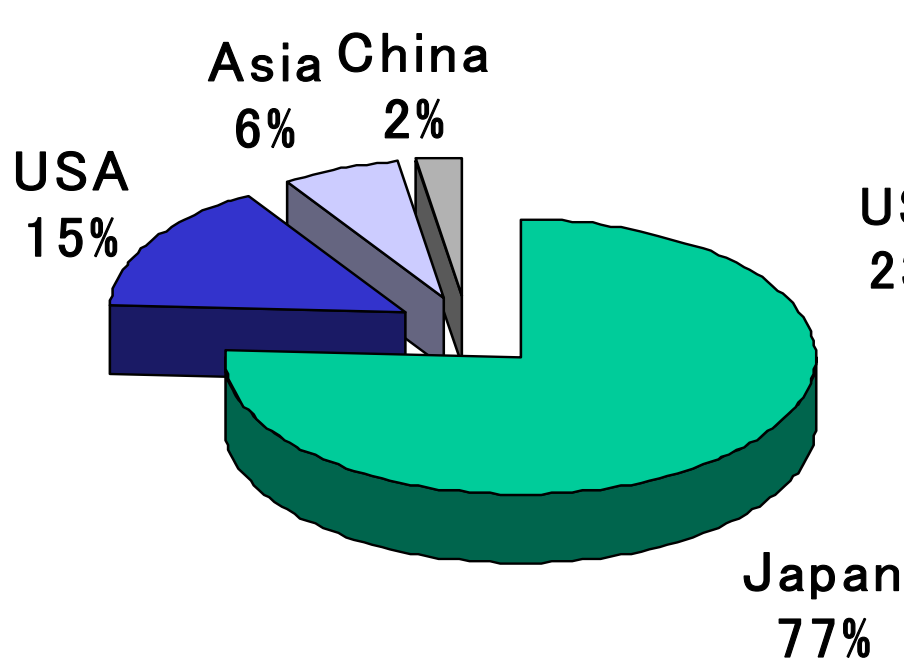


1. Results in year ended March 2007

- Growth in orders for 300mm products due to start of major capital expenditures for 300mm equipment in Japan and other countries
- Still strong OEM demand from large companies worldwide in spite of the slight slowing down of some semiconductor makers
- Sales resulting from stepped-up sales activities within China

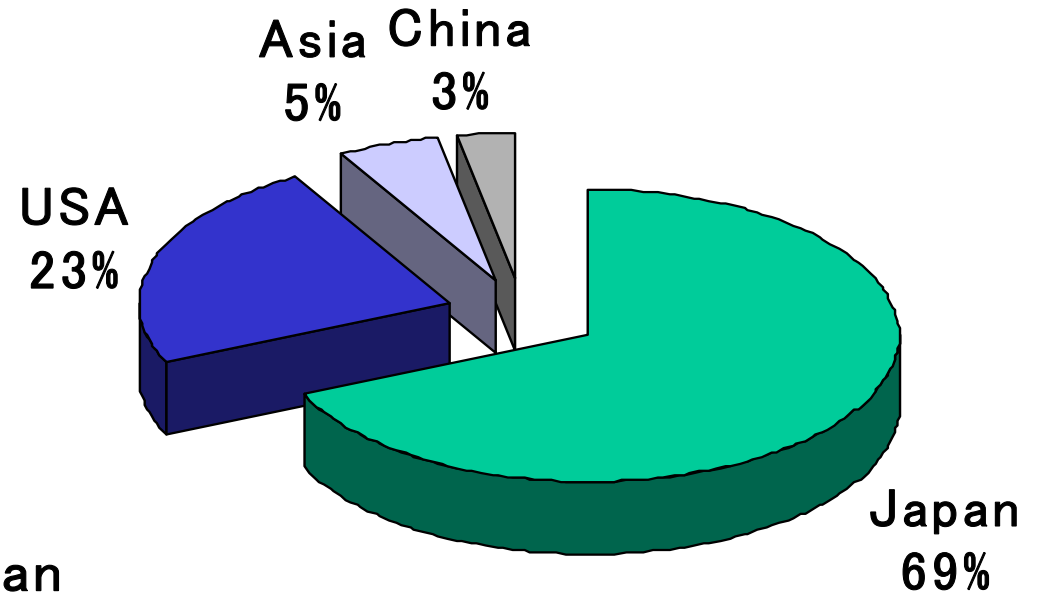
2. Outlook for year ending March 2008

- Enhancement of production capacity in China
- Continued strong demand for U.S customers. Further expansion in China.
- Still strong OEM demand from large companies
- Expected orders from Taiwan foundries due to the establishment of Ferrotec Taiwan



