Innovation Begins in a Vacuum

Annual Report 2011

Year ended June 30, 2011

ULVAC

ULVAC accelerates its efforts to develop new businesses "not driven by vacuum equipment and vacuum technologies."

ULVAC, Inc. was established in 1952 as a Japanese pioneer of businesses built on vacuum technologies. Since its establishment, ULVAC (ULVAC, Inc. and its group companies) has supplied a wide range of cutting-edge equipment based on the application of vacuum technologies, and has contributed a great deal to the growth of the Japanese and global economies over the past 60 years. In the 1990s, we captured the top share of the global market for sputtering systems for producing flat panel displays (FPDs), and we remain the leading company in this field.

ULVAC has continually expanded its business domains to a number of fields including photovoltaic cells (PVs), organic LEDs (OLEDs), semiconductors, light-emitting diodes (LEDs), secondary batteries, eco car-related businesses, and pharmaceuticals, where ULVAC provides optimal solutions. In recent years, ULVAC has been accelerating its efforts to develop new businesses "not driven by vacuum equipment and vacuum technologies" such as photovoltaic (PV) power generation/quick charging systems and material businesses, with the aim of securing stable revenues and medium- to long-term growth. With unrivaled and unique technologies as a growth engine, ULVAC develops its businesses globally, aiming to increase its corporate value in a sustainable manner.

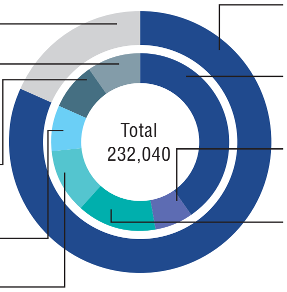
Contents

Forward-looking statements

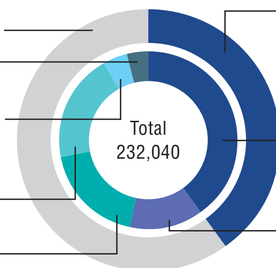
The future plans, projected figures, and other such statements contained herein represent outlooks based on information available to the management at the time of preparation of this annual report. They therefore include some risk and uncertainty, and must be used with caution as grounds for investment decisions. For example, there are latent risks and uncertainties associated with factors such as the tone of the economy, business environment, trend of consumption, competition with other firms at ULVAC, Inc. and its subsidiaries, and changes in laws and regulations. We are under no legal obligation to update information related to forward-looking statements in the future based on the latest information, nor to revise them or make public disclosure of the revisions.

Business at a Glance

Net sales by business segment in fiscal 2011



Net sales by region in fiscal 2011



Vacuum Equipment Business


FPD production equipment

Main Products

LCD production equipment (sputtering, PE-CVD, laser anneal, one-drip filling) / PDP production equipment (evaporators, sputtering, inspection equipment) / OLED production equipment / ink jet printing systems


PV production equipment

Main Products

Thin-film silicon (turnkey line, plasma CVD, sputtering, etc.) / crystalline (PE-CVD, etching, sputtering, etc.) / compound (CVD, sputtering, etc.) / photovoltaic power generation / facilities with quick chargers for EVs


Semiconductor and electronic device production equipment

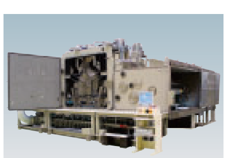
Main Products

Semiconductor (memory, power devices, etc.) (sputtering, ion implanters, ashers, metal CVD, native oxide removal equipment, etc.) / LED (sputtering, etching, evaporator, ashers, PE-CVD, etc.) / electronic component production equipment (sputtering, etching, evaporator, PE-CVD, etc.)


Components

Main Products

Vacuum pump (cryopumps, sputter ion pumps, dry pumps, etc.) / vacuum gauges / He leak detectors / gas analyzers (RGA) / surface profilers / solar cell measurement systems / etc.

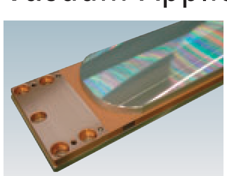



Industrial equipment

Main Products

Vacuum roll coaters (film capacitors, ITO film, etc.) / vacuum heat treatment furnaces (metal hydride, permanent magnets, etc.) / vacuum melting furnaces / rare earth magnet production equipment / vacuum sintering furnace / vacuum freeze-dryers / etc.

Vacuum Application Business




Materials

Main Products

Sputtering targets: for semiconductors (Al alloy, Cu, W, Ti, TiW, Ta, BTO, PZT, STO, etc.); for flat panel displays (ITO, SiO_2, Mo, Ta, Al alloy, IGZO, etc.); for electronic device, etc. / refractory metals & parts manufacturing / nano metal ink


Others

Main Products

Surface analytical equipment (thermal analyzer, thermophysical property measurement, scanning auger microscopes) / control systems (driving systems for industrial machines, digital control systems) / coating business (mask blanks for semiconductors and LCD)

June 2010

ULVAC registered as Japan's first JCSS accredited calibration laboratory for vacuum gauges

In recent years, compliance with the international standard ISO/IEC 17025 (JIS Q 17025) has become a requirement for vacuum gauge calibration. ULVAC was recently registered as Japan's first calibration laboratory of the Japan Calibration Service System (JCSS) by the International Accreditation Japan of the National Institute of Technology and Evaluation. ULVAC was also accredited for compliance with International Mutual Recognition Arrangements (International MRA), demonstrating that ULVAC's calibration service is world-class in both quality and technical aspects.

February 2011

ULVAC was awarded the 1st Kanagawa Excellent Global Warming Countermeasures for the development of a quick charging system for electric vehicles using photovoltaic power generation

ULVAC won the award in the Greenhouse Gas Reduction Technology Development Category of the 1st Kanagawa Excellent Global Warming Countermeasures, which was hosted by the Kanagawa Prefectural Government, for the development of a quick charging system for electric vehicles (EVs) using photovoltaic power generation.

This award demonstrated the high value placed on ULVAC's contribution to both the development of electric charge infrastructure essential to the diffusion of EVs and the wider use of natural energy.

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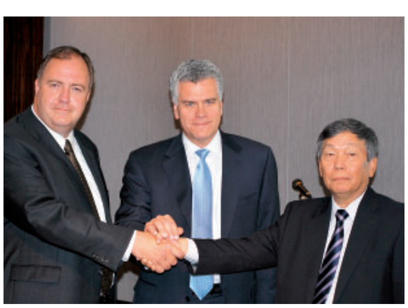
2010

July 2010

Technical collaboration with a subsidiary of SABIC Innovative Plastics Holdings BV for mass production of plasma coating technology



ULVAC and Exatec, LLC, a wholly owned subsidiary of SABIC Innovative Plastics Holdings BV, concluded a technical collaboration agreement to accelerate mass production of plasma-coated Lexan* polycarbonate (PC) automotive glazing (resin glass) at low cost. Exatec provides the automotive industry with plasma coating technology that can achieve the industry's highest weatherability and durability as well as abrasion resistance equivalent to inorganic glass.

This technical collaboration aims to integrate ULVAC's cutting-edge vacuum technology and Exatec's plasma coating system and accelerate the use of Lexan* PC resin instead of the conventional heavy glass windows for automotive glazing, which will eventually reduce automobile weight, and is expected to contribute to improving fuel consumption and reducing exhaust gas emissions.

*Trademark of SABIC Innovative Plastics IP BV

May 2011

Development of a high-efficiency, compact and portable power generation system that can generate 3 kW of electricity using hot water at 90°C

Given the tight electricity demand-supply situation after the Great East Japan Earthquake, power generation technology using untapped energy sources is highly desirable. ULVAC-RIKO, Inc. therefore developed a new system to generate power on a small scale of 3 to 12 kW using low-temperature heat sources of 150°C or below, such as industrial waste heat, heat from hot springs, and solar heat, and achieved the targeted performance. Since the system is compact and transportable by a small truck as well as low in noise and easy to install, its utilization in wide applications is expected.

July 2011

ULVAC establishes its fifth research institute in South Korea

ULVAC established the Korea Institute for Super Materials for the purpose of strengthening its presence in South Korea. This is ULVAC's fifth research institute, following the Research and Development Division, the Chiba Institute for Super Materials, the Tsukuba Institute for Super Materials, and the Institute of Semiconductor & Electronics Technologies, and it is managed as a research institute attached to ULVAC KOREA, Ltd. Since an increasing number of manufacturing equipment makers in South Korea have been emerging in recent years, ULVAC decided to establish a research institute in that country of the same level as its four institutes in Japan, to keep ahead of the competition and further strengthen relationships with customers.

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2011

October 2010

ULVAC and OPTORUN Co., Ltd. enter into a partnership for the sale of optical thin-film deposition systems

ULVAC and OPTORUN Co., Ltd. reached a basic agreement to enter into a partnership for the sale of optical thin-film deposition systems in overseas markets, which continue to expand, particularly in Southeast Asia.

OPTORUN is a Saitama Prefecture-based company specializing in manufacturing of optical thin-film deposition systems. ULVAC has acquired 13% of OPTORUN's shares and become its largest shareholder.

April 2011

Construction of a plant for large production equipment for PVs/FPDs in Suzhou, China

In China, the construction of many manufacturing plants for large liquid crystal displays (LCDs), and other essential components of LCD TVs is planned in response to measures taken by the government to stimulate domestic demand (e.g., a home appliance subsidy program for rural areas). Furthermore, China is the world leader in the production of photovoltaic cells (PVs), and demand for them is expected to further increase in the future.

In these circumstances, ULVAC decided to construct a new plant for large production equipment for PVs/FPDs on the premises of ULVAC (SUZHOU) Co., Ltd. in Suzhou, China, and construction began in April 2011. The new plant has a total floor space of 3,000 m^2 (expandable according to demand), and completion is planned in December 2011. The planned production quantity is 10 units per year in 2012 and 50 units per year in 2015.

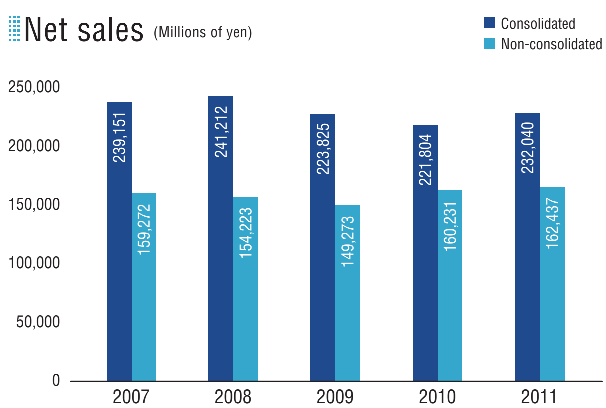
Financial Highlights

ULVAC, Inc. and its consolidated subsidiaries

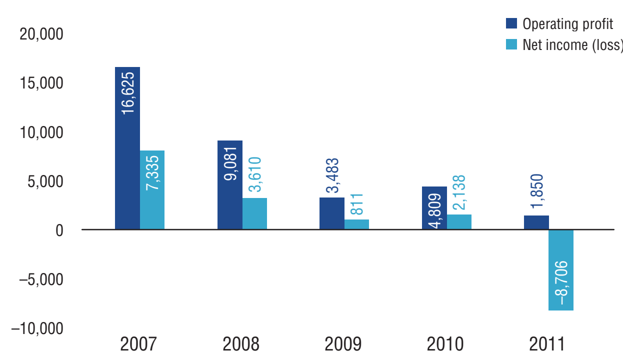
For the years ended June 30, 2010 and 2011	2010 (Millions of yen)	2011 (Millions of yen)	2011 (Thousands of U.S. dollars*)
For the year			
Net sales	¥ 221,804	**¥ 232,040**	**$ 2,874,272**
Operating profit	4,809	**1,850**	**22,911**
Net income (loss)	2,138	**(8,706)**	**(107,841)**
At year-end			
Total assets	¥ 313,784	**¥ 313,616**	**$ 3,884,755**
Total net assets	102,504	**92,023**	**1,139,890**
Per share (in yen and U.S. dollars)			
Net income (loss)	¥ 46.60	**¥ (176.43)**	**$ (2.19)**
Cash dividends	21.00	**—**	**—**

*The U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥80.73 to US$1, the approximate exchange rate as of June 30, 2011.

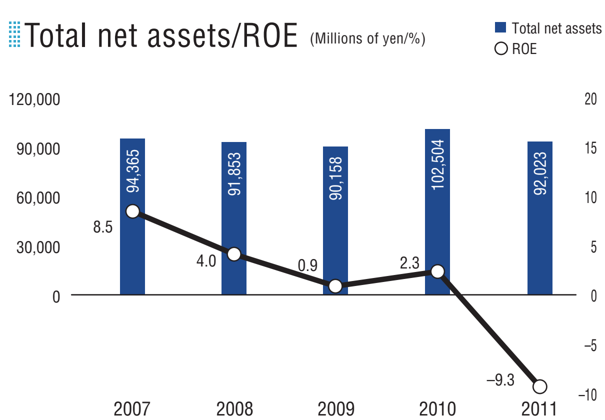
Net sales (Millions of yen)



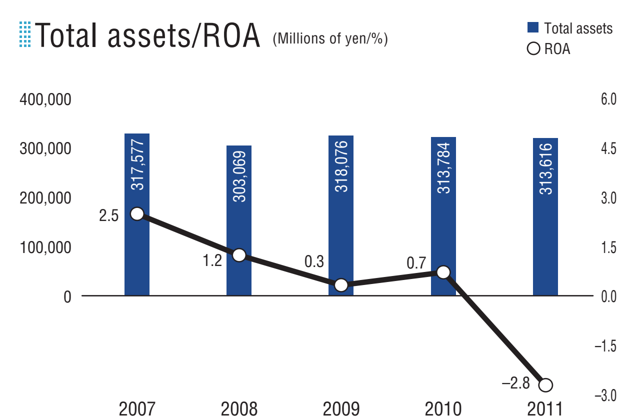
Operating profit/Net income (loss) (Millions of yen)



Total net assets/ROE (Millions of yen/%)



Total assets/ROA (Millions of yen/%)



Hidenori Suwa, President and CEO

We aim for the fast recovery of business performance through enhanced efforts to develop new businesses other than "vacuum equipment and vacuum technologies" and the expansion of our overseas business.

The consolidated business results for the fiscal year ended June 30, 2011 recorded a net loss of ¥8.7 billion. This was mainly attributable to an extraordinary loss, comprising the loss resulting from the damage caused by the Great East Japan Earthquake and the impairment loss on materials businesses and others. The nature of such losses is contingent and transient and will not affect the medium- to long-term management strategies of ULVAC.

The business environment surrounding ULVAC changes daily as the appreciation of the yen proceeds against the U.S. dollar and the euro, production bases are moved to emerging countries, and competition intensifies reflecting the emergence of competitors from South Korea, in addition to those in the United States and Europe. To respond to these environmental changes, ULVAC is engaged in developing its bases and expanding its businesses in the Asian region including China, while involving itself actively with market development in places such as the United States, Europe, India, Russia and Brazil. Alongside the businesses dependent on equipment, we have worked to expand our businesses "not driven by vacuum equipment and vacuum technologies." Specifically, we have expanded products such as quick chargers for electric vehicles (EVs), quick charging systems combined with photovoltaic power generation, and solar cell components, promoted innovation, and pursued new businesses.

ULVAC will globalize and reorganize its production structure to increase its cost-competitiveness and attempt a rapid recovery in its business performance, aiming for the long-term goals of ¥400 billion in consolidated net sales, with an operating margin of 10%.

Interview with the President

Q Please explain the scale of damage caused by the Great East Japan Earthquake and its impact on ULVAC's business performance.

A On March 11, 2011, the Great East Japan Earthquake occurred, causing serious damage in the Tohoku and Kanto regions. ULVAC products that had been manufactured by ULVAC TOHOKU, Inc. and were undergoing shipping procedures in the port of Hachinohe in Aomori Prefecture when the earthquake struck were damaged by tsunamis, and buildings of the Tsukuba Institute for Super Materials and some group companies likewise suffered damage. Accordingly, an extraordinary loss of ¥3.4 billion was posted for the consolidated results of fiscal 2011, ended June 30, 2011. The earthquake had no major impact on the production system of ULVAC, and parts and materials continue to be procured without problems. The losses were processed in the closing of accounts for fiscal 2011, and I believe there will be no impact on business performance in fiscal 2012.

Q Please tell us about the business environment and performance for fiscal 2011.

A With respect to flat panel displays (FPDs), business was slow in the market for large liquid crystal display (LCD) TVs. On the other hand, against the background of robust sales of mobile devices such as smartphones and tablet PCs, capital expenditure in facilities for small to medium-sized touch panels, low-temperature polysilicon (LTPS), organic LEDs (OLEDs), and antifouling coatings expanded and supported the revenue of the FPD business. Sputtering roll coaters also contributed to the business results. As for the PV turnkey production line, the price competitiveness of thin-film solar cells (TFSCs) declined, which dampened investment in facilities and equipment for amorphous silicon. Nevertheless, ULVAC has also emphasized development and commercialization of crystal-silicon-type and compound-type solar cell production equipment, and succeeded in minimizing the negative influence of declining demand for amorphous silicon.

In these market conditions, ULVAC engaged actively in business expansion, focused on overseas business. As a result, consolidated net sales for fiscal 2011 increased by 4.6% on a year-on-year basis to ¥232.0 billion; this was offset, however, by bad debt expense on the PV turnkey production line for South Korea, and operating profit declined by a large amount. Furthermore, we recorded an extraordinary loss, comprising the loss due to damage caused by the Great East Japan Earthquake and the impairment loss on materials businesses and the mask blanks business. All of these factors resulted in a net loss. The management of ULVAC takes responsibility for these results, and we will resolutely continue our managerial efforts to achieve a rapid recovery in business performance.

Q How are the post-FPD strategy and businesses other than “vacuum equipment and vacuum technologies” evolving?

A ULVAC is promoting two strategies: (1) a post-FPD strategy for expansion into the new growth areas following FPD, and (2) a strategy of business “not driven by vacuum equipment and vacuum technologies,” adding new products and businesses other than “vacuum equipment and vacuum technologies” to the existing business model that relies on equipment. In fiscal 2011, the post-FPD strategy resulted in an increase in orders received and sales of LEDs and power semiconductor-related fields.

In businesses other than “vacuum equipment and vacuum technologies,” the PV power generation and quick charging system for the EV business showed favorable growth even though its contribution to sales is still small, with a rise in orders received from Japanese government offices and corporations. For the fiscal year ending March 31, 2012, we expect expanded sales in global markets centered on countries that adopt CHAdeMO (CHArge de MOve) standard technology. For PVs that are attracting attention as a clean energy, development of power conditioners expected to contribute to ULVAC’s future earnings is entering the final development phase.

Q Please tell us about the basic policies of global development and actions taken during fiscal 2011.

A Research and development is conducted in Japan and other technologically advanced countries where various components and materials are readily available and the infrastructure for development is well advanced, while operations related to mass production are concentrated at overseas sites near areas of final consumption. This is our basic strategy. Following this strategy, we actively invested management resources in development and enhancement of overseas bases during fiscal 2011.

In China, where growth is expected to continue, construction of a plant to manufacture large equipment for PVs/FPDs was begun in Suzhou. Construction is scheduled for completion in December 2011, and an annual production of 50 units is planned by 2015. Chinese production of FPDs, PVs, power semiconductors and LEDs is projected to expand into the future as well, and such business development in China to supply production equipment of various types to meet growing demand will account for a significant share of ULVAC's business.

In South Korea, the Korea Institute for Super Materials, the fifth research institute for ULVAC, was established in Pyeongtaek-si, Gyeonggi-do, in July 2011. Samsung, LG and many other leading companies in the electronics industry have bases in South Korea. Our motivation for establishing a research institute there is to obtain the seeds of technology provided by such leading firms and to commercialize them with agility, and to further boost ULVAC's technological level through joint development with customers.

We are also building a foothold in India, where significant future growth is expected, by communicating with local companies. Emerging economies such as India and Brazil are huge areas of final consumption, and the manufacturing of consumer goods is projected to rapidly expand there. ULVAC succeeded in obtaining the first-mover advantage in China and South Korea by entering such markets ahead of competitors. In India and other countries and regions, we will become a pioneer, not a follower, in entering those markets.

