ULVAC

ULVAC REPORT 2013

Annual Report

Financial Highlights

Millions of yen (except per share amounts) / Thousands of U.S. dollars (except per share amounts)

FOR THE YEAR DATA	2009.06	2010.06	2011.06	2012.06	2013.06	2013.06
Orderds received	172,212	221,705	235,932	152,221	166,778	1,690,946
Net sales	223,825	221,804	232,040	196,804	163,351	1,656,200
Operating income (loss)	3,483	4,809	1,850	(6,384)	6,115	61,999
Income (loss) before income taxes	(1,600)	4,558	(9,192)	(33,704)	(565)	(5,728)
Net income (loss)	811	2,138	(8,706)	(49,984)	(3,807)	(38,599)
Capital expenditures	19,567	11,087	17,827	12,719	6,761	68,549
Depreciation	12,320	11,949	10,717	9,096	7,967	80,777
R&D costs	8,344	8,005	8,255	7,088	4,989	50,583

YEAR-END DATA						
Total assets	318,076	313,784	313,616	249,651	243,289	2,466,684
Net assets/Shareholders' equity	90,158	102,504	92,023	41,187	59,436	602,616
Number of employees	6,871	7,169	7,878	6,981	6,579	66,704

yen / U.S. dollars

PER SHARE DATA						
Net assets	1,961.08	1,992.06	1,787.51	751.00	806.38	8.18
Net income (loss)						
−Basic	18.90	46.60	(176.43)	(1,012.94)	(87.79)	(0.89)
−Diluted	17.44	42.65	−	−	−	−
Cash dividends	21.00	21.00	−	−	−	−

%

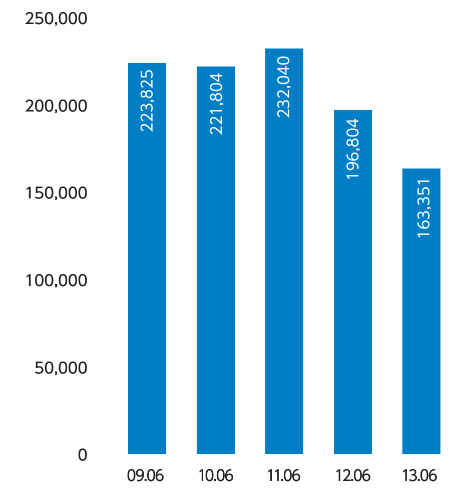
OTHER INFORMATION						
Net income /Average total assets (ROA)	0.3	0.7	−	−	−	−
Net income / Average shareholders' equity (ROE)	0.9	2.3	−	−	−	−
shareholders' equity ratio	26.4	31.3	28.1	14.8	22.7	22.7

U.S. dollar amounts have been converted from yen, for convenience only, using the approximate exchange rate on June 30, 2013, which was U.S.$1 = ¥98.63.

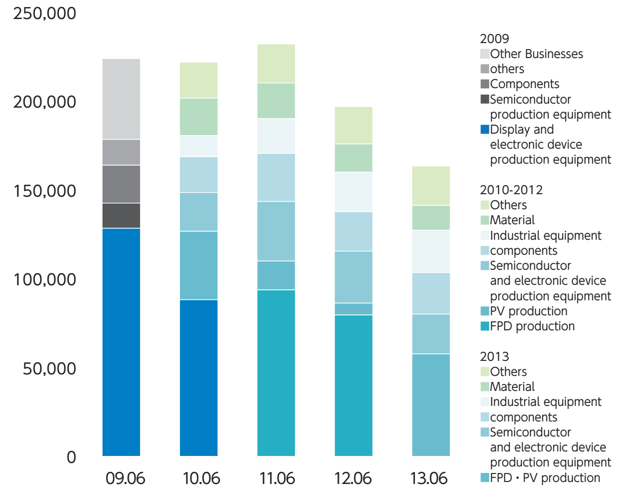
Disclaimer regarding forward-looking statements

Forward-looking statements of the company in this report are based on information available at the time these documents were prepared. Ulvac' s customers in the flat-panel display (FPD), Solar cells, semiconductor, and electronic parts industries face the challenge of the rapid pace of technological advances and fierce competition. Consequently, actual earnings may vary substantially from the projections included in this report due to a number of factors that could cause, directly or indirectly, performance to fluctuate. The factors that could cause results to differ materially from the statements herein include the world economy; fluctuations in the exchange rate; market conditions for flat-panel displays, semiconductors, and electric devices; and trends in capital investments.

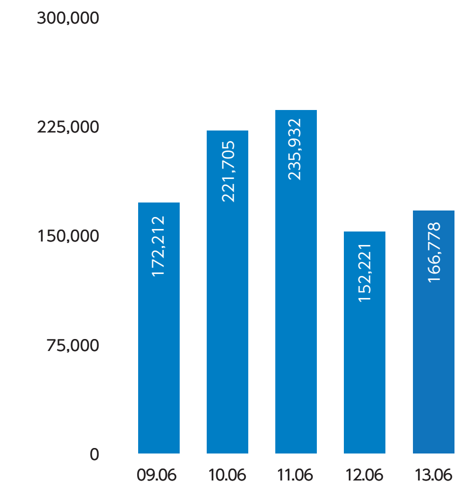
■ Net sales (Millions of yen)



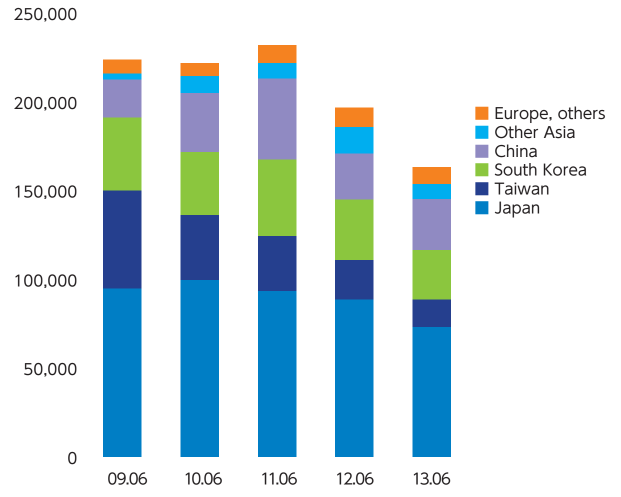
■ Net sales by business segment (Millions of yen)



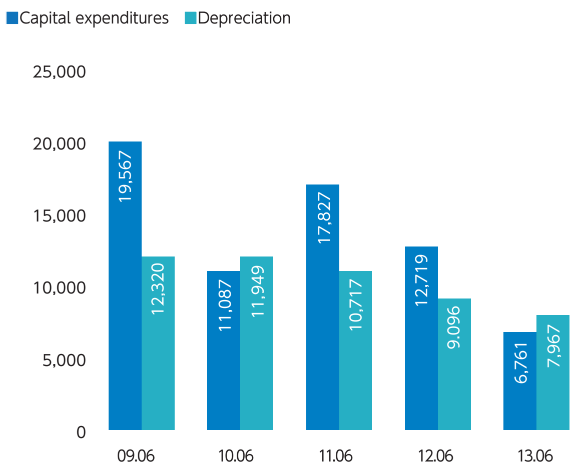
■ Orderds received (Millions of yen)



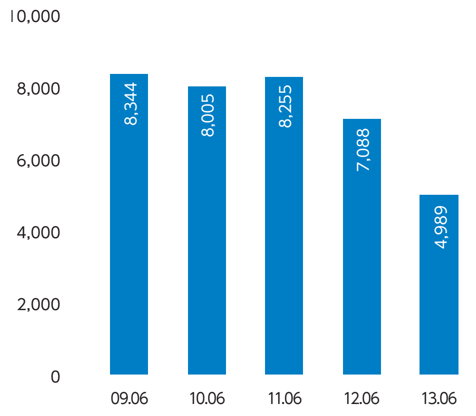
■ Net sales by region (Millions of yen)



■ Capital expenditures／Depreciation (Millions of yen)



■ R&D costs (Millions of yen)



Analysis of Business Results

Business results for the current fiscal year

During the fiscal year ended June 30, 2013, the Japanese economy rallied steadily despite some uncertainties, reflecting solid personal consumption and the improvement of corporate profits mainly due to the rise in stock prices and the correction of the yen appreciation, which were attributable to various economic policies taken by the Japanese government. In the United States, a gradual undertone of recovery was seen with positive signs such as improved personal consumption and a decline in the unemployment rate. In Europe, concerns about the future of public finance and a heightened unemployment rate remained in several countries despite positive signs of the economy having bottomed. The pace of growth of the Chinese economy gradually slowed, reflecting the slowed growth in personal consumption and exports.

Under these circumstances, in the flat panel display (FPD) industry in which ULVAC' s main customers are involved, capital expenditures related to large LCD TVs remained stagnant due to the sluggish TV market. Although a temporary pause was seen in capital expenditures for small to medium-sized LCDs for mobile devices, signs of recovery were seen partly with the trends in capital expenditures relating to organic electroluminescence (EL) displays, which have drawn people' s attention as a next-generation display. Although demand for PCs remained stagnant in the semiconductor industry, several customers started proactive moves aimed at resuming capital expenditures in light of the bottoming for memory prices.

In terms of profits, given sustained requests for price reductions from customers and severe price competition with other manufacturers of production equipment, we streamlined fixed costs by trimming various expenses across the Group and cutting back capital expenditures. We also pushed ahead with curtailment of production costs. In addition, in an extremely severe order reception environment in the FPD and semiconductor industry, we carried out emergency measures to reduce fixed costs.

As a result, regarding the consolidated performance for the fiscal year ended June 30, 2013, orders received increased by 14,558 million yen, or 9.6%, year on year, to 166,778 million yen, supported by such contributive factors as increased orders received for FPD production equipment such as organic EL. However, net sales dropped by 33,453 million yen, or 17.0%, to 163,351 million yen, affected by negative factors such as the delayed timing for order reception. For consolidated profit and loss, operating profit amounted to 6,115 million yen (compared with an operating loss of 6,384 million yen recorded for the previous fiscal year) and ordinary profit was 6,264 million yen (compared with an ordinary loss of 6,497 million yen recorded for the previous fiscal year), thereby recording a surplus through efforts to promote business structure improvement and cost reduction despite a decline in net sales. Nevertheless, a net loss of 3,807 million yen (compared with a net loss of 49,984 million yen recorded for the previous fiscal year) was recorded particularly due to the posting of 6,089 million yen in business structure improvement expenses under extraordinary losses, which were derived from the review of parts of unprofitable products and transactions in the materials business sector. The breakdown of the business structure improvement expenses of 6,089 million yen includes a loss on devaluation of inventories of 5,398 million yen and an impairment loss of 691 million yen for idle assets.

Vacuum Equipment Business

The operating results of the vacuum equipment business by market segment are as follows:

■FPD production equipment and PV production equipment

In the FPD-related market segment, orders received increased year on year for organic EL production equipment for mobile devices and lighting mainly to the Asian region and LCD production equipment for large LCD TVs mainly to China. Sales were posted for sputtering equipment for large LCD TVs, sputtering equipment for the production of small to medium-sized LCDs for mobile devices, plasma-enhanced chemical vapor deposition (PE-CVD) equipment and organic EL production equipment.

In the PV-related market segment, some orders were received for high-efficiency crystal-type PV cell production equipment and sales were posted mainly for compound-type PV cell production equipment to South Korea and Taiwan. Capital expenditures remained stagnant in the market despite an enthusiastic backing of the PV cell market supported by the government' s subsidy policy.

■Semiconductor and electronic device production equipment

In the semiconductor and electronic device-related market segment, both orders received and sales declined in the generally harsh business environment, affected by the sluggish demand for PCs. Although orders were received for the ENTRON™-EX series of sputtering equipment not only for post-processes but also for pre-processes, overall recovery of orders received for equipment for smartphone-related foundries was not achieved. Orders received for LED production-dedicated dry-etching systems and deposition systems were lower than anticipated due to the lack of the enthusiastic backing of demand for LEDs, which are mainly used for lighting and LCD backlights as energy-saving means.

■Components

In the component-related market segment, orders received for dry pumps and vacuum pumps for semiconductor production equipment remained sluggish, affected by weak capital expenditures in the FPD and semiconductor industry. Meanwhile, orders received and sales related to cryopumps for organic EL production, which are slated for mobile devices and the optical field, and small pumps used in analysis devices and medical equipment remained robust. Consequently, both orders received and sales increased year on year.

■ Industrial equipment

In the industrial equipment-related market segment, sales of vacuum heat treatment furnaces for automobile parts, automatic helium leak test systems, medical-use drying equipment and vacuum distilling systems for health foods remained robust, increasing year on year.

As a result, the vacuum equipment business saw orders received of 130,283 million yen, an order backlog of 61,323 million yen and net sales of 127,282 million yen. Operating profit was 5,411 million yen.

Vacuum Application Business

The operating results of the vacuum application business by market segment are as follows:

■ Materials

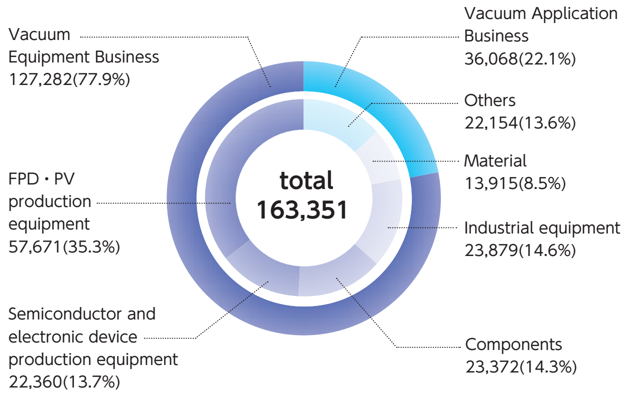
With respect to the sputtering target materials for LCDs, the business environment was continuously severe with low operating rates at the factories of major panel manufacturers. In addition, sales and orders received remained sluggish, both decreasing year on year, further affected by the impact of decreased production due to production adjustment in the semiconductor-related sectors.