FY March 2006

Sales 4.1 b¥



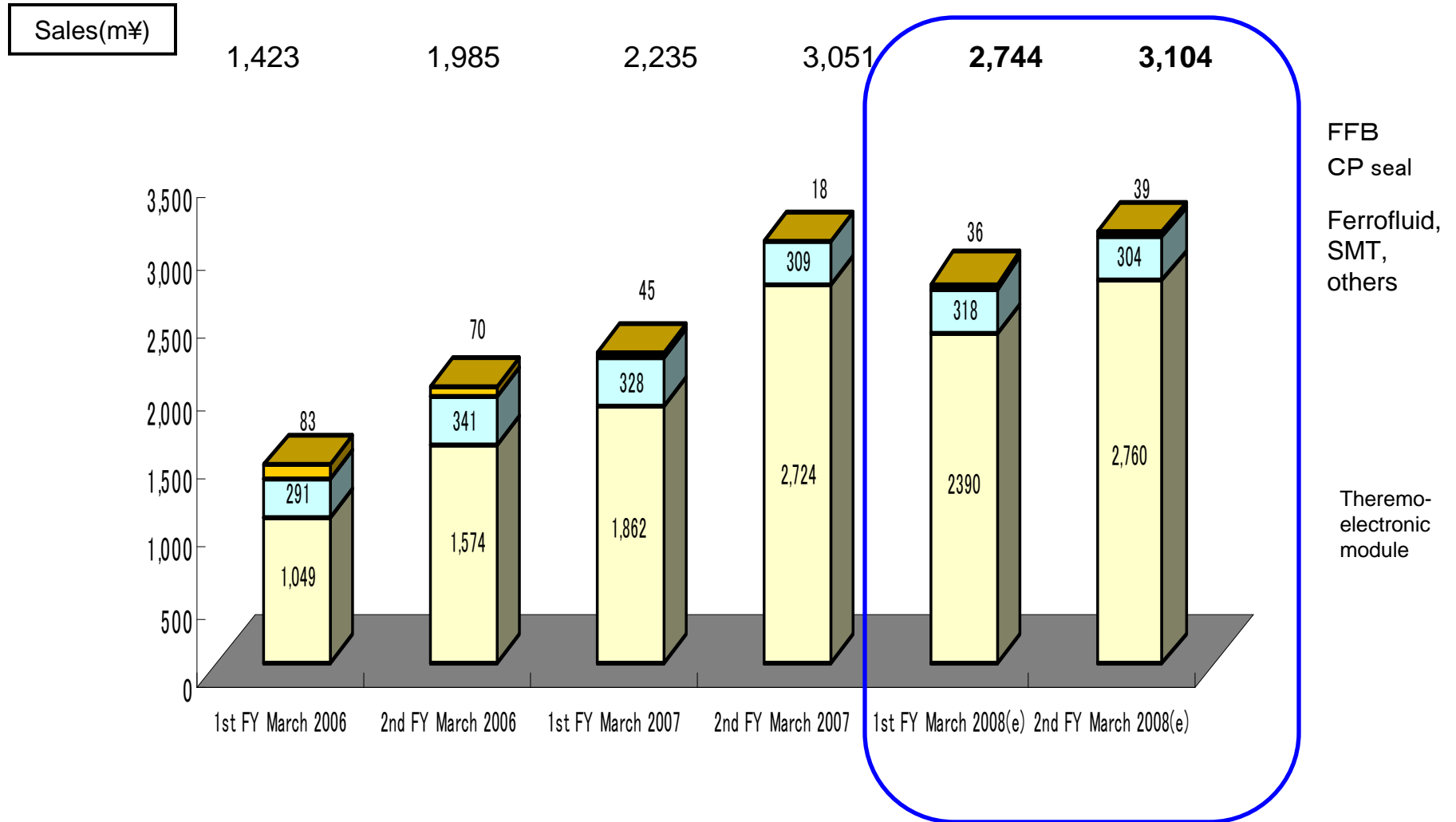
FY March 2007

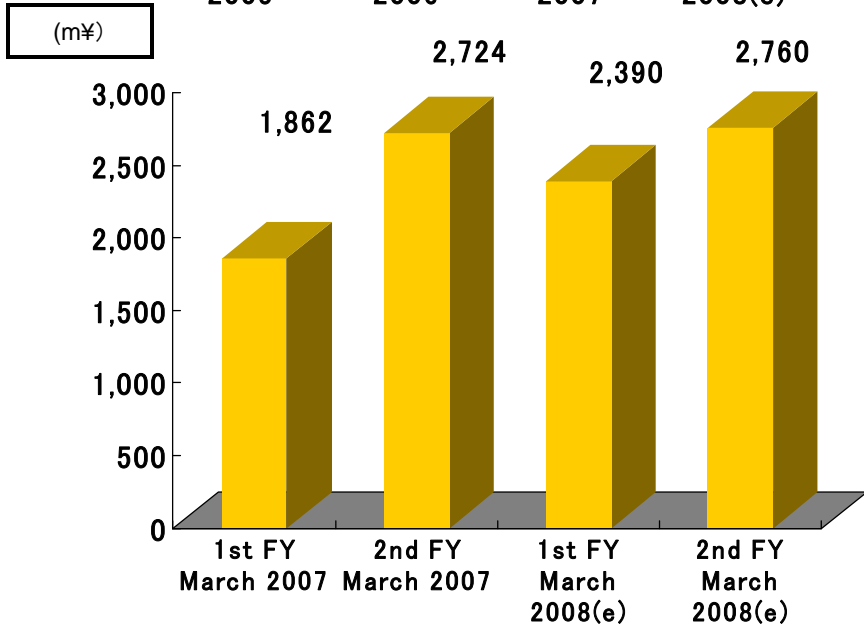
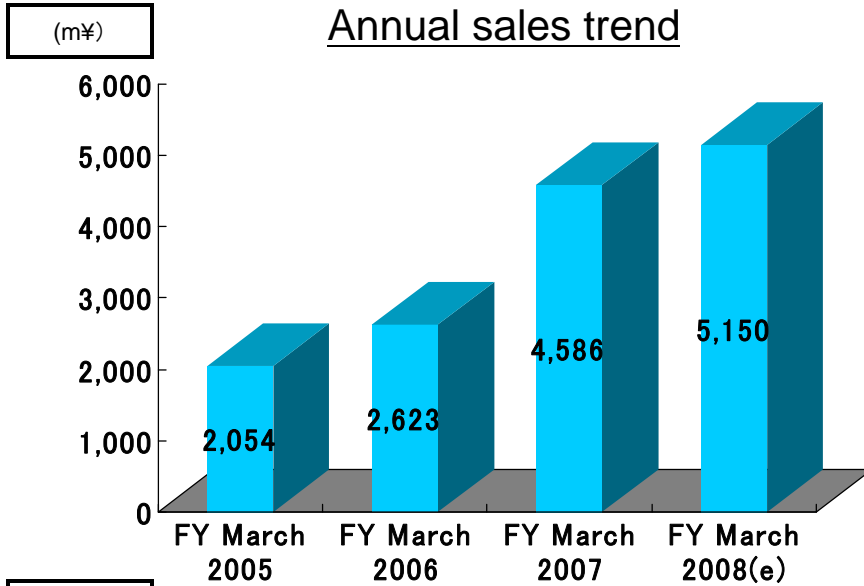
Sales 5.3 b¥

Electronic device related sales by product



□ Expects that thermo-electronic module grows in second half





1. Results in year ended March 2007

Thermo-controlled automobile seats(CCS:Climate Control System)

- Cost of raw materials remains high; prices have been raised to offset some cost increases
- Demand has started rising for seats used by Japanese automakers, SUV and Europe automakers

Others

- Market is expanding to include laser devices, CCDs and others in addition to semiconductors
- Strong in biochemical and home users

2. Outlook for year ending March 2008

Thermo-controlled automobile seats(CCS:Climate Control System)

- Steady growth

Others

- Expected expansion for home appliance makers
- Expected further expansion for medical, biochemical and photology, which require high performance

