ULVAC

Annual Report 2009

Innovation Begins in a Vacuum

Year ended June 30, 2009

Profile

ULVAC aims to contribute to global industrial development and increase its corporate value through its unique technologies.

Since its establishment in 1952, ULVAC (ULVAC, Inc. and its group companies) has supplied various types of cutting-edge equipment based on application of vacuum technologies. In the 1990s, we captured the top share of the global market for equipment for producing flat panel displays (FPD), and remain the leading company in this field.

However, there is no such thing as an eternally growing business. Industries are constantly changing and evolving. In fiscal 2005, ended June 2005, ULVAC started working on a post-FPD strategy to focus management resources on industries and regions that would continue to grow after the FPD era. In the fiscal year ending June 2010, while continuing with its post-FPD strategy, ULVAC started active involvement with new high-value-added businesses beyond the next generation including turnkey solutions, materials businesses and businesses related to resource- and energy-saving technologies, thus shifting away from a business model driven by vacuum equipment and vacuum technologies.

ULVAC will continue contributing to global industrial development and improving the lives of people across the world through its unique and cutting-edge technologies, with foresight that predicts the next generation.

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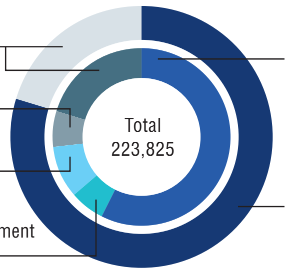
Forward-looking statements

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

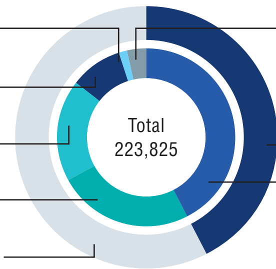
Net sales by business segment in fiscal 2009

(Millions of yen)



Net sales by region in fiscal 2009

(Millions of yen)



Vacuum-related business

Display and electronic device production equipment

Main Products

FPDs (LCDs, organic EL displays, PDPs, etc.), solar cells, and electronic devices

Major R&D Themes

LCDs (large substrates for TVs and LTPS), next-generation displays (organic ELs, FEDs, etc.), solar cells (thin films, crystal, compound, etc.)

Semiconductor production equipment

Main Products

Production equipment for memories, compound semiconductors (LED), and other devices

Major R&D Themes

Non-volatile memories, other memories, etc., power semiconductors (ultra-thin wafers), product areas related to digital home appliances (high-density packages, etc.), MEMS (micro electro mechanical systems)

Components

Main Products

Vacuum pumps, measuring instruments, and power supplies for vacuum equipment

Major R&D Themes

Energy, environment, biotechnology

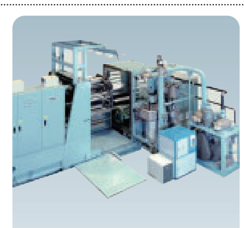
Others

Main Products

General industry equipment such as vacuum heat treatment furnaces

Major R&D Themes

Energy, environment, nanotechnology



Other businesses

Main Products

Advanced materials, sputtering target materials, surface analysis devices and equipment controllers, and other items

Major R&D Themes

New functional materials (nanotechnology) and analysis technologies

Year in Review

July 2008

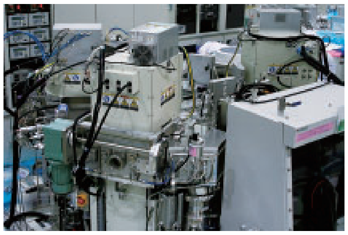
Upgrade of Chigasaki Head Office Plant completed as ULVAC eyes post-FPD strategy

Upgrades at the ULVAC Head Office Plant in Chigasaki, which began in July 2006 as part of the Company's post-FPD strategy, have been completed. The new plant is now capable of accommodating the development of prototype equipment such as FPD (flat panel display) production equipment for large glass substrates, energy and environment-related equipment, MEMS, and bio-sensors. With a new building covering a total floor area of 88,700m^2, ULVAC has developed a system that increases productivity, promotes test production and development, and realizes operational efficiency.

December 2008

ULVAC develops world's first integrated mass production technology for thin-film lithium secondary batteries (TFBs)

ULVAC and ULVAC Materials, Inc. have successfully developed the world's first integrated mass-production technology, enabling the production of TFBs. TFBs, created using thin-film deposition technology, are all-solid and therefore extremely safe. Furthermore, due to their light weight and flexibility, TFBs are expected to be applied to small electronic devices and biomedical devices such as MEMS-IC.



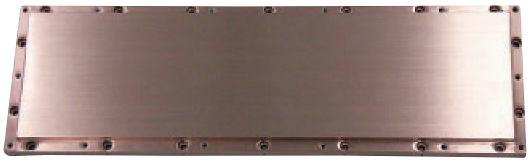
2008

7 8 9 10 11 12

October 2008

ULVAC, in cooperation with Mitsubishi Materials Corporation, develops new TFT wiring technology

ULVAC, together with Mitsubishi Materials Corporation, has developed and commercialized a copper alloy target to be used for the wiring of TFTs (thin-film transistors) for slimline large-screen TVs. This development allows for low resistance and low cost in the copper wiring process, without using high-priced molybdenum, by simultaneously combining copper alloy materials, developed by Mitsubishi Materials, with the oxygen mix sputtering technology of ULVAC.



December 2008

ULVAC launches sale of LED mass-production-dedicated dry etching system

ULVAC has commercialized the APIOS NE-950EX mass-production dry etching system, which improves productivity by a remarkable 140% over our conventional system, in a growing LED market with strong demand for lower costs. The APIOS NE-950EX comes with a great deal of process know-how gained through our experience in the LED market, and functions as a dedicated mass-production system with high cost efficiency.

January 2009

ULVAC receives Nihon Keizai Shimbun Awards for Excellence for its thin-film solar cell (TFSC) turnkey production line

ULVAC received a Nihon Keizai Shimbun Awards for Excellence at the 2008 Nikkei Superior Products and Services Awards for its amorphous-silicon TFSC turnkey production line. The success of ULVAC in exporting advanced energy-saving and environmentally friendly technology by accurately understanding the needs of global solar cell manufacturers, as well as its contributions to the expansion of the next-generation energy market, received strong recognition.

2009

1 2 3 4 5 6

April 2009

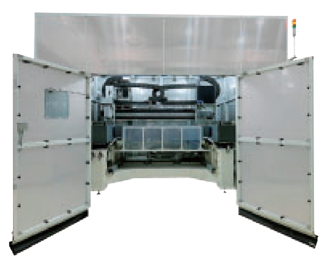
ULVAC establishes new solar cell module testing laboratory at Chigasaki Head Office Plant

ULVAC has become the first equipment manufacturer to establish an in-house solar cell module testing laboratory at its plant, and has started to test the performance, reliability, and safety of solar cell modules. Evaluation tests are conducted by TÜV Rheinland Japan, a group firm locally incorporated with TÜV Rheinland Group, which has a world-class track record in solar cell module testing and certification services.

June 2009

ULVAC develops new PE-CVD system “CIM-1400” for microcrystal silicon layer

ULVAC has developed and launched Model CIM-1400, a new PE-CVD system for microcrystal-Si, which can achieve a 30% increase in conversion efficiency and a 10% reduction in manufacturing cost per watt compared with amorphous-silicon solar cell modules. With the addition of this new system, the sale of turnkey production lines using tandem-type TFSC modules commenced in July 2009.



June 2009

ULVAC launches multi-probe system for thin-film characterization system for tandem-type thin-film solar cell

ULVAC has launched the MPEC-1300 multi-probe evaluation system for evaluating thin-film characteristics in the tandem type TFSC production process. With six different measuring functions, this system has made it possible to evaluate the thin-film characteristics of tandem-type TFSCs in one system.

Moreover, the initial introduction costs and running costs of MPEC-1300 represent a 50% reduction compared to the cost of introducing a specialized measuring device for each function.