Q What measures have you implemented to expand profitability?

A ULVAC's business environment is increasing in severity due to factors such as the rapid strengthening of the yen and the emergence of competitors in Asia and Europe. To respond quickly to environmental changes and further boost earnings capacity, ULVAC is continuing its efforts to globalize businesses and develop differentiated products drawing on its unique technologies.

To increase profitability, we are also working to realize simplification, commonization and standardization. More specifically, equipment designs are simplified to reduce the numbers of parts and design processes; equipment platforms are shared across the company to expand the procurement amount for each part and component; and designs are standardized to facilitate a proposal-type approach to customers. By promoting such activities, we will achieve further cost-reduction, and maintain and strengthen the competitiveness of our products.

Q Would you like to give a message to your shareholders?

A Taking into account the business results, we decided to forgo a year-end dividend for fiscal 2011. I would like to express our deepest regrets to the shareholders and promise to focus our efforts on recovery toward early resumption of dividend payments.

Although the business results for fiscal 2011 were severe, the foundations for future growth are being steadily put in place. We recorded positive free cash flow for the second consecutive fiscal year, thereby further strengthening our financial soundness. We are raising the sophistication of the production system and promoting new businesses "not driven by vacuum equipment and vacuum technologies," all of which speeds up the pace of building a foundation for solid revenues. ULVAC will keep refining its "DNA" of unique technologies, aiming for increased corporate value.

In this regard, we appreciate the continued support of shareholders, investors, customers, suppliers, communities and other stakeholders.

In recent years, against the backdrop of rapid economic growth in emerging economies, electricity consumption in major countries has been steadily increasing and people are viewing energy in a new light.

Over the past 10 years, especially in the world's booming economies, electric power generation has been expanding at an explosive pace, but power shortages have worsened because the consumption of electricity exceeds its growth.

ULVAC is contributing to building a sustainable society through the active development of its energy and environment-related business.

Now that we have entered the 21st century, sometimes called the "century of the environment," promoting resource and energy saving and creating renewable energy are essential to preventing global warming and preserving the environment. Based on its cutting-edge technology cultivated through the development of vacuum equipment, ULVAC provides a variety of solutions in three areas related to energy: namely "saving," "creation," and "storage." Especially in the LED market, which is growing rapidly centered in Asia, we promote continuous innovation to realize further advanced manufacturing equipment and are also focusing our efforts on further strengthening the network throughout Asia connecting Japan, China, South Korea, and Taiwan.

(1) The world energy situation

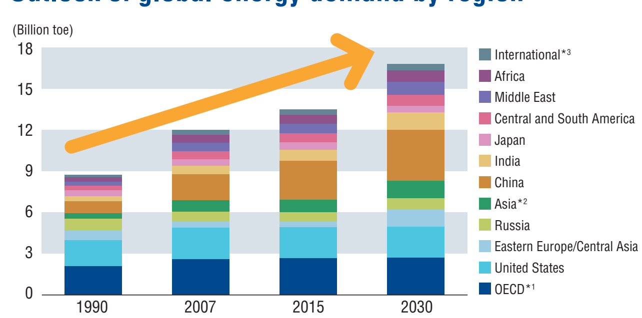
World electricity consumption continues to grow, particularly in emerging countries such as China and India.

World energy consumption is expanding in line with population growth and economic development. Primary energy consumption, which stood at 3.8 billion toe (tonnes of crude oil equivalent) in 1965, reached 11.3 billion toe in 2008.

Usage of electricity, a major form of energy, is also rising. The growth rate of electricity consumption is extremely high, particularly in emerging countries such as China and India, where rapid economic growth continues, and serious shortages of electricity are being caused by an increasing amount of usage that exceeds the supply capacity. Furthermore, most of the energy resources used for power generation and automobiles are fossil fuels such as oil, coal, and natural gas, for which there is a finite amount of reserves. In addition, in the process of burning fossil fuels, a large amount of carbon dioxide is emitted, and this causes global warming.

To promote resource and energy saving to effectively utilize limited resources. To expand the use of renewable energy, including photovoltaic power generation and promote broad use of electric vehicles (EVs) and hybrid cars to break the excessive dependence on fossil fuels. To accelerate the development of secondary batteries to store electricity. These are common issues for all humanity that need to be addressed to build a sustainable society. Seeing these issues as business opportunities, ULVAC has been engaged in pioneering R&D in the relevant energy and environmental areas.

Outlook of global energy demand by region



Notes: *1. Excluding Japan and the United States.
*2. Excluding Japan, China, India and South Korea.
*3. Fuel for international maritime and air transportation.

Source: IEA/World Energy Outlook 2009

(2) Three perspectives of energy

We provide optimum solutions in the three key areas of “saving,” “creation,” and “storage.”

ULVAC looks at various issues concerning energy, such as the effective use of resources and the development of alternative forms of energy to oil, from three perspectives. The first is the efficient use of energy (energy-saving). The second is the creation of clean energy (energy creation). The third is the storage of energy so that it can be used as necessary (energy storage). ULVAC proposes optimum solutions making the most of its original technologies in each of these three areas.

First, in terms of energy-saving, we provide various types of cutting-edge equipment, including sputtering systems and dry-etching systems, for the respective markets of LEDs that contribute to reducing power consumption, eco cars such as EVs and hybrid cars, and power semiconductors that control power sources and supply electricity.

Second, regarding energy creation, we provide an integrated production line for thin-film silicon solar cells (TFSCs) as a turnkey solution, comprehensively covering material supply and production guidance for solar panels as well as maintenance services. We lead the world in TFSC production equipment using film deposition technology such as sputtering, which was cultivated in the development of FPD production equipment. Our variety of lineups is also available to meet all kinds of needs, including those for crystal-silicon (c-Si)-type and compound-type (CIS, CIGS) cells.

Third, for energy storage, we collaborate with battery and material manufacturers to commercialize thin and high-performance secondary batteries. We have established the world’s first integrated mass production technology for thin-film lithium secondary battery production and also participate in the development of next-generation electricity storage systems.

Three perspectives of energy and ULVAC’s involvement

The value that ULVAC provides

Saving

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Energy-saving

LED-related

Eco car-related

◎EVs ◎Hybrid cars

Power semiconductor-related

Contribution through technologies such as sputtering systems and dry-etching systems in which ULVAC excels

Creation

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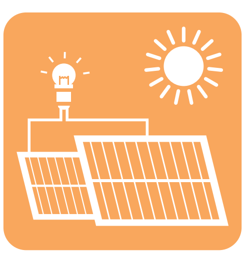
Energy creation



Photovoltaic power generation-related

◎Thin-film type

◎Crystal-silicon (c-Si) type

◎Compound type (CIS, CIGS)

A variety of lineups accommodating all types of solar cells, including an integrated production line for TFSCs

Storage

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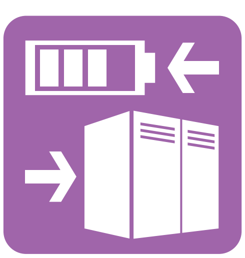
Energy storage



Secondary battery-related

Provision of the world’s first integrated mass production technology in the field of thin-film secondary battery production as well as collaboration in developing next-generation power storage systems and others

Among energy-saving products, we are currently focusing on LEDs that are familiar in our daily lives.

Increasing demand for LEDs due to their energy-saving properties

LED lighting has several advantages over conventional lighting.

Characteristics of LED lighting

Longer life	Longer life than incandescent lamps and fluorescent lights; labor-saving for replacement and maintenance is reduced.
Power-saving	Consumes less electricity. It is possible to dim and adjust light.
Low heat emission	No radiating of infrared rays or ultraviolet rays. No heat build-up, and high insect repelling properties.
Mercury free	Contributes to conservation of the environment.
High intensity	No flickering. Clear image.
Instruments can be made smaller and thinner	Contributes to resource-saving and increased design freedom.

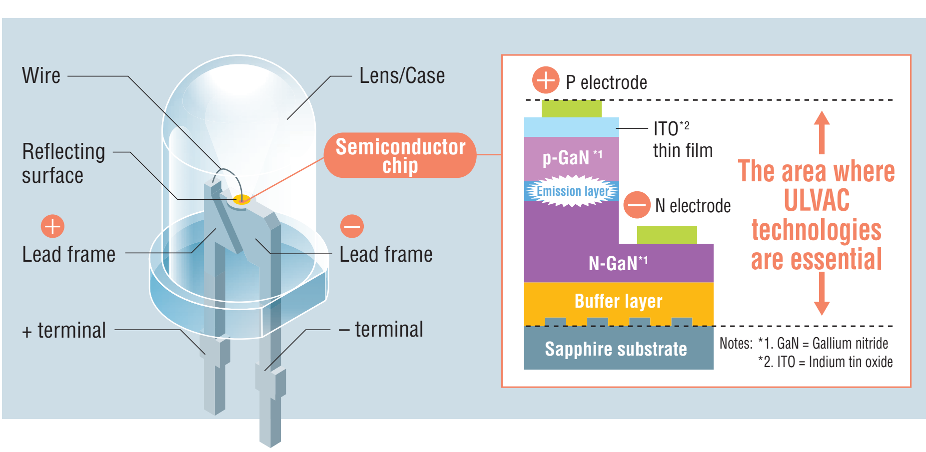
Although the challenge of high cost has yet to be overcome, LED lighting is being purchased to replace conventional lighting modes such as incandescent and fluorescent in countries where power shortages are increasingly severe. This change is particularly prominent in countries where power demand is rising such as China and India, as well as in Japan.

(3) The rapidly growing world LED market

ULVAC's technology has been adopted as a core part of LED production.

Measures for energy-saving are increasingly being taken on a worldwide basis, and LEDs are playing a major role. While LEDs have been used in a range of products such as mobile phones, notebook PCs, and LCD TVs, since the beginning of the 21st century, their application to lighting has rapidly expanded for the past several years. With various advantages, such as low power consumption, long life, low heat emission, no mercury content, high brightness, and compactness, LED lights are increasingly replacing electric bulbs and fluorescent lights, particularly in those countries facing a shortage of electricity, such as China and India. China is now promoting the “Ten Thousand LED lights in Ten Cities” project aiming at the large-scale use of LED street lamps, and the ratio of LED lights in China is expected to exceed 50% in 2015.

While LEDs comprise a light-emitting element, wires, a lead frame, and a lens case, the light-emitting element (semiconductor chip) plays the major role, for which buffer and emission layers are built up on a sapphire substrate. In the process of manufacturing this element, ULVAC's dry-etching system, vacuum evaporation equipment, sputtering equipment and other equipment are used. Customer trust has been gained on a wide range of lineups compatible with various substrates of 2 to 6 inches, high quality backed by leading-edge R&D, and a local support network that fully assists with the production of the elements, winning us recognition as a leading company in the major markets. The number of companies to which ULVAC has delivered LED-related equipment to date has reached 19 companies in China, eight in South Korea, and nine in Taiwan. According to our research, ULVAC accounted for over 40% of etching systems and over 70% of vacuum evaporation equipment delivered to LED manufacturing companies in China.



(4) Issues with LED and measures taken by ULVAC

We are striving to realize higher-performance production equipment and to globalize the production system.

While the LED market is growing rapidly, a number of issues remain to be resolved for the further diffusion of LEDs. Of these, the issues in which ULVAC is most heavily involved are firstly to realize the higher performance and lower price of LEDs on the related equipment side, and secondly to establish a global supply network by improving and expanding the development and production facilities of production equipment in the major LED production countries: namely, China, South Korea, Taiwan, and Japan.

To address the first issue, we are taking measures to achieve a higher output to further increase the brightness of LEDs. To correct the high price that hampers the diffusion of LEDs, production efficiency must be improved to reduce the cost. ULVAC is promoting the achievement of a higher performance level for production equipment and promptly dealing with the automated production of larger-sized substrates as well, thus meeting the sophisticated needs of customers for production equipment through advanced innovation.

As for the second issue (to establish a global supply network), we are striving to expand development and production facilities in East Asia, which is the main area of LED production and consumption. Already in China, ULVAC Research Center SUZHOU Co., Ltd. is playing the role of developing LED production equipment for users in China, and ULVAC (SUZHOU) Co., Ltd. is engaged in its production. In the future, we will establish systems to locally research and develop, produce, and sell equipment in South Korea and Taiwan in addition to China, and strengthen cooperation throughout Asia, with Japan as the core country.

ULVAC will continue to meet social needs for resource and energy saving by further expanding its LED business.

Issues with LED and ULVAC's solutions

Challenges involving LED production equipment

To respond to the sophisticated needs of customers concerning LED production equipment, ULVAC will promote innovation.

Increase in luminance for higher brightness

Further improvement in production efficiency to reduce manufacturing cost

Maximizing output

Lowering cost

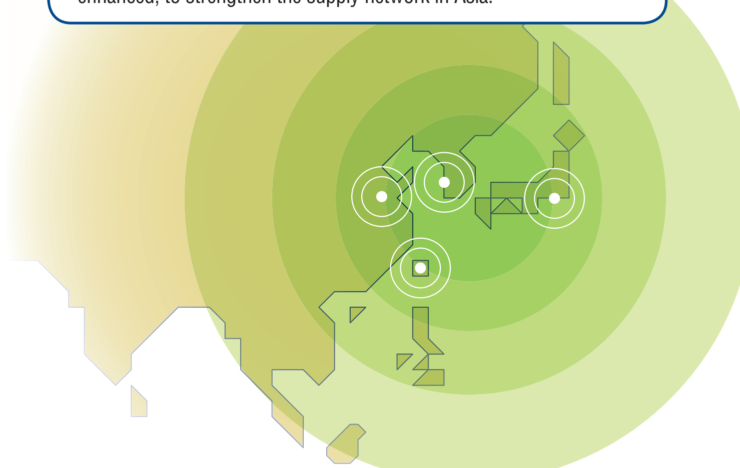
Automating production of larger-sized substrates

Innovation (technologies)

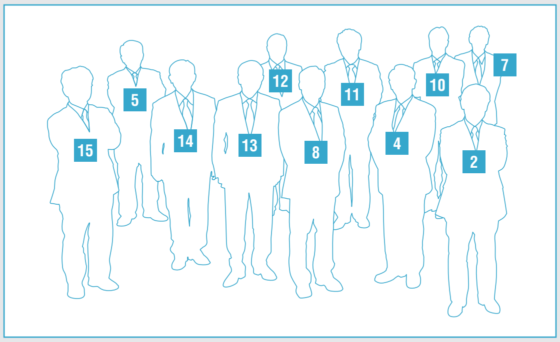
Establishment of the supply network in Asia

With Japan at the core, links across Asia will be strengthened.

To meet growing demand for LEDs in countries such as China, South Korea and Taiwan, local R&D, production and sales structures will be enhanced, to strengthen the supply network in Asia.



Board of Directors and Auditors



1 **Dr. Kyuzo Nakamura**
Chairman

2 **Hidenori Suwa**
President and CEO

3 **Yoshio Sunaga**
Executive Vice President
Materials Group

4 **Dr. Hiroyuki Yamakawa**
Senior Managing Director
ULVAC COATING CORPORATION

5 **Junki Fujiyama**
Director
Semiconductor & Electronics Equipment Global BU

6 **Takeo Kato**
Director
Procurement Center

7 **Yoshifumi Sato**
Director
Accounting Department

8 **Mitsuru Motoyoshi**
Director
Management Planning Department & Investor Relations

9 **Dr. Narishi Gonohe**
Director
Semiconductor Equipment Div.

10 **Masasuke Matsudai**
Director
Flat Panel Display Equipment Div.

11 **Hideyuki Odagi**
Director
Advanced Electronics Equipment Div.

12 **Hiroyuki Hirano**
Director
Industrial Equipment Div.

13 **Masatoshi Yamamoto**
Director
Corporate Sales Div.

14 **Takao Nakamura**
Director
Chief Financial Officer

15 **Dr. Kazuya Saito**
Director
Chiba Institute for Super Materials

16 **Setsuo Iwashita**
Director
ULVAC (China) Holding Co., Ltd.

17 **Kiyoshi Ujihara**
External Director
Nippon Life Insurance Company

18 **Yoshinobu Nakano**
External Director
Inabata & Co., Ltd.

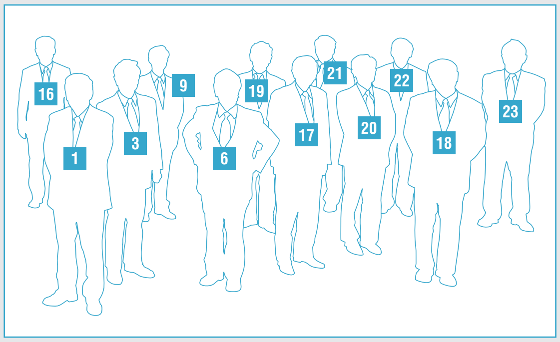
19 **Nobuo Ohi**
Corporate Auditor

20 **Hironobu Machidori**
Corporate Auditor

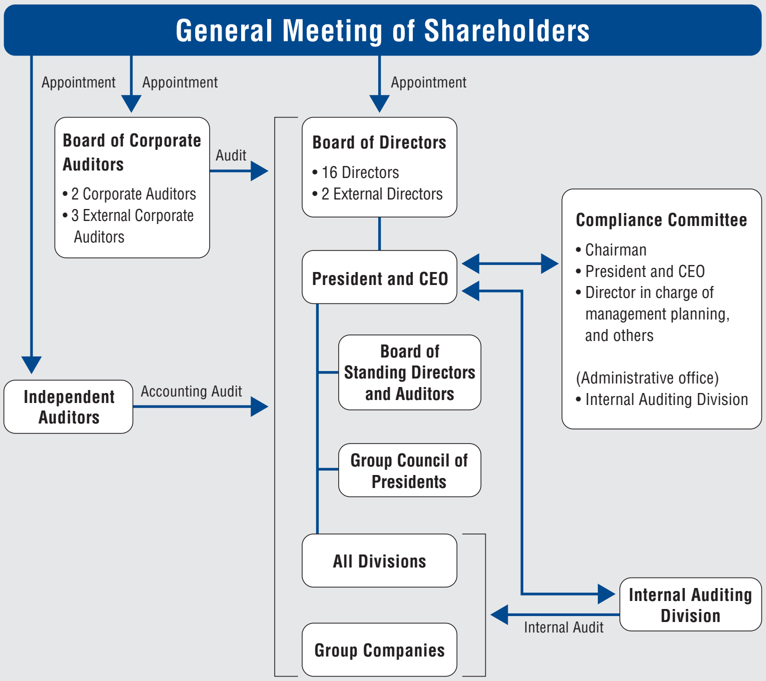
21 **Senshu Asada**
External Corporate Auditor

22 **Takao Nonaka**
External Corporate Auditor

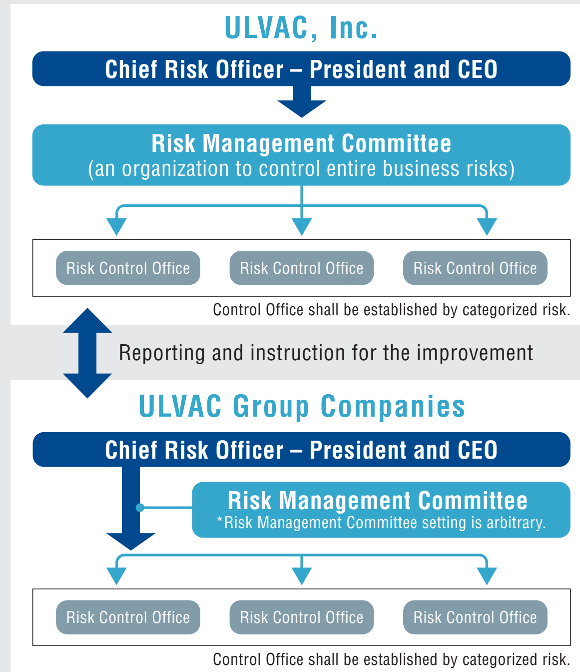
23 **Susumu Sakaguchi**
External Corporate Auditor



ULVAC Management Structure



Risk Management System



We aim to ensure fairness and neutrality, transparency and flexibility in corporate management.