■ Others

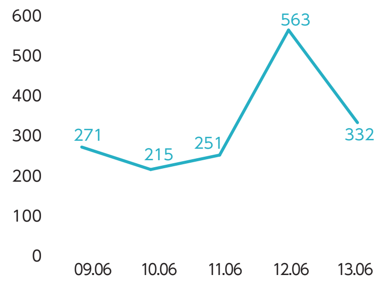
In the control-system-related market segment, although sales were posted mainly in the Japanese automobile industry, orders received remained stagnant due to the impact of postponed or temporarily abandoned investment projects destined for China. With respect to analysis devices, orders received and sales remained steady mainly from private-sector companies and national research institutes in Japan, the United States and Europe. Meanwhile, orders received and sales of the mask blanks business remained steady, mainly in association with small to medium-sized LCDs and touch panels, supported by favorable markets for smartphones and tablet PCs.

As a result, the vacuum application business saw orders received of 36,496 million yen, an order backlog of 11,221 million yen and net sales of 36,068 million yen. Operating profit was 588 million yen.

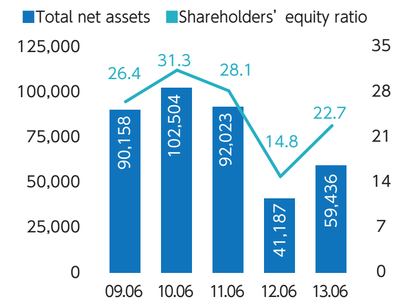
■ Net sales by business segment (Millions of yen)



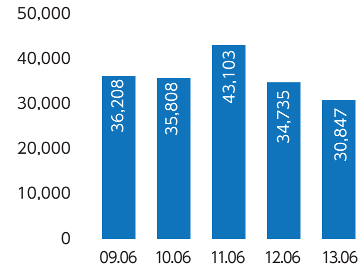
■ Debt ratio (%)



■ Total net assets (Millions of yen) ／ Shareholders' equity ratio (%)



■ SG&A expenses (Millions of yen)



Analysis of Financial Position

1 Assets, liabilities and net assets at fiscal year-end

●Assets

Total assets decreased by 6,362 million yen compared with the end of the previous fiscal year. This decrease was attributable to decreases of 5,281 million yen in notes and accounts receivable, trade, 13,301 million yen in inventories and 3,903 million yen in construction in progress, which were partly offset by an increase of 16,206 million yen in cash on hand and in banks.

●Liabilities

Total liabilities decreased by 24,611 million yen compared with the end of the previous fiscal year, chiefly owing to decreases of 10,000 million yen in commercial paper, 4,288 million yen in provision for loss on contract, 7,276 million yen in "Other" under current liabilities and 4,134 million yen in long-term debt.

●Net assets

Total net assets increased by 18,249 million yen compared with the end of the previous fiscal year. This increase was primarily attributable to an increase of 15,000 million yen in capital surplus.

2 Cash flows

●Cash flows from operating activities

Net cash provided by operating activities amounted to 22,357 million yen, reflecting positive factors such as depreciation and amortization, a decrease in accounts receivable, trade, a decrease in inventories and an increase of advances received, as well as negative factors such as net loss before income taxes and minority interests, a decrease in accounts payable, trade, a decrease in provision for loss on contract and special additional retirement benefits paid.

●Cash flows from investing activities

Net cash used in investing activities amounted to 4,506 million yen, which was mainly attributable to the payments for acquisition of tangible and intangible fixed assets and the purchase of stocks of subsidiaries and affiliates.

●Cash flows from financing activities

Net cash used in financing activities totaled 3,619 million yen, chiefly arising from a net increase in short-term borrowings, a net decrease in commercial paper, a decrease in long-term debt and the repayment of lease liabilities.

As a result, consolidated cash and cash equivalents were 44,204 million yen at the end of the current fiscal year, up 16,024 million yen from the end of the previous fiscal year.

Business and Other Risks

Major potential factors that could influence business performance and the financial position of the ULVAC Group are as follows:

1 Fluctuations in the Markets for FPDs, Photovoltaic Cells (PVs) and Semiconductors

The ULVAC Group has grown by developing proprietary technologies for vacuum equipment used in the manufacturing process of FPDs, PVs and semiconductors, and by marketing such devices, which has allowed us to build market shares in these fields. These products account for about 50% of our consolidated net sales and have become the mainstay of the Group. However, any large reduction in capital expenditures by manufacturers of FPDs, PVs and semiconductors, our corporate customers, or any deterioration in the financial conditions of our corporate customers could affect our business results and financial position.

2 Influence of Research and Development

Based on sustained proactive investment in research and development, the ULVAC Group has consistently brought new products to market using cutting-edge technologies. However, if it becomes extremely difficult to achieve the development that meets the requirements indispensable for the commercialization of new products or such development is markedly delayed in comparison with the envisioned plans, our business results and financial position could be affected adversely.

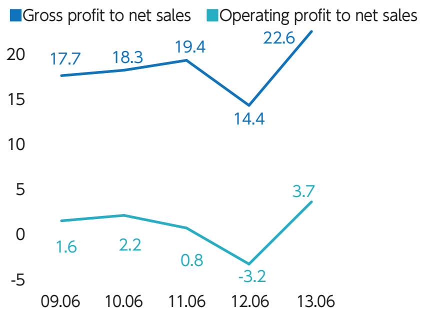
3 Influence on Pricing Competition

Although in the FPD industry—ULVAC's principal customer—demand for digital home appliances remains robust, there is constant pressure from the customer side to lower prices. In addition, new competitors are emerging in South Korea, Taiwan and China, further intensifying sales competition. These factors, combined with higher costs caused by surging prices for raw materials and goods purchased, could affect our business results and financial position.

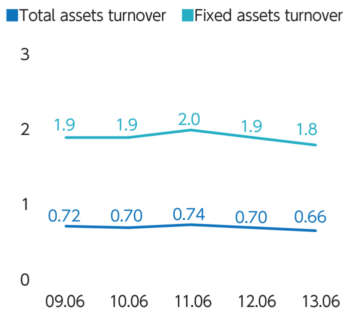
4 Influence of Increased Overseas Sales

The overseas net sales ratio of the ULVAC Group is high, with South Korea, Taiwan, China and other economies, particularly in the Asian region, occupying larger shares. To avoid currency exchange risks, transactions by ULVAC are, as a rule, denominated in yen. However, in the context of sales to the Asian region at a time of yen appreciation, the Group is placed at a disadvantage in its price competitiveness relative to overseas manufacturers in yen-denominated transactions. If ULVAC conducts an exceptional foreign-currency-denominated transaction, sudden exchange rate fluctuations might cause losses in the exchange. The aforementioned factors could negatively affect our business results and financial position.

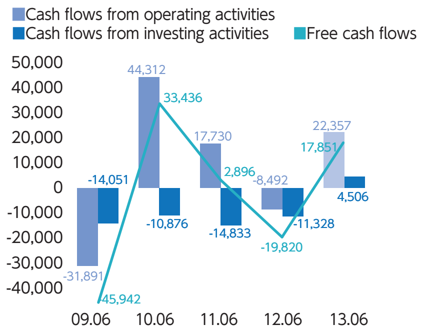
■ Gross profit to net sales (%) / Operating profit to net sales (%)



■ Total assets turnover (Times) / Fixed assets turnover (Times)



■ Cash flows (Millions of yen)



5 Influence of Global Business Development

To secure market share in China, a prospective future growth market, the Group has proactively advanced into China and is pursuing business initiatives through locally incorporated subsidiaries. Although arrangements have been put into place at locally incorporated subsidiaries for gauging business conditions and taking corrective actions when needed, risks such as various restrictions and/or changes in tax/exchange rate systems due to unforeseeable changes in legal systems, political instability, business fluctuations and an outflow of personnel could affect our business results and financial position.

6 Influence of Quality Assurance Efforts

The Group has installed quality assurance systems, acquired ISO9001 certification and has been providing services with a high level of customer satisfaction. As ULVAC continually provides products with leading-edge technologies, there are numerous development elements that could lead to a situation in which ULVAC has to collect and repair products free of charge due to some unforeseeable defect; this could affect our business results and financial position.

7 Influence of Intellectual Property Rights

The Group owns numerous patents related to various types of vacuum systems and proactively aims to acquire intellectual property rights. Moreover, ULVAC examines the patents of third parties concerning such products. However, unforeseeable litigation brought by a third party for a breach of patent rights might pose risks that could negatively affect our business results and financial position.

8 Impact on Financing

A financial covenant may often be incorporated into some of the loan agreements that the Group has entered into with financial institutions. Any violation of such financial covenants might negatively influence our business results and financial position.

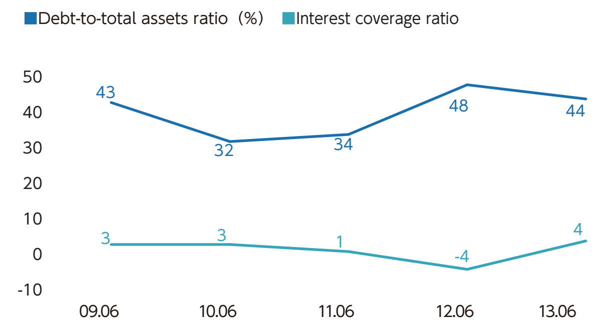
9 Litigation-Related Risk

There is a risk in which the Group might be targeted in any lawsuits in Japan and overseas with regard to the businesses in which the Group engages. An important lawsuit filed against any of the Group companies could negatively affect our business results and financial position.

10 Other Risks

As applicable to companies that engage in global operations or in a wide range of business areas, the Group's business results and financial position could be negatively affected by global and local economic climates, or any event of force majeure, such as natural disasters, acts of war or terrorism, or infectious diseases.

● Debt-to-total assets ratio (%) Interest coverage ratio (Times)



Stock Information (As of June 30, 2013)

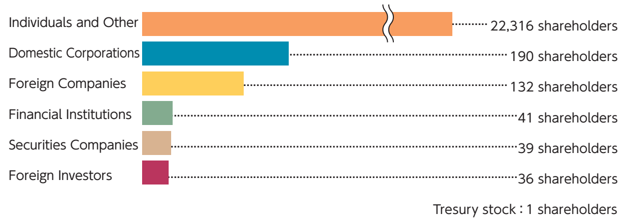
□ Total number of stocks authorized	Common stock	100,000,000
	Class A classified stock	1,500
	Class B classified stock	37,500
□ Total number of stocks issued	Common stock	49,355,938
	Class A classified stock	1,500
□ Total number of shareholders	Common stock	22,755
	Class A classified stock	1

Major Shareholders (Common Stock)

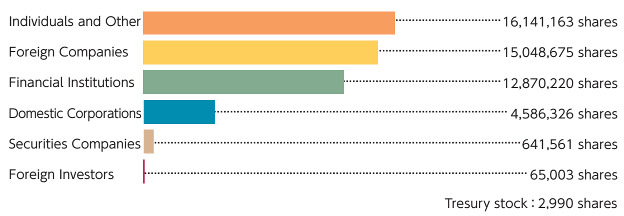
Shareholder's name	Number of shares (thousands)	(%)
TAIYO FUND, L.P.	8,538	17.30
Nippon Life Insurance Company	3,242	6.57
Mizuho Bank, Ltd.	1,916	3.88
Sumitomo Mitsui Banking Corporation	1,864	3.78
Japan Trustee Services Bank, Ltd.(Trust account)	1,016	2.06
Association of Employee Shareholders of ULVAC	1,000	2.03
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	910	1.84
Inabata & Co., Ltd.	795	1.61
BANK OF NEW YORK MELLON SANV FOR BNY GCM CLIENT ACCOUNT ELS CB	727	1.47
Sumitomo Mitsui Trust Bank	702	1.42

Note: Stock ownership ratio is calculated by deducting the number of treasury stocks (2,990 stocks)

Number of Shareholders (Common Stock) total : 22,755shareholders



Number of Shares Held (Common Stock) total : 49,355,938 shares



Financial Section

Contents

1. [Consolidated Financial Statements and Others]

(1) [Consolidated Financial Statements]

i) [Consolidated Balance Sheets]

	Previous fiscal year (As of June 30, 2012)		Current fiscal year (As of June 30, 2013)		
		Amount (Millions of yen)		Amount (Millions of yen)	Amount (Thousands of U.S. dollars)
Assets					
Current assets					
Cash on hand and in banks		28,397		44,603	452,223
Notes and accounts receivable, trade	*4	64,806	*4	59,525	603,522
Merchandise and finished goods		4,701		4,740	48,059
Work in process	*7	39,115	*7	28,548	289,442
Raw materials and supplies		13,413		10,640	107,874
Deferred tax assets		1,355		1,471	14,918
Other		6,084		4,606	46,702
Allowance for doubtful accounts		(635)		(564)	(5,718)
Total current assets		157,236		153,569	1,557,022
Fixed assets					
Property, plant and equipment					
Buildings and structures		76,467		80,603	817,223
Accumulated depreciation		(36,305)		(39,510)	(400,584)
Buildings and structures, net		40,162		41,093	416,638
Machinery, equipment and vehicles		58,631		63,758	646,434
Accumulated depreciation		(43,367)		(47,389)	(480,475)
Machinery, equipment and vehicles, net		15,264		16,369	165,960
Tools, furniture and fixtures		13,309		13,999	141,939
Accumulated depreciation		(11,595)		(12,276)	(124,465)
Tools, furniture and fixtures, net		1,714		1,723	17,474
Land		9,592		9,513	96,450
Lease assets		2,880		1,717	17,408
Accumulated depreciation		(2,117)		(1,172)	(11,883)
Lease assets, net		763		545	5,525
Construction in progress		6,468		2,565	26,008
Total property, plant and equipment	*3, *6	73,963	*3, *6	71,808	728,054
Intangible fixed assets					
Goodwill		133		89	904
Lease assets		69		150	1,524
Software		1,812		1,437	14,565
Other		3,705		3,703	37,540
Total intangible fixed assets		5,719		5,379	54,533
Investments and other assets					
Investment securities	*1	4,055	*1	3,882	39,356
Leasehold and guarantee deposits		1,959		1,804	18,287
Deferred tax assets		2,159		2,204	22,350
Other	*1	5,030	*1	4,722	47,873
Allowance for doubtful accounts		(469)		(78)	(788)
Total investments and other assets		12,734		12,534	127,078
Total fixed assets		92,416		89,720	909,666
Total assets		249,651		243,289	2,466,688

The accompanying notes are an integral part of these financial statements.