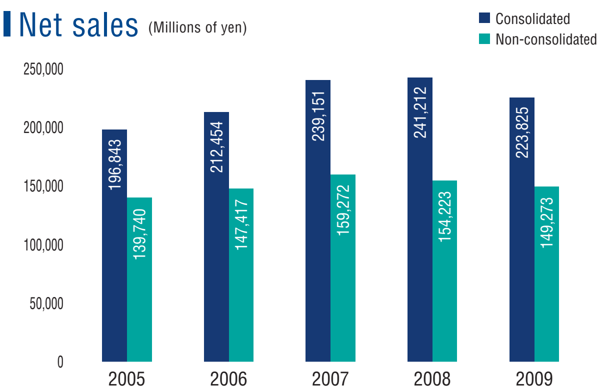
Financial Highlights

ULVAC, Inc. and its consolidated subsidiaries

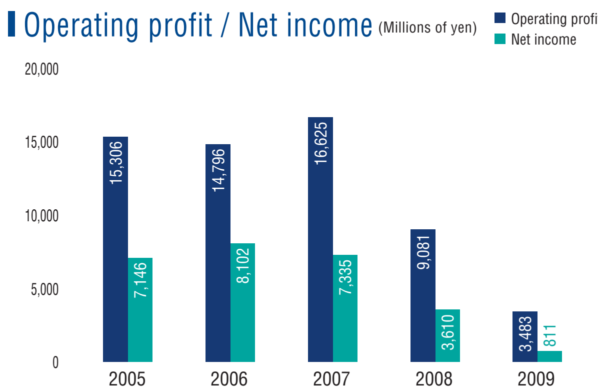
For the years ended June 30, 2008 and 2009	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars* 2009
For the year:			
Net sales	**¥ 223,825**	¥ 241,212	**$ 2,331,026**
Operating profit	**3,483**	9,081	**36,278**
Net income	**811**	3,610	**8,445**
At year-end:			
Total assets	**¥ 318,076**	¥ 303,069	**$ 3,312,597**
Total net assets	**90,158**	91,853	**938,950**
Per share (in yen and U.S. dollars):			
Net income	**¥ 18.90**	¥ 84.16	**$ 0.20**
Cash dividends	**21.00**	21.00	**0.22**

*The U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥96.02 to US$1, the approximate exchange rate as of June 30, 2009.

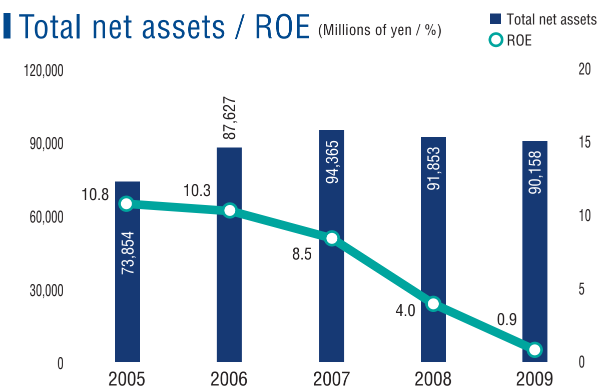
Net sales (Millions of yen)



Operating profit / Net income (Millions of yen)

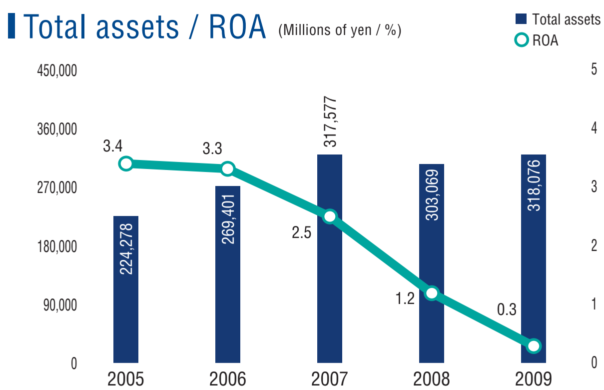


Total net assets / ROE (Millions of yen / %)



Note: The amount of total net assets for 2005 excludes minority interests.

Total assets / ROA (Millions of yen / %)



To Our Stakeholders

Hidenori Suwa, President and CEO

We will progressively enter new businesses for other than “vacuum equipment and vacuum technologies” in addition to our existing businesses.

The global recession triggered by the financial crisis in the U.S. in September 2008 had a serious impact on semiconductor and LCD manufacturers. ULVAC was no exception. We suffered a huge drop in earnings for fiscal 2009, ended June 30, 2009. ULVAC is now working hard to cut costs and develop new products and technologies to restore its profitability and build a new business model to achieve our long-term goal of growth through adding new businesses “not driven by vacuum equipment and vacuum technologies” to our existing businesses. ULVAC is constantly delivering unique next-generation technologies and increasing its corporate value.

Interview with the President

Q Please tell us about the business environment and performance for fiscal 2009.

A As customers including LCD manufacturers cut capital expenditure, orders for FPD production equipment were successively postponed, so the environment remained tough throughout the term. In addition, capital expenditure plans for DRAM or flash memory were postponed or frozen, so there was a massive slowdown for semiconductor production equipment. Faced with this situation, ULVAC, as in past years, released a series of unique new products in the fiscal year under review, and also offered “ULVAC Solutions,” a comprehensive package of equipment, components, materials, analyzers and customer support. As a result, we managed to hold the year-on-year decrease of consolidated sales at 7% for fiscal 2009.

However, both operating profit and net income decreased substantially. In recent years, ULVAC has been growing, but fixed expenses are increasing and so the breakeven point is rising. We have worked to improve our balance sheet by reducing costs and other measures, but the recent recession showed that our efforts were not enough.

Nevertheless, while many of our competitors posted losses, we were able to report an overall profit and we forecast higher revenues and income for fiscal 2010. We clearly see the success of our efforts to expand businesses for the post-FPD era by factoring in the major changes in the business environment.

Q How is the post-FPD strategy progressing?

A ULVAC foresaw that the business environment would change in the way it has today five years ago, identified business fields and regions that would grow after FPD and has been expanding them. This post-FPD strategy comprises four key pillars: production equipment for electronic parts in digital home appliances, production equipment for energy and environment-related industries, the Chinese market, and customer support business and contract manufacturing. In the field of production equipment energy and environment-related industries, we have made dramatic progress in the fiscal year under review in solar cell production equipment.

In this area, ULVAC became the first equipment manufacturer to have an in-house solar cell module testing laboratory, which was built on the site of our Chigasaki Head Office Plant in April 2009, in cooperation with TÜV Rheinland. This testing laboratory significantly shortens the time required for customers to obtain certification, and at the same time benefits us through tie-ups with solar-cell part manufacturers. This is the background of strategic investment aimed at enhancing ULVAC's solar cell business.

In addition, ULVAC developed a new PE-CVD system for microcrystal silicon layers in June 2009, and used it to commercialize a turnkey line for tandem-type thin-film solar cells (TFSCs) in July 2009. The demand for solar cell production equipment is expected to grow in the long term with increasing global awareness of the environment and CO_2 emissions reduction. ULVAC will contribute to global environmental measures by supplying equipment for manufacturing solar cell modules of not only thin film, but also compounds such as CIGS and crystals.

Q Please tell us about the current and future direction of the global development of ULVAC.

A Regarding global development, our businesses in China are steadily growing. Our sales in China rose from 1.2 billion yen in fiscal 2001 to 21.2 billion yen in fiscal 2009. Furthermore, ULVAC set up two new companies in China in fiscal 2009. In both fiscal 2008 and 2009, our Chinese operations overall were profitable and as they have now become an important revenue source, we are starting to recoup our investments, stepping forward from the past stages of establishing local corporations and investing in building plants. China has many possibilities and huge room for growth, so we will continue to invest heavily there in the future.

Aside from China, we are expanding in East Asia including South Korea and Taiwan, and developing markets in emerging countries such as the BRICs as well as the US and Middle East. At present, we are building a system to prepare for more aggressive action and securing our business hubs.

China, India, Russia and the Middle East have not accumulated many technologies, and only equipment manufacturers that can supply turnkey solutions with production know-how can operate in these markets. ULVAC will expand sales of turnkey lines for TFSCs, and increase its presence in these areas by developing new turnkey products early on.

Q Please tell us about research and development and capital expenditure.