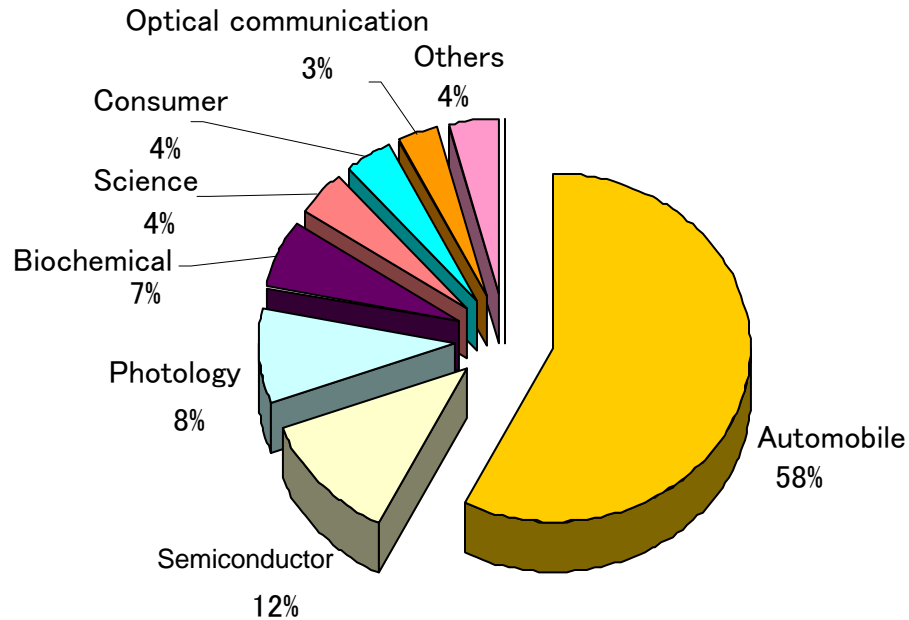
Expected overall strong demand

Theremo-electric Modules sales by category



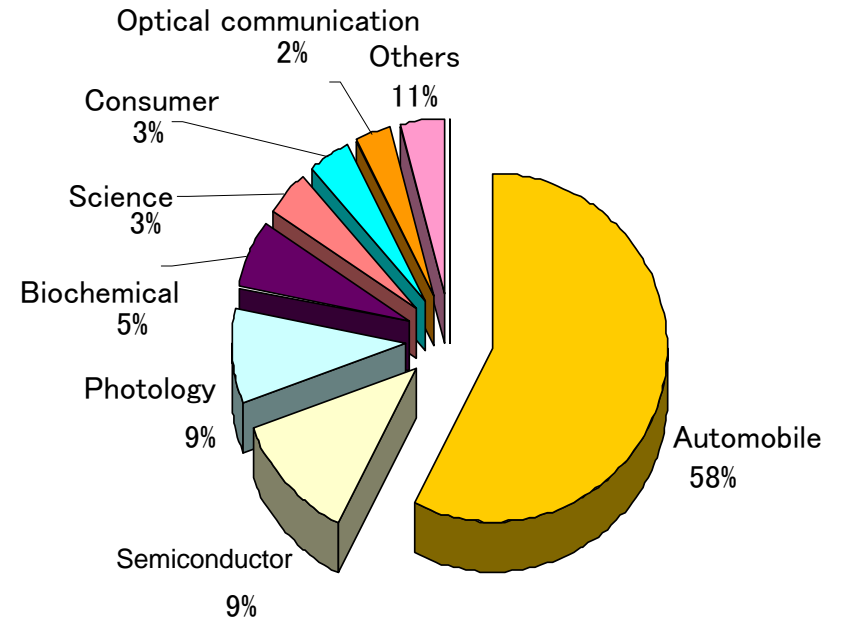
FY March 2006

Sales 2.6 b¥



FY March 2007

Sales 4.5 b¥



Car type adopting CCS

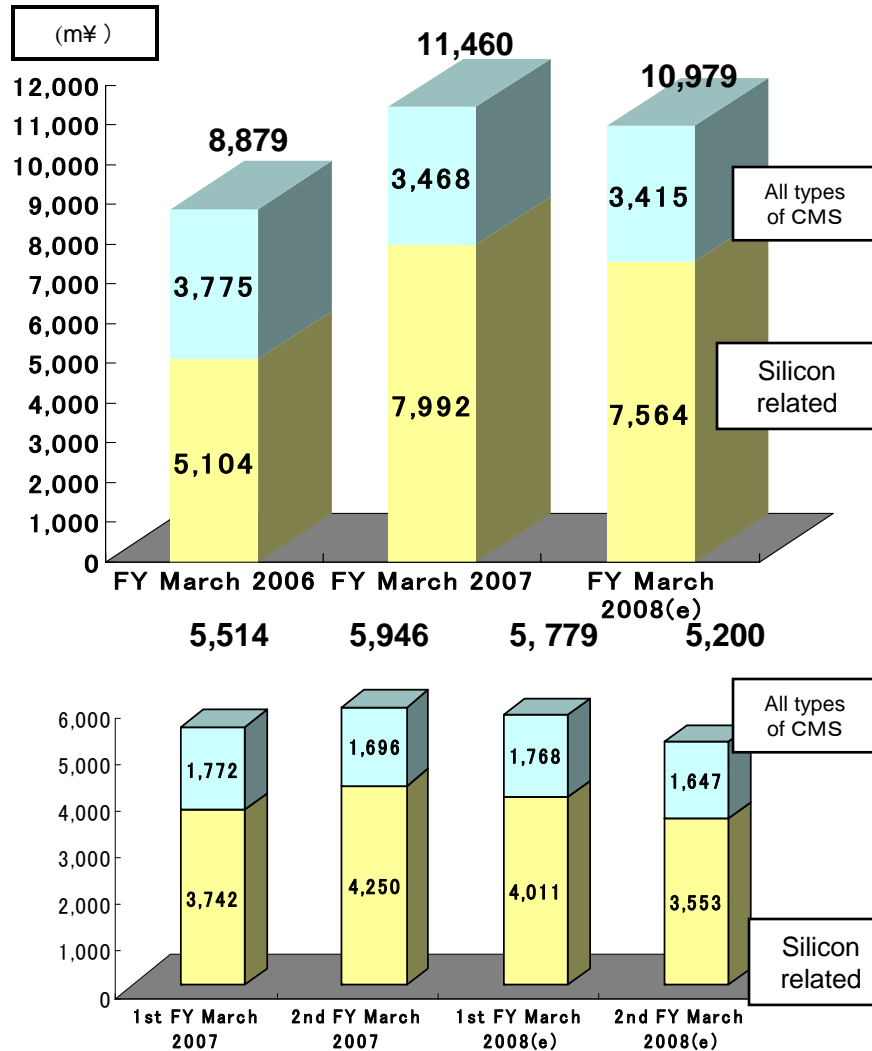
- American, Japanese and European manufacturers are increasingly adopting CCS

Car type adopting CCS (Source :AMERIGON HP, April 2007)

	Model	Auto Maker
1	Lincoln Navigator SUV	Ford
2	Ford Expedition SUV	Ford
3	Lincoln Aviator SUV	Ford
4	Lincoln LS luxury sedan	Ford
5	Mercury Monterey minivan	Ford
6	Lincoln Zephyr luxury sedan	Ford
7	Cadillac XLR roadster	GM
8	Cadillac Escalad	GM
9	Cadillac Escalade EXT	GM
10	Cadillac Escalade ESV	GM
11	Cadillac DTS luxury sedan	GM
12	Buick Lucerne luxury sedan	GM
13	Hyundai Equus luxury sedan	Hyundai
14	Infiniti M45 luxury sports sedan	Nissan
15	Infiniti Q45 luxury sedan	Nissan
16	Nissan Cima luxury sedan	Nissan
17	Nissan Fuga mid-sized sedan	Nissan
18	Lexus LS 430 luxury sedan	Toyota
19	Toyota Celsior luxury sedan	Toyota
20	Toyota Century luxury limousine	Toyota
21	Lexus LS 460 luxury sedan	Toyota
22	Lexus LS 460L luxury sedan	Toyota
23	Range Rover SUV	Land Rover
24	Jaguar XJ	Jaguar



Status of the CMS Business



Description of the CMS Business

- All types of CMS: Cleansing of equipment parts, production of machine tools, others

1. Status of FY March 2007 (All types of CMS)

Equipment parts cleansing:

- Strong orders from semiconductor and LCD manufacturers, mainly in the Shanghai area

Machine tool production:

- Continue OEM production for Taiwan machine tool companies of products sold in U.S.

Start-up of new Shanghai factory

- Operations at Shanghai Hanhong Precision Machinery began

2. Outlook of FY March 2008 (All types of CMS)

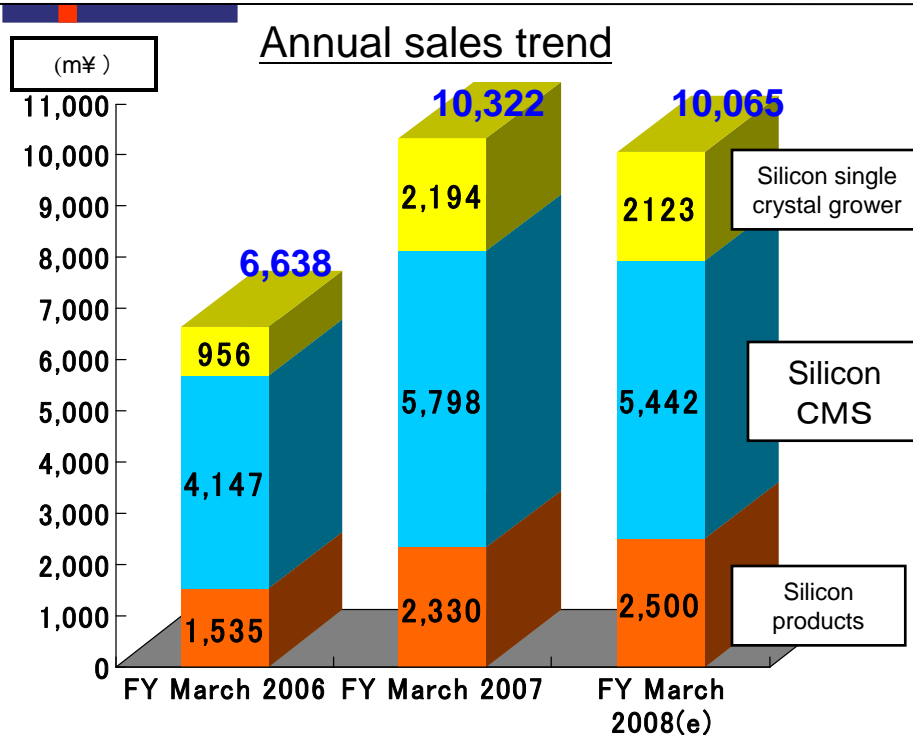
Equipment parts cleansing:

- Weak demand due to the slump of DRAM

Machine tool production:

Continued orders from machine tool makers in Taiwan and Japan

Status of Silicon-related Business and Outlook



1. Status of FY March 2007

Silicon products:

- Developing relationships with large solar cell manufacturers
- Orders and shipments increasing because of growing demand from semiconductor manufacturers

Silicon CMS :