The ULVAC Group defines corporate governance as competitive and efficient corporate management through strict observation of corporate ethics and compliance, and acknowledges it as one of the most important management tasks to fulfill corporate responsibilities to society and shareholders.

The Board of Directors, which is established as a collegial body to discuss issues of particular importance in the conduct of operations, holds regular meetings on a monthly basis and extraordinary meetings as the occasion calls for to secure flexibility. The Board of Directors comprises 18 members, two of whom are external directors. To supplement the Board of Directors in the conduct of operations, the Board of Standing Directors and Auditors has been established, and holds regular meetings twice a month as well as occasional adhoc meetings. With such arrangements in place, we have implemented a flexible system for the conduct of operations that supports careful deliberation and rapid response.

Concurrently, a Board of Corporate Auditors has been established to oversee the conduct of operations. The Board of Corporate Auditors comprises five members, three of whom are external auditors. Independent directors are selected from among external auditors to enhance monitoring and control functions. In addition, the Board of Corporate Auditors liaises closely with the Internal Auditing Division and accounting auditors responsible for internal auditing to ensure that independence is secured. In this way, auditing functions such as strict monitoring of management and securing of fairness and neutrality, and transparency, are enhanced.

Furthermore, the ULVAC Group has put in place a systematic compliance framework by establishing Compliance Regulations and related rules to promote stricter compliance procedures. In accordance with this compliance framework, systems for operating the Compliance Committee and Compliance Violation Reporting System have been prepared. In addition, the Corporate Code of Conduct, comprising 18 items describing the behavioral standards for each and every employee, has been enacted to make sure that the spirit of compliance permeates the entire Group. A booklet describing the contents of the Code of Conduct is distributed to all employees following an explanation of it.

The ULVAC Group is reinforcing its risk management system, aiming to enhance its corporate value.

The ULVAC Group is enhancing a system that facilitates appropriate and prompt action through the identification, classification, analysis and evaluation of increasingly complex and diversified risk factors. By organically linking this risk management system with our strategic business administration, we seek to achieve even greater corporate value. Also, to ensure that there are common rules across the ULVAC Group, the ULVAC Risk Management Policy has been enacted, and the president of each Group company serves as chief executive, sharing risk information among relevant departments and sections. For risk factors deemed important, there is a system for such information to be quickly transmitted to the president of ULVAC Inc. by the presidents of the Group companies. Furthermore, from the perspective of review of the risk management system, the Risk Management Committee chaired by the president, comprising members of departments responsible for risk control, is convened semiannually as a supervising organization, to set out company-wide basic policies and improve management and operations.

The ULVAC Group builds and maintains good relationships with a number of stakeholders.

As part of its CSR, the ULVAC Group's goal is to contribute to science, technology and industry with its unique cutting-edge technologies. To achieve this, we develop and maintain positive relationships with all our stakeholders.

In R&D and production, we provide ULVAC quality products to customers through the strict operation of criteria and a certification system for use of the ULVAC brand, while promoting a sophisticated quality management system drawing on risk analysis and feedback. Additionally, we secure optimization of materials and distribution by maintaining proper, fair and equal trade relationships with suppliers. In fiscal 2011, the systems evaluating quality of suppliers' operational bases were integrated into a new system called the "supplier certification system."

The support of shareholders and investors is essential for ULVAC to expand its operations globally. The percentage of foreign shareholders, which has been rising since fiscal 2006, stood at 23.8% at the end of fiscal 2011. To respond to this trend, ULVAC actively participates in IR conferences for overseas institutional investors, holds road shows abroad on an as-needed basis, and focuses on the realization of smooth IR communication.

Moreover, we believe that technological innovation requires a free and level organization. ULVAC, Inc. emphasizes the building of a free and open-minded corporate culture and workplaces underpinned by a fair personnel system where diverse human resources can be fully utilized.

The ULVAC Group contributes to ensuring environmentally sustainable growth and development for society with its proprietary cutting-edge technologies.

The ULVAC Group works on global environmental protection and building of a sustainable society in three ways: providing technologies contributing to the environment, providing environmentally friendly products, and protecting the environment during the manufacturing process.

With respect to the provision of technologies contributing to the environment, based on our unique technologies related to renewable energy, resource-saving and energy-saving, we develop and supply production equipment for PVs, LEDs, OLEDs, thin-film lithium batteries, film capacitors for hybrid cars, power semiconductors and others. In addition, our quick charging system for EVs, combining PV power generation/wind power generation with batteries, is attracting attention as a new solution against global warming.

Regarding provision of environmentally friendly products, we implement strict management of chemical agents used in various stages of R&D as well as production of products and components, and are also working to abolish hazardous substances—cadmium, hexavalent chromium, mercury, lead, polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs)—designated by the RoHS directive. As of the end of fiscal 2011, 2,731 products conformed to the RoHS directive.

As to environmental protection in production activities, we vigorously pursue the control of energy usage and the reduction of CO_2 emissions. Mainly because of expanding overseas production, both energy usage and CO_2 emissions increased in fiscal 2011 from the level of the previous fiscal year, but we continue to promote efficient use of energy, aiming for improved environmental performance. In the field of industrial waste management, each year ULVAC consistently reduces the ultimate disposal amount, and in fiscal 2010 we achieved a reduction of 2.0%.

In July 2011 the ULVAC Group established the Global Environmental Management Committee in order to expand its business globally.

FTSE4Good

ULVAC was chosen as a constituent stock of the FTSE4Good Global Index again.

ULVAC has been chosen as a constituent stock of the FTSE4Good Global Index since 2007, which is a Responsible Investment (RI) index set up by FTSE Group*.

The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards, and to facilitate investment in those companies.

FTSE Group's qualification standards call for (1) working towards environmental sustainability, (2) developing positive relationships with stakeholders, (3) upholding and supporting universal human rights, (4) ensuring good supply chain labor standards, and (5) countering bribery.

The component stocks incorporated in the FTSE4Good Index Series are accredited as those of companies which satisfy internationally approved social and environmental corporate responsibility action standards.

*FTSE Group is owned by The *Financial Times* and London Stock Exchange.

ULVAC supports the TABLE FOR TWO activities and participates in this program through the Company cafeteria at the Chigasaki Plant.

©TABLE FOR TWO

ULVAC, Inc. and its consolidated subsidiaries

For the years ended June 30	2006	2007	2008	2009	2010	2011	2011
	Millions of yen						Thousands of U.S. dollars*
For the year							
Net sales	¥ 212,454	¥ 239,151	¥ 241,212	¥ 223,825	¥ 221,804	**¥ 232,040**	**$ 2,874,272**
Gross profit	41,577	46,451	46,120	39,691	40,617	**44,952**	**556,824**
Operating profit	14,796	16,625	9,081	3,483	4,809	**1,850**	**22,911**
Net income (loss)	8,102	7,335	3,610	811	2,138	**(8,706)**	**(107,841)**
At year-end							
Total assets	¥ 269,401	¥ 317,577	¥ 303,069	¥ 318,076	¥ 313,784	**¥ 313,616**	**$ 3,884,755**
Total net assets	87,627	94,365	91,853	90,158	102,504	**92,023**	**1,139,890**
Per share (in yen and U.S. dollars)							
Net income (loss)	¥ 188.87	¥ 170.99	¥ 84.16	¥ 18.90	¥ 46.60	**¥ (176.43)**	**$ (2.19)**
Cash dividends	37.00	47.00	21.00	21.00	21.00	**—**	**—**
Ratios (%)							
Shareholders' equity ratio	30.7	28.4	29.1	26.4	31.3	**28.1**	
ROE	10.3	8.5	4.0	0.9	2.3	**(9.3)**	
ROA	3.3	2.5	1.2	0.3	0.7	**(2.8)**	
Number of employees	5,150	5,543	6,356	6,871	7,169	**7,878**	

*The U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥80.73 to US$1, the approximate exchange rate as of June 30, 2011.

Business Results

During the fiscal year under review, the Japanese economy faced severe conditions due to a drop in personal consumption and stagnant production as a result of the Great East Japan Earthquake, as well as the continued appreciation of the yen, even though capital expenditure in the private sector showed signs of gradual recovery against the backdrop of improved corporate earnings supported by growth of emerging countries. In the United States, full-fledged recovery of the economy was yet to be seen due to the delay in improvement of the job market and sluggish personal consumption. In Europe, insecurity surrounding the financial system and the delay in the improvement of the job market negatively affected the economy, which remained in a severe condition. The Chinese economy continued to grow, although both imports and exports stagnated and the pace of growth gradually slowed.

Under these circumstances, in the flat panel display (FPD) industry, in which ULVAC's main customers are involved, while some LCD panel manufacturers reduced production or postponed capital expenditure schedules due to the struggling large-TV market, sales of mobile devices including smartphones and tablet PCs remained robust. Centered on the Asian region, new capital expenditure for small to medium-sized LCDs and organic LEDs (OLEDs) started in full swing. In the semiconductor industry, capital and equipment investment remained strong thanks to the growing demand for memory generated by the increasing demand for mobile equipment such as smartphones and tablet PCs, despite slightly sluggish demand for PCs. In the energy and environment-related industries, amid efforts to reduce greenhouse gas emissions, demand continued to grow for energy devices such as light-emitting diodes (LEDs), power semiconductors and secondary batteries, as well as solar cells and eco cars including hybrid and electric vehicles (EVs).

To prevail in this operating environment, ULVAC enhanced the competitiveness of its existing products including semiconductor production equipment and FPD production equipment, and also aggressively promoted its growth strategy, the post-FPD strategy. Furthermore, new businesses "not driven by vacuum equipment and vacuum technologies" were expanded on top of existing businesses dependent on equipment. Specifically, products such as a quick charger for EVs, a quick charging system for EVs combined with photovoltaic power generation, and solar cell components were expanded while innovation was encouraged in our efforts to promote new businesses.

With respect to profitability, amid sustained requests for price reductions from customers, the continued appreciation of the yen, and severe price competition from other Asian manufacturers of production equipment, we streamlined fixed costs by trimming expenses across the Group as well as cutting back capital expenditure. Additionally, we pushed ahead with cost curtailment by implementing production innovations including standardization, promotion of a global production structure including the transfer of production bases to overseas locations, and an increase in production efficiency.

Consequently, for the consolidated performance during the fiscal year under review, orders received increased by ¥14,227 million or 6.4% year on year to ¥235,932 million (US$2,922,484 thousand) and net sales rose by ¥10,236 million or 4.6% year on year to ¥232,040 million (US$2,874,272 thousand). However, for consolidated profit and loss, because the receivable for a thin-film silicon solar cell (TFSC) turnkey production line to South Korea became uncollectible, bad debt expenses of ¥3,697 million (US$45,791 thousand) and an allowance of ¥868 million (US$10,752 thousand) for doubtful accounts as a result of the increased provision percentage were posted, and operating profit decreased by ¥2,960 million or 61.5% year on year, to ¥1,850 million (US$22,911 thousand). In addition to a loss of ¥3,419 million (US$42,346 thousand) for the damage caused by the Great East Japan Earthquake, extraordinary losses of ¥4,611 million (US$57,111 thousand) for materials businesses and ¥1,171 million (US$14,500 thousand) for ULVAC COATING CORPORATION as an impairment loss were also booked. The net loss totaled ¥8,706 million (US$107,841 thousand) compared to net income of ¥2,138 million for the previous fiscal year.

Operating results of ULVAC by business segment are as follows:

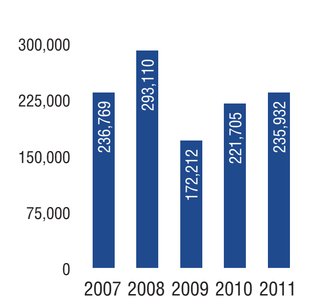
Vacuum Equipment Business

Results of the vacuum equipment business by market segment are as follows:

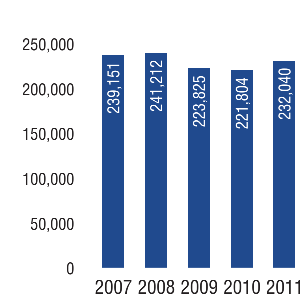
FPD production equipment

In the FPD-related segment, sales were posted for sputtering equipment for large LCD TVs mainly to South Korean, Taiwanese and Chinese customers, and for sputtering equipment for production of low-temperature polysilicon (LTPS) TFT LCDs for mobile devices and plasma enhanced chemical vapor

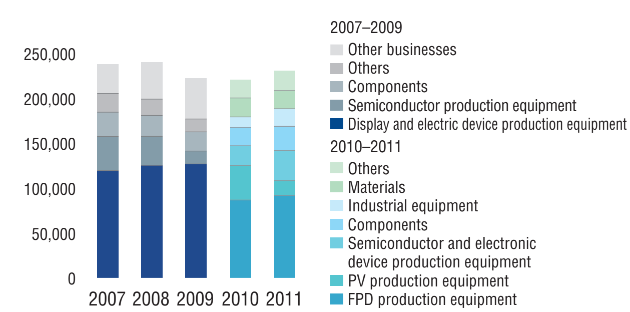
Orders received (Millions of yen)



Net sales (Millions of yen)



Sales by business segment (Millions of yen)



deposition (PE-CVD) equipment mainly to South Korea. In general, sales in this segment remained steady. Orders received during the fiscal year under review also remained strong, including those for sputtering equipment for large LCD TVs from China and for sputtering equipment for small to medium-sized LTPS TFT LCD production for mobile devices for the domestic market.

PV production equipment

In the photovoltaic cell (PV)-related segment, sales were recorded mainly for thin-film type and crystal type solar cell production equipment to Japan, Asia, Europe and the United States. However, the price competitiveness of silicon TFSCs against c-Si-type and compound-type solar cells waned, which dampened customers' motivation to invest in TFSCs. Hence, orders for silicon TFSC turnkey production lines remained weak and the severe conditions continued.

Semiconductor and electronic device production equipment

In the semiconductor and electronic device-related segment, thanks to high demand for smartphones and tablet PCs, strong sales were recorded mainly for ENTRON™-EX series of sputtering equipment for memories to Taiwan, the United States and South Korea. We also received inquiries and orders for nonvolatile memory production equipment which are expected to replace NAND flash memory and production equipment for power semiconductors.

In addition, orders received and sales of LED production-dedicated dry-etching systems and deposition systems remained strong as a whole, because of rapidly increasing demand for LEDs for lighting and for the back lights of LCDs as a response to energy-saving needs.

Components

In the vacuum component-related segment, due to active capital expenditure such as investment in FPD-related facilities, orders received and sales of dry pumps and cryopumps for FPD production equipment remained robust. Sales and orders received for smaller consumer vacuum pumps, power supplies, and measuring instruments also increased.

Industrial equipment

In the industrial equipment-related segment, the EW series of vacuum roll coaters and vacuum heat treatment furnaces was the main contributor to sales. Also, against the backdrop of higher demand for film capacitors for eco cars such as hybrid cars and EVs and smartphones in Japan, orders were strong for the SPW series of sputtering roll coaters for touch panels from Japanese and South Korean customers. An increasing number of inquiries and orders were also received for rare-earth sintered magnet production equipment and the DF series of vacuum freeze-drying equipment for medicines.

As a result, the vacuum equipment business saw orders received of ¥190,075 million (US$2,354,451 thousand), order backlogs of ¥101,387 million (US$1,255,882 thousand) and net sales of ¥190,041 million (US$2,354,037 thousand). Operating profit was ¥2,978 million (US$36,883 thousand).

Vacuum Application Business

Results of the vacuum application business by market segment are as follows:

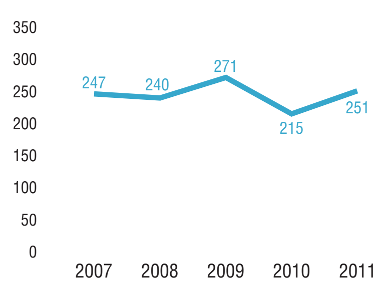
Materials

With respect to the sputtering target materials for LCDs, which account for most of the sales of the materials segment, the sales and orders received came mainly from Japan, South Korea and Taiwan. Although we aggressively promoted our solution businesses combined with production equipment, and at the same time promoted recycling and worked on cost reduction such as streamlining production, our cost-cutting efforts proved unable to compensate for decreased production by panel manufacturers and pressure to cut prices, and our business environment grew severe.

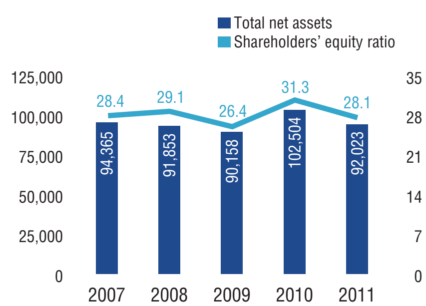
Others

In the control system-related segment, orders increased reflecting the return to a recovery path of capital expenditure in the metal processing and automotive industries. With respect to analysis devices, orders were received from companies in Japan and universities in the United States and Europe. Furthermore, inquiries and orders received increased for quick chargers for EVs, and for such systems combined with photovoltaic power generation, as a result of our extensive marketing activities in various fields. Both are products with high growth potential.

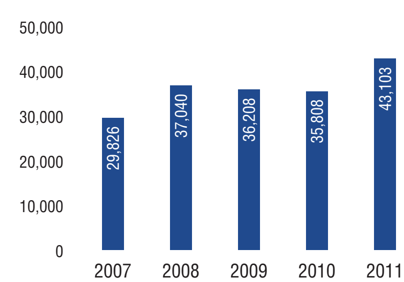
Debt ratio (%)



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



SG&A expenses (Millions of yen)



As a result, orders received for vacuum application business were ¥45,857 million (US$568,033 thousand), while order backlogs stood at ¥9,500 million (US$117,677 thousand), and net sales were ¥41,999 million (US$520,234 thousand). Operating loss was ¥1,161 million (US$14,382 thousand).

Financial Conditions

1) Assets, Liabilities and Net Assets

Assets

Total assets decreased by ¥167 million compared with the end of the previous fiscal year, reflecting an increase of ¥4,932 million in cash and deposits, and an increase of ¥3,613 million in inventories, offset by a decrease of ¥8,036 million in trade notes and accounts receivable and a decrease of ¥2,494 million in total property, plant and equipment.

Liabilities

Total liabilities increased by ¥10,313 million compared with the end of the previous fiscal year, chiefly owing to an increase of ¥19,493 million in short-term borrowings and an increase of ¥10,000 million in commercial paper. On the other hand, trade notes and accounts payable decreased by ¥964 million, long-term debt decreased by ¥8,868 million, and convertible bonds decreased by ¥15,500 million.

Net assets

Total net assets decreased by ¥10,481 million compared with the end of the previous fiscal year.

This decrease was attributable mainly to recognition of a net loss of ¥8,706 million (US$107,841 thousand) and payment of dividends of ¥1,036 million (US$12,838 thousand).

2) Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥17,730 million (US$219,618 thousand), reflecting the positive factors of a decrease in depreciation/amortization and trade accounts receivable, and an increase in advances received, and the negative factors of the posting of a loss before income taxes and minority interests, an increase in inventories, and a decrease in accounts payable.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥14,833 million (US$183,740 thousand), which was mainly attributable to payments for acquisition of tangible and intangible fixed assets and investment securities.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥2,159 million (US$26,744 thousand), chiefly arising from the redemption of convertible bonds, the decrease in long-term debt, and the increase in short-term borrowings and commercial paper.

As a result, consolidated cash and cash equivalents were ¥35,722 million (US$442,493 thousand) at the end of the fiscal year under review, up ¥6,001 million from the previous year.

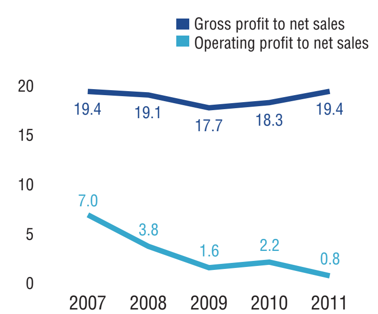
Risk Management

ULVAC identifies the following factors as potential risks that could influence its earnings and financial position. Statements about future business results appearing in this report are based on the judgment of ULVAC as of the day of the filing of the annual Securities Report.