A R&D is the source of ULVAC's future growth. To launch unique products that are cutting-edge and expected to be highly profitable ahead of competitors, in fiscal 2009 we devoted 8.3 billion yen to R&D cost and invested more than half of the total capital expenditure of 19.6 billion yen in R&D, and focused on development. This enabled us to create a number of innovative products and technologies including the turnkey line for tandem-type TFSCs I just mentioned, integrated mass-production technology for thin-film lithium secondary batteries (TFBs), an LED mass-production-dedicated dry etching system, and rare-earth sintered magnet production equipment. In fiscal 2010, we plan to invest 8.7 billion yen and about half of the entire capital expenditure of 21.9 billion yen in R&D, and promote a broad range of R&D activities mainly focused on energy and environment-related industries and the field of materials and resources.

Q What is the competitive edge of ULVAC?

A We have a free and open-minded corporate culture. ULVAC has developed a tradition of emphasizing originality, being unique and not following competitors since its establishment in 1952. This climate motivates engineers to work on various innovative R&D projects. No single business can grow indefinitely. I believe that running a company requires the pursuit of next-generation businesses that will grow. And yet it is almost impossible to predict accurately which product or technology will be needed by industries in the future. Therefore, launching new products one after another means that we have to put our efforts into developing a far greater number of products than actually launched. That's why ULVAC conducts research in various fields without concentrating on limited fields. A corporate culture of encouraging a free spirit and originality is what drives ULVAC's research and development.

Q Please tell us about the growth strategy of ULVAC.

A We expect the current global recession to continue for another year, so in fiscal 2010 we are strengthening our foundation to return to high profitability. We will take steady action to lower the breakeven point by reducing fixed costs, to make our products more competitive, and to improve our financial health by reducing depreciation and amortization expenses and compressing inventory assets. And when the economy turns around, our growth will accelerate, aiming for annual sales of 400 billion yen.
As for the medium- to long-term strategies, in addition to the post-FPD strategy, we intend to shift away from our reliance on vacuum equipment and vacuum technologies and expand new businesses "not driven by such technologies." To keep expanding and achieve sustainable growth, we need to break our attachment to the existing businesses and actively develop new businesses. By moving into new fields such as materials, contract manufacturing and devices, ULVAC will evolve to meet the expectations of stakeholders.

Growth strategies of ULVAC that consistently pursue future trends

Structural changes in the world economy —the nature of a major recession

The global financial crisis which struck in 2008 turned into the greatest recession for a century and brought serious damage to economies and societies across the world. ULVAC considers this to be a historic structural change in the very framework of the global economy, not just a temporary recession. Without responding to the new trend and transforming its business portfolio, no company can survive the increasingly severe global competition.

ULVAC, in fiscal 2005, predicted that the structure of the global economy was about to change and drew up management strategies in preparation. That was the post-FPD strategy. At that time, ULVAC was the global leader in FPD production equipment. FPD substrates were getting larger and larger, and demand was expanding.
But no industry or community can prosper forever. To achieve sustainable growth ahead when capital expenditure in FPDs and semiconductors starts to wane, ULVAC set four goals of its post-FPD strategy.

First, we will focus on compound semiconductors such as LEDs, and equipment for manufacturing electronic parts in digital home appliances such as optical thin-film devices and MEMs. Second, we will expand the businesses of production equipment for energy and environment-related industries, such as solar cells, secondary batteries, and parts for hybrid cars and electric vehicles. Third, we will secure a presence in the Chinese market, which is becoming the center of the world's manufacturing industry. And fourth, to secure stable and continuous revenues, we will focus on customer support (CS), such as the supply of materials and cleaning of parts, and contract manufacturing.

Results of the post-FPD strategy to date

Four years have passed since the post-FPD strategy was started

Post-FPD strategy and its results to date

Structural changes predicted in fiscal 2005

Key structural changes in the global economy

1. Shift of the center of the global economy from the U.S. to China
2. Shift of the growth engine of manufacturing industries from electronic devices, IT and software to the fields of energy, environment, resources and materials
3. Rapid growth of manufacturing industries in other areas, including India, Russia and the Middle East in addition to China

ULVAC predicted these structural changes five years ago, actively invested in new businesses and product development as its post-FPD strategy and worked on transforming its business.

Post-FPD strategy of ULVAC

- Production equipment for electronic parts in digital home appliances
- Expansion in the Chinese market
- Production equipment for energy and environment-related industries
- Customer support (CS) business and contract manufacturing

in fiscal 2005. During that time, ULVAC has successfully transformed its businesses and achieved a number of successful results, utilizing our corporate culture that focuses on a free spirit, open-mindedness and originality as a driving force.

In the field of production equipment for electronic parts in digital electric home appliances, we launched a high-productivity etching system for LEDs and sputtering equipment for high-density packages. In the energy and environment fields, amid rising global awareness of the environment, we started selling turnkey lines for solar cells, an area which has grown dramatically, as well as many other types of equipment that feature original technologies such as equipment for producing thin-film lithium secondary batteries (TFBs), and permanent magnets used for motors of hybrid cars and electric vehicles. Regarding solar cell production equipment, with the cooperation of TÜV Rheinland headquartered in Germany, a solar cell module testing laboratory was built on the site of the Chigasaki Head Office Plant, which has made more prompt certification and sales of solar cell materials possible.

Our operations in China have moved from the stage of building the foundation to doing full-scale business. Thanks to the growth of the solar cell and liquid crystal display (LCD) markets, sales expanded to 21.2 billion yen in fiscal 2009. Sales by region for the same year were 43% for Japan, 25% for Taiwan, 18% for South Korea and 9% for China. Sales in China are expected to grow and we have been steadily building a business hub there. As of June 2009, we have 15 companies (including 11 production facilities) operating in China, with ULVAC (China) Holding at the center.

In addition, ULVAC, in partnership with ULVAC group companies, promoted ULVAC Solutions to provide a comprehensive range of materials and services in addition to equipment. As a result, the customer support business including supplying materials for LCDs, recycling rare metals and cleaning parts has expanded. Meanwhile, for contract manufacturing, sales of optical film coating have increased.

Results of the post-FPD strategy in fiscal 2009

Growth in the Chinese market entering a new phase

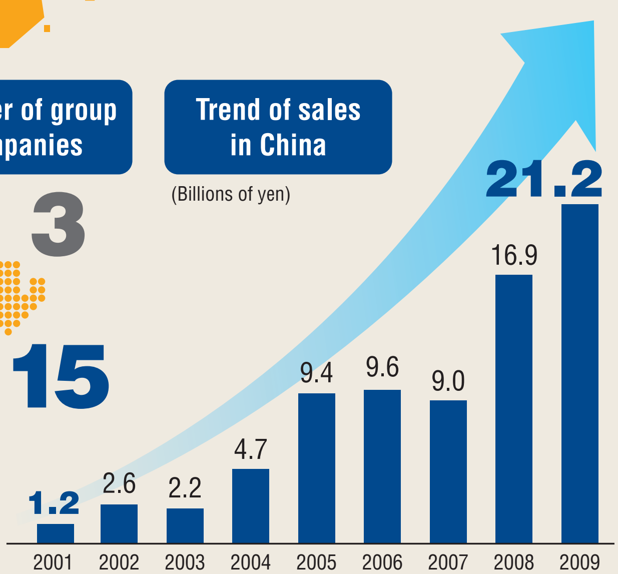
Number of group companies

fiscal 2001 **3**

fiscal 2009 **15**

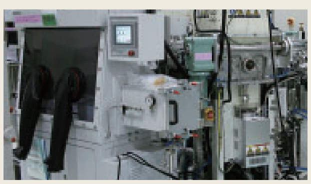
Trend of sales in China

(Billions of yen)



Results achieved in fields related to energy and the environment, and materials and resources

Successful unique development in
- Equipment for solar cells
- Equipment for hybrid cars
- Secondary batteries
- LEDs