		Previous fiscal year (As of June 30, 2012)		Current fiscal year (As of June 30, 2013)	
		Amount (Millions of yen)		Amount (Millions of yen)	Amount (Thousands of U.S. dollars)
Liabilities					
Current liabilities					
Notes and accounts payable, trade	*4	30,690	*4	28,651	290,494
Short-term borrowings	*3	82,682	*3	82,750	838,990
Commercial paper		10,000		—	—
Lease liabilities		906		653	6,616
Accrued income taxes		779		776	7,871
Advances received		10,336		13,872	140,644
Deferred tax liabilities		487		170	1,723
Accrued bonuses for employees		1,208		1,051	10,656
Accrued bonuses for directors and corporate auditors		196		235	2,387
Accrued warranty costs		1,631		1,864	18,896
Provision for loss on contract		7,549		3,261	33,065
Other		18,054	*4	10,778	109,282
Total current liabilities		164,518		144,061	1,460,625
Long-term liabilities					
Bonds		40		20	203
Long-term debt	*3	27,492	*3	23,358	236,823
Lease liabilities		960		759	7,699
Deferred tax liabilities		689		1,431	14,511
Accrued pension and severance costs for employees		12,365		12,057	122,241
Accrued pension and severance costs for directors and corporate auditors		803		786	7,966
Asset retirement obligations		342		337	3,420
Other		1,255		1,044	10,582
Total long-term liabilities		43,946		39,792	403,445
Total liabilities		208,464		183,853	1,864,070
Net Assets					
Shareholders' equity					
Common stock		20,873		20,873	211,630
Capital surplus		22,100		37,100	376,158
Retained earnings		845		(2,966)	(30,072)
Treasury stock, at cost		(11)		(10)	(100)
Total shareholders' equity		43,807		54,998	557,615
Accumulated other comprehensive income					
Unrealized gain (loss) on securities, net of taxes		(48)		333	3,372
Foreign currency translation adjustments		(6,701)		(13)	(131)
Total accumulated other comprehensive income		(6,749)		320	3,241
Minority interests		4,128		4,119	41,761
Total net assets		41,187		59,436	602,618
Total liabilities and net assets		249,651		243,289	2,466,688

The accompanying notes are an integral part of these financial statements.

ii) [Consolidated Statements of Income and Consolidated Statements of Comprehensive Income]
[Consolidated Statements of Income]

		Previous fiscal year (From July 1, 2011 to June 30, 2012)		Current fiscal year (From July 1, 2012 to June 30, 2013)	
		Amount (Millions of yen)		Amount (Millions of yen)	Amount (Thousands of U.S. dollars)
Net sales		196,804		163,351	1,656,197
Cost of sales	*2, *3, *4	168,453	*2, *3, *4	126,389	1,281,443
Gross profit		28,351		36,962	374,754
Selling, general and administrative expenses					
Selling expenses		15,206		13,186	133,689
General and administrative expenses		19,529		17,661	179,065
Total selling, general and administrative expenses	*1, *2	34,735	*1, *2	30,847	312,754
Operating profit (loss)		(6,384)		6,115	62,000
Non-operating income					
Interest income		206		169	1,713
Dividend income		161		173	1,750
Equity in earnings of unconsolidated subsidiaries and affiliates		—		17	173
Foreign exchange gains		158		1,226	12,429
Insurance and dividends income		437		328	3327
Income on receipt of compensation		735		—	—
Other		1,109		1,208	12,244
Total non-operating income		2,807		3,120	31,635
Non-operating expenses					
Interest expenses		1,640		1,562	15,832
Equity in losses of affiliates		319		—	—
Syndicate loan fees		—		368	3,735
Other		961		1,041	10,555
Total non-operating expenses		2,920		2,971	30,122
Ordinary profit (loss)		(6,497)		6,264	63,513
Extraordinary gains					
Gain on sales of fixed assets		19		105	1,063
Income on prefectural government's grants		87		175	1,780
Other		89		3	25
Total extraordinary gains		195		283	2,869
Extraordinary losses					
Impairment loss	*6	826		—	—
Business structure improvement expenses	*5, *6	24,738	*5, *6	6,089	61,739
Other		1,840		1,023	72,106
Total extraordinary losses		27,403		7,112	72,106
Loss before income taxes and minority interests		(33,704)		(565)	(5,725)
Current income taxes		2,405		2,347	23,798
Deferred income taxes		13,163		202	2,051
Total income taxes		15,568		2,549	25,849
Loss before minority interests		(49,273)		(3,114)	(31,573)
Minority interests in income (loss)		712		693	7,026
Net loss		(49,984)		(3,807)	(38,600)

The accompanying notes are an integral part of these financial statements.

[Consolidated Statements of Comprehensive Income]

	Previous fiscal year (From July 1 2011 to June 30, 2012) Amount (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) Amount (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) Amount (Thousands of U.S. dollars)
Loss before minority interests	(49,273)	(3,114)	(31,573)
Other comprehensive income			
Unrealized gain (loss) on securities, net of taxes	(39)	395	4,009
Foreign currency translation adjustments	(1,178)	7,221	73,218
Share of other comprehensive income of companies accounted for by the equity method	3	2	18
Total other comprehensive income	* (1,214)	* 7,619	77,245
Comprehensive income	(50,486)	4,505	45,671
Comprehensive income attributable to:			
Owners of the parent	(51,147)	3,261	33,067
Minority interests	661	1,243	12,604

The accompanying notes are an integral part of these financial statements.

iii) [Consolidated Statements of Changes in Net Assets]

	Previous fiscal year (From July 1, 2011 to June 30, 2012) Amount (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) Amount (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) Amount (Thousands of U.S. dollars)
Shareholders' equity			
Common stock			
Balance at the beginning of current period	20,873	20,873	211,630
Changes of items during the period			
Issuance of new shares	—	7,500	76,042
Transfer to other capital surplus from common stock	—	(7,500)	(76,042)
Total changes of items during the period	—	—	—
Balance at the end of current period	20,873	20,873	211,630
Capital surplus			
Balance at the beginning of current period	22,100	22,100	224,074
Changes of items during the period			
Issuance of new shares	—	7,500	76,042
Transfer to other capital surplus from common stock	—	7,500	76,042
Total changes of items during the period	—	15,000	152,084
Balance at the end of current period	22,100	37,100	376,158
Retained earnings			
Balance at the beginning of current period	50,829	845	8,565
Changes of items during the period			
Change of scope of equity method	—	(37)	(370)
Effect of changes in fiscal year-ends of consolidated subsidiaries	—	33	333
Net loss	(49,984)	(3,807)	(38,600)
Total changes of items during the period	(49,984)	(3,811)	(38,637)
Balance at the end of current period	845	(2,966)	(30,072)
Treasury stock, at cost			
Balance at the beginning of current period	(11)	(11)	(109)
Changes of items during the period			
Purchase of treasury stock	(0)	1	9
Total changes of items during the period	(0)	1	9
Balance at the end of current period	(11)	(10)	(100)
Total shareholders' equity			
Balance at the beginning of current period	93,792	43,807	444,160
Changes of items during the period			
Issuance of new shares	—	15,000	152,084
Transfer to other capital surplus from common stock	—	—	—
Change of scope of equity method	—	(37)	(370)
Effect of changes in fiscal year-ends of consolidated subsidiaries	—	33	333
Net loss	(49,984)	(3,807)	(38,600)
Purchase of treasury stock	(0)	1	9
Total changes of items during the period	(49,984)	11,190	113,456
Balance at the end of current period	43,807	54,998	557,615

The accompanying notes are an integral part of these financial statements.

	Previous fiscal year (From July 1, 2011 to June 30, 2012) Amount (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) Amount (Millions of yen)	Amount (Thousands of U.S. dollars)
Accumulated other comprehensive income			
Unrealized gain (loss) on securities, net of taxes			
Balance at the beginning of current period	(14)	(48)	(488)
Changes of items during the period			
Net changes of items other than shareholders' equity	(34)	381	3,860
Total changes of items during the period	(34)	381	3,860
Balance at the end of current period	(48)	333	3,372
Foreign currency translation adjustments			
Balance at the beginning of current period	(5,572)	(6,701)	(67,938)
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,128)	6,688	67,806
Total changes of items during the period	(1,128)	6,688	67,806
Balance at the end of current period	(6,701)	(13)	(131)
Total accumulated other comprehensive income			
Balance at the beginning of current period	(5,586)	(6,749)	(68,426)
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,163)	7,069	71,667
Total changes of items during the period	(1,163)	7,069	71,667
Balance at the end of current period	(6,749)	320	3,241
Minority interests			
Balance at the beginning of current period	3,818	4,128	41,856
Changes of items during the period			
Net changes of items other than shareholders' equity	311	(9)	(95)
Total changes of items during the period	311	(9)	(95)
Balance at the end of current period	4,128	4,119	41,761
Total net assets			
Balance at the beginning of current period	92,023	41,187	417,590
Changes of items during the period			
Issuance of new shares	—	15,000	152,084
Transfer to other capital surplus from common stock	—	—	—
Change of scope of equity method	—	(37)	(370)
Effect of changes in fiscal year-ends of consolidated subsidiaries	—	33	333
Net loss	(49,984)	(3,807)	(38,600)
Purchase of treasury stock	(0)	1	9
Net changes of items other than shareholders' equity	(852)	7,059	71,572
Total changes of items during the period	(50,836)	18,249	185,028
Balance at the end of current period	41,187	59,436	602,618

The accompanying notes are an integral part of these financial statements.

iv) [Consolidated Statements of Cash Flows]

	Previous fiscal year (From July 1, 2011 to June 30, 2012) Amount (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) Amount (Millions of yen)	Amount (Thousands of U.S. dollars)
Cash flows from operating activities			
Loss before income taxes and minority interests	(33,704)	(565)	(5,725)
Depreciation and amortization	9,096	7,967	80,773
Business structure improvement expenses	24,738	6,089	61,739
Impairment loss	826	—	—
Decrease in allowance for doubtful accounts	(384)	(491)	(4,974)
Decrease in accrued bonuses	(310)	(156)	(1,586)
Decrease in accrued pension and severance costs for employees	(1,617)	(350)	(3,544)
Decrease in accrued pension and severance costs for directors and corporate auditors	(70)	(17)	(177)
Increase in accrued warranty costs	36	108	1,095
Increase (decrease) in provision for loss on contract	4,951	(4,308)	(43,681)
Interest and dividend income	(367)	(341)	(3,462)
Interest expenses	1,640	1,562	15,832
Income on prefectural government's grants	(387)	(456)	(4,626)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	319	(17)	(173)
Decrease in accounts receivable, trade	14,249	10,922	110,741
Decrease in inventories	4,407	11,546	117,067
Decrease in accounts payable, trade	(26,211)	(4,335)	(43,952)
Increase (decrease) in advances received	(4,694)	1,409	14,290
Increase (decrease) in accrued consumption taxes	956	(926)	(9,386)
Other	2,649	3,575	36,247
Subtotal	(3,880)	31,216	316,498
Interest and dividend income received	374	348	3,533
Interest expenses paid	(1,648)	(1,538)	(15,593)
Payment for Special additional retirement benefits	—	(4,855)	(49,223)
Income taxes paid	(3,338)	(2,815)	(28,539)
Net cash provided by (used in) operating activities	(8,492)	22,357	226,676
Cash flows from investing activities			
Increase in time deposits	(39)	(1,702)	(17,256)
Decrease in time deposits	362	1,577	15,984
Payments for acquisition of tangible and intangible fixed assets	(12,151)	(5,787)	(58,679)
Purchase of stocks of subsidiaries and affiliates	(200)	(128)	(1,301)
Proceeds from sales of stocks of subsidiaries and affiliates	—	399	4,049
Proceeds from prefectural government's grants	530	598	6,064
Other	171	538	5,457
Net cash used in investing activities	(11,328)	(4,506)	(45,682)

The accompanying notes are an integral part of these financial statements.