- Increased production due to capacity shift to Shanghai

Silicon single crystal growing :

- Increased order from major Chinese makers
- Increase of annual shipment

2. Outlook of FY March 2008

Silicon products:

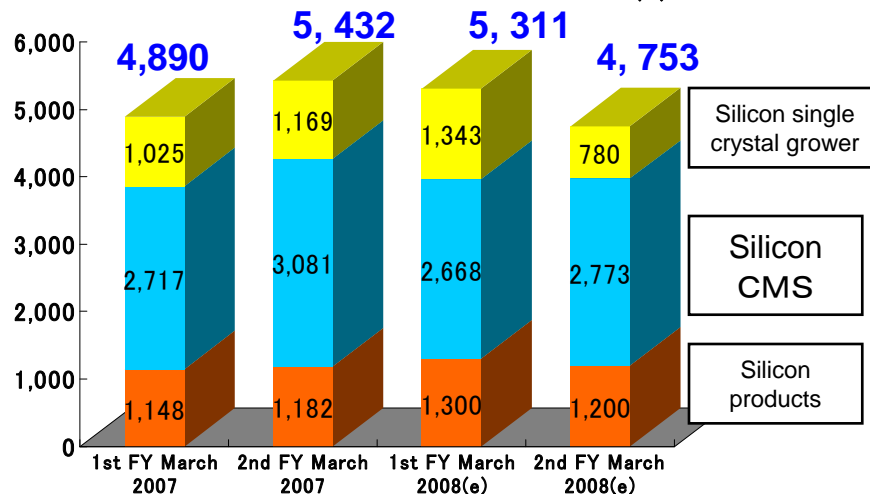
- Demand for solar cell to be the same level due to shortage of raw materials
- Demand for semiconductor will increase owing to increase of production and market share

Silicon CMS :

- Influence by inventory adjustment of major customers

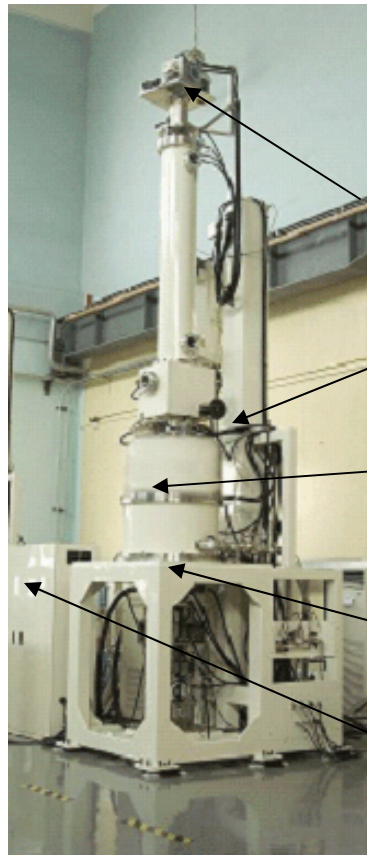
Silicon single crystal growing :

- Announcement of new type for 8 inches at Shanghai
- Wait-and-see stance on capital investment due to shortage of raw materials





crucible



- Component Product used**
- Top rotating section Vacuum feedthrough**
- Hot zone Ferrotec-developed product**
- Crucible Quartz product**
- Lower rotating section Vacuum feedthrough**
- Controller Ferrotec-developed product**

1. Action items by business

Solar cell silicon single crystal grower business :

- Produce silicon single crystal at Shanghai
- Started contract manufacturing with materials provided by customers
- Enhance production capacity of silicon single crystal

Silicon single crystal grower equipment development business

- Increase of monthly output capacity : 10 machines
- Announcement of full-automatic machine for 8 inch size crystal
- Production and sales of models according to customers' demand

Silicon single crystal grower support business

- Begin manufacturing and shipping crucibles (disposable) for pulling equipment
- Begin manufacturing carbon parts (requires periodic replacement) for this equipment
- Perform training of equipment operators
- Maintenance services for equipment

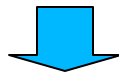
Silicon single crystal grower solution business

- Consulting of factory construction, design and equipment purchase
- Operation support(training of operators, maintenance)
- Operation and guidance of factory with guaranteed yield

2. Solar cell assembly stage

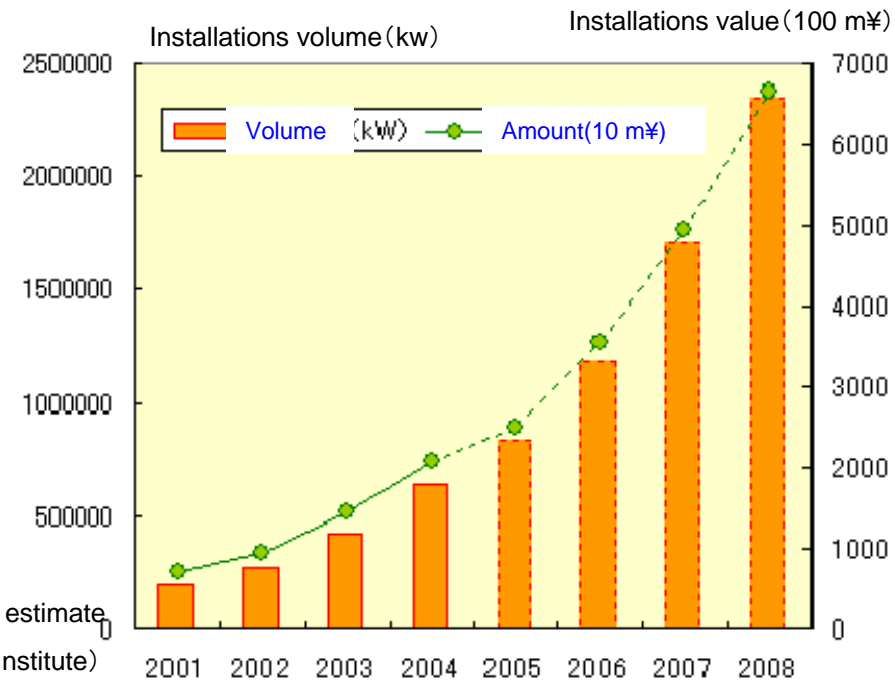
Offering solutions extending from manufacturing to assembly primarily for silicon single crystal grower in this growing market

Process	Polysilicon	Single crystal ingot	Substrate (wafer)	Cells	Modules	Panels
Task	Chemical synthesis	Pulling	Slicing/ Polishing	PN bonding /Electrode formation	Array/Wiring	Assembly
Action	—	Completed	—	—	—	—
Strength	—	Uses Ferrotec equipment	—	—	—	—



Silicon single crystal grower equipment	Operating support
Supply of parts/Assembly	Maintenance/Training
Completed	Started

Offering a total range of solutions for the support of silicon crystal ingot production



Solar cells market estimate (Yano Research Institute)

Estimate

Business performance (FY March 2007 vs. 2008)



(m¥)

		FY March 2007		FY March 2008(e)			
		Amount	(%)	Amount	(%)	Change	(%)
Sales		32,517	100.0	33,500	100.0	983	3.0
	Vacuum feedthrough	5,616	17.3	5,700	17.0	84	1.5
	Quartz	5,306	16.3	5,600	16.7	294	5.5
	EB-gun*others	2,519	7.7	2,874	8.6	355	14.1
	Silicon crystal ingot	2,330	7.2	2,500	7.5	170	7.3
	Equipment related	15,771	48.5	16,674	49.8	903	5.7
	CP seal*FFB	63	0.2	75	0.2	12	19.0
	Theremo module	4,586	14.1	5,150	15.4	564	12.3
	Ferrofluid,SMT, others	637	2.0	622	1.9	△ 15	△ 2.4
	Electronic device	5,286	16.3	5,847	17.5	561	10.6
	CMS	11,459	35.2	10,979	32.8	△ 480	△ 4.2
Gross Profits		9,040	27.8	9,250	27.6	210	2.3
SG&A		6,751	20.8	6,900	20.6	149	2.2
Operating Profits		2,288	7.0	2,350	7.0	62	2.7
Ordinary Profits		2,081	6.4	2,150	6.4	69	3.3
Net income		1,703	5.2	1,350	4.0	△ 353	△ 20.7
Capital investment		3,263	-	2,500	7.5	△ 763	△ 23.4
Depreciation		1,807	-	1,900	5.7	93	5.1