The world's first integrated mass-production technology for TFBs

New development

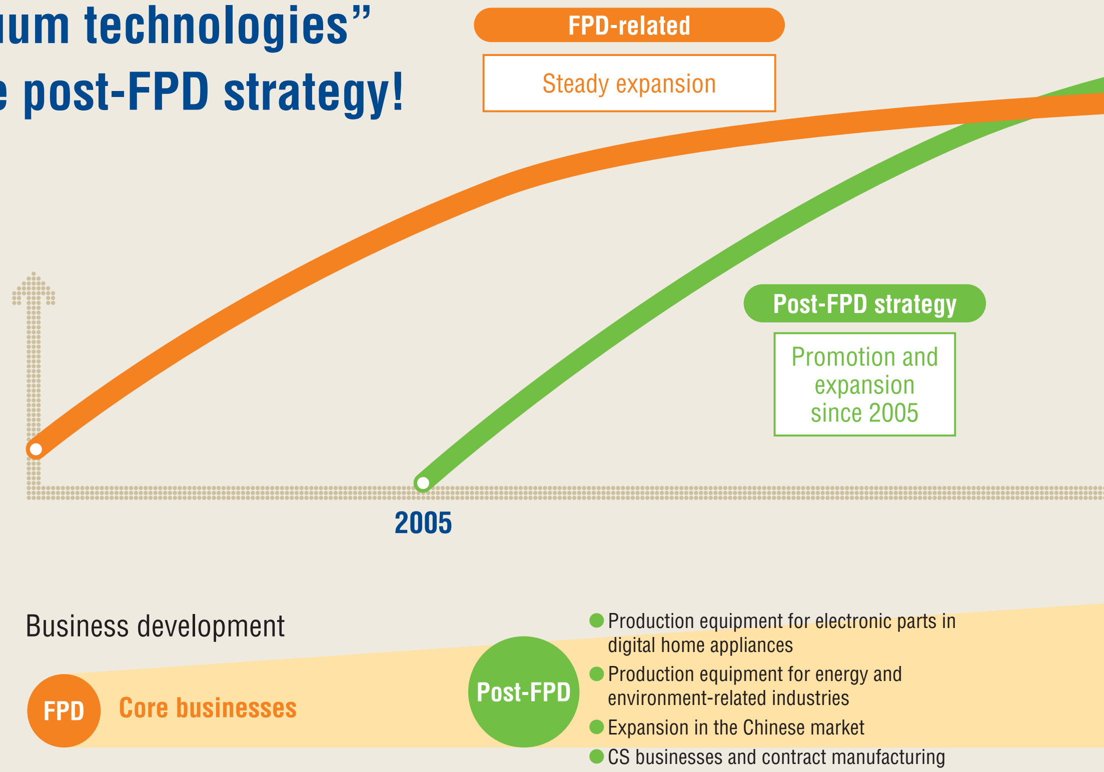
30% improvement in power generation efficiency, 10% reduction in production cost

PE-CVD system, CIM-1400

Active and flexible response to structural changes in the global economy

Taking on the challenge of "new businesses not driven by vacuum equipment and vacuum technologies" while continuing the post-FPD strategy!

The ULVAC Group will achieve sustainable growth by developing new areas other than vacuum equipment and vacuum technologies such as turnkey solutions, materials businesses, and resource- and energy-saving related businesses, as high value-added businesses geared for the new era, as well as continuing its post-FPD strategy it has been working on for several years.

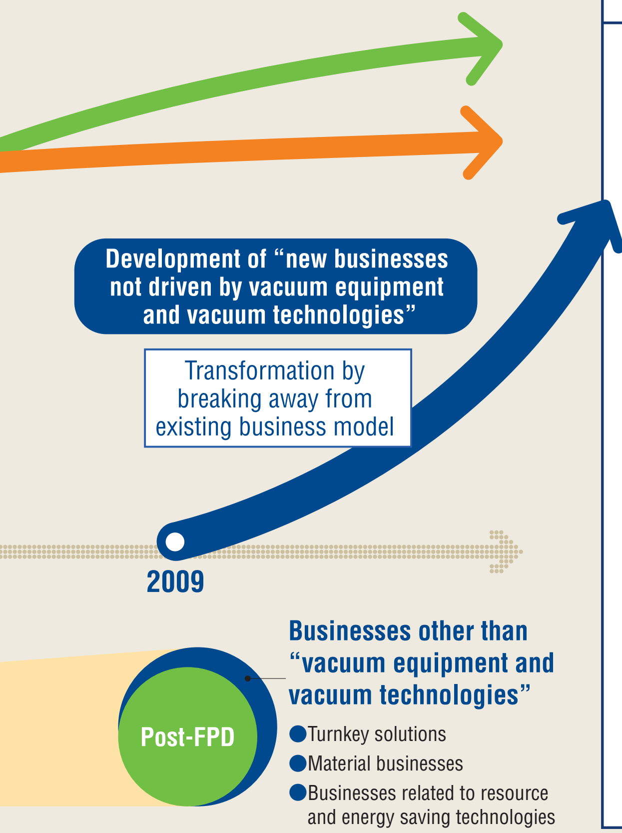


ULVAC has successfully set up the four key pillars of its post-FPD strategy. However, an analysis of the future business environment and market trend shows that we need to break away from the existing business model and transform ourselves if we are to achieve sustainable growth. The world economy is expected to continue shrinking without returning to its previous level of growth even after the current global recession ends, and customers are likely to curb capital expenditure.

ULVAC therefore came up with a long-term vision for aggressively developing businesses other than "vacuum equipment and vacuum technologies." The top management decided that ULVAC would no longer rely on conventional vacuum and equipment technologies but would move into new fields. In fiscal 2009, we started working on this challenge in addition to the post-FPD strategy. It involves three key measures: developing turnkey solutions aggressively, enhancing the materials businesses, and expanding the businesses related to resource- and energy-saving technologies.

Overseas sales accounted for 57% of consolidated net sales in fiscal 2009, and this percentage is increasing year by year. After the current global recession ends, manufacturing industries in China, India, Russia and the Middle East are expected to grow rapidly. Currently, ULVAC's post-FPD strategy calls for expanding businesses in China, after which it will focus on other emerging industrial countries. In these countries today, not only industries for the next generation, related to energy and the environment, and materials and resources, but also electronics industries, are still under development, making them difficult markets for businesses selling single units of equipment.

Thus, what are focused on now are turnkey solutions



Measures focused on businesses

1 Development of turnkey solutions

Mainly in emerging countries such as BRICs, we will develop turnkey* solutions that integrate production equipment, parts, and technical support, such as turnkey lines for producing solar cells.

*Turnkey: Simply turn the key to start production.

2 Enhancement of materials businesses

We will expand sales of sputtering targets and cleaning and recycling of parts, and steadily supply optimal materials including advanced new materials to the global market.

3 Resource- and energy-saving related businesses

We will develop various production equipment and technologies to save resources and energy, and focus on environmental businesses.

which are integrated solutions that combine various production equipment, and provide materials supply and technical support, as well as a plant in some cases. ULVAC has successfully developed innovative turnkey products such as a turnkey line for tandem-type thin-film solar cells (TFSCs) and the integrated mass-production technology for TFBs. In fiscal 2009, we started developing another turnkey product. The future of ULVAC will be decided by the number of world-class turnkey products we can introduce into the growing market.

Regarding the enhancement of our materials businesses, in October 2008, the engineering and production department of ULVAC Materials, Inc., a manufacturer of sputtering targets, was brought into ULVAC to create synergies in the equipment and materials businesses. In the future, while focusing on the cleaning and recycling of parts, we will also develop new cutting-edge materials, thus developing a global system for supplying materials. As for expanding our resource- and energy-saving related businesses, by drawing on our sophisticated environment-related technologies developed for solar cell production equipment, we will cultivate our environment-related businesses.

Ever since its establishment in 1952, ULVAC has targeted new technologies and products that would be needed in the next generation (five to ten years ahead) ahead of competitors for customers across the world. We will continue working on the post-FPD strategy, and develop "new businesses not driven by equipment and vacuum technology," with a vision for growth in the next generation, thus contributing to the development of industry and society, and increasing corporate value.

CSR

As its basic principle of CSR, ULVAC strives to fulfill its responsibilities to all its stakeholders

As its primary tenet for CSR, ULVAC strives to fulfill its responsibilities to all stakeholders, including customers, business partners, shareholders, investors, employees, and local communities, and to contribute to society through cutting-edge technological development.

For customers, we strive to provide ULVAC quality products by establishing usage standards and a certification system for the ULVAC brand. In addition, information on quality issues at all our production facilities is managed comprehensively by the Complaint Management System. We work to maintain good cooperative relationships with our important business partners by procuring materials appropriately on a fair and equitable basis.

For our shareholders and investors, we are committed to the prompt disclosure of our corporate activities and financial information. We also make every effort to establish close communication with our shareholders and investors by regularly organizing tours through our plants and providing briefings for personal investors in many places throughout the nation. With respect to our employees, we recognize that it is crucial to draw out their highest performance in order for ULVAC to grow, and we continuously provide excellent training systems and a safe working environment.