	Previous fiscal year (From July 1, 2011 to June 30, 2012)	Current fiscal year (From July 1, 2012 to June 30, 2013)	
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)
Cash flows from financing activities			
Net increase in short-term borrowings	14,626	1,354	13,729
Net increase (decrease) in commercial paper	—	(10,000)	(101,389)
Borrowing of long-term debt	18,641	9,403	95,337
Repayments of long-term debt	(17,567)	(16,958)	(171,935)
Payments for redemption of convertible bonds	—	15,000	152,084
Repayments of lease liabilities	(2,736)	(1,338)	(13,564)
Dividends paid by the parent company	(3)	(1)	(7)
Dividends paid by consolidated subsidiaries to minority shareholders	(361)	(1,117)	(11,321)
Other	17	37	374
Net cash provided by (used in) financing activities	12,616	(3,619)	(36,692)
Effect of exchange rate changes on cash and cash equivalents	(339)	1,616	16,384
Increase (decrease) in cash and cash equivalents	(7,542)	15,849	160,686
Cash and cash equivalents at beginning of year	35,722	28,180	285,715
Increase in cash and cash equivalents due to change in fiscal year-ends of consolidated subsidiaries	—	175	1,774
Cash and cash equivalents at end of year	* 28,180	* 44,204	448,176

The accompanying notes are an integral part of these financial statements.

[Notes]

(Basis for Preparation of Consolidated Financial Statements)

1. Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements of ULVAC, Inc. (the "Company") and its consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Corporate Law of Japan and the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥98.63 = US$1, the approximate exchange rate prevailing in the Japanese foreign exchange market at June 30, 2013.

2. Scope of consolidation

(1) Number of consolidated subsidiaries: 35

Names of consolidated subsidiaries are as follows:

ULVAC-RIKO, Inc.
ULVAC TECHNO, Ltd.
ULVAC KYUSHU CORPORATION
ULVAC TOHOKU, Inc.
ULVAC Technologies, Inc.
ULVAC KIKO, Inc.
Reliance Electric Limited
ULVAC EQUIPMENT SALES, Inc.
ULVAC CRYOGENICS INCORPORATED
ULVAC-PHI, Inc.
ULVAC KOREA, Ltd.
ULVAC TAIWAN INC.
ULVAC (NINGBO) CO., LTD.
ULVAC SINGAPORE PTE LTD
ULVAC (SUZHOU) Co., Ltd.
ULVAC Orient (Chengdu) Co., Ltd.
ULVAC Automation Technology (Shanghai) Corporation
Ulvac Tianma Electric (Jing Jiang) Co., Ltd.
ULVAC Vacuum Furnace (Shenyang) Co., Ltd.
ULVAC (China) Holding Co., Ltd.
ULVAC MALAYSIA SDN. BHD.
Physical Electronics USA, Inc.
RAS Co., Ltd.
TIGOLD CO., Ltd.
Ulvac Korea Precision, Ltd.
Pure Surface Technology, Ltd.
ULVAC CRYOGENICS KOREA INCORPORATED
ULTRA CLEAN PRECISION TECHNOLOGIES CORP.
ULVAC COATING CORPORATION
ULCOAT TAIWAN, Inc.
ULVAC (Shanghai) Trading Co., Ltd.
ULVAC AUTOMATION TAIWAN INC.
ULVAC Materials Korea, Ltd.
ULVAC Materials (Suzhou) Co., Ltd.
ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd.

ULVAC CORPORATE CENTER Ltd. and Sigma-Technos Co., Ltd., which were consolidated subsidiaries in the previous fiscal year, have been excluded from the scope of consolidation due to their liquidation.

(2) Number of unconsolidated subsidiaries: 16

Names of unconsolidated subsidiaries are as follows:

ULVAC GmbH
ULVAC SOFTWARE CREATIVE TECHNOLOGY, Co., Ltd.
ULVAC Materials Taiwan, Inc.
Nisshin Seigyo
ULVAC (SHANGHAI) CO., LTD.
OOO ULVAC
Initium, Inc.
ULVAC (THAILAND) LTD.
ULVAC CRYOGENICS (NINGBO) INCORPORATED
UF TECH, Ltd.

ULVAC Research Center TAIWAN, Inc.
ULVAC NONFERROUS METALS (NINGBO) CO., LTD.
ULVAC ENGINEERING, Inc.
ULVAC HUMAN RELATIONS, Ltd.
ULVAC Research Center SUZHOU Co., Ltd.
FINE SURFACE TECHNOLOGY CO., LTD.

(3) Reasons for excluding unconsolidated subsidiaries from the scope of consolidation
All the unconsolidated subsidiaries are small in scale and have an immaterial effect on the Company's consolidated financial statements in terms of total assets, net sales, net income/loss and retained earnings.

3. Application of equity method
(1) Number of unconsolidated subsidiaries which are accounted for by the equity method: Nil
(2) Number of affiliates which are accounted for by the equity method: 1
SHOWA SHINKU CO., LTD.
SANKO ULVAC Co., Ltd., which was accounted for by the equity method in the previous fiscal year, has been excluded from the scope of application of the equity method because the Company sold part of the SANKO ULVAC shares which resulted in a low shareholding proportion in SANKO ULVAC
(3) The cost method is applied to the investment in certain unconsolidated subsidiaries not accounted for by the equity method (16 companies) and affiliates not accounted for by the equity method (4 companies), because the effect of their net income/loss and retained earnings on the Company's consolidated financial statements is immaterial and they are not important as a whole in accounting terms.

4. Fiscal year-end of consolidated subsidiaries
The fiscal year-end of ULVAC (NINGBO) CO., LTD.; ULVAC (SUZHOU) Co., Ltd.; ULVAC Orient (Chengdu) Co., Ltd.; ULVAC Automation Technology (Shanghai) Corporation; Ulvac Tianma Electric (Jing Jiang) Co., Ltd.; ULVAC Vacuum Furnace (Shenyang) Co., Ltd.; ULVAC (China) Holding Co., Ltd., ULVAC (Shanghai) Trading Co., Ltd.; ULVAC Materials (Suzhou) Co., Ltd.; and ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd., is December 31, and that of ULVAC KIKO, Inc.; ULVAC Technologies, Inc.; ULVAC SINGAPORE PTE LTD; and ULVAC MALAYSIA SDN. BHD. is March 31.
For those consolidated subsidiaries whose fiscal year-end is December 31, the Company uses their financial statements based on the provisional settlement of accounts as of the consolidated fiscal year-end when preparing consolidated financial statements, whilst for consolidated subsidiaries whose fiscal year-ends are March 31, the Company uses their financial statements as of their fiscal year-end. However, necessary adjustments are made regarding important transactions conducted between the Company's consolidated fiscal year-end and the fiscal year-end of consolidated subsidiaries.
During the fiscal year ended June 30, 2013, the fiscal year-end of ULCOAT TAIWAN, Inc., was changed from March 31 to June 30, and that of Physical Electronics USA, Inc., was changed from May 31 to June 30. The effects of these changes for the 12 months from July 1, 2012, to June 30, 2013, are reflected on the consolidated statements of income. The changes in net assets for the three months from April 1 to June 30, 2012, and the changes in net assets for the one month from June 1 to June 30, 2012, are reflected on "Retained earnings" in the consolidated balance sheets and consolidated statements of changes in net assets, whereas the increase in cash and cash equivalents relating to the two periods is presented as "Increase in cash and cash equivalents due to change in fiscal year-ends of consolidated subsidiaries."

5. Accounting policies
(1) Revenue recognition
For the make-to-order manufacturing of production equipment, the percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion) is applied to the contracts, if the outcome of the contract activity achieved by the end of the fiscal year can be estimated reliably, whereas the completed-contract method is applied otherwise.
Revenue from components, materials and parts is accounted for on a delivery basis.
Revenue from royalty income, management fees and related items is recognized when the services are rendered according to related contracts.

(2) Valuation of major assets
Inventories
Inventories are generally stated at cost, with cost determined by the individual identification method and are carried at the lower of the cost or net selling value on the balance sheet.
Securities
1) Bonds held to maturity:
Bonds held to maturity are stated at amortized cost (straight-line method).
2) Other securities:
Other securities with fair value
Other securities with fair value are stated at fair value as of the consolidated balance sheet date. (The unrealized gains and losses on these securities are booked directly to net assets. Realized gains and losses on sale of such securities are computed using the moving average method.)
Other securities without fair value
Other securities without fair value are stated at cost as determined by the moving average method.
Derivatives
Derivatives are stated at fair value.

(3) Depreciation and amortization of major depreciable and amortizable assets
Depreciation of property, plant and equipment (excluding lease assets)
Depreciation is calculated using the declining-balance method except for the Research and Development Division, Fujisusono Plant of the Company and property, plant and equipment for lease, which are depreciated using the straight-line method.
Depreciation of buildings (excluding building fixtures) acquired on or after April 1, 1998, is calculated using the straight-line method.
Assets, whose acquisition value is 100,000 yen or more and less than 200,000 yen, are equally depreciated over three years.
The useful lives for major property, plant and equipment are as follows:
Buildings and structures 10–50 years
Machinery, equipment and vehicles
4–13 years
Amortization of intangible fixed assets (excluding lease assets)
Intangible fixed assets are amortized using the straight-line method.
Development costs for software (internally used) are capitalized and amortized using the straight-line method over the estimated useful life (five years) determined by the Company.
Lease assets
Depreciation on lease assets is recorded using the straight-line method over the lease term without residual value.
Finance lease transactions that do not transfer ownership, commenced on or before June 30, 2008 are accounted for as operating leases.

(4) Posting standards for providing major reserves
1) Allowance for doubtful accounts
Allowance for doubtful accounts is provided for estimated uncollectible doubtful accounts at an amount specifically assessed plus an amount computed based on historical loss experience.
2) Accrued bonuses for employees
Accrued bonuses for employees are the estimated amounts expected to be paid to employees after the fiscal year-end, based on services provided during the current fiscal year.
3) Accrued bonuses for directors and corporate auditors
Accrued bonuses for directors and corporate auditors are the estimated amounts expected to be paid to directors and corporate auditors.
4) Accrued warranty costs
Accrued warranty costs are provided in the amount of estimated future warranty costs based on the actual ratio of occurrence of such expenditure in the past.
5) Provision for loss on contract
Provision for loss on contract is recorded for losses to fulfill contracts, for which a loss occurrence is expected and the amount can be reasonably estimated, at projected amounts that will be accrued for the next consolidated fiscal year and beyond.
6) Accrued pension and severance costs for employees
Accrued pension and severance costs for employees represent the projected benefit obligation in excess of the fair value of the plan assets, except for unrecognized transition obligation and unrecognized actuarial gain or loss.
Prior service liabilities are recognized as expenses and amortized over a fixed number of years within the average remaining service period of the current employees at their occurrence (10 years) using the straight-line method.
Unrecognized actuarial gains or losses are recognized as expenses starting from the following consolidated fiscal year and amortized over a fixed number of years within the average remaining service period of the current employees at their occurrence (10 years) using the straight-line method.
(Additional information)
One of the domestic consolidated subsidiaries revised its retirement benefit plan on July 1, 2013, and adopted a point system for retirement benefits. Consequently, prior service liabilities of 553 million yen accrued.
7) Accrued pension and severance costs for directors and corporate auditors
Accrued pension and severance costs for directors and corporate auditors represent the estimated amount to be paid if all directors and corporate auditors of the domestic consolidated subsidiaries retired at the balance sheet date, based on the internal retirement rules.

(5) Standard for translation of major foreign-currency-denominated assets or liabilities into Japanese yen
Foreign-currency-denominated assets and liabilities are translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and the resulting gains and losses are recorded as profits or losses for the fiscal year.
Assets, liabilities, income and expenses of subsidiaries outside of Japan are translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and the resulting translation adjustments are accounted for "foreign currency translation adjustments," except for the minority interests portion, which is allocated to "minority interests" under consolidated net assets.

(6) Method and period for amortization of goodwill
Goodwill is amortized on a substantial basis over its useful life or, where the useful life is not estimable, amortized over a five-year period, with the exception of minor amounts to which one-time amortization is applied.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, bank deposits available for withdrawal on demand and readily available short-term investments with maturities of three months or less, which are exposed to minor risk of fluctuation in value.

(8) Other items of importance concerning the preparation of consolidated financial statements
Consumption taxes and others
Consumption taxes are excluded from the transaction accounts.

(Change in Accounting Policies)

(Change in depreciation method)

Due to a revision of the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have replaced the method of depreciation for property, plant and equipment obtained on or after July 1, 2012, with the method according to the revised Corporation Tax Act, effective from the consolidated fiscal year ended June 30, 2013.

The impact of this change on profits and losses for the current consolidated fiscal year is immaterial.

(Unapplied Accounting Standards)

Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)
Implementation Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

(1) Outline
The Accounting Standards Board of Japan (ASBJ) has been deliberating establishment of a revised accounting standard for retirement benefits from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on (a) how actuarial gains and losses and past service costs should be accounted for, (b) how retirement benefit obligations and current service costs should be determined and (c) enhancement of disclosures.

(2) Planned effective date
The Accounting Standard and Implementation Guidance will be applied effective from the end of the fiscal year ending June 30, 2014, except that amendments relating to the calculation method of retirement benefit obligations and current service costs will be applied effective from the beginning of the fiscal year ending June 30, 2015.

(3) Effect of the application of the above accounting standards on financial statements
The effect of applying the Standards above on the Company's consolidated financial statements is still being assessed at the time of preparation of these financial statements.