Business performance (FY March 2008 1st. half vs. 2nd. half)

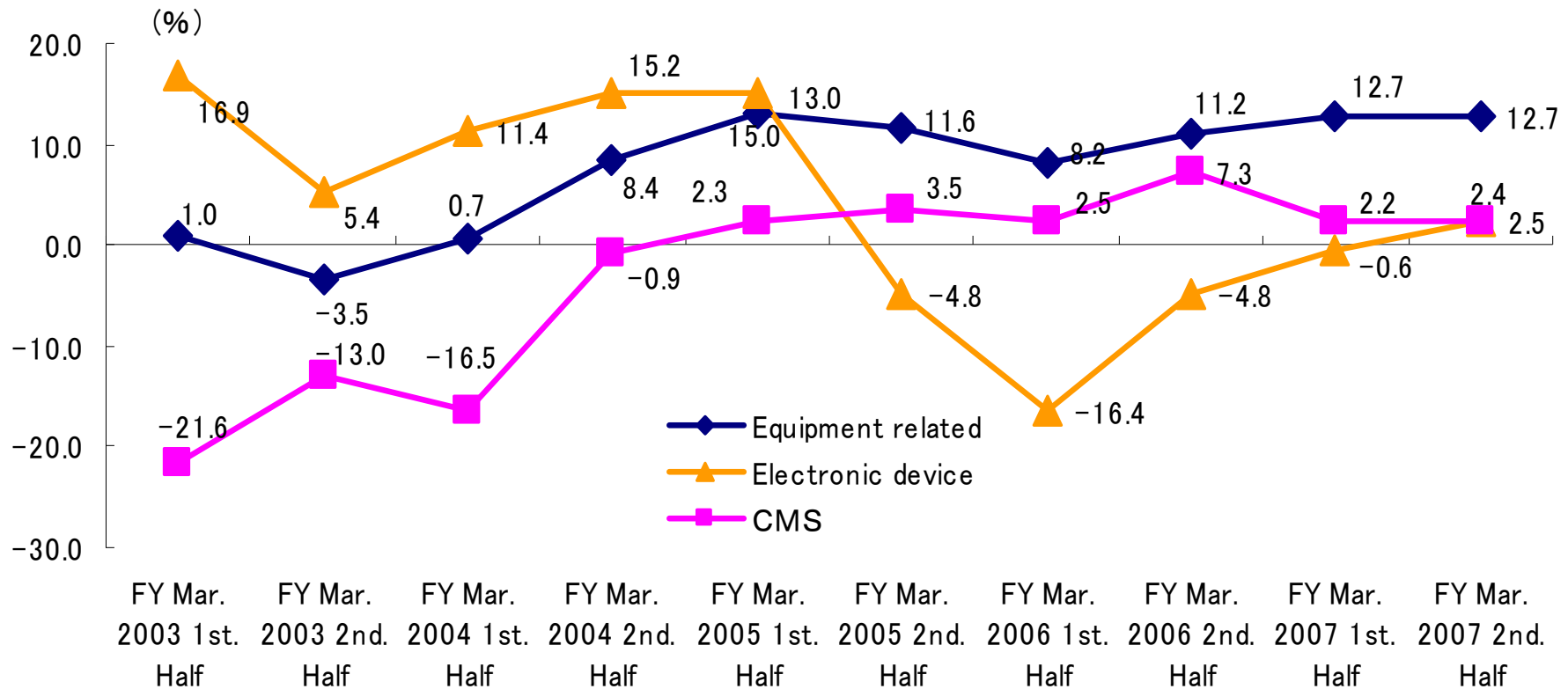
(m¥)

		FY March 2008 1st. Half		FY March 2008 2nd. Half			
		Amount	(%)	Amount	(%)	Change	(%)
Sales		16,980	100.0	16,520	100.0	-460	△ 2.7
	Vacuum feedthrough	2,900	17.1	2,800	16.9	△ 100	△ 3.4
	Quartz	2,800	16.5	2,800	16.9	0	0.0
	EB-gun·others	1,457	8.6	1,417	8.6	△ 40	△ 2.7
	Silicon crystal ingot	1,300	7.7	1,200	7.3	△ 100	△ 7.7
	Equipment related	8,457	49.8	8,218	49.7	△ 239	△ 2.8
	CP seal·FFB	36	0.2	39	0.2	3	8.3
	Theremo module	2,390	14.1	2,760	16.7	370	15.5
	Ferrofluid,SMT, others	318	1.9	304	1.8	△ 14	△ 4.4
	Electronic device	2,744	16.2	3,104	18.8	360	13.1
	CMS	5,779	34.0	5,200	31.5	△ 579	△ 10.0
Gross Profits		4,680	27.6	4,570	27.7	△ 110	△ 2.4
SG&A		3,450	20.3	3,450	20.9	0	0.0
Operating Profits		1,230	7.2	1,120	6.8	△ 110	△ 8.9
Ordinary Profits		1,130	6.7	1,020	6.2	△ 110	△ 9.7
Net income		690	4.1	660	4.0	△ 30	△ 4.3
Capital investment			0.0		0.0	0	#DIV/0!
Depreciation			0.0		0.0	0	#DIV/0!