In terms of contributing to local communities, ULVAC participates in exchanges with local residents and street clean-up activities in many regions in Japan, with the goal of contributing to society as a good corporate citizen. In addition, ULVAC, as a global corporation with many bases in Asia, Europe and the U.S., is expanding its contributions to local communities while respecting individual countries' customs and cultures. We also support the activities of TABLE FOR TWO, which has been established to solve famine and promote healthy meals.

ULVAC promotes the development of environmentally friendly products that contribute to environmental conservation

Recognizing the conservation of the global environment as one of the most important common challenges for all mankind, ULVAC is making efforts to reduce environmental impact in all its business activities and actively working on the development of products that can contribute to environmental conservation.

To reduce environmental impact in its business activities, such as research, development and production, ULVAC conducts close management of the chemical agents it uses and is proceeding with activities to totally abolish six substances designated by the RoHS directive (cadmium, chromium hexavalent, mercury, lead, PBB, and PBDE) by July 2011. In fiscal 2009, we reduced the total CO_2 emissions by about 10%, the total use of electricity by about 8%, and the total use of water by about 10% compared with the previous fiscal year. In terms of reduction and recycling of waste, in fiscal 2009, we achieved zero waste emissions, as we did during the previous fiscal year.

ULVAC also considers the environmental management system (EMS) based on ISO 14001 as one of its key management tools. In fiscal 2009, one of our group companies in China, one in South Korea, and one in Thailand obtained ISO 14001 certification. As a result, as of the end of June 2009, 16 domestic and 17 overseas group companies have obtained ISO 14001 certification.

Developing and providing products that contribute to environmental conservation is also one of the pillars of ULVAC's environmental management. In response to the rapidly increasing demand for solar cells, we are supplying turnkey lines for thin-film solar cells (TFSCs). In December 2008, we succeeded in developing a turnkey line for thin-film lithium secondary batteries (TFBs), the first in the world, which are expected to be used in small-sized electronic devices, medical devices, and environmentally friendly products.

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

©TABLE FOR TWO

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

FTSE4Good

ULVAC was chosen as a constituent stock of the FTSE4Good Global Index for two consective years, which is a Social Responsibility Investment (SRI) index set up by FTSE*.

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.

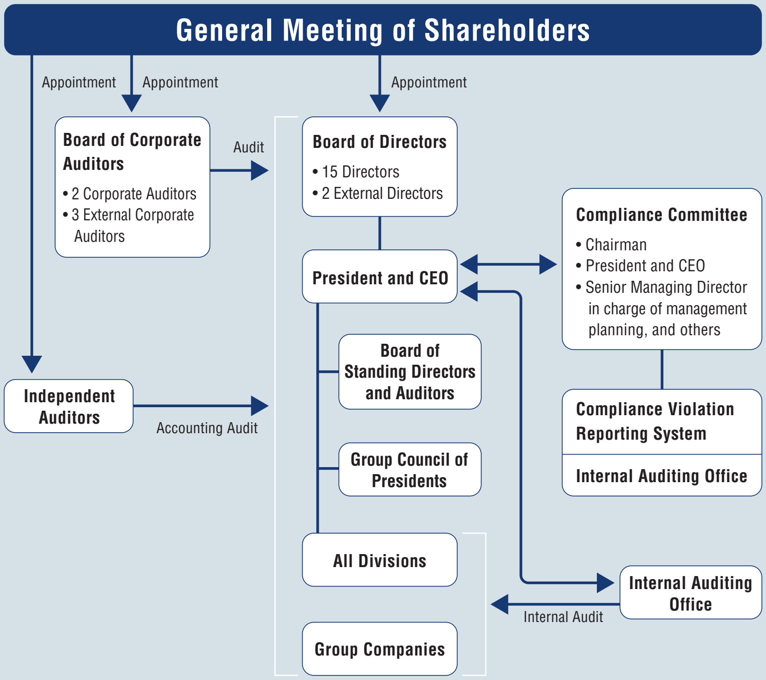
FTSE's qualification standards call for (1) working towards environmental sustainability, (2) developing positive relationships with stakeholders, (3) upholding and supporting universal human rights, (4) ensuring good supply chain labor standards, and (5) countering bribery.

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 is a company owned by The Financial Times and London Stock Exchange.

Corporate Governance

ULVAC Management Structure



Risk Management System

ULVAC is striving to realize prompt decision-making by the management and secure transparent corporate management

ULVAC positions corporate governance as one of the most important issues in fulfilling its corporate responsibilities to society and shareholders, and is striving to realize competitive and efficient corporate management through thorough compliance with corporate ethics and laws and regulations.

ULVAC regards transparency, fairness and neutrality as vital for corporate management. Accordingly, our 17-member Board of Directors includes two external directors, and the five-member Board of Corporate Auditors includes three external corporate auditors. The Board of Directors holds extraordinary meetings as the occasion calls for to maintain momentum, in addition to the regular meetings held once a month. We have also established an Internal Board of Directors to supplement the Board of Directors, which carefully deliberates on important managerial matters in the conduct of operations. Meetings of the Internal Board of Directors are held twice a month on a regular basis, and additional ad-hoc meetings are held as required, enabling prompt management decision-making. Meanwhile, the Board of Corporate Auditors, while maintaining its independence, strictly oversees the management system in close cooperation with the Internal Auditing Office tasked to conduct internal audits and external independent auditors.

Thus, ULVAC has established a management control system that enables quick managerial judgment and decision-making, while maintaining sufficient supervisory functions.

ULVAC is enhancing its risk management system within all group companies.

ULVAC is designing a system that facilitates appropriate actions against increasingly complex and diversified risk factors, through a process of identification, classification, analysis and evaluation. By linking this risk management system to strategic business administration, we seek to achieve even greater corporate value.

To enhance the risk management system, we have established the ULVAC Risk Management Policy, under which we set up a structure for conveying various items of risk information quickly to relevant departments and the President.

ULVAC has classified a wide range of risks and appointed departments responsible for each of them. The individual responsible departments evaluate the risks and then take measures to deal with them appropriately. For risk factors deemed important, they continually collect information to enable prompt responses to emergencies. A Risk Management Committee, chaired by the President, has also been established to validate the risk management system. The Committee works on the formulation of basic company-wide risk management polices and on the understanding and improvement of the state of administration.

In addition, we are implementing multifaceted risk management activities, such as preventing the leakage of information stored in personal computers, protecting intellectual property including the results of research and development, and ensuring thorough compliance with laws and regulations by using the Compliance Committee and an Internal Reporting System.

Board of Directors and Auditors

Dr. Kyuzo Nakamura
Chairman

Hidenori Suwa
President and CEO

Dr. Hiroyuki Yamakawa
Senior Managing Director
Research & Development
Planning Dept.
Chief Technology Officer

Yoshihiro Tsunemi
Senior Managing Director
Management Planning Dept.
Chief of Investor Relations

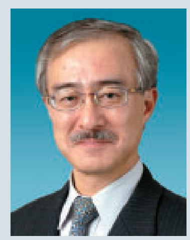
Yoshio Sunaga
Senior Managing Director
Materials Group

Junki Fujiyama
Director
Semiconductor & Electronics
Equipment Global BU

Takeo Kato
Director
Industrial Equipment Div.

Yoshifumi Sato
Director
Personnel Department

Mitsuru Motoyoshi
Director
Accounting Department

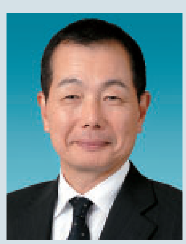


Dr. Narishi Gonohe
Director
Semiconductor Equipment
Div.

Masasuke Matsudai
Director
Flat Panel Display Equipment
Div.

Hideyuki Odagi
Director
Advanced Electronics
Equipment Div.

Hiroyuki Hirano
Director
Procurement Center



Masatoshi Yamamoto
Director
Corporate Sales Div.

Takao Nakamura
Director
Chief Financial Officer

Kazuya Saito
Director
Chiba Institute for
Super Materials

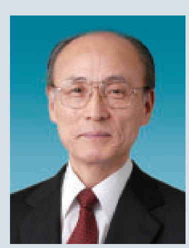
Kiyoshi Ujihara
Director
Nippon Life Insurance
Company

Yoshinobu Nakano
Director
INABATA & CO., LTD.