(Change in Presentation)

(Consolidated Statements of Income)

1. "Income on prefectural government's grants," which was separately presented within "Non-operating income" for the previous fiscal year, has been included in "Other" for the current consolidated fiscal year due to the decreased significance of the amount. To reflect this change in presentation, the reclassification of accounts has been made on the consolidated financial statements for the previous fiscal year.
2. As a result, 299 million yen of "Income on prefectural government's grants" within non-operating income in the consolidated statements of income for the previous fiscal year has been reclassified into "Other."
3. "Commitment fee," which was separately presented within "Non-operating expenses" for the previous fiscal year, has been included in "Other" for the current consolidated fiscal year due to the decreased significance of the amount. To reflect this change in presentation, the reclassification of accounts has been made on the consolidated financial statements for the previous fiscal year.
   As a result, 393 million yen of "Commitment fee" within non-operating expenses in the consolidated statements of income for the previous fiscal year has been reclassified into "Other."
4. "Gain on sales of fixed assets," which was included in "Other" within "Extraordinary gains" for the previous fiscal year, has been separately stated effective from the current consolidated fiscal year because its amount exceeds 10% of the total extraordinary gains. To reflect this change in presentation, the reclassification of accounts has been made on the consolidated financial statements for the previous fiscal year.
   As a result, 19 million yen of "Other" within "Extraordinary gains" in the consolidated financial statements for the previous fiscal year has been reclassified into 19 million yen of "Gain on sales of fixed assets."
5. "Gain on sales of investment securities," which was separately presented within "Extraordinary gains" for the previous fiscal year, is included in "Other" for the current consolidated fiscal year due to the decreased significance of the amount. To reflect this change in presentation, the reclassification of accounts has been made on the consolidated financial statements for the previous fiscal year.
   As a result, 89 million yen of "Gain on sales of investment securities" within extraordinary gains in the consolidated statements of income for the previous fiscal year has been reclassified into "Other."

(Consolidated Statements of Cash Flows)

1. "Payments for acquisition of investment securities," which was separately stated within "Cash flows from investing activities" in the previous consolidated fiscal year, are included in "Other" in the current consolidated fiscal year due to the decreased significance of the amount. To reflect this change in presentation, the reclassification of accounts has been made on the consolidated financial statements for the previous fiscal year.
   As a result, 2 million yen of "Payments for acquisition of investment securities" within cash flows from investing activities has been reclassified into "Other" in the consolidated statements of cash flows for the previous fiscal year.

(Notes to Consolidated Financial Statements)

a) Notes to Consolidated Balance Sheets

*1. Investments in unconsolidated subsidiaries and affiliates are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
Investment securities (stocks)	2,557	1,989	20,161
Investments and other assets—other (investments)	1,212	1,345	13,641

*2. Contingent liabilities

The Company guarantees the loans that the following subsidiaries take out with financial institutions:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
ULVAC G.m.b.H.	35	17	172
ULVAC HUMAN RELATIONS, Ltd.	7	3	30

The Company has provided the following guarantees for certain leases entered into by its subsidiary:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
ULVAC NONFERROUS METALS (NINGBO) CO., LTD.	6	—	—

*3. Details of collateral and secured liabilities:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
Factory foundation			
Land	504	504	5,106
Buildings and structures	4,096	3,884	39,384
Machinery, equipment and vehicles	16	13	128
Total	4,616	4,401	44,619
Land	1,016	1,016	10,300
Buildings and structures	1,996	2,043	20,711
Machinery, equipment and vehicles	233	186	1,890
Total	3,244	3,245	32,901

Secured liabilities

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
Short-term borrowings	1,923	2,384	24,171
Long-term debt	3,742	3,393	34,398
Total	5,665	5,777	58,569

*4. Treatment of matured notes that matured at the fiscal year-end:

Although the balance sheet date of the current fiscal year fell on a holiday for financial institutions, notes were treated as if they were settled on the expiring date. The notes that matured on the fiscal year-end, which have been excluded from the balance as of the end of the current fiscal year, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
Notes receivable	1,010	340	3,447
Notes payable	1,035	662	6,708
"Other" under current liabilities (notes payable for equipment)	—	16	160

5. Contracts for the commitment line for loans:

The Company has concluded contracts for the commitment line for loans as follows.

(Millions of yen)				(Thousands of U.S. dollars)	
Previous fiscal year (As of June 30, 2012)		Current fiscal year (As of June 30, 2013)		Current fiscal year (As of June 30, 2013)	
The Company has concluded contracts for the commitment line for loans with eight banks. The unrealized balance of these contracts for the commitment line for loans at the end of this consolidated fiscal year is as follows.		The Company has concluded contracts for the commitment line for loans with eight banks. The unrealized balance of these contracts for the commitment line for loans at the end of this consolidated fiscal year is as follows.			
Total amount of the commitment line for loans	50,000	Total amount of the commitment line for loans	50,000	Total amount of the commitment line for loans	506,945
Amount of executed loans	24,650	Amount of executed loans	32,775	Amount of executed loans	332,303
Outstanding balance of line of credit	25,350	Outstanding balance of line of credit	17,225	Outstanding balance of line of credit	174,643

Previous fiscal year:

Although the Company interfered with the financial covenant below set forth in the commitment contract with one of the aforementioned banks, the Company has obtained confirmation from said counterparty bank that it has waived its rights to request the forfeiture of benefit of term due to the noncompliance of a financial covenant clause.

The amount of executed loans under the contract at the end of the fiscal year ended June 30, 2012, was as follows:
Amount of executed loans: 2,600 million yen

(1) Net assets in the consolidated balance sheet as of the end of every fiscal year shall be maintained at either not less than 80% of the net assets in the consolidated balance sheet as of June 30, 2011, or not less than 80% of the net assets in the consolidated balance sheet as of the end of the nearest preceding fiscal year, whichever is higher.
(2) Operating loss shall not be recorded for two consecutive years in the Company's consolidated statements of income for the fiscal years ended June 30, 2012, or later.
(3) Ordinary loss shall not be recorded for two consecutive years in the Company's consolidated statements of income for the fiscal years ended June 30, 2012, or later.

Syndicated loan agreement

A consolidated subsidiary has entered into a syndicated loan agreement that includes financial covenants. The amount of executed loans under this agreement at the fiscal year-end is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
Amount of executed loans	1,260	840	8,517

The agreement above includes the following financial covenants with regard to the borrower and guarantor.

(Borrower)
(1) Net assets in the borrower's non-consolidated balance sheets as of the end of the fiscal years ended June 30, 2010, or later (not including the interim terms) shall be maintained at not less than 75% of the net assets in the balance sheet as of the previous fiscal year-end, on a year-on-year basis.
(2) Ordinary loss in the borrower's non-consolidated statements of income for the fiscal years ended June 30, 2010, or later shall not be recorded for two consecutive years in the statements of income only for the fiscal years ended June 30, 2010, or later.

(Guarantor)
(1) Net assets in the guarantor's non-consolidated and consolidated balance sheets as of the end of every fiscal year (not including the interim terms) (excluding the sum of "Unrealized gain (loss) on securities," "Deferred gains or losses on hedges" and "Foreign currency translation adjustments") shall be maintained at not less than 75% of the net assets in the balance sheet as of the previous fiscal year-end, on a year-on-year basis.
(2) Ordinary loss in the guarantor's non-consolidated and consolidated statements of income for every fiscal year shall not be recorded for two consecutive years.

Previous fiscal year:

Although ULVAC, Inc., as guarantor interfered with the above financial covenant for the fiscal year ended June 30, 2012, ULVAC has obtained confirmation from the counterparty banks that they have waived their rights to request the forfeiture of benefit of term due to the noncompliance of a financial covenant clause.

Although ULVAC, Inc., also interfered with a similar financial covenant in its lease contracts for the fiscal year ended June 30, 2012, ULVAC has obtained confirmation from the counterparty leasing companies that they have waived their rights to request the forfeiture of benefit of term due to the noncompliance of a financial covenant clause.

*6. Accumulated reduction entries due to acceptance of prefectural government's grants relating to property, plant and equipment:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
Land	247	247	2,504

*7. "Inventories" and "Provision for loss on contract" relating to work contracts for which recording a loss is expected are respectively stated without offsetting each other. Of the inventories relating to work contracts for which recording a loss is expected, the amount corresponding to the provision for loss on contract is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
Work in process	5,758	2,579	26,145

b) Notes to Consolidated Statements of Income

*1. Major expense items of selling, general and administrative expenses and their amounts are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (From July 1, 2011 to June 30, 2012)	Current fiscal year (From July 1, 2012 to June 30, 2013)	Current fiscal year (From July 1, 2012 to June 30, 2013)
Employee salaries	7,671	6.978	70,746
Transfer to accrued bonuses for employees	364	245	2,487
Transfer to accrued bonuses for directors and corporate auditors	194	235	2,387
Transfer to accrued pension and severance costs for employees	571	569	5,766
Transfer to accrued pension and severance costs for directors and corporate auditors	220	123	1,247
Depreciation	1,200	1,201	12,179
Travel and transportation expenses	1,224	1,014	10,282
Commission	1,636	1,988	20,153
Research and development cost	5,245	3,888	39,417
Transfer to allowance for doubtful accounts	(208)	(100)	(1,017)
Bad debt expenses	43	—	—
Support costs for sales activities by manufacturing departments	6,558	5,588	56,654

*2. Research and development cost included in general and administrative expenses and manufacturing cost are as follows:

(Millions of yen)		(Thousands of U.S. dollars)
Previous fiscal year (From July 1, 2011 to June 30, 2012)	Current fiscal year (From July 1, 2012 to June 30, 2013)	Current fiscal year (From July 1, 2012 to June 30, 2013)
7,088	4,989	50,579

*3. Inventories are stated at the lower of the cost or net selling value as of June 30, 2013. Loss on devaluation of inventories included in cost of sales is immaterial.

*4. Transfer to provision for loss on contract included in cost of sales was as follows:

(Millions of yen)		(Thousands of U.S. dollars)
Previous fiscal year (From July 1, 2011 to June 30, 2012)	Current fiscal year (From July 1, 2012 to June 30, 2013)	Current fiscal year (From July 1, 2012 to June 30, 2013)
4,951	(4,287)	(43,470)

*5. The breakdown of business structure improvement expenses is as follows:

Previous fiscal year (From July 1, 2011 to June 30, 2012)

	(Millions of yen)
Loss on valuation and disposal of inventories	8,549
Loss on disposal of fixed assets	6,052
Impairment loss	5,107
Special additional retirement benefits, etc.	4,730
Loss on cancellation of lease contracts and others	300
Total	24,738

Current fiscal year (From July 1, 2012 to June 30, 2013)

	(Millions of yen)	(Thousands of U.S. dollars)
Loss on valuation of inventories	5,398	54,733
Impairment loss	691	7,006
Total	6,089	61,739

*6. The breakdown of impairment loss is as follows:

Previous fiscal year (From July 1, 2011 to June 30, 2012)

(1) Assets or asset groups for which impairment losses were recognized

Location	Use	Type	Impairment loss Millions of yen
Kirishima, Kagoshima Prefecture	Assets for business use (Vacuum equipment business)	Buildings and structures Machinery, equipment and vehicles Tools, furniture and fixtures, etc.	1,978
Hachinohe, Aomori Prefecture	Assets for business use (Vacuum equipment business)	Buildings and structures Machinery, equipment and vehicles Tools, furniture and fixtures, etc.	644
Suzhou, China	Assets for business use (Vacuum application business)	Machinery, equipment and vehicles Tools, furniture and fixtures, etc.	601
Hashimoto, Wakayama Prefecture, etc.	Assets for business use (Vacuum equipment business)	Buildings and structures Machinery, equipment and vehicles Lease assets, etc.	572
Kasugai, Aichi Prefecture	Idle assets	Buildings and structures Land, etc.	870
Chigasaki, Kanagawa Prefecture, etc.	Idle assets	Machinery, equipment and vehicles Lease assets, etc.	709
5 other sites	—	—	558
Total			5,933

(2) Recognition of impairment losses

As the initially anticipated revenues are no longer probable for the assets for business use, and the Group has consolidated its production facilities through such measures as integration and dismantling of idle production lines, the carrying values of fixed assets were reduced to the recoverable amounts. The reductions were recorded as an impairment loss within extraordinary losses.

(3) Grouping of assets

In applying the asset-impairment accounting, in addition to grouping assets on a reportable segment basis, the Company and its consolidated subsidiaries have separately grouped individual assets for which there are independent, identifiable cash flows, such as idle assets and assets planned to be sold.

(4) Calculation of recoverable amounts

Recoverable amounts for assets for business use located in Kirishima, Kagoshima Prefecture, Hachinohe, Aomori Prefecture, Hashimoto, Wakayama Prefecture, etc., are measured by the value in use based on the anticipated future cash flows, and the value of the assets is determined by discounting future cash flows at 5.0%. Recoverable amounts for assets for business use located in Suzhou, China, are measured by the fair value after deducting the cost of disposal for the assets.

Recoverable amounts for idle assets are determined by using the net selling value. The net selling value of the idle assets located in Kasugai, Aichi Prefecture, has been determined in accordance with real estate appraisal standards, whereas the net selling value of the idle assets located in Chigasaki, Kanagawa Prefecture, etc., has been determined as zero.

Current fiscal year (From July 1, 2012 to June 30, 2013)

(1) Assets or asset groups for which impairment losses were recognized

Location	Use	Type	Impairment loss	
			Millions of yen	Thousands of U.S. dollars
Kirishima, Kagoshima Prefecture, etc.	Idle assets	Machinery, equipment and vehicles, etc.	691	7,006

(2) Recognition of impairment losses

As the Group reviewed parts of unprofitable products and transactions as part of business structure improvement for idle assets, the carrying values of fixed assets were reduced to the recoverable amounts. The reductions were recorded as an impairment loss within extraordinary losses.

(3) Grouping of assets

In applying the asset-impairment accounting, in addition to grouping assets on a reportable segment basis, the Company and its consolidated subsidiaries have separately grouped individual assets for which there are independent, identifiable cash flows, such as idle assets and assets planned to be sold.