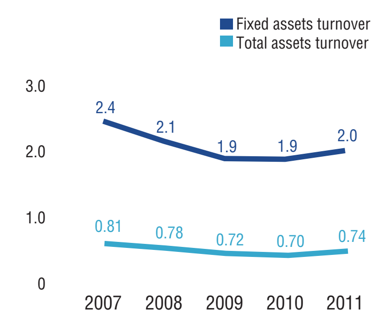
1) Fluctuations in the Markets for FPDs, Semiconductors, and Others

ULVAC 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 share. These products account for 60% or more of our consolidated net sales, and have become the mainstay of ULVAC. However, any large reduction in capital expenditure by manufacturers of FPDs, PVs, and semiconductors, our corporate customers, or any deterioration in the financial positions of our corporate customers could affect our business results and financial position.

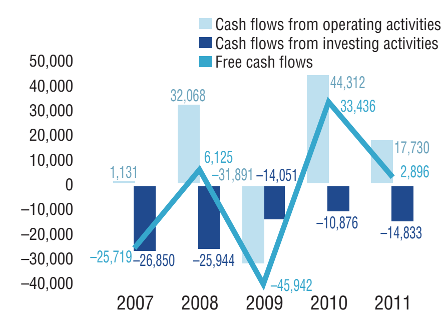
Gross profit to net sales
Operating profit to net sales (%)



Total assets turnover
Fixed assets turnover (Times)



Cash flows (Millions of yen)



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

3) Influence of 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 to this, new competitors are emerging in South Korea, Taiwan, and China, resulting in further intensifying sales competition. This, 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 ULVAC is high, with South Korea, Taiwan, China and other economies, particularly in the Asian region, occupying larger shares. In order to avoid currency 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, ULVAC 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 may cause losses in exchange. The aforementioned factors could negatively affect our business results and financial position.

5) Influence of Global Business Development
In order to secure market share in China, a prospective future growth market, ULVAC 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 unforeseeable changes in legal and tax systems, shifts to a floating exchange rate system, political instability, business fluctuations, and an outflow of personnel could affect our business results and financial position.

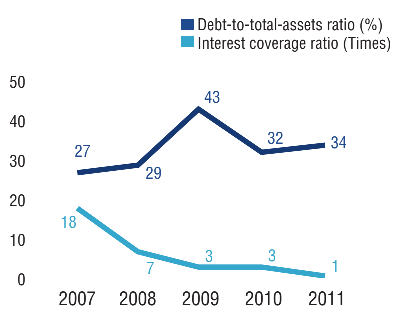
6) Influence of Quality Assurance Efforts
ULVAC has installed quality assurance systems, acquired ISO9001 certification, and has been providing services with a high level of customer satisfaction. As ULVAC constantly provides products with leading-edge technologies, there are numerous developmental elements 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
ULVAC owns numerous patents related to various types of vacuum system, and proactively aims at acquiring intellectual property rights. Moreover, ULVAC examines the patents of third parties concerning such products. However, unforeseeable litigations brought by a third party for a breach of patent rights may pose risks that could negatively affect our business results and financial position.

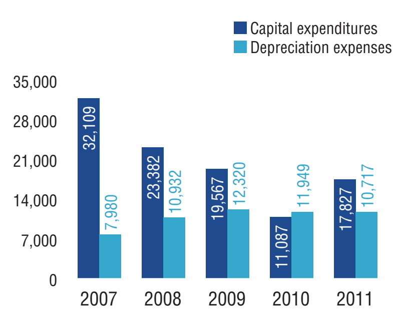
8) Impact on Financing
A financial covenant is incorporated into some of the loan agreements that ULVAC has entered into with financial institutions. Any violation of such financial covenants may negatively influence business performance and the financial position of ULVAC.

9) Other Risks
As applicable to companies that engage in global operations or in wide-ranging business areas, ULVAC'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.

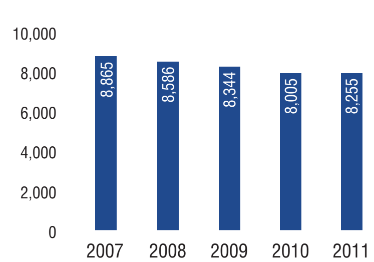
Debt-to-total-assets ratio
Interest coverage ratio (%/Times)



Capital expenditures
Depreciation expenses (Millions of yen)



R&D cost (Millions of yen)



Financial Section

Contents

1. [Consolidated Financial Statements and Others]

(1) [Consolidated Financial Statements]

i) [Consolidated Balance Sheets]

	Previous fiscal year As of June 30, 2010 Amount (millions of yen)	Current fiscal year As of June 30, 2011 Amount (millions of yen)	Amount (thousands of U.S. dollars)
Assets			
Current assets			
Cash on hand and in banks	31,327	36,259	449,138
Notes and accounts receivable, trade	88,526	80,489	997,020
Merchandise and finished goods	6,272	5,562	68,902
Work in process	49,131	51,111	633,105
Raw materials and supplies	12,272	14,616	181,045
Deferred tax assets	5,824	6,816	84,431
Other	6,040	6,989	86,577
Allowance for doubtful accounts	(208)	(853)	(10,572)
Total current assets	199,184	200,989	2,489,647
Fixed assets			
Property, plant and equipment			
Buildings and structures	74,415	77,003	953,839
Accumulated depreciation	(30,591)	(33,646)	(416,776)
Buildings and structures, net	43,823	43,357	537,063
Machinery, equipment and vehicles	69,266	69,647	862,717
Accumulated depreciation	(45,849)	(48,577)	(601,727)
Machinery, equipment and vehicles, net	23,418	21,070	260,990
Tools, furniture and fixtures	13,515	13,990	173,289
Accumulated depreciation	(11,247)	(11,864)	(146,959)
Tools, furniture and fixtures, net	2,269	2,126	26,330
Land	10,366	10,016	124,062
Lease assets	3,076	3,124	38,700
Accumulated depreciation	(1,262)	(1,541)	(19,086)
Lease assets, net	1,814	1,583	19,614
Construction in progress	7,900	8,944	110,788
Total property, plant and equipment	*3, *5 89,589	*3, *5 87,095	1,078,847
Intangible fixed assets			
Goodwill	476	177	2,190
Lease assets	18	10	127
Software	1,068	2,023	25,057
Other	2,802	3,275	40,573
Total intangible fixed assets	4,364	5,485	67,948
Investments and other assets			
Investment securities	*1 4,062	*1 4,605	57,048
Leasehold and guarantee deposits	1,932	1,945	24,098
Deferred tax assets	6,641	8,763	108,550
Other	*1 8,362	*1 5,371	66,529
Allowance for doubtful accounts	(291)	(639)	(7,912)
Allowance for investment loss	(59)	-	-
Total investments and other assets	20,647	20,046	248,313
Total fixed assets	114,600	112,627	1,395,108
Total assets	313,784	313,616	3,884,755

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

	Previous fiscal year As of June 30, 2010 Amount (millions of yen)	Current fiscal year As of June 30, 2011 Amount (millions of yen)	 Amount (thousands of U.S. dollars)
Liabilities			
Current liabilities			
Notes and accounts payable, trade	58,520	57,556	712,947
Short-term borrowings	*3 48,317	*3 67,809	839,953
Commercial paper	-	10,000	123,870
Lease liabilities	1,522	1,623	20,106
Accrued income taxes	1,129	1,703	21,101
Advances received	12,200	15,393	190,677
Deferred tax liabilities	3	7	86
Accrued bonuses for employees	1,467	1,546	19,146
Accrued bonuses for directors and corporate auditors	205	172	2,135
Accrued warranty costs	1,245	1,623	20,102
Provision for loss on contract	746	2,598	32,178
Provision for business structure improvement	-	353	4,370
Provision for loss on disaster	-	164	2,033
Other	14,242	14,491	179,505
Total current liabilities	139,595	175,039	2,168,209
Long-term liabilities			
Bonds	80	60	743
Convertible bonds	15,500	-	-
Long-term debt	*3 36,077	*3 27,210	337,044
Lease liabilities	3,832	2,809	34,791
Deferred tax liabilities	0	27	338
Accrued pension and severance costs for employees	13,942	13,990	173,294
Accrued pension and severance costs for directors and corporate auditors	960	873	10,809
Asset retirement obligations	-	289	3,578
Other	1,292	1,296	16,059
Total long-term liabilities	71,684	46,553	576,656
Total liabilities	211,279	221,593	2,744,864
Net Assets			
Shareholders' equity			
Common stock	20,873	20,873	258,554
Capital surplus	22,100	22,100	273,757
Retained earnings	60,768	50,829	629,617
Treasury stock, at cost	(11)	(11)	(132)
Total shareholders' equity	103,731	93,792	1,161,795
Accumulated other comprehensive income			
Unrealized gain (loss) on securities, net of taxes	(23)	(14)	(170)
Foreign currency translation adjustments	(5,409)	(5,572)	(69,023)
Total accumulated other comprehensive income	(5,432)	(5,586)	(69,192)
Minority interests	4,205	3,818	47,287
Total net assets	102,504	92,023	1,139,890
Total liabilities and net assets	313,784	313,616	3,884,755

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]

	For the fiscal year ended June 30, 2010		For the fiscal year ended June 30, 2011		
		Amount (millions of yen)		Amount (millions of yen)	Amount (thousands of U.S. dollars)
Net sales		221,804		232,040	2,874,272
Cost of sales	*3, *4, *5	181,187	*3, *4, *5	187,088	2,317,448
Gross profit		40,617		44,952	556,824
Selling, general and administrative expenses					
Selling expenses		16,587		21,687	268,634
General and administrative expenses		19,221		21,416	265,279
Total selling, general and administrative expenses	*1, *3	35,808	*1, *3	43,103	533,914
Operating profit		4,809		1,850	22,911
Non-operating income					
Interest income		102		134	1,656
Dividend income		158		128	1,589
Commission fee		165		-	-
Rental income		186		-	-
Equity in earnings of unconsolidated subsidiaries and affiliates		-		55	677
Foreign exchange gains		352		322	3,983
Insurance and dividends income		76		397	4,922
Income on prefectural government's grants		379		-	-
Income on receipt of compensation		256		-	-
Other		857		970	12,020
Total non-operating income		2,532		2,006	24,847
Non-operating expenses					
Interest expenses		1,626		1,551	19,211
Equity in losses of affiliates		113		-	-
Other		659		864	10,698
Total non-operating expenses		2,399		2,415	29,909
Ordinary profit		4,942		1,441	17,848
Extraordinary gains					
Reversal of allowance for doubtful accounts		46		28	341
Income on prefectural government's grants		1,575		181	2,242
Other		9		20	242
Total extraordinary gains		1,631		228	2,824
Extraordinary losses					
Loss on disposal of fixed assets	*2	550	*2	214	2,652
Loss from adjustment of tax basis		119		-	-
Impairment loss	*6	1,000	*6	5,781	71,611
Loss on disaster		-	*7	3,419	42,346
Loss on adjustment for changes of accounting standard for asset retirement obligations		-		209	2,586
Other		345		1,238	15,336
Total extraordinary losses		2,014		10,861	134,530
Income (loss) before income taxes and minority interests		4,558		(9,192)	(113,858)
Current income taxes		1,997		2,689	33,303
Deferred income taxes		1,100		(3,147)	(38,983)
Total income taxes		3,096		(459)	(5,680)
Loss before minority interests		-		(8,733)	(108,178)
Minority losses in net income of consolidated subsidiaries		(676)		(27)	(337)
Net income (loss)		2,138		(8,706)	(107,841)

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

[Consolidated Statements of Comprehensive Income]

	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011	
	Amount (millions of yen)	Amount (millions of yen)	Amount (thousands of U.S. dollars)
Loss before minority interests	-	(8,733)	(108,178)
Other comprehensive income			
Unrealized gain (loss) on securities, net of taxes	-	7	86
Foreign currency translation adjustments	-	(198)	(2,456)
Share of other comprehensive income of companies accounted for by the equity method		(6)	(79)
Total other comprehensive income	-	*2 (198)	(2,450)
Comprehensive income	-	*1 (8,931)	(110,628)
Comprehensive income attributable to:			
Owners of the parent	-	(8,860)	(109,746)
Minority interests	-	(71)	(881)

iii) [Consolidated Statements of Changes in Net Assets]

	For the fiscal year ended June 30, 2010 Amount (millions of yen)	For the fiscal year ended June 30, 2011 Amount (millions of yen)	Amount (thousands of U.S. dollars)
Shareholders' equity			
Common stock			
Balance at the end of previous period	13,468	20,873	258,554
Changes of items during the period			
Issuance of new shares	7,405	-	-
Total changes of items during the period	7,405	-	-
Balance at the end of current period	20,873	20,873	258,554
Capital surplus			
Balance at the end of previous period	14,695	22,100	273,757
Changes of items during the period			
Issuance of new shares	7,405	-	-
Total changes of items during the period	7,405	-	-
Balance at the end of current period	22,100	22,100	273,757
Retained earnings			
Balance at the end of previous period	59,829	60,768	752,735
Changes of items during the period			
Change of scope of consolidation	(115)	(197)	(2,440)
Effect of changes in fiscal year-ends of consolidated subsidiaries	(182)	-	-
Dividends from surplus	(901)	(1,036)	(12,838)
Net income (loss)	2,138	(8,706)	(107,841)
Total changes of items during the period	940	(9,939)	(123,119)
Balance at the end of current period	60,768	50,829	629,617
Treasury stock, at cost			
Balance at the end of previous period	(10)	(11)	(132)
Changes of items during the period			
Purchase of treasury stock	(0)	(0)	(1)
Total changes of items during the period	(0)	(0)	(1)
Balance at the end of current period	(11)	(11)	(132)
Total shareholders' equity			
Balance at the end of previous period	87,981	103,731	1,284,915
Changes of items during the period			
Issuance of new shares	14,810	-	-
Change of scope of consolidation	(115)	(197)	(2,440)
Effect of changes in fiscal year-ends of consolidated subsidiaries	(182)	-	-
Dividends from surplus	(901)	(1,036)	(12,838)
Net income (loss)	2,138	(8,706)	(107,841)
Purchase of treasury stock	(0)	(0)	(1)
Total changes of items during the period	15,750	(9,939)	(123,119)
Balance at the end of current period	103,731	93,792	1,161,795

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

	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011	
	Amount (millions of yen)	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 end of previous period	144	(23)	(286)
Changes of items during the period			
Net changes of items other than shareholders' equity	(167)	9	117
Total changes of items during the period	(167)	9	117
Balance at the end of current period	(23)	(14)	(170)
Foreign currency translation adjustments			
Balance at the end of previous period	(4,004)	(5,409)	(67,001)
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,405)	(163)	(2,022)
Total changes of items during the period	(1,405)	(163)	(2,022)
Balance at the end of current period	(5,409)	(5,572)	(69,023)
Total accumulated other comprehensive income			
Balance at the end of previous period	(3,860)	(5,432)	(67,287)
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,573)	(154)	(1,906)
Total changes of items during the period	(1,573)	(154)	(1,906)
Balance at the end of current period	(5,432)	(5,586)	(69,192)
Minority interests			
Balance at the end of previous period	6,036	4,205	52,089
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,831)	(388)	(4,801)
Total changes of items during the period	(1,831)	(388)	(4,801)
Balance at the end of current period	4,205	3,818	47,287
Total net assets			
Balance at the end of previous period	90,158	102,504	1,269,717
Changes of items during the period			
Issuance of new shares	14,810	-	-
Change of scope of consolidation	(115)	(197)	(2,440)
Effect of changes in fiscal year-ends of consolidated subsidiaries	(182)	-	-
Dividends from surplus	(901)	(1,036)	(12,838)
Net income (loss)	2,138	(8,706)	(107,841)
Purchase of treasury stock	(0)	(0)	(1)
Net changes of items other than shareholders' equity	(3,404)	(541)	(6,707)
Total changes of items during the period	12,346	(10,481)	(129,826)
Balance at the end of current period	102,504	92,023	1,139,890

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

iv) [Consolidated Statements of Cash Flows]

	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011	
	Amount (millions of yen)	Amount (millions of yen)	Amount (thousands of U.S. dollars)
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	4,558	(9,192)	(113,858)
Depreciation and amortization	11,949	10,717	132,752
Impairment loss	1,000	5,781	71,611
Increase (decrease) in allowance for doubtful accounts	(165)	996	12,341
Increase in accrued bonuses	241	45	559
Increase in accrued pension and severance costs for employees	198	46	570
Decrease in accrued pension and severance costs for directors and corporate auditors	(20)	(88)	(1,088)
Increase (decrease) in accrued warranty costs	(1,302)	378	4,688
Increase in provision for loss on contract	-	1,839	22,784
Loss on disposal of fixed assets	550	214	2,652
Interest and dividend income	(260)	(262)	(3,245)
Interest expenses	1,626	1,551	19,211
Income on prefectural government's grants	(1,954)	(317)	(3,923)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	113	(55)	(677)
Decrease (increase) in accounts receivable, trade	(12,939)	8,420	104,295
Decrease (increase) in inventories	18,569	(4,193)	(51,937)
Increase (decrease) in accounts payable, trade	21,814	(1,375)	(17,030)
Increase in advances received	538	3,167	39,236
Increase in accrued consumption taxes	188	200	2,483
Other	2,749	3,197	39,597
Subtotal	47,454	21,072	261,021
Interest and dividend income received	274	286	3,544
Interest expenses paid	(1,622)	(1,524)	(18,878)
Income taxes paid	(1,794)	(2,105)	(26,069)
Net cash provided by operating activities	44,312	17,730	219,618
Cash flows from investing activities			
Increase in time deposits	(1,218)	(1,007)	(12,468)
Decrease in time deposits	713	2,895	35,860
Payments for acquisition of tangible and intangible fixed assets	(8,784)	(16,808)	(208,199)
Proceeds from sale of tangible and intangible fixed assets	2,705	713	8,831
Payments for acquisition of investment securities	(2,562)	(778)	(9,633)
Payments for acquisition of subsidiaries	(1,703)	(484)	(5,992)
Proceeds from prefectural government's grants	668	460	5,693
Other	(694)	175	2,168
Net cash used in investing activities	(10,876)	(14,833)	(183,740)

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

	For the fiscal year ended June 30, 2010 Amount (millions of yen)	For the fiscal year ended June 30, 2011 Amount (millions of yen)	Amount (thousands of U.S. dollars)
Cash flows from financing activities			
Net changes in short-term borrowings	(28,953)	20,009	247,849
Net increase (decrease) in commercial paper	(5,000)	10,000	123,870
Borrowing of long-term debt	18,636	7,324	90,721
Repayments of long-term debt	(20,292)	(16,776)	(207,806)
Payments for redemption of convertible bonds	-	(15,500)	(191,998)
Proceeds from issuance of common stock	14,810	-	-
Repayments of lease liabilities	(1,864)	(1,570)	(19,452)
Dividends paid by the parent company	(831)	(1,033)	(12,798)
Dividends paid by consolidated subsidiaries to minority shareholders	(23)	(49)	(604)
Other	100	(245)	(3,038)
Net cash provided by (used in) financing activities	(23,418)	2,159	26,744
Effect of exchange rate changes on cash and cash equivalents	(203)	36	448
Increase in cash and cash equivalents	9,815	5,092	63,069
Cash and cash equivalents at beginning of year	21,827	29,721	368,157
Cash and cash equivalents at beginning of year from newly consolidated subsidiaries	211	910	11,267
Decrease in cash and cash equivalents due to changes in fiscal year-ends of consolidated subsidiaries	(2,132)	-	-
Cash and cash equivalents at end of year	29,721	35,722	442,493

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

[Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements]

Item	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
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 ¥88.51 = US$1, the approximate exchange rate prevailing in the Japanese foreign exchange market at June 30, 2010.	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 ¥80.73 = US$1, the approximate exchange rate prevailing in the Japanese foreign exchange market at June 30, 2011.
2. Scope of consolidation	(1) Number of consolidated subsidiaries: 37 Names of consolidated subsidiaries are as follows: ULVAC Materials, Inc. ULVAC-RIKO, Inc. ULVAC TECHNO, Ltd. ULVAC KYUSHU CORPORATION ULVAC TOHOKU, Inc. ULVAC SEIKI COMPANY, LIMITED ULVAC CORPORATE CENTER 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. Sigma-Technos Co., Ltd. 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.	(1) Number of consolidated subsidiaries: 37 Names of consolidated subsidiaries are as follows: ULVAC-RIKO, Inc. ULVAC TECHNO, Ltd. ULVAC KYUSHU CORPORATION ULVAC TOHOKU, Inc. ULVAC CORPORATE CENTER 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. Sigma-Technos Co., Ltd. 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.