Nobuo Ohi
Corporate Auditor

Hironobu Machidori
Corporate Auditor

Senshu Asada
Auditor



Koichi Komiyaji
Auditor

Takao Nonaka
Auditor

ULVAC aims to contribute to global industrial development and increase its corporate value through its unique technologies.

6-year Summary

ULVAC, Inc. and its consolidated subsidiaries

For the years ended June 30	2004	2005	2006	2007	2008	2009	2009
	Millions of yen						Thousands of U.S. dollars*
For the year							
Net sales	¥ 157,851	¥ 196,843	¥ 212,454	¥ 239,151	¥ 241,212	**¥ 223,825**	**$ 2,331,026**
Gross profit	29,996	40,689	41,577	46,451	46,120	**39,691**	**413,366**
Operating profit	8,476	15,306	14,796	16,625	9,081	**3,483**	**36,278**
Net income	3,953	7,146	8,102	7,335	3,610	**811**	**8,445**
At year-end							
Total assets	¥ 200,645	¥ 224,278	¥ 269,401	¥ 317,577	¥ 303,069	**¥ 318,076**	**$ 3,312,597**
Total net assets**	58,145	73,854	87,627	94,365	91,853	**90,158**	**938,950**
Per share (in yen and U.S. dollars)							
Net income	¥ 108.91	¥ 168.65	¥ 188.87	¥ 170.99	¥ 84.16	**¥ 18.90**	**$ 0.20**
Cash dividends	20.00	30.00	37.00	47.00	21.00	**21.00**	**0.22**
Ratios (%)							
Shareholders' equity ratio	29.0	32.9	30.7	28.4	29.1	**26.4**	
ROE	7.9	10.8	10.3	8.5	4.0	**0.9**	
ROA	2.0	3.4	3.3	2.5	1.2	**0.3**	
Number of employees	3,712	4,048	5,150	5,543	6,356	**6,871**	

* The U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥96.02 to US$1, the approximate exchange rate as of June 30, 2009.

** The Company applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and "Guideline on Accounting Standard for Presentation of Net Assets in the Balance Sheet" from the year ended June 30, 2006. The amounts of total net assets for 2004 and 2005 exclude minority interests.

Analysis of Financial Conditions and Business Results

Business Results

During the fiscal year under review, corporate earnings within the Japanese economy were hard hit by a sudden appreciation of the yen and a decline in stock prices, as a result of the global financial crisis triggered by the U.S. subprime loans. Slumping capital expenditures and worsening job market conditions weighed down heavily on the economy and quickly exacerbated it. Meanwhile, there are increasingly clear signs of a global recession, such as an economic slowdown in the U.S. and Europe and major production adjustments in China and other Asian countries, due to decreasing exports.

Under these circumstances, the FPD (flat panel display) industry, with which ULVAC's main customers are involved, particularly in Taiwan, reduced or held back capital expenditure plans due to inventory adjustment during the first half of the term under review. However, in the second half, special procurement demand in China, created by the economic stimulus package introduced by the Chinese government—including a program to subsidize home appliance purchases in rural areas—helped to improve production capacity utilization ratio mainly in Asia, indicating that recovery was on the horizon.

Manufacturers in the semiconductor industry continued to experience hard times in which memory-related market conditions were yet to turn the corner and remained below a profitable level. In the energy and environment-related industries, public awareness of environmental issues, such as the reduction of CO_2 emissions—considered the main cause of global warming—increased. Against this backdrop, demand grew for new energy devices such as solar cells, light-emitting diodes (LEDs) and secondary batteries, as well as hybrid and electric car-related devices. Capital expenditure—currently near a standstill due to financing difficulties related to the financial crisis—is expected to increase significantly in the future through an expanding market for solar cells, which are drawing attention mainly in the U.S., Europe, Japan, and China, where clean energy policies are gaining momentum.

To prevail in this operating environment, ULVAC has been launching a number of unique products onto the market ahead of its competitors and pursuing sales expansion by promoting ULVAC Solutions during the term under review. In addition, ULVAC actively developed its presence in growth regions such as China, and aggressively promoted its post-FPD strategy, which includes customer support businesses and the recycling business of rare metals used for deposition systems. Furthermore, we proactively invested in development of new technologies and products to translate the post-FPD strategy into action. With respect to profitability, amid sustained requests for price reductions or rescheduling of delivery from customers—mainly Taiwanese LCD manufacturers—we streamlined fixed costs through reduction of expenses across ULVAC as well as other extraordinary measures such as reduction of capital expenditure. Additionally, we pushed ahead with cost reduction through promotion of production innovation, including standardization, vertical integration of group companies, and in-house manufacturing.

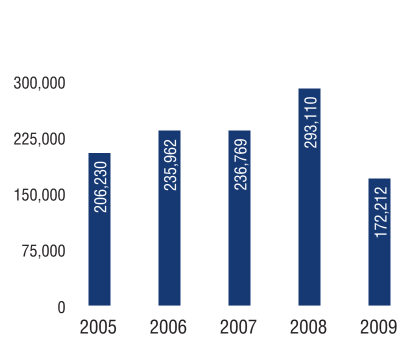
Consequently, regarding consolidated performance during the term under review, orders received decreased by ¥120,898 million or 41.2% year on year to ¥172,212 million (US$1,793,503 thousand) and net sales decreased by ¥17,387 million or 7.2% year on year to ¥223,825 million (US$2,331,026 thousand). For the consolidated profit and loss, operating profit decreased by ¥5,597 million or 61.6% year on year to ¥3,483 million (US$36,278 thousand). Net income was down ¥2,799 million or 77.5% year on year to ¥811 million (US$8,445 thousand).

The operating results of ULVAC by business segment are as follows:

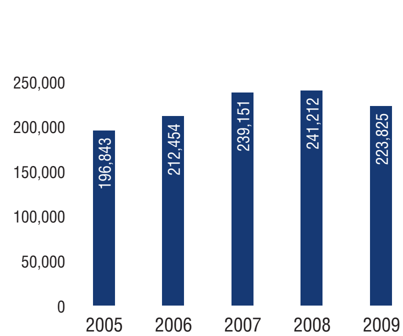
Vacuum-related Business

The results of the vacuum-related business by market segment are as follows:

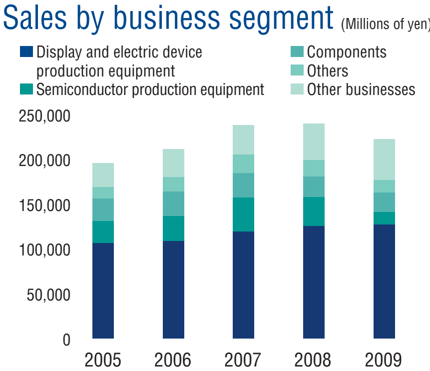
Orders received (Millions of yen)



Net sales (Millions of yen)



Sales by business segment (Millions of yen)



Analysis of Financial Conditions and Business Results

Display and electronic device production equipment

Sales declined compared with the previous fiscal year in the SMD series of multi-chamber sputtering equipment for large LCD TVs and the ECH series of in-line vacuum deposition equipment for plasma displays (PDPs), while sales of solar-cell production equipment increased. With respect to orders received, due to frozen or postponed investment plans related to solar cells as a result of the global financial crisis, orders received for the integrated production line (turnkey line) of TFSCs decreased compared with the previous fiscal year. In the first half of the term under review, orders received for sputtering equipment decreased from the previous term due to postponed investment plans for LCDs for large TVs, but inquiries increased in the second half, helped by new investment plans influenced by the Chinese program to subsidize home appliance purchases in rural areas among other factors.

Semiconductor production equipment

In the product areas related to digital home appliances, new capital expenditures were frozen or postponed due to an oversupply of DRAMs and flash memories used in cellular phones, portable music players, and digital cameras, as well as falling memory prices caused by imbalances in supply and demand. The business environment failed to turn around and remained in severe condition. Therefore, the ENTRON™-EX series of sputtering equipment, which is one of our main product lines, saw declines in orders received and sales. On the other hand, demand for hybrid cars increased due to economic stimulus packages introduced by national governments, resulting in a steady increase in orders received and inquiries relating to the SRH series of sputtering equipment for power semiconductors, which are energy-related devices. Furthermore, business inquires increased for LED-related production equipment as LED has been drawing attention as an energy-saving measure.