(4) Calculation of recoverable amounts

Recoverable amounts for idle assets are by determined using the net selling value. The net selling value of the idle assets located in Kirishima, Kagoshima Prefecture, etc., has been determined as zero.

c) Notes to Consolidated Statements of Comprehensive Income

*Amounts of recycling and the tax-effect equivalent in relation to "Other comprehensive income"

	Previous fiscal year (From July 1, 2011 to June 30, 2012) (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) Thousands of U.S. dollars
Unrealized gain (loss) on securities, net of taxes:			
Accrued in the fiscal year ended June 30, 2013	(223)	436	4,421
Amount of recycling	227	13	127
Before tax-effect adjustment	4	449	4,548
Amount of tax-effect equivalent	(43)	(53)	(539)
Unrealized gain (loss) on securities, net of taxes	(39)	395	4,009
Foreign currency translation adjustments:			
Accrued in the fiscal year ended June 30, 2013	(1,178)	7,221	73,218
Share of other comprehensive income of companies accounted for by the equity method			
Accrued in the fiscal year ended June 30, 2013	3	2	18
Total other comprehensive income	(1,214)	7,619	77,245

d) Notes to Consolidated Statements of Changes in Net Assets

Previous fiscal year (From July 1, 2011 to June 30, 2012)

1. Matters related to the type and total number of shares outstanding (Shares)

Type of stock	Number of shares at the beginning of this fiscal year	Increase in number of shares in this fiscal year	Decrease in number of shares in this fiscal year	Number of shares at the end of this fiscal year
Common stock	49,355,938	—	—	49,355,938

2. Matters related to the type and total number of treasury stock (Shares)

Type of stock	Number of shares at the beginning of this fiscal year	Increase in number of shares in this fiscal year	Decrease in number of shares in this fiscal year	Number of shares at the end of this fiscal year
Common stock	10,405	74	—	10,479

(Outline of reasons for fluctuations)
The breakdown of the increase in the number of shares of treasury stock is as follows:
Increase from purchase of less-than-one-unit shares 74 shares

3. Matters related to dividends
(1) Amount of dividends paid
Not applicable
(2) Of the dividends whose base dates belong to the fiscal year ended June 30, 2012, those whose effective dates are in the following consolidated fiscal year
Not applicable

Current fiscal year (From July 1, 2012 to June 30, 2013)

1. Matters related to the type and total number of shares outstanding (Shares)

Type of stock	Number of shares at the beginning of this fiscal year	Increase in number of shares in this fiscal year	Decrease in number of shares in this fiscal year	Number of shares at the end of this fiscal year
Common stock	49,355,938	—	—	49,355,938
Class-A preferred stock	—	1,500	—	1,500
Total	49,355,938	1,500	—	49,357,438

(Outline of reasons for fluctuations)
The increase in number of shares in this fiscal year (1,500 shares) of Class-A preferred stock represents the increase due to issuance of new shares through the allocation of new shares to a third party.

2. Matters related to the type and total number of treasury stock (Shares)

Type of stock	Number of shares at the beginning of this fiscal year	Increase in number of shares in this fiscal year	Decrease in number of shares in this fiscal year	Number of shares at the end of this fiscal year
Common stock	10,479	41	1,260	9,260

(Outline of reasons for fluctuations)
The breakdown of the increase in the number of shares of treasury stock is as follows:
Increase from purchase of less-than-one-unit shares 41 shares
The breakdown of the decrease in the number of shares of treasury stock is as follows:
Decrease due to the exclusion of an affiliate accounted for by the equity method, which held treasury stock (the Company's shares), from the scope of application of equity method 1,260 shares

3. Matters related to dividends
(1) Amount of dividends paid
Not applicable
(2) Of the dividends whose base dates belong to the fiscal year ended June 30, 2013, those whose effective dates are in the following consolidated fiscal year
Not applicable

e) Notes to Consolidated Statements of Cash Flows
*A reconciliation of the balance of cash and cash equivalents in the consolidated statement of cash flows to cash on hand and in banks included in the consolidated balance sheet

	(Millions of yen) Previous fiscal year (From July 1, 2011 to June 30, 2012)	(Millions of yen) Current fiscal year (From July 1, 2012 to June 30, 2013)	(Thousands of U.S. dollars) Current fiscal year (From July 1, 2012 to June 30, 2013)
Cash on hand and in banks	28,397	44,603	452,223
Time deposits with maturities over three months	(217)	(399)	(4,047)
Cash and cash equivalents	28,180	44,204	448,176

(Lease Transactions)

1. Finance leases (lessee)
Finance lease transactions that do not transfer ownership
1) Lease assets
(a) Property, plant and equipment
Production facilities (machinery, equipment and vehicles) and business equipment, etc. (tools, furniture and fixtures)
(b) Intangible fixed assets
Software

2) Depreciation of lease assets
As described in "4. Accounting policies (3) Depreciation and amortization of major depreciable and amortizable assets" in "Basis for Preparation of Consolidated Financial Statements."

In addition, finance lease transactions that do not transfer ownership, of which the lease term commenced on or before June 30, 2008, continue to be accounted for as operating leases. The details of such finance lease transactions are as follows:

(1) Acquisition value, accumulated depreciation and book value of leased properties would have been as follows: (Millions of yen)

	Previous fiscal year (As of June 30, 2012)		
	Acquisition value	Accumulated depreciation	Book value
Machinery, equipment and vehicles	1,748	1,240	508
Tools, furniture and fixtures	498	391	108
Other	149	140	9
Total	2,396	1,771	625

Note: Acquisition values are computed by including interest paid because the ratio of future lease payment obligations to the term-end balance of property, plant and equipment is low.

(Millions of yen)

	Current fiscal year (As of June 30, 2013)		
	Acquisition value	Accumulated depreciation	Book value
Machinery, equipment and vehicles	1,419	1,110	309
Tools, furniture and fixtures	246	187	59
Other	6	6	0
Total	1,672	1,303	369

(Thousands of U.S. dollars)

	Current fiscal year (As of June 30, 2013)		
	Acquisition value	Accumulated depreciation	Book value
Machinery, equipment and vehicles	14,386	11,255	3,131
Tools, furniture and fixtures	2,499	1,898	601
Other	62	58	4
Total	16,947	13,211	3,736

Note: Acquisition values are computed by including interest paid because the ratio of future lease payment obligations to the term-end balance of property, plant and equipment is low.

(2) Future lease payment obligations are as follows:

	Previous fiscal year (As of June 30, 2012) (Millions of yen)	Current fiscal year (As of June 30, 2013) (Millions of yen)	Current fiscal year (As of June 30, 2013) (Thousands of U.S. dollars)
Future lease payment obligations are as follows			
Due within one year	279	216	2,191
Due after one year	346	153	1,553
Total	625	369	3,744

Note: Future lease payment obligations are computed by including interest paid because the ratio of future lease payment obligations to the term-end balance of property, plant and equipment is low.

(3) Lease payments are and depreciation expenses would have been as follows:

	Previous fiscal year (From July 1, 2011 to June 30, 2012) (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) (Millions of yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) (Thousands of U.S. dollars)
Lease payments	559	267	2,704
Depreciation expenses	559	267	2,703

(4) Calculation method of depreciation expenses

Depreciation expenses are calculated using the straight-line method over the lease term without residual value.

2. Operating leases

Future minimum lease payments under noncancelable operating leases:

	Previous fiscal year (As of June 30, 2012) (Millions of yen)	Current fiscal year (As of June 30, 2013) (Millions of yen)	Current fiscal year (As of June 30, 2013) (Thousands of U.S. dollars)
Due within one year	510	337	3,415
Due after one year	366	170	1,726
Total	876	507	5,141

(Financial Instruments)

1. Status of financial instruments

(1) Policy on the use of financial instruments

As a Group policy, the Company and its consolidated subsidiaries invest funds in highly secure financial assets such as bank deposits and decide the fund-raising methods in consideration of factors such as the fund usage and financing environment. Derivatives are utilized within the limit of the outstanding balance of foreign-currency-denominated receivables/payables and the actual hedging demand thereof, and not for speculative purposes.

(2) Content of financial instruments, their supposed risks and risk management system

Trade notes and accounts receivable are exposed to customer credit risk, which is managed through our credit control. The foreign-currency-denominated operating receivables arising from our global business deployment are exposed to exchange fluctuation risk, which is partially hedged by the use of forward exchange contracts.

Investment securities are mainly stocks of companies with which the Company and its consolidated subsidiaries hold business relationships and are exposed to market price fluctuation risk. The Company and its consolidated subsidiaries, however, periodically monitor the market value of the listed stocks.

Trade notes and accounts payable normally have a required payment date within one year. Although foreign-currency-denominated operating liabilities that make up a part of trade notes and accounts payable are exposed to exchange fluctuation risk, the risk is hedged by the use of forward exchange contracts as needed.

Short-term borrowings and commercial paper within the total loans payable account are mainly used to finance general operations. Long-term debt and bonds are mainly used to finance capital investments and mostly contain contractual fixed interest rates. Although operating liabilities and loans payable are exposed to liquidity risk (risk of non-repayment on due date), the risk is managed by means such as periodically preparing and revising a cash-flow plan.

Derivative contracts entered into by the Company and its consolidated subsidiaries are forward exchange contracts used to mitigate exchange fluctuation risk pertaining to foreign-currency-denominated receivables and payables and are not used for speculative purposes. Default risk of the counterparties of the derivative contracts is deemed extremely low because the counterparties are financial institutions with high credit standing. In accordance with the internal control regulations of the Company and its consolidated subsidiaries, derivative contracts are carried out within the limit of the actual hedging demand.

(3) Supplementary information on fair values of financial instruments

Fair values of financial instruments are amounts based on market prices and include rationally determined amounts in cases where there are no market prices. As variables are factored in when determining the fair values of financial instruments, they may change if different assumptions are adopted.

The amounts of the contract values of derivatives mentioned in the note entitled “Derivative Transactions” do not reflect the market risk related to derivative financial instruments.

2. Fair values of financial instruments

Book values, fair values and their differences as of the end of the fiscal year are as follows. Financial instruments whose fair values are deemed extremely difficult to determine are not included in this table below. (Note 2)

Previous fiscal year (As of June 30, 2012)

(Millions of yen)

	Book value	Fair value (*1)	Difference
(1) Cash on hand and in banks	28,397	28,397	—
(2) Notes and accounts receivable, trade	64,806	64,806	—
(3) Investment securities			
a. Shares in subsidiaries and affiliates	1,158	392	(766)
b. Other securities	969	969	—
(4) Notes and accounts payable, trade	(30,690)	(30,690)	—
(5) Short-term borrowings	(65,801)	(65,801)	—
(6) Commercial paper	(10,000)	(10,000)	—
(7) Bonds (*2)	(60)	(60)	(0)
(8) Long-term debt (*2)	(44,373)	(44,092)	281
(9) Derivative transactions (*3)	(1)	(1)	—

(*1) The items included in liabilities are indicated in parentheses.

(*2) The book values of bonds and long-term debt include the current portion of bonds and the current portion of long-term debt, respectively.

(*3) Claims and debts arising from derivative transactions are shown on a net basis. The items for which the total is a net debt are indicated in parentheses.

Current fiscal year (As of June 30, 2013)

(Millions of yen)

	Book value	Fair value (*1)	Difference
(1) Cash on hand and in banks	44,603	44,603	—
(2) Notes and accounts receivable, trade	59,525	59,525	—
(3) Investment securities			
a. Shares in subsidiaries and affiliates	1,172	440	(732)
b. Other securities	1,358	1,358	—
(4) Notes and accounts payable, trade	(28,651)	(28,651)	—
(5) Short-term borrowings	(69,249)	(69,249)	—
(6) Bonds (*2)	(40)	(40)	(0)
(7) Long-term debt (*2)	(36,859)	(36,643)	216
(8) Derivative transactions (*3)	(191)	(191)	—

(Thousands of U.S. dollars)

	Book value	Fair value (*1)	Difference
(1) Cash on hand and in banks	452,223	452,223	—
(2) Notes and accounts receivable, trade	603,522	603,522	—
(3) Investment securities			
a. Shares in subsidiaries and affiliates	11,879	4,462	(7,418)
b. Other securities	13,774	13,774	—
(4) Notes and accounts payable, trade	(290,494)	(290,494)	—
(5) Short-term borrowings	(702,104)	(702,104)	—
(6) Bonds (*2)	(406)	(406)	(0)
(7) Long-term debt (*2)	(373,709)	(371,516)	2,193
(8) Derivative transactions (*3)	(1,937)	(1,937)	—

(*1) The items included in liabilities are indicated in parentheses.

(*2) The book values of bonds and long-term debt include the current portion of bonds and the current portion of long-term debt, respectively.

(*3) Claims and debts arising from derivative transactions are shown on a net basis. The items for which the total is a net debt are indicated in parentheses.

Note 1. Fair value measurement of financial instruments and matters regarding securities and derivatives

(1) Cash on hand and in banks
As these instruments are settled within a short term and their fair values and book values are similar, their book values are assumed as their fair values.

(2) Notes and accounts receivable, trade
As these instruments are settled within a short term and their fair values and book values are similar, their book values are assumed as their fair values. There are certain receivables that have terms greater than one year. In these cases, their book values are assumed as their fair values as their fair values and book values are similar unless customers' credit standing significantly differs.

(3) Investment securities
The fair value of investment securities is based on the prices at listed stock exchanges. For details of securities by holding purpose, please refer to the note entitled "Securities."

(4) Notes and accounts payable, trade, and (5) Short-term borrowings
As these instruments are settled within a short term and their fair values and book values are similar, their book values are assumed as their fair values.

(6) Bonds and (7) Long-term debt
The fair values are measured by discounting the total of principal and interest at a rate estimated for similar bond issuance and new loans.

(8) Derivative transactions
Refer to the note entitled "Derivative Transactions."