Item	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
	ULVAC AUTOMATION TAIWAN INC. and ULVAC Materials Korea, Ltd., companies which were unconsolidated subsidiaries, are included in the scope of consolidation, since their importance has increased. (2) Number of unconsolidated subsidiaries: 19 Names of unconsolidated subsidiaries are as follows: ULVAC G.m.b.H. ULVAC SOFTWARE CREATIVE TECHNOLOGY, Co., Ltd. ULVAC Elder, 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 KOREA, Ltd. ULVAC Research Center TAIWAN, Inc. ULVAC NONFERROUS METALS (NINGBO) CO., LTD. ULVAC ENGINEERING, Inc. ULVAC HUMAN RELATIONS, Ltd. ULVAC Materials (Suzhou) Co., Ltd. ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd. ULVAC Research Center SUZHOU Co., Ltd. (3) Reasons why unconsolidated subsidiaries are excluded 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.	ULVAC Materials (Suzhou) Co., Ltd. and ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd., companies which were unconsolidated subsidiaries, are included in the scope of consolidation, since their importance has increased. In the fiscal year ended June 30, 2011, ULVAC Materials, Inc. and ULVAC SEIKI COMPANY, LIMITED were excluded from the scope of consolidation because: ULVAC Materials, Inc. was merged into the Company, the surviving company, and ULVAC SEIKI COMPANY, LIMITED was merged into ULVAC KYUSHU CORPORATION, the surviving company. (2) Number of unconsolidated subsidiaries: 18 Names of unconsolidated subsidiaries are as follows: ULVAC G.m.b.H. ULVAC SOFTWARE CREATIVE TECHNOLOGY, Co., Ltd. ULVAC Elder, 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 KOREA, 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 why unconsolidated subsidiaries are excluded 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: 2 SHOWA SHINKU CO., LTD. SANKO ULVAC Co., Ltd. (3) The cost method is applied to the investment in certain unconsolidated subsidiaries not accounted for by the equity method (19 companies) and affiliates not accounted for by the equity method (four 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.	(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: 2 SHOWA SHINKU CO., LTD. SANKO ULVAC Co., Ltd. (3) The cost method is applied to the investment in certain unconsolidated subsidiaries not accounted for by the equity method (18 companies) and affiliates not accounted for by the equity method (four 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.

Item	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
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. and ULVAC (Shanghai) Trading Co., Ltd. is December 31, and that of ULVAC KIKO, Inc.; ULVAC Technologies, Inc.; ULVAC SINGAPORE PTE LTD; ULVAC MALAYSIA SDN. BHD.; Sigma-Technos Co., Ltd. and ULCOAT TAIWAN, Inc. is March 31, while that of Physical Electronics USA, Inc. is May 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 and May 31, the Company uses their financial statements as of their fiscal year-end. Necessary adjustments are made regarding important transactions conducted between the Company's consolidated fiscal year-end and the fiscal year-end of consolidated subsidiaries. The fiscal year-ends of ULVAC Materials, Inc. and ULVAC CORPORATE CENTER were changed from March 31 to June 30. With regard to the effect of these changes, the consolidated statements of income reflects their performance during the 12 months from July 1, 2009 to June 30, 2010 while "Retained earnings" of the consolidated balance sheets and the consolidated statements of changes in net assets reflects the changes in net assets during the three months from April 1, 2009 to June 30, 2009. Also, the decrease in cash and cash equivalents during the three months from April 1, 2009 to June 30, 2009 are presented as "Decrease in cash and cash equivalents due to changes in fiscal year-ends of consolidated subsidiaries" on the consolidated statements of cash flows.	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; ULVAC MALAYSIA SDN. BHD.; Sigma-Technos Co., Ltd. and ULCOAT TAIWAN, Inc. is March 31, while that of Physical Electronics USA, Inc. is May 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 and May 31, the Company uses their financial statements as of their fiscal year-end. Necessary adjustments are made regarding important transactions conducted between the Company's consolidated fiscal year-end and the fiscal year-end 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 progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise. Revenue from components, materials and parts are accounted for on a delivery basis. (Change of accounting policy) Effective July 1, 2009, the Company adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). For the make-to-order manufacturing contracts of production equipment commenced during the fiscal year ended June 30, 2010, 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 progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise. Due to this change, net sales increased by 44,037 million yen; and operating profit, ordinary profit and income before income taxes and minority interests each increased by 12,033 million yen. The effects of this change on segment information are described in the relevant section.	(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 progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise. Revenue from components, materials and parts are 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. (Change of accounting policy) Under the previous method, revenue from royalty income, management fees and related items had been classified as non-operating income. However effective July 1, 2010, these revenues have been included in net sales. This change is in order to present the Companies' activities and in particular the importance of production technology, business management and R&D functions more accurately within the operating results. The Company takes responsibility for these functions in the Group, and the growing materiality of the amount of related revenue is as a result of the increase in the Company's operating activities following reorganization and expansion of overseas production during the fiscal year ended June 30, 2011. The effects of this change on net sales and operating profit were immaterial, and there was no effect of this change on ordinary profit and loss before income taxes and minority interests. The effects of this change on segment information are described in the relevant section.

Item	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
	(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 cost 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 fixed 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 Office 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 not exceeding 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) Method of providing major reserves 1) Allowance for doubtful accounts An 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) Allowance for investment loss Allowance for investment loss is recorded for estimated losses on investments in subsidiaries and affiliates in consideration of the financial positions of subsidiaries and affiliates.	(2) Valuation of major assets Inventories Same as left. Securities 1) Bonds held to maturity: Same as left. 2) Other securities: Other securities with fair value Same as left. Other securities without fair value Same as left. Derivatives Same as left. (3) Depreciation and amortization of major fixed assets Depreciation of property, plant and equipment (excluding lease assets) Same as left. Amortization of intangible fixed assets (excluding lease assets) Same as left. Lease assets Same as left. (4) Method of providing major reserves 1) Allowance for doubtful accounts Same as left. 2) ――――――――

Item	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
	3) 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 employees Same as left.
	4) 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 bonuses for directors and corporate auditors Same as left.
	5) 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) Accrued warranty costs Same as left.
	6) Provision for loss on contract Provision for loss on contract is recorded for losses to fulfill contracts when loss can be reasonably estimated.	6) Provision for loss on contract Same as left.
	7) 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. The unrecognized transition obligation (3,425 million yen) is to be amortized over ten years. Prior service liabilities were recognized as expense and amortized over a fixed number of years within the average remaining service period of the current employees (ten years) using the straight-line method. Unrealized actuarial gains (losses) are recognized as expenses starting from the following consolidated fiscal year-end and amortized over a fixed number of years within the average remaining service period of the current employees (ten years) using the straight-line method. (Change of accounting policy) Effective July 1, 2009, the Company adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008). There was no effect of this change on operating profit, ordinary profit and income before income taxes and minority interests for the fiscal year ended June 30, 2010.	7) 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 were recognized as expense and amortized over a fixed number of years within the average remaining service period of the current employees (ten years) using the straight-line method. Unrealized actuarial gains (losses) are recognized as expenses starting from the following consolidated fiscal year-end and amortized over a fixed number of years within the average remaining service period of the current employees (ten years) using the straight-line method. (Additional information) Two domestic consolidated subsidiaries transferred their tax-qualified pension plans to defined-benefit corporate pension plans on July 1, 2010 and February 1, 2011, respectively. The effect of this change is immaterial.
	8) 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 consolidated subsidiaries' internal retirement rule.	8) Accrued pension and severance costs for directors and corporate auditors Same as left.
	9) ___________________	9) Provision for business structure improvement Provision for business structure improvement is provided at an amount estimated to cover the future expenditures in connection with business structure improvement.
	10) ___________________	10) Provision for loss on disaster Provision for loss on disaster is provided at an amount estimated to cover expenses or losses required for restoration related to assets damaged by the Great East Japan Earthquake.

Item	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
	(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 exchange rate at the consolidated balance sheet date, and resulting gains and losses included in net income for the fiscal year. Assets, liabilities, incomes and expenses of subsidiaries outside of Japan are translated into Japanese yen at the exchange rate at the 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 in consolidated subsidiaries. (6) Method and period for amortization of goodwill ___________________ (7) Scope of cash and cash equivalents in the consolidated statements of cash flows ___________________ (8) Other items of importance concerning the preparation of consolidated financial statements 1) Consumption taxes and others Consumption taxes are excluded from the transaction accounts.	(5) Standard for translation of major foreign-currency-denominated assets or liabilities into Japanese yen Same as left. (6) Method and period for amortization of goodwill Goodwill is amortized on a systematic 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 which are charged to income or loss in the fiscal year of acquisition. (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 of 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 1) Consumption taxes and others Same as left.
6. Valuation of the assets and liabilities of consolidated subsidiaries	The difference between the cost and the underlying net equity of investments in consolidated subsidiaries measured at fair value at the time of acquisition is recognized as goodwill.	___________________
7. Amortization of goodwill	Goodwill is amortized on a systematic 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 which are charged to income or loss in the fiscal year of acquisition.	___________________
8. Cash and cash equivalents	Cash and cash equivalents in the consolidated statements of cash flows comprise of 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.	___________________

[Changes in Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements]

For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
―――――――――	(Application of accounting standard for asset retirement obligations) Effective July 1, 2010, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008). Due to this change, operating profit and ordinary profit each decreased by 7 million yen (US$91 thousand) and loss before income taxes and minority interests increased by 216 million yen (US$2,676 thousand). (Application of accounting standard for business combinations) Effective July 1, 2010, the Company adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

[Change in Presentation]

For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
(Consolidated Statements of Income) In fiscal year 2010, the "Refund of value-added taxes of overseas subsidiaries" of 33 million yen has been classified in "Other" within non-operating income given its decreased significance. In fiscal year 2009, this amount was classified as a separate line item within non-operating income. In fiscal year 2010, the "Gain on sale of fixed assets" of 1 million yen has been classified in "Other" within extraordinary gains given its decreased significance. In fiscal year 2009, this amount was classified as a separate line item within extraordinary gains. In fiscal year 2010, the "Loss on devaluation of investment securities" of 0 million yen has been classified in "Other" within extraordinary losses given its decreased significance. In fiscal year 2009, this amount was classified as a separate line item within extraordinary losses. (Consolidated Statements of Cash Flows) In fiscal year 2010, the "Gain on sale of investment securities" of 1 million yen and the "Loss on devaluation of investment securities" of 0 million yen have been classified in "Other" within cash flows from operating activities given their decreased significance. In fiscal year 2009, these amounts were classified as separate line items within cash flows from operating activities. In fiscal year 2010, the "Proceeds from sale of investment securities" of 10 million yen and the "Payments for long-term prepaid expenses" of 100 million yen have been classified in "Other" within cash flows from investing activities given their decreased significance. In fiscal year 2009, these amounts were classified as separate line items within cash flows from investing activities.	(Consolidated Statements of Income) Effective July 1, 2010, the Company adopted the "Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation Methods of Financial Statements, etc." (Cabinet Office Ordinance No. 5 of March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), and consolidated statements of income are now presented with the item "Loss before minority interests." In fiscal year 2011, the "Commission fee" of 109 million yen (US$1,353 thousand), the "Rental income" of 152 million yen (US$1,883 thousand) and the "Income on prefectural government's grants" of 136 million yen (US$1,681 thousand) have been classified in "Other" within non-operating income given their decreased significance. In fiscal year 2010, these amounts were classified as separate line items within non-operating income. (Consolidated Statements of Cash Flows) In fiscal year 2011, the "Increase in provision for loss on contract" (746 million yen (US$9,237 thousand) for fiscal year 2010) has been classified as a separate line item within cash flows from operating activities given its increased significance. In fiscal year 2010, this amount was classified in "Other" within cash flows from operating activities.

[Additional Information]

For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
―――――――――	Effective July 1, 2010, the Company adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). However, the amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" as of June 30, 2010 indicate the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments," respectively.

[Notes to Consolidated Financial Statements]

a) Notes to Consolidated Balance Sheets

	Previous fiscal year As of June 30, 2010		Current fiscal year As of June 30, 2011
*1	Investments in unconsolidated subsidiaries and affiliates are as follows: <table><tr><td></td><td>Millions of yen</td></tr><tr><td>Investment securities (shares)</td><td>2,546</td></tr><tr><td>Investments and other assets (other)</td><td>3,452</td></tr><tr><td>(Investments)</td><td></td></tr></table>	*1	Investments in unconsolidated subsidiaries and affiliates are as follows: <table><tr><td></td><td>Millions of yen</td><td>Thousands of U.S. dollars</td></tr><tr><td>Investment securities (shares)</td><td>2,588</td><td>32,061</td></tr><tr><td>Investments and other assets (other)</td><td>1,212</td><td>15,019</td></tr><tr><td>(Investments)</td><td></td><td></td></tr></table>
2	Contingent liabilities The Company has provided the following guarantees for certain leases entered into by its subsidiary: <table><tr><td></td><td>Millions of yen</td></tr><tr><td>ULVAC NONFERROUS METALS (NINGBO) CO., LTD.</td><td>16</td></tr></table>	2	Contingent liabilities The Company guarantees the loans that the following subsidiaries take out with financial institutions: <table><tr><td></td><td>Millions of yen</td><td>Thousands of U.S. dollars</td></tr><tr><td>ULVAC G.m.b.H.</td><td>39</td><td>486</td></tr><tr><td></td><td>EUR 150 thousand</td><td></td></tr><tr><td></td><td>22 million yen</td><td>266</td></tr><tr><td>ULVAC HUMAN RELATIONS, Ltd.</td><td>11</td><td>136</td></tr></table>The Company has provided the following guarantees for certain leases entered into by its subsidiary: <table><tr><td></td><td>Millions of yen</td><td>Thousands of U.S. dollars</td></tr><tr><td>ULVAC NONFERROUS METALS (NINGBO) CO., LTD.</td><td>11</td><td>137</td></tr></table>
*3	Details of collateral and secured liabilities (1) Collateral <table><tr><td></td><td>Millions of yen</td></tr><tr><td>• Factory foundation</td><td></td></tr><tr><td>Land</td><td>504</td></tr><tr><td>Buildings and structures</td><td>4,602</td></tr><tr><td>Machinery, equipment and vehicles</td><td>36</td></tr><tr><td>Total</td><td>5,142</td></tr><tr><td>• Land</td><td>1,027</td></tr><tr><td>• Buildings and structures</td><td>1,704</td></tr><tr><td>• Machinery, equipment and vehicles</td><td>909</td></tr><tr><td>Total</td><td>3,640</td></tr></table>(2) Secured liabilities <table><tr><td></td><td>Millions of yen</td></tr><tr><td>• Short-term borrowings</td><td>2,031</td></tr><tr><td>• Long-term debt</td><td>4,552</td></tr><tr><td>Total</td><td>6,583</td></tr></table>	*3	Details of collateral and secured liabilities (1) Collateral <table><tr><td></td><td>Millions of yen</td><td>Thousands of U.S. dollars</td></tr><tr><td>• Factory foundation</td><td></td><td></td></tr><tr><td>Land</td><td>504</td><td>6,239</td></tr><tr><td>Buildings and structures</td><td>4,334</td><td>53,690</td></tr><tr><td>Machinery, equipment and vehicles</td><td>28</td><td>343</td></tr><tr><td>Total</td><td>4,866</td><td>60,272</td></tr><tr><td>• Land</td><td>1,016</td><td>12,583</td></tr><tr><td>• Buildings and structures</td><td>2,178</td><td>26,977</td></tr><tr><td>• Machinery, equipment and vehicles</td><td>372</td><td>4,603</td></tr><tr><td>Total</td><td>3,565</td><td>44,163</td></tr></table>(2) Secured liabilities <table><tr><td></td><td>Millions of yen</td><td>Thousands of U.S. dollars</td></tr><tr><td>• Short-term borrowings</td><td>1,873</td><td>23,197</td></tr><tr><td>• Long-term debt</td><td>4,252</td><td>52,668</td></tr><tr><td>Total</td><td>6,125</td><td>75,865</td></tr></table>
4	The Company has concluded contracts for the commitment line for loans with six banks. The unrealized balance of these contracts for the commitment line for loans at the end of this consolidated fiscal year is as follows. <table><tr><td></td><td>Millions of yen</td></tr><tr><td>Total amount of the commitment line for loans</td><td>65,500</td></tr><tr><td>Realized balance</td><td>6,100</td></tr><tr><td>Net</td><td>59,400</td></tr></table>	4	The Company has concluded contracts for the commitment line for loans with six banks. The unrealized balance of these contracts for the commitment line for loans at the end of this consolidated fiscal year is as follows. <table><tr><td></td><td>Millions of yen</td><td>Thousands of U.S. dollars</td></tr><tr><td>Total amount of the commitment line for loans</td><td>50,000</td><td>619,348</td></tr><tr><td>Realized balance</td><td>10,000</td><td>123,870</td></tr><tr><td>Net</td><td>40,000</td><td>495,479</td></tr></table>

Previous fiscal year As of June 30, 2010		Current fiscal year As of June 30, 2011	
	Syndicated loan agreement A consolidated subsidiary has entered into a syndicated loan agreement that includes financial covenants. The balance of loans under this agreement at the end of fiscal year 2010 is as follows: Outstanding balance: 2,100 million yen The agreement above includes the following financial covenants. (1) Net assets on a non-consolidated basis for 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 for the respective previous fiscal year-ends. (2) Ordinary loss shall not be recorded for two consecutive years in the company's statements of income on a non-consolidated basis for the fiscal years ended June 30, 2010 or later (not including the interim terms). For the fiscal year ended June 30, 2010, the subsidiary is in non-compliance with financial covenants and similar financial covenants in association with lease contracts. The company has obtained confirmation from the counterparty that they have waived their rights under the term of the agreement for the non-compliance.		Syndicated loan agreement A consolidated subsidiary has entered into a syndicated loan agreement that includes financial covenants. The balance of loans under this agreement at the end of fiscal year 2011 is as follows: Outstanding balance: 1,680 million yen (US$20,810 thousand) The agreement above includes the following financial covenants. (1) Net assets on a non-consolidated basis for 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 for the respective previous fiscal year-ends. (2) Ordinary loss shall not be recorded for two consecutive years in the company's statements of income on a non-consolidated basis for the fiscal years ended June 30, 2010 or later (not including the interim terms). For the fiscal year ended June 30, 2011, the subsidiary is in non-compliance with financial covenants and similar financial covenants in association with lease contracts. The company has obtained confirmation from the counterparty that they have waived their rights under the term of the agreement for the non-compliance.
*5	The 'tax basis carry over' caused by the subsidies from prefectural government reflected in land during the fiscal year ended June 30, 2010 amounts to 119 million yen. The accumulated amount of 'tax basis carry over' is 247 million yen for land within property, plant and equipment as of June 30, 2010.	*5	The accumulated amount of 'tax basis carry over' is 247 million yen (US$3,059 thousand) for land within property, plant and equipment as of June 30, 2011.

b) Notes to Consolidated Statements of Income

For the fiscal year ended June 30, 2010

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

	Millions of yen
Employee salaries	7,550
Transfer to accrued bonuses for employees	505
Transfer to accrued bonuses for directors and corporate auditors	206
Transfer to accrued pension and severance costs for employees	826
Transfer to accrued pension and severance costs for directors and corporate auditors	179
Depreciation	1,271
Travel and transportation expenses	1,281
Commission	1,719
Research and development cost	5,170
Transfer to allowance for doubtful accounts	159
Support costs for sales activities by manufacturing departments	7,118

*2 The breakdown of losses on disposal of fixed assets is as follows:

	Millions of yen
Buildings and structures	41
Machinery, equipment and vehicles	487
Tools, furniture and fixtures	13
Software	10
Total	550

*3 Research and development cost included in selling, general and administrative expenses and manufacturing cost for the current fiscal year amounts to 8,005 million yen.