Components

As for components, due to the negative impact of the financial crisis, capital expenditure plans were frozen or postponed in succession in the FPD and semiconductor industries, and orders received and sales of large vacuum pumps and other equipment for FPD/semiconductor production equipment declined. In addition, orders received and sales of vacuum pumps for solar-cell production equipment, as well as vacuum pumps and measuring instruments for the automotive industry, weakened, and severe conditions continued.

Others

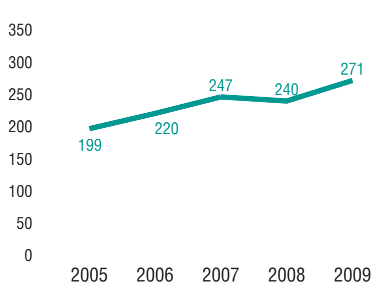
We aggressively promoted sales expansion activities for general industry machinery by launching new products onto the market. However, severe conditions continued as orders received and inquiries sharply decreased, in particular in the automotive industry, and offset growing sales of the EWE series of vacuum roll coater for electronic devices, the FHH series of vacuum heat treatment furnaces for automotive parts, and the DF series of vacuum freeze-drying equipment for medicines.

As a result, the vacuum-related business saw orders received of ¥12,986 million (US$135,187 thousand), order backlogs of ¥102,131 million (US$1,063,643 thousand) and net sales of ¥178,325 million (US$1,857,162 thousand). Operating profit was ¥7,138 million (US$74,341 thousand).

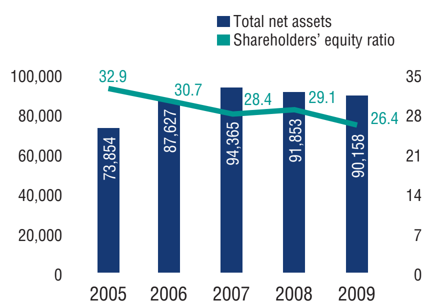
Other Businesses

With respect to the other businesses segment, the entire ULVAC proactively conducted sales expansion activities while leveraging ULVAC Solutions. However, the business environment surrounding ULVAC continued to be severe as orders received and sales, in general, were negatively affected by the financial crisis. With respect to the targeted materials in the materials business, orders received and sales decreased due to LCD industry production adjustments. In the control-related business, orders received and sales of control systems for the automotive industry and converting industry decreased significantly. In the analyzer-

Debt ratio (%)

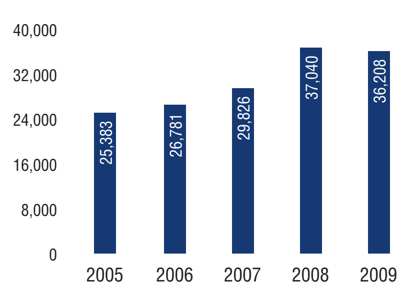


Total net assets
Shareholders' equity ratio (Millions of yen / %)



Note: The amount of total net assets for 2005 excludes minority interests.

SG&A expenses (Millions of yen)



related business, a series of frozen or postponed capital expenditure plans in the private sector negatively affected orders received and sales.

As a result, orders received for other businesses were ¥42,406 million (US$441,638 thousand), while order backlogs stood at ¥5,797 million (US$60,373 thousand), and net sales were ¥45,500 million (US$473,864 thousand). We posted an operating loss of ¥4,168 million (US$43,409 thousand) in this segment.

Financial Conditions

1) Assets, Liabilities and Net Assets

Assets

Total assets increased by ¥15,007 million compared with the end of the previous fiscal year, reflecting an increase of ¥5,382 million in cash and deposits, an increase of ¥4,491 million in inventories, and an increase of ¥2,746 million in total property, plant and equipment. On the other hand, investment securities decreased by ¥2,762 million due to a change in the scope of consolidation.

Liabilities

Total liabilities increased by ¥16,702 million compared with the end of the previous fiscal year, chiefly owing to an increase of ¥50,437 million in short term and long term debt. On the other hand, trade notes and accounts payable decreased by ¥25,110 million and advances received decreased by ¥11,760 million.

Net assets

Total net assets decreased by ¥1,695 million compared with the end of the previous fiscal year, despite a net income of ¥811 million. This drop is attributable mainly to a decline of ¥4,426 million in total valuation and translation adjustments, and payment of dividends amounting to ¥901 million (US$9,383 thousand).

2) Cash Flows

Cash Flows from Operating Activities

Net cash used in operating activities amounted to ¥31,891 million (US$332,131 thousand), reflecting a decrease in trade accounts receivable, an increase in inventories, and a decrease in trade notes and accounts payable.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥14,051 million (US$146,331 thousand), which was mainly attributed to expenditures for acquisitions of tangible and intangible fixed assets and stocks in subsidiaries.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥51,325 million (US$534,524 thousand), chiefly arising from increased short-term and long-term debts.

As a result, consolidated cash and cash equivalents were ¥21,827 million (US$227,321 thousand) at the end of the fiscal year under review, up ¥4,851 million from the previous year.

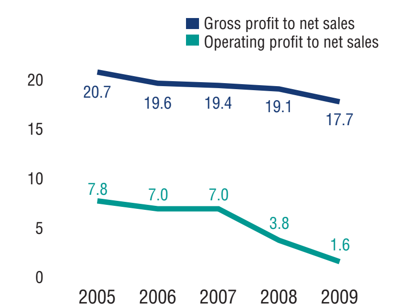
Risk Management

ULVAC identifies the following factors as potential risks that could influence our earnings and financial position:

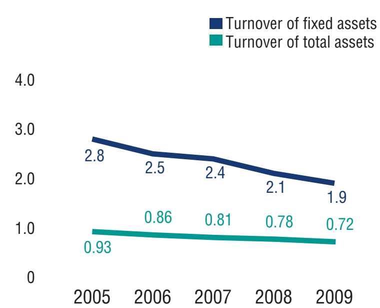
1) Fluctuations in the FPD and Semiconductor Markets

ULVAC has grown by developing proprietary technologies for vacuum equipment used in the manufacturing process of FPDs, solar cells and semiconductors, and by marketing such devices, which have 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.

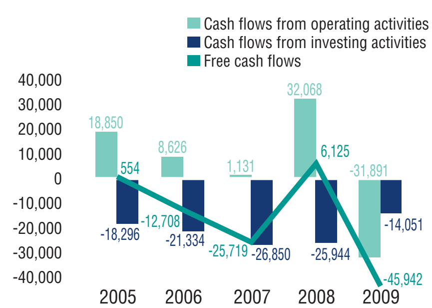
Gross profit to net sales
Operating profit to net sales (%)



Total assets turnover
Fixed assets turnover (Times)



Cash flows (Millions of yen)



Analysis of Financial Conditions and Business Results

However, any large reduction in capital expenditure by manufactures of FPDs, solar cells, and semiconductors—our corporate customers—could affect our business results and financial position.

2) Influence of Research and Development

Based on sustained proactive investment in research and development 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 a 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.

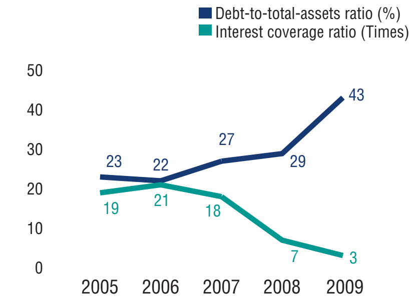
7) Influence of Intellectual Property Rights

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.

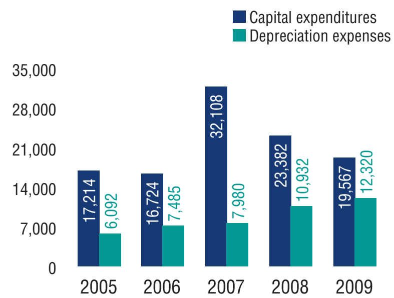
8) Other Risks

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.