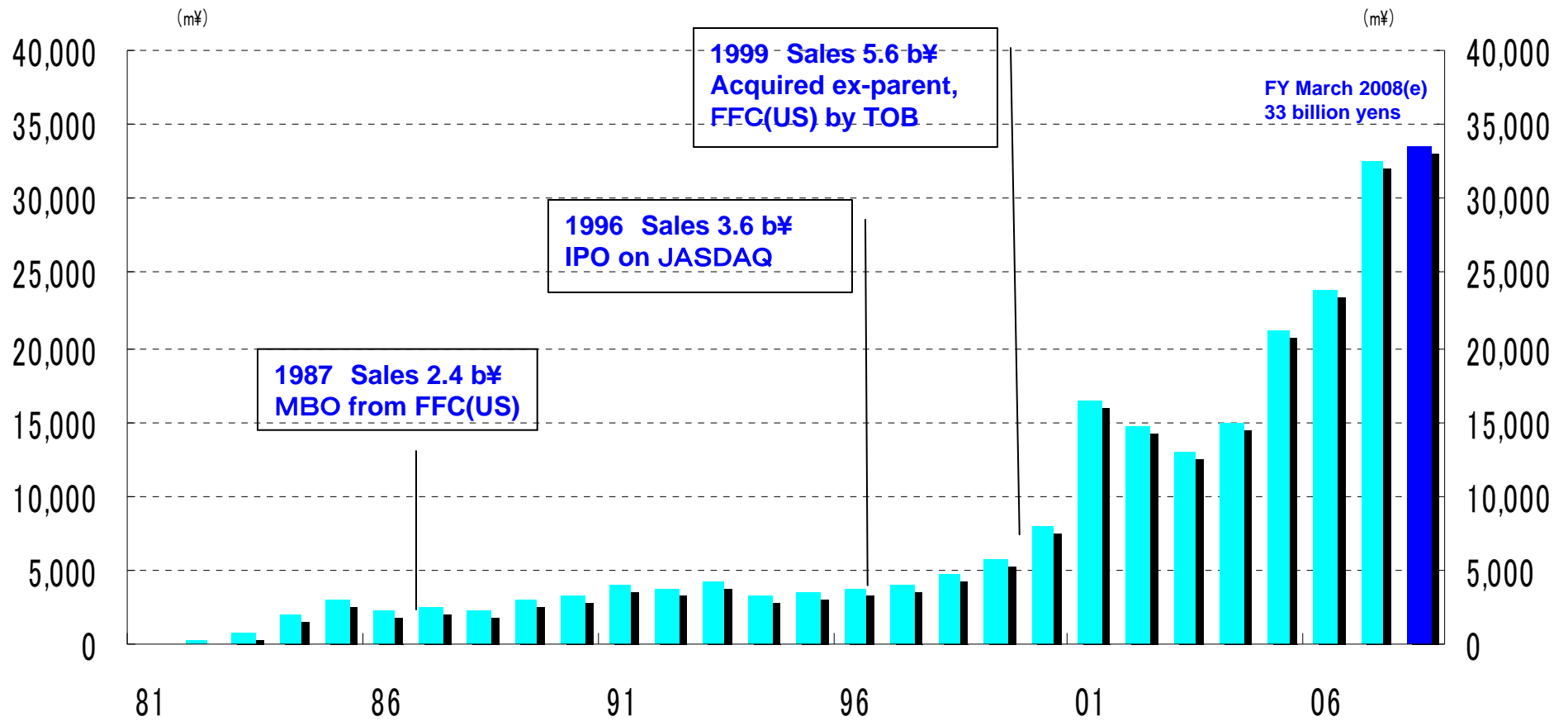
Operating Margin by Business Segment

- Equipment related business in excellent condition
- Electronic device business turned into the black because of recovery of thermo electronic module
- CMS contributes to expansion of operating profits

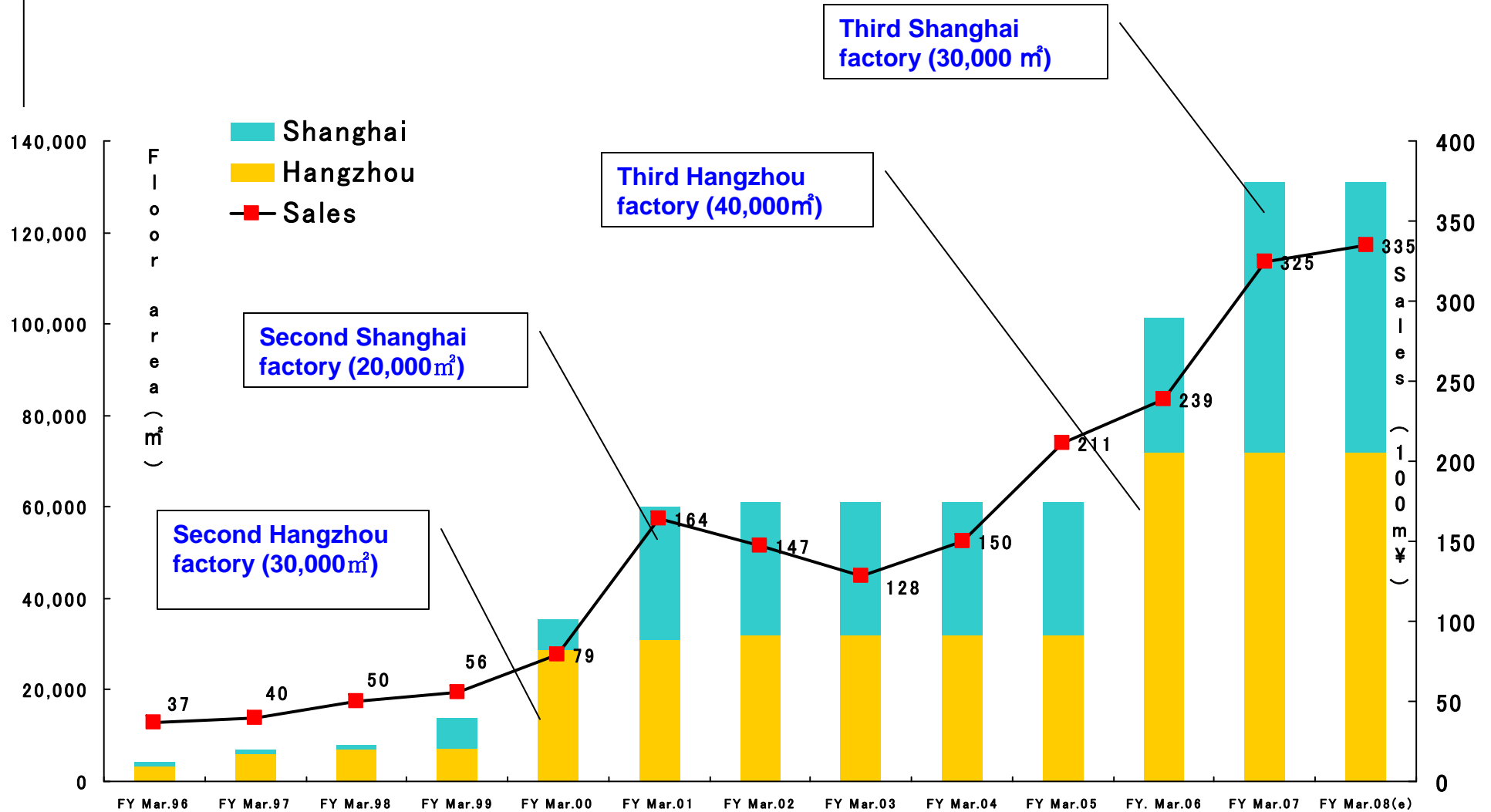
Operating profit margin (%)