For the fiscal year ended June 30, 2011

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

	Millions of yen	Thousands of U.S. dollars
Employee salaries	8,090	100,217
Transfer to accrued bonuses for employees	612	7,584
Transfer to accrued bonuses for directors and corporate auditors	172	2,135
Transfer to accrued pension and severance costs for employees	761	9,430
Transfer to accrued pension and severance costs for directors and corporate auditors	231	2,864
Depreciation	1,063	13,173
Travel and transportation expenses	1,482	18,361
Commission	1,858	23,017
Research and development cost	5,710	70,728
Transfer to allowance for doubtful accounts	1,087	13,469
Bad debt expenses	3,707	45,917
Support costs for sales activities by manufacturing departments	7,379	91,408

*2 The breakdown of losses on disposal of fixed assets is as follows:

	Millions of yen	Thousands of U.S. dollars
Buildings and structures	66	816
Machinery, equipment and vehicles	115	1,419
Tools, furniture and fixtures	13	158
Software	21	259
Total	214	2,652

*3 Research and development cost included in selling, general and administrative expenses and manufacturing cost for the current fiscal year amounts to 8,255 million yen (US$102,251 thousand).

<table>
<tr><th colspan="2">For the fiscal year ended
June 30, 2010</th><th colspan="2">For the fiscal year ended
June 30, 2011</th></tr>
<tr><td>*4</td><td>Inventories are stated at the lower of the cost or net selling value as of June 30, 2010. Loss on devaluation of inventories included in cost of sales is immaterial.</td><td>*4</td><td>Inventories are stated at the lower of the cost or net selling value as of June 30, 2011. Loss on devaluation of inventories included in cost of sales is immaterial.</td></tr>
<tr><td>*5</td><td>Loss on contract of 746 million yen as of June 30, 2010 has been included in cost of sales.</td><td>*5</td><td>Loss on contract of 1,852 million yen (US$22,940 thousand) as of June 30, 2011 has been included in cost of sales.</td></tr>
<tr><td>*6</td><td>The breakdown of impairment losses is as follows:
(1) Assets or asset groups for which impairment losses were recognized
<table>
<tr><th rowspan="2">Location</th><th rowspan="2">Use</th><th rowspan="2">Type</th><th>Impairment loss</th></tr>
<tr><th>Millions of yen</th></tr>
<tr><td>Chichibu, Saitama Prefecture</td><td>Assets for business use (Vacuum application business)</td><td>Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures, etc.</td><td>568</td></tr>
<tr><td>Chichibu, Saitama Prefecture</td><td>Idle assets</td><td>Machinery, equipment and vehicles, etc.</td><td>159</td></tr>
<tr><td>Yokohama, Kanagawa Prefecture</td><td>Assets for business use (Vacuum application business)</td><td>Buildings and structures, Machinery, equipment and vehicles, Software, etc.</td><td>273</td></tr>
<tr><td colspan="3">Total</td><td>1,000</td></tr>
</table>
(2) Recognition of impairment losses
As the initially anticipated revenues are no longer probable for the assets for business use, and definitive plans for the productive use of idle assets do not exist, the carrying values were reduced to the recoverable amounts. The reductions were recorded as impairment loss under extraordinary losses.
(3) Grouping of assets
In applying the asset-impairment accounting, in addition to grouping assets on a business segment basis, the Company and its consolidated subsidiaries have grouped individual assets for which there are independent cash flows that are identifiable, such as assets planned to be sold.
(4) Calculation of recoverable amounts
Recoverable amounts for assets for business use are measured by the value in use based on the anticipated future cash flows. The value of the assets for business use located in Chichibu, Saitama Prefecture, was determined by discounting future cash flows at 2.1%.
Because the value of the assets for business use located in Yokohama, Kanagawa Prefecture was estimated as a negative amount, the value in use was determined to be zero.
Recoverable amounts for idle assets are determined using the net selling value. The net selling value of the idle assets located in Chichibu, Saitama Prefecture has been assessed as zero.</td>
<td>*6</td><td>The breakdown of impairment losses is as follows:
(1) Assets or asset groups for which impairment losses were recognized
<table>
<tr><th rowspan="2">Location</th><th rowspan="2">Use</th><th rowspan="2">Type</th><th colspan="2">Impairment loss</th></tr>
<tr><th>Millions of yen</th><th>Thousands of U.S. dollars</th></tr>
<tr><td>Tomisato, Chiba Prefecture, etc.</td><td>Assets for business use (Vacuum application business)</td><td>Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures, etc.</td><td>4,611</td><td>57,111</td></tr>
<tr><td>Chichibu, Saitama Prefecture</td><td>Assets for business use (Vacuum application business)</td><td>Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures, etc.</td><td>195</td><td>2,415</td></tr>
<tr><td>Chichibu, Saitama Prefecture</td><td>Idle assets</td><td>Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures, etc.</td><td>635</td><td>7,861</td></tr>
<tr><td>Chichibu, Saitama Prefecture</td><td>–</td><td>Goodwill</td><td>341</td><td>4,224</td></tr>
<tr><td colspan="3">Total</td><td>5,781</td><td>71,611</td></tr>
</table>
(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 impairment loss within extraordinary losses.
In respect of goodwill, an impairment loss has been recognized because the revenue initially anticipated based on the examination of the business plan at the time of a stock acquisition is no longer probable.
(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 in respect of assets planned to be sold.
(4) Calculation of recoverable amounts
Recoverable amounts for assets for business use located in Tomisato, Chiba 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%.
Because the value of the assets for business use located in Chichibu, Saitama Prefecture was estimated as a negative amount, the value in use was determined to be zero.
Recoverable amounts for idle assets are determined using the net selling value. The net selling value of the idle assets located in Chichibu, Saitama Prefecture has been assessed as zero.
Goodwill, which is not considered to be recoverable against future profits was fully impaired and recognized as an impairment loss.</td></tr>
</table>

<table>
<tr><th colspan="2">For the fiscal year ended
June 30, 2010</th><th colspan="2">For the fiscal year ended
June 30, 2011</th></tr>
<tr><td>*7</td><td>___________________</td><td>*7</td><td>The Company incurred losses in the fiscal year ended June 30, 2011, related to the Great East Japan Earthquake. The breakdown of loss recorded is as follows:

<table>
<tr><th></th><th>Millions of yen</th><th>Thousands of U.S. dollars</th></tr>
<tr><td>Loss on inventories</td><td>2,982</td><td>36,933</td></tr>
<tr><td>Expenses for restoring to original condition and repair, etc.</td><td>273</td><td>3,380</td></tr>
<tr><td>Total</td><td>3,254</td><td>40,313</td></tr>
</table>

A reasonable estimate of loss expected to be incurred in the future has been recognized as provision for loss on disaster and include in loss on disaster. The breakdown of this provision is as follows:
<table>
<tr><th></th><th>Millions of yen</th><th>Thousands of U.S. dollars</th></tr>
<tr><td>Restoration expense of inventories</td><td>79</td><td>973</td></tr>
<tr><td>Expenses for restoring to original condition and repair, etc.</td><td>86</td><td>1,060</td></tr>
<tr><td>Total</td><td>164</td><td>2,033</td></tr>
</table>
</td></tr>
</table>

c) Notes to Consolidated Statements of Comprehensive Income

For the fiscal year ended June 30, 2011

*1 Comprehensive income for the fiscal year immediately prior to the current fiscal year (fiscal year ended June 30, 2010)

	Millions of yen
Comprehensive income attributable to owners of the parent	565
Comprehensive income attributable to minority interests	(787)
Total	(221)

*2 Other comprehensive income for the fiscal year immediately prior to the current fiscal year (fiscal year ended June 30, 2010)

	Millions of yen
Unrealized gain (loss) on securities, net of taxes	(168)
Foreign currency translation adjustments	(1,517)
Share of other comprehensive income of companies accounted for by the equity method	1
Total	(1,684)

d) Notes to Consolidated Statements of Changes in Net Assets

For the fiscal year ended June 30, 2010

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

Type of stock	Number of shares at the end of the previous 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	42,905,938	6,450,000	-	49,355,938

(Outline of reasons for fluctuations)
The breakdown of the increase in the number of shares outstanding is as follows:
Increase from public offering of new shares 6,450,000 shares

2. Matters related to treasury stock (Shares)

Type of stock	Number of shares at the end of the previous 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	10,200	175	-	10,375

(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 175 shares

3. Matters related to dividends
(1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (millions of yen)	Dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on September 29, 2009	Common stock	901	21.00	June 30, 2009	September 30, 2009

(2) Of the dividends whose base dates belong to the fiscal year ended June 30, 2010, those whose effective dates are in the following consolidated fiscal year

Resolution	Type of stock	Total amount of dividends (millions of yen)	Fiscal resource of dividends	Dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on September 29, 2010	Common stock	1,036	Retained earnings	21.00	June 30, 2010	September 30, 2010

For the fiscal year ended June 30, 2011

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

Type of stock	Number of shares at the end of the previous 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 treasury stock (Shares)

Type of stock	Number of shares at the end of the previous 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	10,376	29	-	10,405

(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 29 shares

3. Matters related to dividends
(1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (millions of yen)	Dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on September 29, 2010	Common stock	1,036	21.00	June 30, 2010	September 30, 2010

(2) Of the dividends whose base dates belong to the fiscal year ended June 30, 2011, those whose effective dates are in the following consolidated fiscal year
Not applicable

e) Notes to Consolidated Statements of Cash Flows

For the fiscal year ended June 30, 2010

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
Cash on hand and in banks	31,327
Time deposits with maturities over three months	(1,606)
Cash and cash equivalents	29,721

For the fiscal year ended June 30, 2011

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	Thousands of U.S. dollars
Cash on hand and in banks	36,259	449,138
Time deposits with maturities over three months	(536)	(6,645)
Cash and cash equivalents	35,722	442,493

(Lease Transactions)

For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
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	1. Finance leases (lessee) Finance lease transactions that do not transfer ownership 1) Lease assets Same as left.
2) Depreciation of lease assets As described in the Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements “5. Accounting policies (3) Depreciation and amortization of major fixed assets.” In addition, the accounting treatment for finance lease transactions without options to transfer ownership, which had commenced on or before June 30, 2008 continue to be accounted for as operating leases. The details are as follows:	2) Depreciation of lease assets Same as left.

For the fiscal year ended June 30, 2010

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

	Machinery, equipment and vehicles	Tools, furniture and fixtures	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Acquisition value	3,123	1,274	1,198	5,595
Accumulated depreciation	1,691	890	970	3,551
Book value	1,433	383	228	2,044

Acquisition value are computed by including interests paid because the ratio of future lease payments obligation to the term-end balance of property, plant and equipment is small.

(2) Future lease payments obligations are as follows:

	Millions of yen
Due within one year	871
Due after one year	1,173
Total	2,044

Future lease payments obligation are computed by including interests paid because the ratio of future lease payments obligation to the term-end balance of property, plant and equipment is small.

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

	Millions of yen
Lease payments	925
Depreciation expense	925

(4) Calculation method of depreciation
Depreciation expenses are calculated using the straight-line method over the lease term without residual value.

For the fiscal year ended June 30, 2011

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

	Machinery, equipment and vehicles	Tools, furniture and fixtures	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Acquisition value	2,187	884	244	3,315
Accumulated depreciation	1,432	647	203	2,282
Book value	756	237	41	1,034

	Machinery, equipment and vehicles	Tools, furniture and fixtures	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Acquisition value	27,094	10,956	3,017	41,067
Accumulated depreciation	17,733	8,019	2,510	28,262
Book value	9,360	2,937	508	12,805

Same as left.

(2) Future lease payments obligations are as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	557	6,897
Due after one year	477	5,908
Total	1,034	12,805

Same as left.

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

	Millions of yen	Thousands of U.S. dollars
Lease payments	671	8,315
Depreciation expense	671	8,315

(4) Calculation method of depreciation
Same as left.

For the fiscal year ended June 30, 2010

2. Operating leases
Future minimum lease payments under noncancelable operating leases

	Millions of yen
Due within one year	553
Due after one year	1,283
Total	1,836

For the fiscal year ended June 30, 2011

2. Operating leases
Future minimum lease payments under noncancelable operating leases

	Millions of yen	Thousands of U.S. dollars
Due within one year	542	6,715
Due after one year	810	10,028
Total	1,352	16,743

(Financial Instruments)

For the fiscal year ended June 30, 2010
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 foreign-currency denominated receivables and 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 the 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 investment securities.

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 within the total loans payable account are mainly used to finance general operations. Long-term debt, bonds and convertible 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 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 standings. 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 fair value, they may change if different assumptions are adopted.

Market risk related to derivative financial instruments is not included within their contract values of derivatives mentioned in the notes titled “Derivative Transactions.”

2. Fair values of financial instruments

Book values, fair values and their differences as of June 30, 2010 are as follows. Financial instruments whose fair values are deemed extremely difficult to determine are not included in this table below. (Note 2)

(Millions of yen)

	Book value	Fair value (*1)	Difference
(1) Cash on hand and in banks	31,327	31,327	-
(2) Notes and accounts receivable, trade	88,526	88,526	-
(3) Investment securities			
a. Shares in subsidiaries and affiliates	1,471	758	(713)
b. Other securities	1,207	1,207	-
(4) Notes and accounts payable, trade	(58,520)	(58,520)	-
(5) Short-term borrowings	(30,582)	(30,582)	-
(6) Bonds (*2)	(300)	(301)	(1)
(7) Convertible bonds	(15,500)	(15,500)	-
(8) Long-term debt (*2)	(53,812)	(54,032)	(220)
(9) Derivative transactions (*3)	54	54	-

(*1) The items included in liabilities are indicated by parentheses ( ).
(*2) The book values of bonds and long-term debt include current portion of bonds and current portion of long-term debt.
(*3) Claims and debts arising from derivative transactions are shown on a net basis. The items which are net debts are indicated by 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 equity securities is based on the market prices. For details of securities by holding purpose, please refer to the notes titled “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, (7) Convertible bonds and (8) 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.

(9) Derivative transactions
Refer to the notes titled “Derivative Transactions.”

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

(Millions of yen)

Classification	Book value
Shares in subsidiaries and affiliates	1,075
Other securities (unlisted stocks)	309
Total	1,384

The above instruments are not included in "(3) Investment securities" since their fair values are deemed extremely difficult to determine because 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

(Millions of yen)

	Within one year	Over one year and not exceeding five years	Over five years and not exceeding ten years	Over ten years
Cash on hand and in banks	31,327	-	-	-
Notes and accounts receivable, trade	88,123	403	-	-
Total	119,450	403	-	-

Note 4. The repayment schedules after the consolidated balance sheet date for bonds, convertible bonds and long-term debt
Refer to "Schedule of bonds and debentures" and "Schedules of borrowings, etc." of "Supplementary Financial Schedule."

(Additional information)
Effective July 1, 2009, the Company adopted the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 10, 2008).

For the fiscal year ended June 30, 2011

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 foreign-currency denominated receivables and 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 the 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 investment securities.

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 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 standings. 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 fair value, they may change if different assumptions are adopted.

Market risk related to derivative financial instruments is not included within their contract values of derivatives mentioned in the notes titled "Derivative Transactions."

2. Fair values of financial instruments

Book values, fair values and their differences as of June 30, 2011 are as follows. Financial instruments whose fair values are deemed extremely difficult to determine are not included in this table below. (Note 2)

	Book value	Fair value (*1)	Difference	Book value	Fair value (*1)	Difference
	(millions of yen)			(thousands of U.S. dollars)		
(1) Cash on hand and in banks	36,259	36,259	-	449,138	449,138	-
(2) Notes and accounts receivable, trade	80,489	80,489	-	997,020	997,020	-
(3) Investment securities						
a. Shares in subsidiaries and affiliates	1,488	663	(824)	18,427	8,218	(10,209)
b. Other securities	1,363	1,363	-	16,878	16,878	-
(4) Notes and accounts payable, trade	(57,556)	(57,556)	-	(712,947)	(712,947)	-
(5) Short-term borrowings	(51,629)	(51,629)	-	(639,528)	(639,528)	-
(6) Commercial paper	(10,000)	(10,000)	-	(123,870)	(123,870)	-
(7) Bonds (*2)	(80)	(80)	(0)	(991)	(995)	(4)
(8) Long-term debt (*2)	(43,390)	(43,419)	(29)	(537,469)	(537,828)	(360)
(9) Derivative transactions (*3)	26	26	-	325	325	-

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

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

(*3) Claims and debts arising from derivative transactions are shown on a net basis. The items which are net debts are indicated by 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 equity securities is based on the market prices. For details of securities by holding purpose, please refer to the notes titled "Securities."

(4) Notes and accounts payable, trade, (5) Short-term borrowings and (6) Commercial paper

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.

(7) Bonds and (8) 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.

(9) Derivative transactions

Refer to the notes titled "Derivative Transactions."

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

Classification	Book value (millions of yen)	Book value (thousands of U.S. dollars)
Shares in subsidiaries and affiliates	1,101	13,634
Other securities (unlisted stocks)	655	8,109
Total	1,755	21,743

The above instruments are not included in "(3) Investment securities" since their fair values are deemed extremely difficult to determine because 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

	Within one year	Over one year and not exceeding five years	Over five years and not exceeding ten years	Over ten years	Within one year	Over one year and not exceeding five years	Over five years and not exceeding ten years	Over ten years
	(millions of yen)				(thousands of U.S. dollars)			
Cash on hand and in banks	36,259	-	-	-	449,138	-	-	-
Notes and accounts receivable, trade	80,437	52	-	-	996,376	643	-	-
Total	116,696	52	-	-	1,445,514	643	-	-

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

Refer to "Schedule of bonds and debentures" and "Schedules of borrowings, etc." of "Supplementary Financial Schedule."

(Securities)

For the fiscal year ended June 30, 2010

1. Other securities (As of June 30, 2010)

(Millions of yen)

	Type	Book value	Acquisition cost	Difference
Securities with book values exceeding acquisition cost	(1) Stocks	580	400	181
	(2) Bonds			
	a. National government bonds, local government bonds, etc.	-	-	-
	b. Corporate bonds	-	-	-
	c. Other	-	-	-
	(3) Other	-	-	-
	Subtotal	580	400	181
Securities with book values not exceeding acquisition cost	(1) Stocks	626	891	(265)
	(2) Bonds			
	a. National government bonds, local government bonds, etc.	-	-	-
	b. Corporate bonds	-	-	-
	c. Other	-	-	-
	(3) Other	-	-	-
	Subtotal	626	891	(265)
Total		1,207	1,291	(84)

Notes:

1. Acquisition costs are amounts after accounting for impairment.
2. Unlisted stocks (309 million yen on the consolidated balance sheets) are not included in the table above since their fair values are deemed extremely difficult to determine because they have no market prices.

2. Other securities which were sold during the current consolidated fiscal year

(Millions of yen)

Type	Proceeds from sale	Gains on sale	Losses on sale
(1) Stocks	10	1	2
(2) Bonds			
a. National government bonds, local government bonds, etc.	-	-	-
b. Corporate bonds	-	-	-
c. Other	-	-	-
(3) Other	-	-	-
Total	10	1	2

3. Other securities for which impairment loss was recognized

An impairment loss of 0 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.

For the fiscal year ended June 30, 2011

1. Other securities (As of June 30, 2011)

	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	593	424	169	7,347	5,251	2,096
	(2) Bonds						
	a. National government bonds, local government bonds, etc.	-	-	-	-	-	-
	b. Corporate bonds	-	-	-	-	-	-
	c. Other	-	-	-	-	-	-
	(3) Other	-	-	-	-	-	-
	Subtotal	593	424	169	7,347	5,251	2,096
Securities with book values not exceeding acquisition cost	(1) Stocks	769	993	(224)	9,531	12,306	(2,776)
	(2) Bonds						
	a. National government bonds, local government bonds, etc.	-	-	-	-	-	-
	b. Corporate bonds	-	-	-	-	-	-
	c. Other	-	-	-	-	-	-
	(3) Other	-	-	-	-	-	-
	Subtotal	769	993	(224)	9,531	12,306	(2,776)
Total		1,363	1,417	(55)	16,878	17,557	(679)

Notes:

1. Acquisition costs are amounts after accounting for impairment.
2. Unlisted stocks (655 million yen (US$8,109 thousand) on the consolidated balance sheets) are not included in the table above since their fair values are deemed extremely difficult to determine because they have no market prices.