Note 2. Financial instruments whose fair values are deemed extremely difficult to determine

Previous fiscal year (As of June 30, 2012)

(Millions of yen)

Classification	Book value
Shares in subsidiaries and affiliates	1,399
Other securities (unlisted stocks)	533
Total	1,932

The above instruments are not included in "(3) Investment securities" because their fair values are deemed to be extremely difficult to determine as they have no market prices and their future cash flows are not estimable.

Current fiscal year (As of June 30, 2013)

Classification	Book value	
	(Millions of yen)	(Thousands of U.S. dollars)
Shares in subsidiaries and affiliates	817	8,282
Other securities (unlisted stocks)	535	5,421
Total	1,352	13,703

The above instruments are not included in "(3) Investment securities" because their fair values are deemed to be extremely difficult to determine as they have no market prices and their future cash flows are not estimable.

Note 3. The redemption schedules after the consolidated balance sheet date for monetary assets

Previous fiscal year (As of June 30, 2012)

	Within one year	Over one year and not exceeding five years	Over five years and not exceeding 10 years	Over 10 years
	(Millions of yen)			
Cash on hand and in banks	28,397	—	—	—
Notes and accounts receivable, trade	64,806	—	—	—
Total	93,203	—	—	—

Current fiscal year (As of June 30, 2013)

	Within one year	Over one year and not exceeding five years	Over five years and not exceeding 10 years	Over 10 years	Within one year	Over one year and not exceeding five years	Over five years and not exceeding 10 years	Over 10 years
	(Millions of yen)				(Thousands of U.S. dollars)			
Cash on hand and in banks	44,603	—	—	—	452,223	—	—	—
Notes and accounts receivable, trade	59,525	—	—	—	603,522	—	—	—
Total	104,128	—	—	—	1,055,745	—	—	—

Note 4. The repayment schedules after the consolidated balance sheet date for bonds and long-term debt

Previous fiscal year (As of June 30, 2012)

(Millions of yen)

	Within one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Over five years
Short-term borrowings	65,801	—	—	—	—	—
Bonds	20	20	20	—	—	—
Long-term debt	16,881	13,295	8,314	4,108	1,464	311
Lease liabilities	906	525	178	155	53	49
Total	83,608	13,840	8,513	4,263	1,517	360

Current fiscal year (As of June 30, 2013)

(Millions of yen)

	Within one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Over five years
Short-term borrowings	69,249	—	—	—	—	—
Bonds	20	20	—	—	—	—
Long-term debt	13,501	8,559	4,288	1,484	8,951	77
Lease liabilities	653	287	254	130	46	41
Total	83,422	8,866	4,542	1,614	8,997	118

(Thousands of U.S. dollars)

	Within one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Over five years
Short-term borrowings	702,104	—	—	—	—	—
Bonds	203	203	—	—	—	—
Long-term debt	136,886	86,775	43,471	15,048	90,750	779
Lease liabilities	6,616	2,991	2,580	1,321	469	418
Total	845,809	89,889	46,051	16,369	91,219	1,197

(Securities)

1. Other securities

Previous fiscal year (As of June 30, 2012)

	Type	Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with book values exceeding acquisition cost	(1) Stocks	301	237	64
	(2) Bonds			
	a. National government bonds, local government bonds, etc.	—	—	—
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	301	237	64
Securities with book values not exceeding acquisition cost	(1) Stocks	668	780	(112)
	(2) Bonds			
	a. National government bonds, local government bonds, etc.	—	—	—
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	668	780	(112)
Total		969	1,018	(48)

Notes:

1. Acquisition costs are amounts after accounting for impairment loss.
2. Unlisted stocks (533 million yen on the consolidated balance sheets) are not included in the table above since their fair values are deemed extremely difficult to determine as they have no market prices.

Current fiscal year (As of June 30, 2013)

	Type	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
		(Millions of yen)			(Thousands of U.S. dollars)		
Securities with book values exceeding acquisition cost	(1) Stocks	1,358	960	398	13,767	9,730	4,037
	(2) Bonds						
	a. National government bonds, local government bonds, etc.	—	—	—	—	—	—
	b. Corporate bonds	—	—	—	—	—	—
	c. Other	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Subtotal	1,358	960	398	13,767	9,730	4,037
Securities with book values not exceeding acquisition cost	(1) Stocks	1	1	(0)	6	8	(2)
	(2) Bonds						
	a. National government bonds, local government bonds, etc.	—	—	—	—	—	—
	b. Corporate bonds	—	—	—	—	—	—
	c. Other	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Subtotal	1	1	(0)	6	8	(2)
Total		1,358	960	398	13,774	9,738	4,036

Notes:
1. Acquisition costs are amounts after accounting for impairment loss.
2. Unlisted stocks (1,352 million yen (US$ 13,708 thousand) on the consolidated balance sheets) are not included in the table above as their fair values are deemed extremely difficult to determine as they have no market prices.

2. Other securities which were sold
Previous fiscal year (From July 1, 2011 to June 30, 2012)

(Millions of yen)

Type	Proceeds from sale	Total gains on sale	Total losses on sale
Stocks	173	89	—
Total	173	89	—

Current fiscal year (From July 1, 2012 to June 30, 2013)

(Millions of yen)

Type	Proceeds from sale	Total gains on sale	Total losses on sale
Stocks	8	3	0
Total	8	3	0

(Thousands of U.S. dollars)

Type	Proceeds from sale	Total gains on sale	Total losses on sale
Stocks	80	25	0
Total	80	25	0

3. Other securities for which impairment loss was recognized

Previous fiscal year (From July 1, 2011 to June 30, 2012)
An impairment loss of 318 million yen was recognized and charged to income as loss on devaluation of investment securities for the current fiscal year. In the accounting for impairment, an impairment loss is recognized for all securities of which the fair values as of the consolidated balance sheet date decline more than 50% from the acquisition cost, and at an amount deemed necessary for securities of which the fair values as of the same date decline between 30% and 50% in consideration of recoverability and other factors.

Current fiscal year (From July 1, 2012 to June 30, 2013)
An impairment loss of 63 million yen (US$ 639 thousand) was recognized and charged to income as loss on devaluation of investment securities for the current fiscal year. In the accounting for impairment, an impairment loss is recognized for all securities of which the fair values as of the consolidated balance sheet date decline more than 50% from the acquisition cost, and at an amount deemed necessary for securities of which the fair values as of the same date decline between 30% and 50% in consideration of recoverability and other factors.

(Derivative Transactions)
1. Derivatives in which hedge accounting is not applied
Currency-related transactions
Previous fiscal year (As of June 30, 2012)

(Millions of yen)

Classification	Type	Previous fiscal year As of June 30, 2012			
		Contract value	Over one year	Fair value	Unrealized gains (losses)
Transactions other than market transactions	Forward foreign exchange contracts				
	Sold				
	U.S. dollar	1,985	—	1,983	2
	Euro	114	—	112	2
	Bought				
	U.S. dollar	534	—	531	(3)
	Euro	20	—	18	(1)
	Pound sterling	20	—	20	(0)
Total		—	—	—	(1)

Note: Calculation of fair values
Fair values are based on the prices presented by financial institutions with which the Company does business.

Current fiscal year (As of June 30, 2013)

Classification	Type	Current fiscal year As of June 30, 2013							
		(Millions of yen)				(Thousands of U.S. dollars)			
		Contract value	Over one year	Fair value	Unrealized gains (losses)	Contract value	Over one year	Fair value	Unrealized gains (losses)
Transactions other than market transactions	Forward foreign exchange contracts								
	Sold								
	U.S. dollar	1,202	—	1,317	(115)	12,188	—	13,357	(1,169)
	Euro	86	—	99	(13)	870	—	1,006	(136)
	Bought								
	U.S. dollar	692	—	706	14	7,020	—	7,158	138
	Euro	10	—	10	0	104	—	105	0
	Pound sterling	20	—	21	1	205	—	213	8
	Korean won	1,387	—	1,310	(77)	14,059	—	13,281	(778)
Total		—	—	—	(191)	—	—	—	(1,937)

Note: Calculation of fair values
Fair values are based on the prices presented by financial institutions with which the Company does business.

(Retirement Benefit Plans)

1. Outline of adopted employee retirement benefit plans
   The Company and domestic consolidated subsidiaries provide a corporate pension plan and a lump-sum severance payment plan as defined-benefit corporate pension plans.
   Extra payments, which are not subject to the retirement benefit obligations by actuarial calculation based on retirement benefit accounting, may be added upon retirement of employees of the Company and its consolidated subsidiaries.

2. Retirement benefit obligations

(Millions of yen) (Thousands of U.S. dollars)

	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
(1) Projected benefit obligation	(20,260)	(21,728)	(220,294)
(2) Plan assets	8,389	10,804	109,543
(3) Unfunded retirement benefit obligation (1) + (2)	(11,871)	(10,923)	(110,751)
(4) Unrecognized actuarial differences	(267)	(378)	(3,837)
(5) Unrecognized prior service liabilities	(226)	(755)	(7,653)
(6) Net amount on the consolidated balance sheets (3) + (4) + (5)	(12,365)	(12,057)	(122,241)
(7) Prepaid pension cost	—	—	—
(8) Accrued pension and severance costs for employees (6) – (7)	(12,365)	(12,057)	(122,241)

Note: Some consolidated subsidiaries adopt the non-actuarial method for calculating projected benefit obligations.

3. Retirement benefit expenses

(Millions of yen) (Thousands of U.S. dollars)

	Previous fiscal year (From July 1 2011 to June 30, 2012)	Current fiscal year (From July 1, 2012 to June 30, 2013)	Current fiscal year (From July 1, 2012 to June 30, 2013)
(1) Service costs	1,821	1,708	17,321
(2) Interest cost	417	321	3,259
(3) Expected return on plan assets	(123)	88	890
(4) Amortization of actuarial differences	207	87	883
(5) Amortization of prior service liabilities	(29)	(25)	(256)
(6) Loss on a partial abolishment of the retirement benefit plan due to a mass retirement (Note)	(312)	—	—
(7) Net retirement benefit expenses	1,983	2,004	20,317

Note:
The loss was incurred as a result of adopting an accounting treatment compliant with partial abolishment of the retirement benefit plan due to a mass retirement as a result of business structure improvement. Its amount is included in “business structure improvement expenses” within extraordinary losses. In addition to the above retirement benefit expenses, 3,973 million yen of special additional retirement benefits is included in the business structure improvement expenses.

4. Basis for calculation of projected benefit obligations

(1) Method of attributing the projected benefits to periods of service: Term straight-line basis

(2) Discount rate:

Previous fiscal year (From July 1, 2011 to June 30, 2012)	Current fiscal year (From July 1, 2012 to June 30, 2013)
2.0%	2.0%

(3) Expected rate of return on plan assets:

Previous fiscal year (From July 1, 2011 to June 30, 2012)	Current fiscal year (From July 1, 2012 to June 30, 2013)
1.0%–1.5%	1.0%–2.5%

(4) Number of years for amortization of prior service liabilities: 10 years

(5) Number of years for amortization of actuarial differences: 10 years

(Deferred Tax Assets and Liabilities)

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)		(Thousands of U.S. dollars)
	Previous fiscal year (As of June 30, 2012)	Current fiscal year (As of June 30, 2013)	Current fiscal year (As of June 30, 2013)
Deferred tax assets (current)			
Inventories (unrealized gains, devaluation losses)	6,005	4,110	41,676
Accrued bonuses	401	329	3,337
Accrued warranty costs	448	462	4,685
Allowance for doubtful accounts	454	331	3,354
Provision for loss on contract	2,814	1,286	13,040
Accrued retirement benefits	1,938	2	17
Loss on disposal of fixed assets	444	18	179
Other	931	895	9,074
Subtotal deferred tax assets (current)	13,436	7,433	75,360
Provision for valuation allowance	(12,069)	(5,943)	(60,258)
Total deferred tax assets (current)	1,367	1,490	15,102
Deferred tax assets (fixed)			
Accrued pension and severance costs for employees	4,448	4,290	43,500
Accrued pension and severance costs for directors and corporate auditors	425	355	3,595
Tax loss carried forward	11,028	18,822	190,830
Devaluation loss on investment securities	543	559	5,671
Depreciation	975	634	6,427
Impairment loss on fixed assets	3,888	3,889	39,426
Other	463	599	6,070
Subtotal deferred tax assets (fixed)	21,770	29,147	295,520
Provision for valuation allowance	(19,496)	(26,849)	(272,221)
Total deferred tax assets (fixed)	2,275	2,298	23,299
Total deferred tax assets	3,642	3,787	38,401
Deferred tax liabilities (current)			
Allowance for doubtful accounts	(134)	(176)	(1,787)
Other	(364)	(12)	(121)
Total deferred tax liabilities (current)	(499)	(188)	(1,908)
Deferred tax liabilities (fixed)			
Special reserve for income tax deferred	(642)	(633)	(6,420)
Reserve of foreign subsidiary	—	(632)	(6,408)
Other	(163)	(259)	(2,630)
Total deferred tax liabilities (fixed)	(805)	(1,525)	(15,459)
Total deferred tax liabilities	(1,304)	(1,713)	(17,367)
Net deferred tax assets	2,338	2,075	21,034

2. A reconciliation of the differences between the statutory tax rate and the effective income tax rate
   As a loss before income taxes and minority interests is reported, the disclosure of notes is omitted.

(Segment Information, etc.)