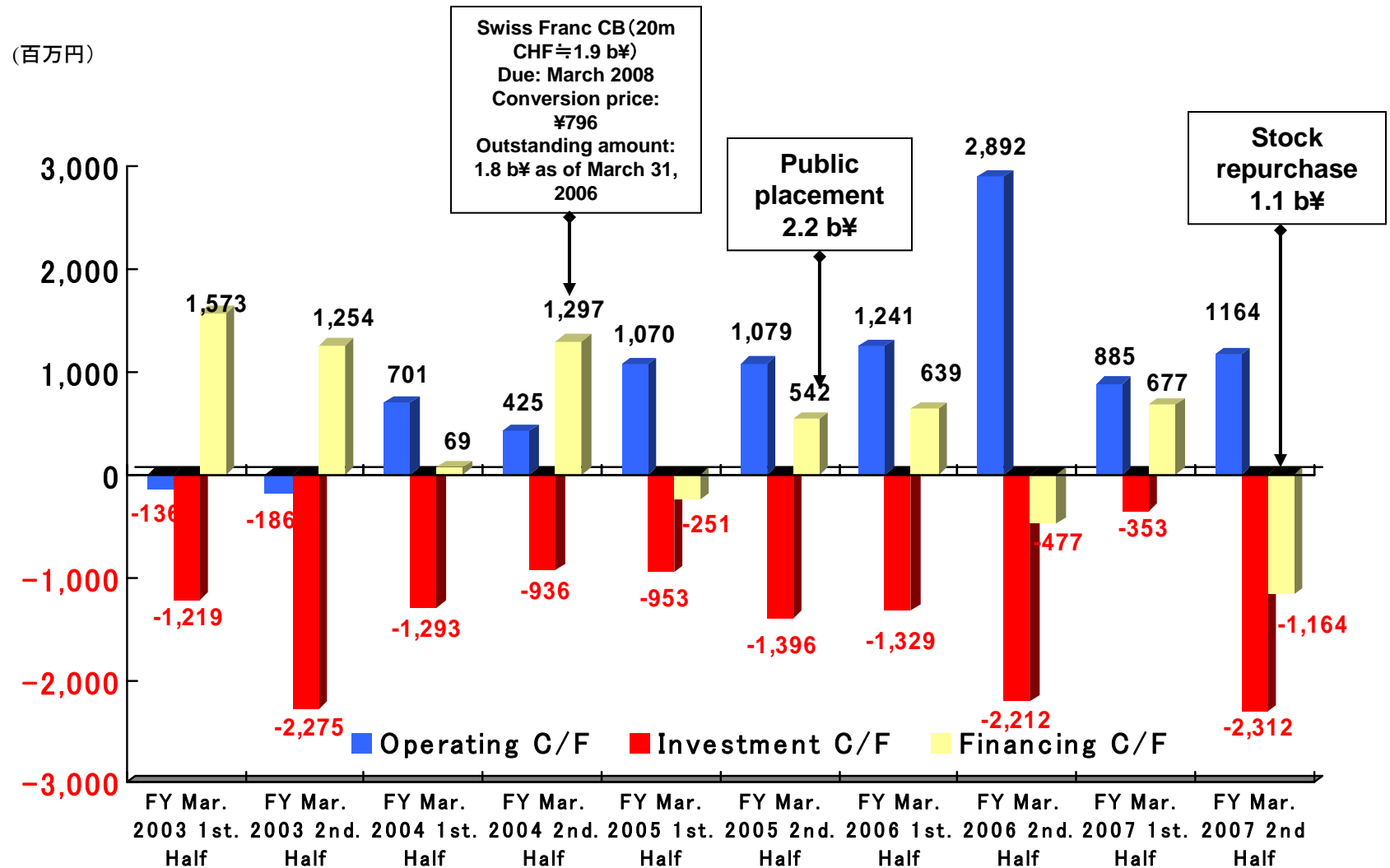
Long term sales trend



Growth in Production Capacity in China



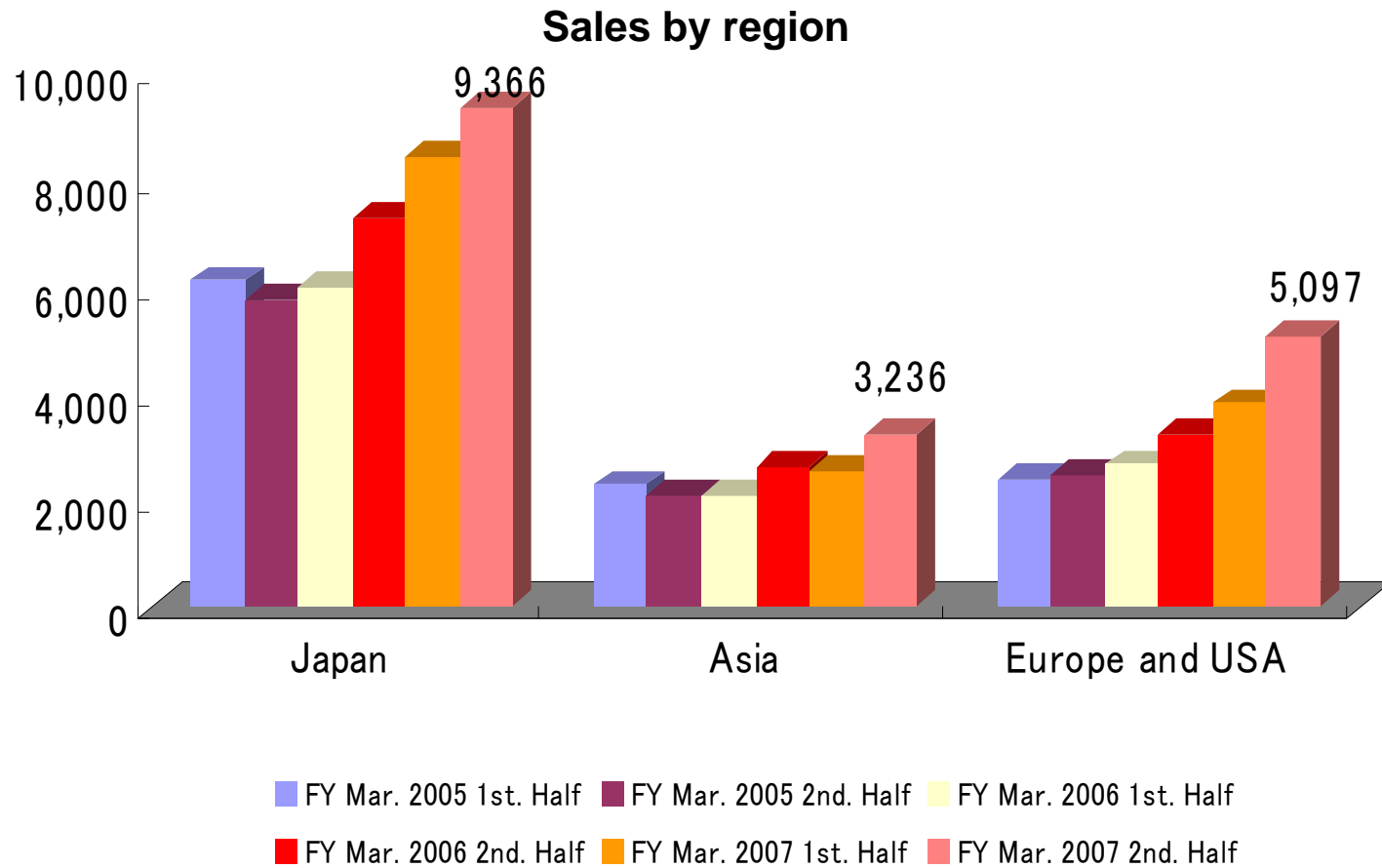
Cash Flow trend



Sales by region

□ Sales in each area is growing

(m¥)



Strategies for M&A and Alliances

Past M&A and alliances ---- Acquisition of companies with manufacturing technologies and alliances to enlarge business operations

Time	Company acquired/Alliance partner	Description
Nov. 2006	Merger and liquidation	Merged with Ferrotec Precision, which produces Vacuum feedthrough. Liquidated two subsidiaries.(Dec.) .
Sep. 2006	Established a joint venture in Taiwan	Established Ferrotec Taiwan jointly with a local partner to sell vacuum feedthroughs and offer maintenance services
Dec. 2005	Established a joint venture with LTD Ceramics Inc. (USA)	Established joint venture in China to manufacture ceramics
July 2005	Acquired NORD Co., Ltd.(Russia)	Acquired company that manufactures and sells Peltier (thermoelectric) devices in order to increase share of global market
May 2005	Business alliance with KSM Inc.(Korea)	Alliance for mutual sales of vacuum feedthroughs and products associated with semiconductor manufacturing equipment
Oct. 2004	Acquired trade right from Advanced Fluid Systems(U.K.)	Purchased rights from this company for the European vacuum feedthrough business
July 2004	Exclusive contract with Applied Films(Germany)	Gave this company exclusive rights to purchase Ferrotec vacuum feedthroughs
Oct. 2003	Business and financial alliance with Aliontek	Technology alliance with ALIONTEK CORPORATION, which has technology for the grinding of quartz products, strengthened manufacturing technology for quartz products in China
July 2002	Established a joint venture Diacelltec Corporation with Mitsubishi Cable Industries, Ltd	Established jointly owned company to manufacture and sell lithium-ion batteries and take over the lithium-ion battery business of Mitsubishi Cable
Feb. 2002	Business alliance with Toshiba Ceramics and Mitsui Co. for wafer production by commissioning	Ferrotec silicon wafer production equipment moved to China factory to conduct a CMS business, and manufacturing is outsourced to this factory
Feb. 2002	Acquired control of Ferrotec Silicon through exchange of shares	Group acquires manufacturing technology and operating rights for silicon crystal ingots
April 2001	Acquired FerroComm, which produces ceramics products	Acquired this company, which has manufacturing technology for ceramics products and transferred this technology to China
March 2001	Business alliance with Amerigon Inc.	Signed contract to supply thermoelectric modules for automotive thermostatic control systems

● 1983

January

Started producing computer seals at the Chiba Factory.
Started repairing vacuum feedthroughs.

March

Demonstrated that production yields improve when the seals of other companies' silicon single crystal grower are replaced with ferrofluid vacuum feedthroughs that shut out oxygen. All ovens were retrofitted with ferrofluid vacuum feedthroughs, resulting in a large volume of sales to Japanese silicon single crystal grower producers.

Additionally, Ferrotec (USA) began importing and selling these seals after developing its own silicon single crystal pulling oven.

July

Began using automated assembly machines to produce compact seals in large quantities. Tokyo Engineering produced these machines based on design parameters provided by Ferrotec. Two rotary index type machines were installed. Based on a three-shift day, each machine can produce 200,000 seals per month.