2. Other securities which were sold during the current consolidated fiscal year
Not applicable

3. Other securities for which impairment loss was recognized
An impairment loss of 305 million yen (US$3,781 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)

Previous fiscal year (As of June 30, 2010)

1. Derivatives in which hedge accounting is not applied
Currency-related transactions

(Millions of yen)

Classification	Type	Previous fiscal year As of June 30, 2010			
		Contract value	Over one year	Fair value	Unrealized gains (losses)
Transactions other than market transactions	Forward foreign exchange contracts				
	Sold				
	U.S. dollar	1,267	-	1,234	33
	Euro	318	-	270	49
	Bought				
	U.S. dollar	444	-	430	(13)
	Euro	93	-	81	(13)
	Pound sterling	32	-	31	(1)
Total		-	-	-	54

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

Current fiscal year (As of June 30, 2011)

1. Derivatives in which hedge accounting is not applied
Currency-related transactions

Classification	Type	Current fiscal year As of June 30, 2011							
		(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	2,439	-	2,401	38	30,218	-	29,742	476
	Euro	140	-	146	(6)	1,735	-	1,807	(72)
	Bought								
	U.S. dollar	325	-	318	(7)	4,023	-	3,941	(82)
	Euro	54	-	55	1	673	-	685	11
	Pound sterling	22	-	22	(1)	278	-	269	(9)
Total		-	-	-	26	-	-	-	325

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

(Retirement Benefit Plans)

For the fiscal year ended June 30, 2010

1. Outline of adopted employee retirement benefit plans

   The Company and domestic consolidated subsidiaries provide a tax-qualified pension plan, corporate pension plan and a lump-sum severance payment plan as defined-benefit corporate pension plans.

   The Company modified its pension plan from the tax-qualified pension plan to a defined-benefit corporate pension plan on July 1, 2009. Due to this change, the prior service liabilities were charged to expenses from the fiscal year ended June 30, 2010.

   Extra payments, which are not subject to the retirement benefit obligation by mathematical calculation based on retirement benefit accounting, may be added upon retirement of employees of the Company and its consolidated subsidiaries.

2. Retirement benefit obligations

(As of June 30, 2010)

	Millions of yen
(1) Projected benefit obligation	(24,796)
(2) Plan assets	10,934
(3) Unfunded retirement benefit obligation (1) + (2)	(13,863)
(4) Unrecognized actuarial differences	350
(5) Unrecognized prior service liabilities	(333)
(6) Net amount on the consolidated balance sheets (3) + (4) + (5)	(13,845)
(7) Prepaid pension cost	97
(8) Accrued pension and severance costs for employees (6) – (7)	(13,942)

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

3. Retirement benefit expenses

(For the fiscal year ended June 30, 2010)

	Millions of yen
(1) Service cost	1,897
(2) Interest cost	383
(3) Expected return on plan assets	(154)
(4) Amortization of unrecognized net obligation on the date of initial application of the new accounting standards for employee retirement benefits	321
(5) Amortization of actuarial differences	257
(6) Amortization of prior service liabilities	(28)
(7) Net retirement benefit expenses	2,676

For the fiscal year ended June 30, 2011

1. Outline of adopted employee retirement benefit plans

   The Company and domestic consolidated subsidiaries provide a tax-qualified pension plan, corporate pension plan and a lump-sum severance payment plan as defined-benefit corporate pension plans.

   Two domestic consolidated subsidiaries modified their pension plan from the tax-qualified pension plan to a defined-benefit corporate pension plan on July 1, 2010 and February 1, 2011, respectively.

   Extra payments, which are not subject to the retirement benefit obligation by mathematical calculation based on retirement benefit accounting, may be added upon retirement of employees of the Company and its consolidated subsidiaries.

2. Retirement benefit obligations

(As of June 30, 2011)

	Millions of yen	Thousands of U.S. dollars
(1) Projected benefit obligation	(26,018)	(322,286)
(2) Plan assets	12,412	153,746
(3) Unfunded retirement benefit obligation (1) + (2)	(13,606)	(168,540)
(4) Unrecognized actuarial differences	30	376
(5) Unrecognized prior service liabilities	(313)	(3,881)
(6) Net amount on the consolidated balance sheets (3) + (4) + (5)	(13,889)	(172,044)
(7) Prepaid pension cost	101	1,250
(8) Accrued pension and severance costs for employees (6) – (7)	(13,990)	(173,294)

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

3. Retirement benefit expenses

(For the fiscal year ended June 30, 2011)

	Millions of yen	Thousands of U.S. dollars
(1) Service cost	2,026	25,098
(2) Interest cost	407	5,043
(3) Expected return on plan assets	(115)	(1,423)
(4) Amortization of actuarial differences	242	2,994
(5) Amortization of prior service liabilities	(28)	(343)
(6) Amount accounted for as expenses for changing the calculation method for projected benefit obligation from the non-actuarial method to the formal actuarial method.	225	2,788
(7) Net retirement benefit expenses	2,758	34,158

Note: One domestic consolidated subsidiary merged another domestic consolidated subsidiary that had calculated its projected benefit obligation for employees using the non-actuarial method and recalculated the obligation for employees using the actuarial valuation.

As a result, a 225 million yen (US$2,788 thousand) difference between accrued pension and severance costs for employees carried from merged subsidiary and the recalculated obligation was recognized as an extraordinary loss.

For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011
4. Basis for calculation of projected benefit obligations (1) Discount rate: 2.0% (2) Expected rate of return on plan assets: 1.0%–3.0% (3) Method of attributing the projected benefits to periods of service: Term straight-line basis (4) Number of years for amortization of prior service liabilities: 10 years (5) Number of years for amortization of net obligation on the date of initial application of the new accounting standards for employee retirement benefits: 10 years (6) Number of years for amortization of actuarial differences: 10 years	4. Basis for calculation of projected benefit obligations (1) Discount rate: 2.0% (2) Expected rate of return on plan assets: 1.0%–1.5% (3) Method of attributing the projected benefits to periods of service: Term straight-line basis (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)

Previous fiscal year As of June 30, 2010

1. Significant components of deferred tax assets and liabilities

	Millions of yen
(Deferred tax assets)	
(1) Deferred tax assets (current)	
Inventories (unrealized gains, devaluation losses)	2,942
Tax loss carried forward	248
Accrued bonuses	619
Accrued warranty costs	440
Tax credit carried forward	855
Adjustment for allowance for doubtful accounts	141
Provision for loss on contract	205
Other	895
Subtotal deferred tax assets (current)	6,345
Provision for valuation allowance	(332)
Total deferred tax assets (current)	6,013
(2) Deferred tax assets (fixed)	
Accrued pension and severance costs for employees	5,518
Accrued pension and severance costs for directors and corporate auditors	499
Tax loss carried forward	2,497
Devaluation loss on investment securities	513
Depreciation	1,228
Other	510
Subtotal deferred tax assets (fixed)	10,765
Provision for valuation allowance	(3,259)
Total deferred tax assets (fixed)	7,507
(3) Total deferred tax assets	13,520
(Deferred tax liabilities)	
(1) Deferred tax liabilities (current)	
Adjustment for allowance for doubtful accounts	(22)
Other	(171)
Total deferred tax liabilities (current)	(193)
(2) Deferred tax liabilities (fixed)	
Special reserve for income tax deferred	(828)
Other	(38)
Total deferred tax liabilities (fixed)	(866)
(3) Total deferred tax liabilities	(1,059)
Net deferred tax assets	12,461

Current fiscal year As of June 30, 2011

1. Significant components of deferred tax assets and liabilities

	Millions of yen	Thousands of U.S. dollars
(Deferred tax assets)		
(1) Deferred tax assets (current)		
Inventories (unrealized gains, devaluation losses)	3,385	41,928
Accrued bonuses	597	7,390
Accrued warranty costs	493	6,111
Adjustment for allowance for doubtful accounts	583	7,223
Provision for loss on contract	1,045	12,946
Bad debt expenses	792	9,812
Other	1,052	13,032
Subtotal deferred tax assets (current)	7,947	98,442
Provision for valuation allowance	(681)	(8,440)
Total deferred tax assets (current)	7,266	90,003
(2) Deferred tax assets (fixed)		
Accrued pension and severance costs for employees	5,583	69,159
Accrued pension and severance costs for directors and corporate auditors	451	5,583
Tax loss carried forward	3,926	48,633
Tax credit carried forward	927	11,484
Devaluation loss on investment securities	490	6,069
Depreciation	1,725	21,366
Impairment loss on fixed assets	1,998	24,753
Other	837	10,367
Subtotal deferred tax assets (fixed)	15,937	197,413
Provision for valuation allowance	(6,355)	(78,721)
Total deferred tax assets (fixed)	9,582	118,692
(3) Total deferred tax assets	16,848	208,695
(Deferred tax liabilities)		
(1) Deferred tax liabilities (current)		
Adjustment for allowance for doubtful accounts	(126)	(1,563)
Other	(331)	(4,095)
Total deferred tax liabilities (current)	(457)	(5,658)
(2) Deferred tax liabilities (fixed)		
Special reserve for income tax deferred	(771)	(9,548)
Other	(75)	(932)
Total deferred tax liabilities (fixed)	(846)	(10,480)
(3) Total deferred tax liabilities	(1,303)	(16,138)
Net deferred tax assets	15,545	192,557

Previous fiscal year As of June 30, 2010	Current fiscal year As of June 30, 2011
2. A reconciliation of the differences between the statutory tax rate and the effective income tax rate Statutory tax rate 40.3 % (Adjustments) Permanent non-deductible expenses, including entertainment expenses 3.5 Equalization inhabitant taxes 1.4 Net operating loss carry forwards 13.3 Tax rate difference of overseas subsidiaries (16.9) Valuation allowance 18.1 Other 8.4 Effective income tax rate 67.9	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 was recorded, this reconciliation is omitted.

(Business Combinations)

For the fiscal year ended June 30, 2010
Not applicable

For the fiscal year ended June 30, 2011
Transactions under common control
Absorption-type merger between the Company and a consolidated subsidiary

1. Outline of merger transaction
   (1) Names and business activities of companies involved in business combination
      a. Surviving company
         Name: ULVAC, Inc. (the Company)
         Business activities: Development, manufacturing, sale, customer support, etc. for vacuum devices, peripheral devices and vacuum components for the display, solar cell, semiconductor, electronic, electric, metal, machinery, automobile, chemical, food product and medical product industries, as well as universities and research labs

      b. Merged company
         Name: ULVAC Materials, Inc. (consolidated subsidiary of the Company)
         Business activities: Sale of new materials such as sputtering targets and tantalum products, and sale of superfine particle application products

   (2) Date of business combination
      October 1, 2010

   (3) Legal format of business combination
      Absorption-type merger whereby ULVAC, Inc. was the surviving company and ULVAC Materials, Inc. was the absorbed company.

   (4) Name of company after business combination
      ULVAC, Inc.

   (5) Other matters related to the outline of merger transaction
      One of the materials handled by the merged company was target material, a consumable material that is used for sputtering equipment manufactured and sold as a mainstay product to the Company, and an important element for the development of cutting-edge technology. The purpose of this business combination was for the Company, through an absorption-type merger of ULVAC Materials, Inc., to swiftly respond to customer needs, increase reliability and strive to improve business efficiency by selling the sputtering equipment and the target material as a solution.

2. Outline of accounting treatment
   The Company treated the business combination mentioned above as a merger transaction of entities under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

Absorption-type merger between two consolidated subsidiaries

1. Outline of merger transaction
   (1) Names and business activities of companies involved in business combination
      a. Surviving company
         Name: ULVAC KYUSHU CORPORATION (consolidated subsidiary of the Company)
         Business activities: Sale and maintenance of vacuum equipment and devices in the Kyushu region as well as manufacturing on assignment of vacuum devices

b. Merged company

Name: ULVAC SEIKI COMPANY, LIMITED (consolidated subsidiary of the Company)

Business activities: Manufacturing on assignment of vacuum pumps and vacuum valves

(2) Date of business combination
October 1, 2010

(3) Legal format of business combination
Absorption-type merger whereby ULVAC KYUSHU CORPORATION was the surviving company and ULVAC SEIKI COMPANY, LIMITED was the dissolved company

(4) Name of company after business combination
ULVAC KYUSHU CORPORATION

(5) Other matters related to the outline of merger transaction
The two combined companies operated factories in close proximity to each other and both manufactured vacuum devices and vacuum equipment. The purpose of this business combination was to swiftly respond to customer needs, raise reliability and strive to improve operational efficiency to address the recent growing level of sophistication of customer needs.

2. Outline of accounting treatment
The Company treated this business combination mentioned above as a merger transaction of entities under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

(Segment Information)

[Segment information by type of business]

(Millions of yen)

Title	For the fiscal year ended June 30, 2010				
	Vacuum equipment business	Vacuum application business	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss					
Net sales					
(1) Sales to outside customers	180,527	41,278	221,804	-	221,804
(2) Intersegment	474	3,586	4,060	(4,060)	-
Total	181,001	44,864	225,865	(4,060)	221,804
Operating expenses	174,140	47,643	221,783	(4,788)	216,995
Operating profit (loss)	6,861	(2,779)	4,082	727	4,809
II Assets, depreciation, impairment loss and capital expenditure					
Assets	252,203	60,065	312,268	1,516	313,784
Depreciation	9,393	2,557	11,950	(1)	11,949
Impairment loss	-	1,000	1,000	-	1,000
Capital expenditure	10,230	856	11,087	-	11,087

Notes:

1. Method of business segmentation
Businesses are segmented in consideration of the commonality of production technologies and uses.
2. Major products of each business segment

Business segment	Major products
Vacuum equipment business	Sputtering equipment; plasma CVD systems; organic EL production equipment; vacuum deposition equipment; etching systems; solid-state laser anneal systems; ink jet printing systems; screen printing machines; ODF systems; PDP panel function testers; solar-cells production equipment; ion implanters; resist stripping systems; metal CVD systems; decompression CVD systems; native oxide removable equipment; wafer bump inspection systems; vacuum pumps; vacuum gauges; helium leak detectors; gas analyzers; surface profiling systems; power supplies; deposition controllers; vacuum components; vacuum robot & transfer module; ultra-vacuum equipment; MOCVD systems; high vacuum pumping equipment; molecular beam epitaxy (MBE) systems; equipment using ion beam technology; vacuum melting furnaces; vacuum heat treatment furnaces; vacuum sintering furnaces; vacuum evaporation roll coaters; vacuum evaporation-polymerization systems; vacuum brazing furnaces; freezing/vacuum-drying systems; vacuum distillation systems; sales, modification, repair, overhaul, relocation of vacuum-related equipment; and sales of components and expendable supplies

Business segment	Major products
Vacuum application business	Sputtering target materials; evaporation materials; processed titanium and tantalum; activated high temp melting metal; surface treatment and precision cleaning; nano particles; auger electron spectroscopies; X-ray photoelectron spectroscopies; secondary ion mass spectrometries; thermal analyzers and thermophysical property measurement instruments; near infrared image furnace application equipment; drive control equipment for industrial machinery; equipment with high voltage inverters; power regeneration converters; uninterruptible power-supply systems; remote reading equipment; hard mask blanks for semiconductors; plating and coating on consignment; and photovoltaic generation/quick charge system for electric vehicles

3. Operating expenses do not include operating expenses that cannot be allocated, which are included in "elimination or corporate total."
4. Of assets, corporate total assets included in "elimination or corporate total" amounted to 1,516 million yen. They are mainly long-term investment assets (investment securities) and assets related to the administrative division.
5. Change in segment names
   Effective July 1, 2009, the naming of segments by type of business has been changed to more clearly describe the nature of the businesses conducted within the segment:

(Former segment name)	(New segment name)
Vacuum business	Vacuum equipment business
Other business	Vacuum application business

6. Change of accounting policy
   (Accounting Standard for Construction Contracts)
   As described in 5. (1) of [Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements], effective July 1, 2009, the Company adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). For the make-to-order manufacturing contracts of production equipment commenced during the fiscal year ended June 30, 2010, 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 progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise.
   Due to this change, in the vacuum equipment business, net sales and operating profit increased by 44,037 million yen and 12,033 million yen, respectively, as compared to the case where the previous method was applied.

[Segment information by geographic area]

(Millions of yen)

Title	For the fiscal year ended June 30, 2010					
	Japan	Asia	North America	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss Net sales (1) Sales to outside customers	183,597	34,608	3,600	221,804	-	221,804
(2) Intersegment	18,228	6,872	1,623	26,723	(26,723)	-
Total	201,825	41,480	5,223	248,527	(26,723)	221,804
Operating expenses	202,765	37,582	5,269	245,616	(28,621)	216,995
Operating profit (loss)	(940)	3,897	(46)	2,911	1,898	4,809
II Assets	265,803	43,923	2,543	312,268	1,516	313,784

Notes:
1. Segmentation of countries or regions: Based on geographical proximity
2. Major countries or regions that belong to each segment:
   (1) Asia: China, South Korea, Taiwan and Singapore
   (2) North America: U.S.A.
3. Operating expenses do not include operating expenses that cannot be allocated, which are included in "elimination or corporate total."
4. Of assets, corporate total assets included in "elimination or corporate total" amounted to 1,516 million yen. They are mainly long-term investment assets (investment securities) and assets related to the administrative division.
5. Change of accounting policy
   (Accounting Standard for Construction Contracts)
   As described in 5. (1) of [Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements], effective July 1, 2009, the Company adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). For the make-to-order manufacturing contracts of production equipment commenced during the fiscal year ended June 30, 2010, 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 progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise.
   Due to this change, in Japan, net sales increased by 44,037 million yen and operating loss decreased by 12,033 million yen, respectively, as compared to the case where the previous method was applied.

[Overseas sales]

	For the fiscal year ended June 30, 2010				
	Asia	North America	Europe	Other regions	Total
I Overseas sales (millions of yen)	115,092	5,528	1,513	202	122,335
II Consolidated net sales (millions of yen)					221,804
III Ratio of overseas sales to consolidated net sales (%)	51.9	2.5	0.7	0.1	55.2

Notes:
1. Segmentation of countries or regions: Based on geographical proximity
2. Major countries or regions that belong to each segment:
   (1) Asia: China, South Korea, Taiwan and Singapore
   (2) North America: U.S.A. and Canada
   (3) Europe: France, Germany and U.K.
   (4) Other regions: Russia and Australia
3. Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.

[Segment information]

For the fiscal year ended June 30, 2011

1. Outline of Reportable Segments
   The reportable segments of the Company are components of the Company about which separate financial information is available that is evaluated regularly by the chief operating 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 from products such as sputtering equipment for LCDs, organic EL production equipment, solar-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 from 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 consistent with those stated in "Fundamental Items of Importance Concerning the 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

   For the fiscal year ended June 30, 2010

(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	180,527	41,278	221,804	-	221,804
Intersegment	474	3,586	4,060	(4,060)	-
Total	181,001	44,864	225,865	(4,060)	221,804
Segment profit (loss)	6,861	(2,779)	4,082	727	4,809
Segment assets	252,203	60,065	312,268	1,516	313,784
Other items					
Depreciation	9,393	2,557	11,950	(1)	11,949
Increase in property, plant and equipment and intangible fixed assets	10,230	1,373	11,604	-	11,604

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 profit on the consolidated statements of income.