[Segment Information]

1. Outline of Reportable Segments
   The reportable segments of the Company are components of the Company, about which separate financial information is available, and which are subject to regular review and evaluation by the top management decision-making body in deciding the allocation of resources and in assessing performance.
   The Company's operations are made up from segments by product and service based on business units, and its reportable segments are the "Vacuum equipment business" and the "Vacuum application business."
   The "Vacuum equipment business" is made up of products such as sputtering equipment for LCDs, organic EL production equipment, photovoltaic-cells production equipment, sputtering equipment for semiconductor production, vacuum evaporation roll coaters, vacuum pumps and measuring equipment. The business activities related to this segment are developing, manufacturing, selling and providing maintenance services for these products.
   The "Vacuum application business" is made up of vacuum application products such as sputtering target materials for LCDs, control system equipment and analyzing equipment. The business activities related to this segment are developing, manufacturing, selling and providing maintenance services for these products.

2. Method of measurement for the amounts of net sales, profit (loss), assets and other items for each reportable segment
   The accounting treatment followed by reportable segments is almost consistent with that stated in "Basis for Preparation of Consolidated Financial Statements."
   Profit of reportable segments is based on operating profit.
   "Intersegment" sales and transfers are determined based on actual market prices.

3. Information about the amounts of net sales, profit (loss), assets and other items for each reportable segment

Previous fiscal year (From July 1, 2011 to June 30, 2012)

(Millions of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Vacuum equipment business	Vacuum application business	Total		
Net sales					
Sales to outside customers	159,899	36,905	196,804	—	196,804
Intersegment	4,117	2,904	7,020	(7,020)	—
Total	164,016	39,809	203,824	(7,020)	196,804
Segment profit (loss)	(7,355)	935	(6,420)	36	(6,384)
Segment assets	193,714	54,435	248,148	1,503	249,651
Other items					
Depreciation	8,009	1,091	9,100	(4)	9,096
Increase in property, plant and equipment and intangible fixed assets	10,048	2,671	12,719	—	12,719

Notes:

1. Adjustments are calculated as follows:
   (1) The adjustments for net sales, segment profit (loss) and depreciation are the amounts of elimination of intersegment transactions.
   (2) The adjustments for segment assets are long-term investment assets (investment securities), etc.
2. Segment profit is adjusted to operating loss on the consolidated statements of income.

Current fiscal year (From July 1, 2012 to June 30, 2013)

(Millions of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Vacuum equipment business	Vacuum application business	Total		
Net sales					
Sales to outside customers	127,282	36,068	163,351	—	163,351
Intersegment	2,253	1,511	3,764	(3,764)	—
Total	129,536	37,579	167,115	(3,764)	163,351
Segment profit	5,411	588	5,998	117	6,115
Segment assets	193,163	48,233	241,396	1,893	243,289
Other items					
Depreciation	6,522	1,450	7,971	(5)	7,967
Increase in property, plant and equipment and intangible fixed assets	5,288	1,473	6,761	—	6,761

(Thousands of U.S. dollars)

	Reportable segment			Adjustments (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Vacuum equipment business	Vacuum application business	Total		
Net sales					
Sales to outside customers	1,290,503	365,694	1,656,197	—	1,656,197
Intersegment	22,845	15,318	38,163	(38,163)	—
Total	1,313,348	381,011	1,694,360	(38,163)	1,656,197
Segment profit	54,348	5,958	60,817	1,183	62,000
Segment assets	1,958,459	489,034	2,447,494	19,195	2,466,688
Other items					
Depreciation	66,122	14,697	80,819	(46)	80,773
Increase in property, plant and equipment and intangible fixed assets	53,611	14,933	68,544	—	68,544

Notes:
1. Adjustments are calculated as follows:
   (1) The adjustments for net sales, segment profit and depreciation are the amounts of elimination of intersegment transactions.
   (2) The adjustments for segment assets are long-term investment assets (investment securities), etc.
2. Segment profit is adjusted to operating loss on the consolidated statements of income.

[Related Information]

Previous fiscal year (From July 1, 2011 to June 30, 2012)

1. Information by product and service
   This information is omitted as the classification by product and service is the same as the classification by reportable segment.

2. Information by geographic region
   (1) Net sales

(Millions of yen)

Japan	China	South Korea	Taiwan	Other regions	Total
88,551	25,981	34,099	22,252	25,921	196,804

(Note) Net sales are classified into countries and regions based on geographic location of the customer.

   (2) Property, plant and equipment

(Millions of yen)

Japan	Asia	North America	Total
61,363	12,364	235	73,963

3. Information by major customer
   This information is omitted as there are no specific customers to whom net sales account for 10% or more of the net sales on the consolidated statements of income.

Current fiscal year (From July 1, 2012 to June 30, 2013)

1. Information by product and service
   This information is omitted as the classification by product and service is the same as the classification by reportable segment.

2. Information by geographic region
   (1) Net sales

(Millions of yen)

Japan	China	South Korea	Other regions	Total
73,221	28,619	28,059	33,452	163,351

(Thousands of U.S. dollars)

Japan	China	South Korea	Other regions	Total
742,380	290,169	284,485	339,162	1,656,197

(Note) Net sales are classified into countries and regions based on geographic location of the customer.

   (2) Property, plant and equipment

(Millions of yen)

Japan	China	Other Asian regions	North America	Total
56,285	8,225	6,922	376	71,808

(Thousands of U.S. dollars)

Japan	China	Other Asian regions	North America	Total
570,665	83,391	70,183	3,816	728,054

3. Information by major customer
   This information is omitted as there are no specific customers to whom net sales account for 10% or more of the net sales on the consolidated statements of income.

[Impairment loss on fixed assets by reportable segment]

Previous fiscal year (From July 1, 2011 to June 30, 2012)

(Millions of yen)

	Vacuum equipment business	Vacuum application business	Total
Impairment loss	5,331	601	5,933

Current fiscal year (From July 1, 2012 to June 30, 2013)

(Millions of yen)

	Vacuum equipment business	Vacuum application business	Total
Impairment loss	—	691	691

(Thousands of U.S. dollars)

	Vacuum equipment business	Vacuum application business	Total
Impairment loss	—	7,006	7,006

[Amortization of goodwill and remaining goodwill balance by reportable segment]

Previous fiscal year (From July 1, 2011 to June 30, 2012)

(Millions of yen)

	Vacuum equipment business	Vacuum application business	Total
Amortization during the fiscal year	—	44	44
Remaining goodwill balance as of June 30, 2012	—	133	133

Current fiscal year (From July 1, 2012 to June 30, 2013)

(Millions of yen)

	Vacuum equipment business	Vacuum application business	Total
Amortization during the fiscal year	—	44	44
Remaining goodwill balance as of June 30, 2013	—	89	89

(Thousands of U.S. dollars)

	Vacuum equipment business	Vacuum application business	Total
Amortization during the fiscal year	—	444	444
Remaining goodwill balance as of June 30, 2013	—	904	904

[Gain on negative goodwill by reportable segment]

Previous fiscal year (From July 1, 2011 to June 30, 2012)
Not applicable

Current fiscal year (From July 1, 2012 to June 30, 2013)
Not applicable

[Related party information]

Previous fiscal year (From July 1, 2011 to June 30, 2012)
Not applicable

Current fiscal year (From July 1, 2012 to June 30, 2013)
Not applicable

(Per Share Information)

	Previous fiscal year (From July 1, 2011 to June 30, 2012) (Yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) (Yen)	Current fiscal year (From July 1, 2012 to June 30, 2013) (U.S. dollars)
Net assets per share of common stock	751.00	806.38	8.18
Net loss per share of common stock	(1,012.94)	(87.79)	(0.89)

Notes:

1. Diluted net income per share for the previous fiscal year is not disclosed due to net loss per share and as no potential shares exist.
2. Diluted net income per share for the current fiscal year is not disclosed although potential shares exist, but due to net loss per share.
3. The basis for calculation of “net loss per share” is as follows:

	Previous fiscal year (From July 1, 2011 to June 30, 2012)	Current fiscal year (From July 1, 2012 to June 30, 2013)	Current fiscal year (From July 1, 2012 to June 30, 2013)
Net loss (Millions of yen / Thousands of U.S. dollars)	(49,984)	(3,807)	(38,600)
Amounts which do not belong to shareholders of common stock (Millions of yen / Thousands of U.S. dollars)	—	525	5,323
(Amount of preferred dividends included therein) (Millions of yen / Thousands of U.S. dollars)	—	(525)	(5,323)
Net loss attributable to common stock (Millions of yen / Thousands of U.S. dollars)	(49,984)	(4,332)	(43,923)
Average number of common shares during the fiscal year (Thousands of shares)	49,346	49,347	49,347
Outline of the potential shares which were not included in the calculation of diluted net income per share as they did not have diluting effect	—	1,500 shares of Class-A preferred stock	

(Subsequent Events)
Not applicable

v) (Supplementary Financial Schedule)

[Schedule of bonds and debentures]

Company	Type of bond	Date of issuance	Beginning balance (Millions of yen)	Beginning balance (Thousands of U.S. dollars)	Ending balance (Millions of yen)	Ending balance (Thousands of U.S. dollars)	Interest rate (%)	Collateral	Date of maturity
ULVAC KIKO, Inc.	First unsecured bond	March 25, 2010	60 (20)	608 (203)	40 (20)	406 (203)	0.86	Unsecured bond	March 25, 2015
Total	—	—	60 (20)	608 (203)	40 (20)	406 (203)	—	—	—

Notes:
1. The amount inside parentheses is the amount of redemption payments expected to be paid within one year.
2. Projected redemption amounts within five years after the consolidated balance sheet date are as follows:

Within one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Within one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years
(Millions of yen)					(Thousands of U.S. dollars)				
20	20	—	—	—	203	203	—	—	—

[Schedule of borrowings, etc.]

Classification	Beginning balance		Ending balance		Average interest rate (%)	Due date of repayment
	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)		
Short-term borrowings	65,801	667,146	69,249	702,104	1.3	—
Long-term debt scheduled to be repaid within one year	16,881	171,154	13,501	136,886	1.5	—
Lease liabilities scheduled to be repaid within one year	906	9,189	653	6,616	—	—
Long-term debt (excluding debt scheduled to be repaid within one year)	27,492	278,743	23,358	236,823	1.5	From September 30, 2014 to March 31, 2019
Lease liabilities (excluding liabilities scheduled to be repaid within one year)	960	9,735	759	7,699	—	From May 31, 2014 to January 31, 2020
Other interest-bearing liabilities	—	—	—	—	—	—
Total	112,040	1,135,967	107,519	1,090,129	—	—

Notes:
1. "Average interest rate" presents the weighted average interest rate against the term-end balance of borrowings.
2. "Average interest rate" for lease liabilities is not presented here because, in principle, lease liabilities are stated in the consolidated balance sheets in the amount before deducting the amount equivalent to related interest expenses, which are included in the total lease payments.
3. The projected repayment amounts of long-term debt and lease liabilities (excluding debt and liabilities scheduled to be repaid within one year) within five years after the consolidated balance sheet date are as follows.

	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years
	(Millions of yen)				(Thousands of U.S. dollars)			
Long-term debt	8,559	4,288	1,484	8,951	86,775	43,471	15,048	90,750
Lease liabilities	287	254	130	46	2,911	2,580	1,321	469

[Schedule of asset retirement obligations]

The amounts of asset retirement obligations at the beginning and the end of the current consolidated fiscal year (July 1, 2012 and June 30, 2013) were 1% or less of the total of the liabilities and net assets as of the same dates, respectively. Accordingly, as per Article 92-2 of the Regulation for Consolidated Financial Statements, this information has been omitted.

(2) [Other]
Quarterly data for the current fiscal year ended June 30, 2013

Cumulative periods	First quarter (From July 1, 2012 to September 30, 2012)	Second quarter (From July 1, 2012 to December 31, 2012)	Third quarter (From July 1, 2012 to March 31, 2013)	Current fiscal year (From July 1, 2012 to June 30, 2013)
Net sales (Millions of yen)	33,075	73,611	114,976	163,351
Income (loss) before income taxes and minority interests (Millions of yen)	(1,069)	296	2,174	(565)
Net income (loss) (Millions of yen)	(1,537)	(755)	415	(3,807)
Net income (loss) per share (Yen)	(33.81)	(20.62)	0.44	(87.79)

Accounting period	First quarter (From July 1, 2012 to September 30, 2012)	Second quarter (From October 1, 2012 to December 31, 2012)	Third quarter (From January 1, 2013 to March 31, 2013)	Fourth quarter (From April 1, 2013 to June 30, 2013)
Net income (loss) per share (Yen)	(33.81)	13.18	21.06	(88.23)

Cumulative periods	First quarter (From July 1, 2012 to September 30, 2012)	Second quarter (From July 1, 2012 to December 31, 2012)	Third quarter (From July 1, 2012 to March 31, 2013)	Current fiscal year (From July 1, 2012 to June 30, 2013)
Net sales (Thousands of U.S. dollars)	335,341	746,333	1,165,732	1,656,197
Income (loss) before income taxes and minority interests (Thousands of U.S. dollars)	(10,835)	2,996	22,047	(5,725)
Net income (loss) (Thousands of U.S. dollars)	(15,583)	(7,657)	4,213	(38,600)
Net income (loss) per share (U.S. dollars)	(0.34)	(0.21)	0	(0.89)

Accounting period	First quarter (From July 1, 2012 to September 30, 2012)	Second quarter (From October 1, 2012 to December 31, 2012)	Third quarter (From January 1, 2013 to March 31, 2013)	Fourth quarter (From April 1, 2013 to June 30, 2013)
Net income (loss) per share (U.S. dollars)	(0.34)	0.13	0.21	(0.89)

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Independent Auditor's Report

September 26, 2013

To the Board of Directors of ULVAC Inc.

We have audited the accompanying consolidated financial statements of ULVAC Inc. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at June 30, 2013, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at June 30, 2013, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended June 30, 2013 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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