December

Three automated assembly machines were added, raising the total to five. Monthly output capacity rose to one million seals.

June

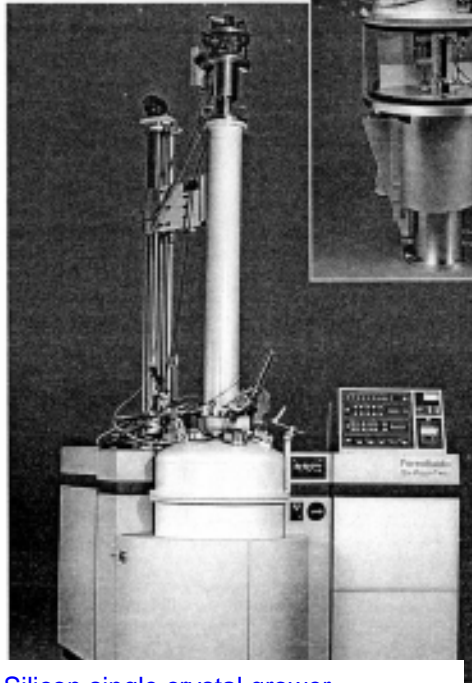
Fiscal year sales totaled 718 million yen

Fiscal year-end workforce of 45

December

Increased capital to 200 million yen

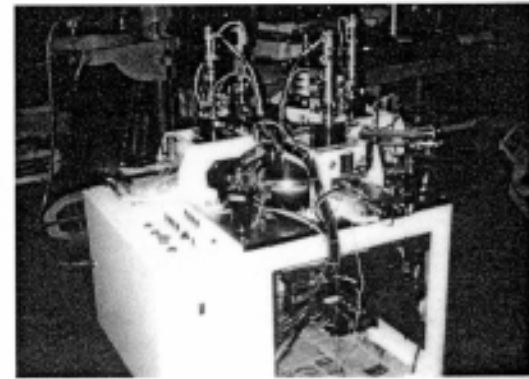
Started production of vacuum feedthroughs in Japan and began selling imported silicon monocrystal pulling ovens



Silicon single crystal grower



Upper right: Vacuum feedthrough



Automated assembly machine

June

Fiscal year sales totaled 718 million yen

Fiscal year-end workforce of 45

December

Increased capital to 200 million yen

Significant Events in Japan

Breakthrough of drilling for the guide tunnel of the Seikan Tunnel, a 53.9km tunnel between Honshu and Hokkaido (January)

Last section of the Chugoku Expressway completed (March)

Japan Sea Chubu Earthquake kills 114 (May)

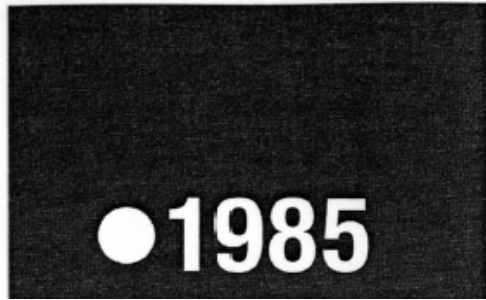
Complete unemployment rate rises to 2.8% in first half of 1983, highest level in 30 years (July)

Philippine President Benigno Aquino assassinated at Manila Airport (August)

Korean Air 747 shot down over Sakhalin by Soviet fighter, all 269 passengers and crew perish (September)

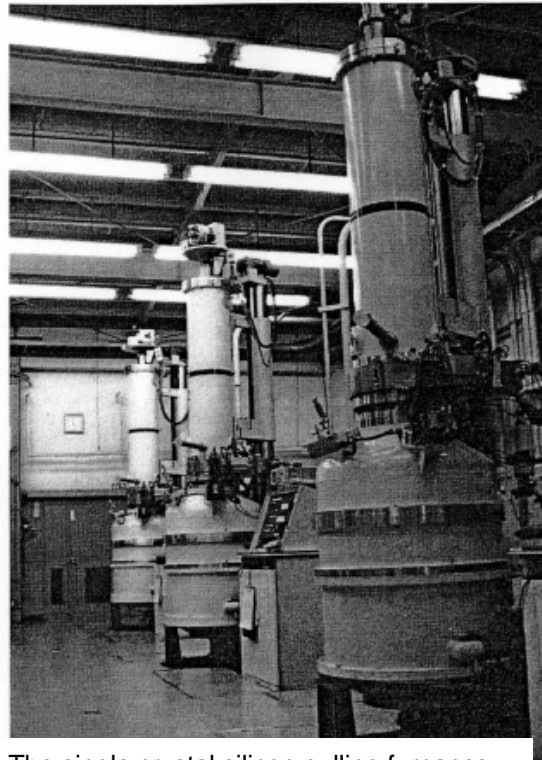
Former Prime Minister Kakuei Tanaka sentenced to 4 years and fined 500 million yen

History of Silicon-Related Operations at Ferrotec



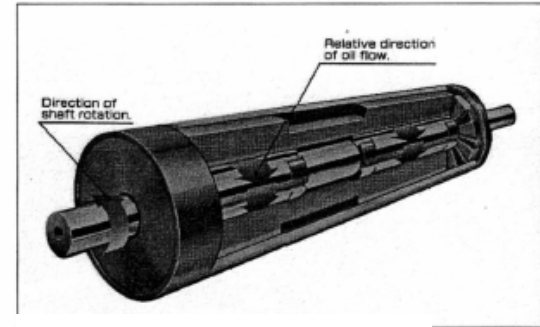
March
 Crystal Tech Co., Ltd. was established by Ferrotec and Mitsui & Co., Ltd. to manufacture and sell silicon for making semiconductor devices
April
 Engineers were temporarily assigned to FFC to acquire expertise concerning the manufacture of ferrofluids.
May
 Started using the vacuum feedthrough for ion injection machines made by Eaton
July
 Increased capital to 513,750,000 yen
 Shares were sold through a private placement, procuring about 500 million yen. As a result, JAFCO Co., Ltd. and the venture capital funds of this company became shareholders.
December
 Produced a vacuum feedthrough catalog using Ferrotec's own design
 Began shipping samples of fluid dynamic bearings
June
 Fiscal year sales totaled 2,930 million yen
 Fiscal year-end workforce of 109

Started manufacture and sales of silicon single crystal for semiconductors

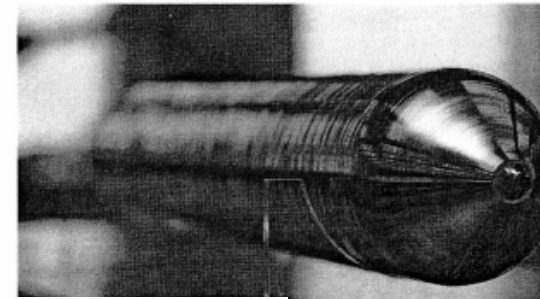


The single crystal silicon pulling furnaces of Crystal Tech Co., Ltd.

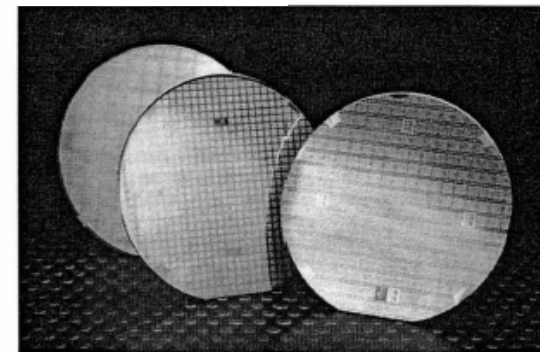
(sales organization at that time)
 1st Sales Division, Ferrofluids
 2nd Sales Division, Vacuum feedthroughs
 3rd Sales Division, Computer seals
 4th Sales Division, Silicon single crystal grower, GMN silicon wafers, slicers
 Dormitory for single employees constructed in city of Yokaichiba in Chiba prefecture



Fluid dynamic bearing



Silicon crystal ingot



Silicon wafers