For the fiscal year ended June 30, 2011

(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	190,041	41,999	232,040	-	232,040
Intersegment	3,383	5,359	8,742	(8,742)	-
Total	193,425	47,357	240,782	(8,742)	232,040
Segment profit (loss)	2,978	(1,161)	1,816	33	1,850
Segment assets	255,653	55,946	311,599	2,017	313,616
Other items					
Depreciation	8,784	1,935	10,719	(2)	10,717
Increase in property, plant and equipment and intangible fixed assets	14,047	4,400	18,446	-	18,446

(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	2,354,037	520,234	2,874,272	-	2,874,272
Intersegment	41,911	66,378	108,289	(108,289)	-
Total	2,395,948	586,613	2,982,561	(108,289)	2,874,272
Segment profit (loss)	36,883	(14,382)	22,501	410	22,911
Segment assets	3,166,772	692,996	3,859,768	24,987	3,884,755
Other items					
Depreciation	108,802	23,974	132,776	(24)	132,752
Increase in property, plant and equipment and intangible fixed assets	173,997	54,499	228,496	-	228,496

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 for operating profit on the consolidated statements of income.
3. (Change of accounting policy)
   (Changes of classification to record royalty income, management fees and related items)
   As described in 5. (1) of [Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements], revenue from royalty income, management fees and related items has previously been classified as non-operating income. However effective July 1, 2010, this revenue has been included in net sales.
   The effects of this change on net sales and segment profit (loss) were immaterial.

[Related information]

For the fiscal year ended June 30, 2011

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
93,343	45,397	43,254	30,994	19,052	232,040

(Thousands of U.S. dollars)

Japan	China	South Korea	Taiwan	Other regions	Total
1,156,231	562,335	535,791	383,922	235,994	2,874,272

(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
75,022	11,929	144	87,095

(Thousands of U.S. dollars)

Japan	Asia	North America	Total
929,291	147,767	1,788	1,078,847

3. Information by major customer

This information is omitted as there are no specific customers to whom net sales accounts for 10% or more of the net sales on the consolidated statements of income.

[Impairment loss on fixed assets by reportable segment]

For the fiscal year ended June 30, 2011

(Millions of yen)

	Vacuum equipment business	Vacuum application business	Total
Impairment loss	-	5,781	5,781

(Thousands of U.S. dollars)

	Vacuum equipment business	Vacuum application business	Total
Impairment loss	-	71,611	71,611

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

For the fiscal year ended June 30, 2011

(Millions of yen)

	Vacuum equipment business	Vacuum application business	Total
Amortization during the current fiscal year	-	157	157
Remaining goodwill balance as of June 30, 2011	-	177	177

(Thousands of U.S. dollars)

	Vacuum equipment business	Vacuum application business	Total
Amortization during the current fiscal year	-	1,939	1,939
Remaining goodwill balance as of June 30, 2011	-	2,190	2,190

[Gain on negative goodwill by reportable segment]

For the fiscal year ended June 30, 2011

Not applicable

(Additional information)

For the fiscal year ended June 30, 2011

Effective July 1, 2010, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

[Related party information]

For the fiscal year ended June 30, 2010

Not applicable

For the fiscal year ended June 30, 2011

Transactions with related parties

Directors, corporate auditors, major shareholders (individuals only), or other related parties of the Company

Classification	Name of individual or company	Location	Capital or investments in capital (millions of yen* / thousands of U.S. dollars**)	Business activity or occupation	Ownership of voting rights etc. of the Company (%)	Relationship	Description of business transactions	Transaction amounts (millions of yen* / thousands of U.S. dollars**)	Accounting item	Balance as of June 30, 2011 (millions of yen* / thousands of U.S. dollars**)
Director or corporate auditor	Kiyoshi Ujihara	-	-	Director of the Company (Director and Executive Vice President, Nippon Life Insurance Company)	-	Borrowing of loans	Borrowing of loans Repayment of loans Payment of interest	3,000* 37,161** 3,387* 41,955** 181* 2,242**	Short-term borrowings Long-term debt Other current assets	3,356* 41,571** 6,496* 80,466** 44* 545**

Notes:

1. The above transactions were transactions between the Company and Nippon Life Insurance Company and, therefore, were carried out for a third party.
2. Terms and conditions of transaction, and policy for deciding terms and conditions of transaction, etc.
   The above transactions are subject to the terms and conditions similar to those that any transaction with general co-party is subject to.

(Per Share Information)

For the fiscal year ended June 30, 2010		For the fiscal year ended June 30, 2011		
	Yen		Yen	U.S. dollars
Net assets per share of common stock	1,992.06	Net assets per share of common stock	1,787.51	22.14
Net income per share of common stock	46.60	Net loss per share of common stock	(176.43)	(2.19)
Diluted net income per share	42.65	Diluted net income per share is not disclosed due to net loss per share and no potential shares existing.		

Note: The basis for calculation of “net income (loss) per share” and “diluted net income per share” is as follows:

	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2011	For the fiscal year ended June 30, 2011
Net income (loss) per share			
Net income (loss) (millions of yen* / thousands of U.S. dollars**)	2,138*	(8,706)*	(107,841)**
Amounts which do not belong to shareholders of common stock (millions of yen* / thousands of U.S. dollars**)	-*	-*	-**
Net income (loss) attributable to common stock (millions of yen* / thousands of U.S. dollars**)	2,138*	(8,706)*	(107,841)**
Average number of common shares during the fiscal year (thousands of shares)	45,873	49,346	49,346
Diluted net income per share			
Adjustment in net income (millions of yen* / thousands of U.S. dollars**)	-*	-*	-**
Increase in common stock (thousands of shares)	4,247	-	-
(Of which, unexercised first unsecured convertible bond-type bonds with stock acquisition rights)	(4,247)	-	-
Outline of potentially dilutive shares not included in the calculation of diluted net income per share because they have no dilutive effect	-	-	-

(Subsequent Events)

For the fiscal year ended June 30, 2010

Early redemption for first unsecured convertible bond-type bonds with stock acquisition rights

The Company has completed an early redemption for the first unsecured convertible bond-type bonds with stock acquisition rights at the full amount of the pre-redemption balance on August 24, 2010.

(1) Redeemed bond: First unsecured convertible bond-type bonds with stock acquisition rights (with pari passu clause on priority of reimbursement among the convertible bond-type bonds with stock acquisition rights)
(2) Early redemption date: August 24, 2010
(3) Early redemption amount: 15,500 million yen
(4) Call price: 100% of par value
(5) Reason for early redemption: The condition met the call clause prescribed in Section 14, item (4) of the Bond Issuance Guidelines.

(6) Impact on operating results: The redemption has no impact on operating results for the current fiscal year.
(7) Impact on cash position: The redemption has no impact on the cash flows for the current fiscal year.
(8) Redemption funds: The full amount of funds for early redemption payment was borrowed using a commitment line.

For the fiscal year ended June 30, 2011
Not applicable

(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 TOHOKU, Inc.	First unsecured bond	March 25, 2004	200 (200)	2,477 (2,477)	- (-)	- (-)	0.55	Unsecured bond	March 25, 2011
ULVAC, Inc.	First unsecured convertible bond-type bonds with stock acquisition rights (Note 1)	April 13, 2007	15,500	191,998	-	-	-	Unsecured bond	April 13, 2012
ULVAC KIKO, Inc.	First unsecured bond	March 25, 2010	100 (20)	1,239 (248)	80 (20)	991 (248)	0.86	Unsecured bond	March 25, 2015
Total	-	-	15,800 (220)	195,714 (2,725)	80 (20)	991 (248)	-	-	-

Notes:
1. Entries regarding the first unsecured convertible bond-type bonds with stock acquisition rights are as follows:

Type of bond	First unsecured convertible bond-type bonds with stock acquisition rights
Stock to be issued	Common stock
Issue value of the stock acquisition rights (yen)	Issued gratis
Issue price of stock (yen)	*
Total issue value (millions of yen)	15,500
Total issue value (thousands of U.S. dollars)	191,998
Total issue value of shares issued through the exercise of the stock acquisition rights (millions of yen)	-
Ratio of the stock acquisition rights granted (%)	100
Exercise period of the stock acquisition rights	From April 16, 2007 to April 12, 2012

When a request for exercise of stock acquisition rights is made, it shall be deemed that the whole amount of money that should be paid upon exercise of the stock acquisition rights has been paid in place of the redemption of the whole amount of the bonds to which the stock acquisition rights are attached. Stock acquisition requests should be made, to exercise the stock acquisition right, it shall be deemed that the said request has been made.

* The conversion value shall initially be 4,745 yen (US$58.78), and then revised as follows.
After the issuance of the bonds with stock acquisition rights, the conversion value shall be revised after the following business day of the third Friday of February and August every year (hereinafter referred to as the "Decision Date"). It shall be revised to 94% of the average closing quotation each day for ordinary transactions of the Company's common stock on the Tokyo Stock Exchange for five consecutive business days (excluding days when there are no closing quotations, and when the Decision Date is not a business day, for five consecutive business days up to the business day immediately before the Decision Date; hereinafter referred to as the "Market Price Calculation Period") up to the Decision Date (including that day; calculated to two decimal places of yen and rounded to two decimal places; hereinafter referred to as the "Decision Date Value"). When reasons for adjusting the conversion value arise within the Market Price Calculation Period, the conversion value after revision shall be adjusted to an amount the Company considers appropriate in accordance with the bond guidebook of bonds with stock acquisition rights. However, if the Decision Date Value falls below 3,650 yen (US$45.21) (hereinafter referred to as the "Minimum Conversion Value") as a result of such calculation, the conversion value after revision shall be the Minimum Conversion Value.
Despite the above, during a period after the issuance of the bonds with stock acquisition rights and until March 30, 2012 (including that day; hereinafter referred to as the "Revision Advance Exercise Period"), when the Company gives prior notice to holders of the rights to bonds with stock acquisition rights at its option (such prior notice shall be hereinafter referred to as the "Revision Advance Notice" and the day when the Revision Advance Notice is made shall be referred to as the "Revision Decision Date.") and 94% of the closing quotation each day of ordinary transactions of the common stock of the Company on the Tokyo Stock Exchange for five consecutive business days up to the business day (including that day) immediately before the Revision Decision Date (excluding days when there are no closing quotations; hereinafter referred to as the "Revision Decision Date Market Price Calculation Period") exceeds the effective Minimum Conversion Value on each of the said business days but is less than the effective conversion value on each of the said business days, the conversion value shall be revised to 94% of the average closing quotation each day of ordinary transactions of the common stock of the Company on the Tokyo Stock Exchange during the Revision Decision Date Market Price Calculation Period after five business days, counted from the following business day of the Revision Decision Date (calculated to two decimal places of yen and rounded to two decimal places; however, when reasons for adjusting the conversion value arise after the Revision Decision Date and by the revision of the conversion value, adjustments shall be made in accordance with the bond guidebook on bonds with stock acquisition rights; hereinafter referred to as the "Revision Decision Date Value"). When such a revision is to be made, a revision of the conversion value shall not be made by the aforementioned method regarding the Revision Decision Date related to the said revision or a Decision Date that falls on that day or immediately after that. The Company may give this Revision Advance Notice twice at the most during the Revised Advance Exercise Period. When reasons for adjusting the conversion value arise within the Revision Decision Date Market Price Calculation Period, the Revision Decision Date Value shall be adjusted to an amount the Company considers appropriate in accordance with the bond guidebook on bonds with stock acquisition rights. However, if the Revision Decision Date Value falls below the Minimum Conversion Value as a result of such calculation, the conversion value after revision shall be the Minimum Conversion Value.

When a change is made or could be made in the number of common shares of the Company for any of the reasons specified in the bond guidebook of bonds with stock acquisition rights after the issuance of the bonds with stock acquisition rights, the conversion value shall be adjusted by the following equation (hereinafter referred to as the "Conversion Value Adjustment Equation").

$$\text{Conversion value after adjustment} = \text{Conversion value before adjustment} \times \frac{\text{Number of common shares already issued} + \dfrac{\text{Number of common shares to be granted} \times \text{Paid - in value per share}}{\text{Market price}}}{\text{Number of common shares already issued} + \text{Number of common shares to be granted}}$$

The "number of common shares already issued" shall be obtained by subtracting the number of common shares of the Company owned by the Company as of the base date for granting the right to get allocation to shareholders of the common shares of the Company (hereinafter referred to as the "Common Shareholders of the Company") when the said base date is specified, or as of the day one month before the day when the conversion value after adjustment is applied when the said base date is not specified, from the number of common shares outstanding of the Company as of the said day, and then adding the number of common shares of the Company that were considered to constitute the "number of common shares to be granted" before the adjustment of the said conversion value but have not been granted yet. When a stock split of common shares of the Company is conducted, the number of common shares to be granted, which is used in the Conversion Value Adjustment Equation shall not include the number of common shares of the Company, which increased concerning common shares of the Company owned by the Company on the base date.
The Company has completed an early redemption for the bonds with stock acquisition rights at the full amount of the pre-redemption balance on August 24, 2010.

2. The amount inside parentheses ( ) is the amount of redemption payments expected to be paid within one year.
3. Projected redemption amount every year within five years after the consolidated balance sheet date is 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	20	20	-	248	248	248	248	-

[Schedule of borrowings, etc.]

Classification	Beginning balance	Ending balance		Average interest rate (%)	Due date of payment
	(millions of yen)	(millions of yen)	(thousands of U.S. dollars)		
Short-term borrowings	30,582	51,629	639,528	1.4	-
Long-term debt scheduled to be repaid within one year	17,734	16,180	200,425	1.6	-
Lease liabilities scheduled to be repaid within one year	1,522	1,623	20,106	-	-
Long-term debt (excluding debt scheduled to be repaid within one year)	36,077	27,210	337,044	1.6	From July 31, 2012 to April 28, 2016
Lease liabilities (excluding liabilities scheduled to be repaid within one year)	3,832	2,809	34,791	-	From July 31, 2012 to May 31, 2017
Other interest-bearing liabilities	-	-	-	-	-
Total	89,747	99,451	1,231,893	-	-

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 is stated in the consolidated balance sheets by the amount including related interest expenses.
3. The projected repayment amount 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 is 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	12,783	9,210	4,121	1,095	158,337	114,086	51,053	13,568
Lease liabilities	1,622	956	121	96	20,087	11,846	1,504	1,193

[Schedule of asset retirement obligations]

The amount of asset retirement obligations as of June 30, 2011 is 1% or less of the total of liabilities and net assets as of June 30, 2011. Accordingly, as provided by Article 92-2 of the Regulation for Consolidated Financial Statements, this information has been omitted.

(2) [Other]

Quarterly data of the fiscal year ended June 30, 2011

	First quarter (From July 1, 2010 to September 30, 2010)	Second quarter (From October 1, 2010 to December 31, 2010)	Third quarter (From January 1, 2011 to March 31, 2011)	Fourth quarter (From April 1, 2011 to June 30, 2011)
Net sales (millions of yen)	55,747	63,634	53,349	59,310
Income (loss) before income taxes and minority interests (millions of yen)	1,725	(1,227)	(1,920)	(7,770)
Net income (loss) (millions of yen)	1,238	(2,071)	(347)	(7,526)
Net income (loss) per share (yen)	25.10	(41.97)	(7.04)	(152.52)

	First quarter (From July 1, 2010 to September 30, 2010)	Second quarter (From October 1, 2010 to December 31, 2010)	Third quarter (From January 1, 2011 to March 31, 2011)	Fourth quarter (From April 1, 2011 to June 30, 2011)
Net sales (thousands of U.S. dollars)	690,531	788,235	660,831	734,675
Income (loss) before income taxes and minority interests (thousands of U.S. dollars)	21,369	(15,201)	(23,779)	(96,247)
Net income (loss) (thousands of U.S. dollars)	15,341	(25,651)	(4,302)	(93,229)
Net income (loss) per share (U.S. dollars)	0.31	(0.52)	(0.09)	(1.89)

Report of Independent Auditors

October 27, 2011

To the Board of Directors of
ULVAC, Inc.

We have audited the accompanying consolidated balance sheet of ULVAC, Inc. ("the Company") and its consolidated subsidiaries as of June 30, 2011, and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of June 30, 2011, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended June 30, 2011 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.

PricewaterhouseCoopers Aarata

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Corporate Data

As of September 30, 2011

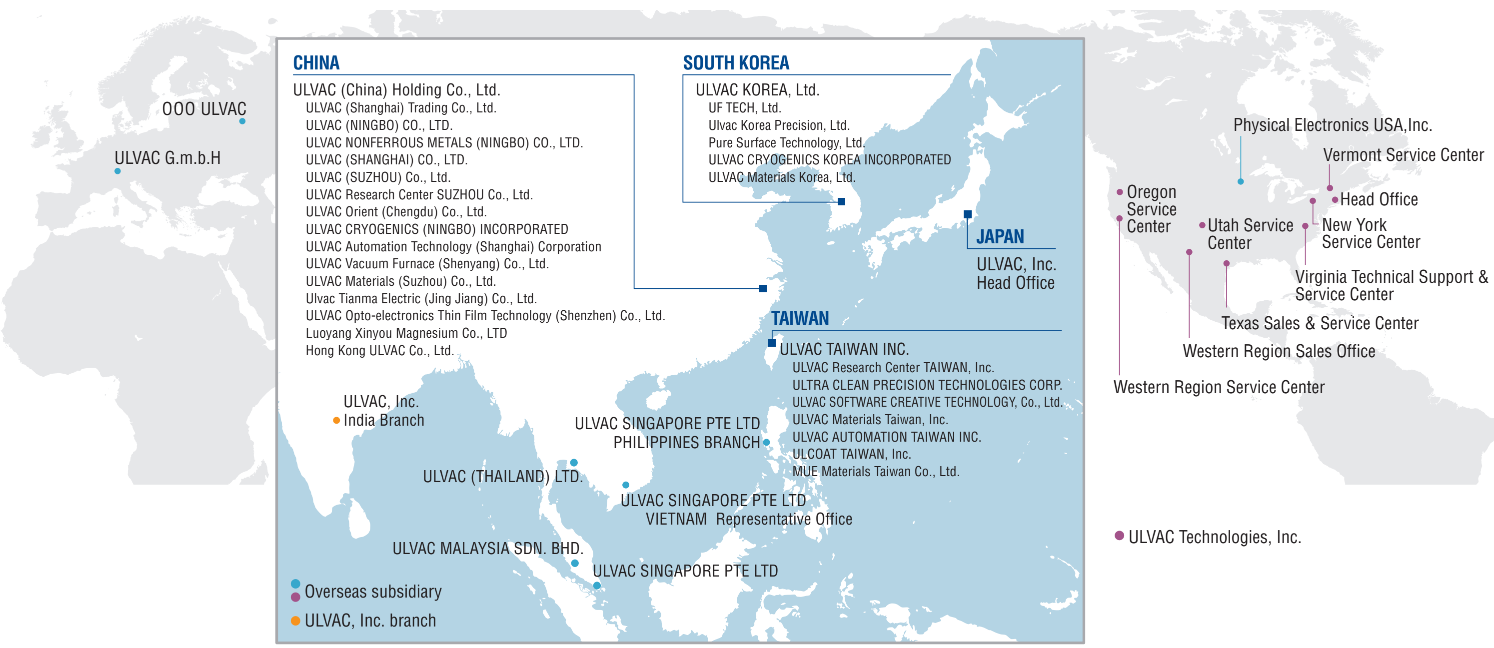
Trade name	ULVAC, Inc.
Trademark	ULVAC
Head office address	2500 Hagisono, Chigasaki, Kanagawa 253-8543, Japan
Date of establishment	August 23, 1952
Capital	¥20,873,042,500
Number of employees	1,947 (7,978 consolidated)

Consolidated Subsidiaries

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

Global Network

As of November 30, 2011



Shareholder Information

As of June 30, 2011

Stocks

Regular general meeting of shareholders	September
Total number of issuable shares	80,000,000
Number of shareholders	25,353
Total number of issued shares	49,355,938
Settlement date	June 30 (to determine the shareholders receiving dividends)

Major shareholders

Major shareholders	Number of shares (thousands)	(%)
TAIYO FUND, L.P.	3,936	7.98
Nippon Life Insurance Company	3,242	6.57
Mizuho Bank, Ltd.	1,916	3.88
Sumitomo Mitsui Banking Corporation	1,864	3.78
The Master Trust Bank of Japan, Ltd. (Trust account)	1,734	3.51
Japan Trustee Services Bank, Ltd. (Trust account)	1,727	3.50
Association of Employee Shareholders of ULVAC	1,257	2.55
State Street Bank and Trust Company	1,188	2.41
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	910	1.84
Inabata & Co., Ltd.	795	1.61

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