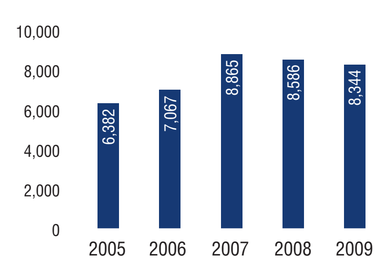
Debt-to-total-assets ratio Interest coverage ratio (%/Times)



Capital expenditures Depreciation expenses (Millions of yen)



R&D Cost (Millions of yen)



Financial Section

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1. [Consolidated Financial Statements and Others]

(1) [Consolidated Financial Statements]

i) [Consolidated Balance Sheets]

	Previous fiscal year As of June 30, 2008 Amount (millions of yen)		Current fiscal year As of June 30, 2009 Amount (millions of yen)		Amount (thousands of U.S. dollars)
Assets					
Current assets					
Cash on hand and in banks		17,603		22,985	239,380
Notes and accounts receivable, trade		76,193		77,430	806,397
Inventories		81,728		-	-
Merchandise and finished goods		-		5,241	54,578
Work in process		-		70,537	734,603
Raw materials and supplies		-		10,442	108,747
Deferred tax assets		4,711		5,965	62,125
Other		6,517		7,022	73,135
Allowance for doubtful accounts		(175)		(315)	(3,283)
Total current assets		186,578		199,307	2,075,682
Fixed assets					
Property, plant and equipment					
Buildings and structures		63,793		73,472	765,174
Accumulated depreciation		(21,655)		(27,382)	(285,173)
Buildings and structures, net		42,138		46,090	480,001
Machinery, equipment and vehicles		57,814		67,891	707,049
Accumulated depreciation		(30,473)		(41,989)	(437,291)
Machinery, equipment and vehicles, net		27,341		25,902	269,758
Tools, furniture and fixtures		13,442		14,034	146,158
Accumulated depreciation		(9,791)		(10,803)	(112,510)
Tools, furniture and fixtures, net		3,651		3,231	33,648
Land		9,532		10,455	108,886
Lease assets		-		2,412	25,117
Accumulated depreciation		-		(210)	(2,182)
Lease assets, net		-		2,202	22,935
Construction in progress		11,137		8,665	90,241
Total property, plant and equipment	*3, *5	93,799	*3, *5	96,545	1,005,469
Intangible fixed assets					
Goodwill		-		75	782
Lease assets		-		10	109
Software		1,486		1,337	13,927
Other		2,352		2,405	25,048
Total intangible fixed assets		3,838		3,828	39,866
Investments and other assets					
Investment securities	*1	7,963	*1	5,200	54,157
Leasehold and guarantee deposits		1,764		1,746	18,184
Deferred tax assets		5,968		7,313	76,164
Other	*1	3,453	*1	4,482	46,673
Allowance for doubtful accounts		(294)		(345)	(3,597)
Total investments and other assets		18,853		18,396	191,581
Total fixed assets		116,491		118,769	1,236,915
Total assets		303,069		318,076	3,312,597

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

	Previous fiscal year As of June 30, 2008		Current fiscal year As of June 30, 2009		
		Amount (millions of yen)		Amount (millions of yen)	Amount (thousands of U.S. dollars)
Liabilities					
Current liabilities					
Notes and accounts payable, trade		63,873		38,763	403,696
Short-term borrowings	*3	36,588	*3	77,091	802,860
Commercial paper		6,000		5,000	52,072
Lease liabilities		-		1,499	15,609
Accrued income taxes		1,635		744	7,750
Advances received		23,478		11,718	122,038
Deferred tax liabilities		2		3	36
Accrued bonuses for employees		1,570		1,379	14,365
Accrued bonuses for directors and corporate auditors		340		155	1,612
Accrued warranty costs		3,193		2,559	26,652
Other		14,092		12,842	133,741
Total current liabilities		150,771		151,753	1,580,430
Long-term liabilities					
Bonds		200		200	2,083
Convertible bonds		15,500		15,500	161,425
Long-term debt	*3	28,415	*3	38,349	399,387
Lease liabilities		-		5,470	56,970
Deferred tax liabilities		2		1	12
Accrued pension and severance costs for employees		12,581		13,736	143,055
Accrued pension and severance costs for directors and corporate auditors		800		991	10,325
Reserve for restructuring of business		331		-	-
Other		2,616		1,917	19,961
Total long-term liabilities		60,445		76,165	793,217
Total liabilities		211,216		227,918	2,373,647
Net Assets					
Shareholders' equity					
Common stock		13,468		13,468	140,260
Capital surplus		14,695		14,695	153,043
Retained earnings		59,323		59,829	623,084
Treasury stock, at cost		(10)		(10)	(106)
Total shareholders' equity		87,477		87,981	916,281
Valuation and translation adjustments					
Unrealized gain on securities, net of taxes		648		144	1,502
Foreign currency translation adjustments		(82)		(4,004)	(41,697)
Total valuation and translation adjustments		567		(3,860)	(40,195)
Minority interests		3,810		6,036	62,864
Total net assets		91,853		90,158	938,950
Total liabilities and net assets		303,069		318,076	3,312,597

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

ii) [Consolidated Statements of Income]

	For the fiscal year ended June 30, 2008		For the fiscal year ended June 30, 2009		
		Amount (millions of yen)		Amount (millions of yen)	Amount (thousands of U.S. dollars)
Net sales		241,212		223,825	2,331,026
Cost of sales	*3	195,092	*3, *6	184,134	1,917,660
Gross profit		46,120		39,691	413,366
Selling, general and administrative expenses					
Selling expenses		16,996		16,857	175,562
General and administrative expenses		20,044		19,351	201,526
Total selling, general and administrative expenses	*1, *3	37,040	*1, *3	36,208	377,088
Operating profit		9,081		3,483	36,278
Non-operating income					
Interest income		203		144	1,498
Dividend income		195		99	1,028
Commission fee		225		149	1,555
Rental income		136		108	1,124
Equity in earnings of unconsolidated subsidiaries and affiliates		36		14	148
Refund of value-added taxes of overseas subsidiaries		112		81	841
Insurance and dividends income		-		285	2,966
Income on prefectural government's grants		-		315	3,276
Other		657		623	6,486
Total non-operating income		1,565		1,817	18,921
Non-operating expenses					
Interest expenses		1,291		1,385	14,424
Loss on devaluation of inventories		2,440		-	-
Loss on disposal of inventories		141		-	-
Cost and expense for rental activities		114		-	-
Foreign exchange losses		548		2,132	22,203
Other		1,038		948	9,875
Total non-operating expenses		5,571		4,465	46,501
Ordinary profit		5,075		835	8,698
Extraordinary gains					
Gain on sale of fixed assets		-		24	255
Reversal of allowance for doubtful accounts		118		6	59
Gain on sale of investment securities		91		-	-
Income on prefectural government's grants		229		-	-
Cumulative difference relating to the revision of allocation of fixed manufacturing costs		2,605		-	-
Reversal of provision for loss on business restructuring		-		107	1,114
Other		73		77	800
Total extraordinary gains		3,115		214	2,228
Extraordinary losses					
Loss on disposal of fixed assets	*2	522	*2	1,098	11,438
Loss on devaluation of investment securities		112		378	3,937
Loss on business restructuring	*5	331		-	-
Impairment loss	*4	346		-	-
Loss on devaluation of inventories		-		630	6,562
Other		429		543	5,650
Total extraordinary losses		1,740		2,649	27,587
Income (loss) before income taxes and minority interests		6,451		(1,600)	(16,662)
Current income taxes		4,177		1,561	16,253
Deferred income taxes		(1,225)		(2,829)	(29,466)
Total income taxes		2,953		(1,269)	(13,212)
Minority losses in net income of consolidated subsidiaries		(112)		(1,142)	(11,895)
Net income		3,610		811	8,445

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

iii) [Consolidated Statements of Changes in Net Assets]

	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009	
	Amount (millions of yen)	Amount (millions of yen)	Amount (thousands of U.S. dollars)
Shareholders' equity			
Common stock			
Balance at the end of previous period	13,468	13,468	140,260
Changes of items during the period			
Total changes of items during the period	-	-	-
Balance at the end of current period	13,468	13,468	140,260
Capital surplus			
Balance at the end of previous period	14,695	14,695	153,043
Changes of items during the period			
Total changes of items during the period	-	-	-
Balance at the end of current period	14,695	14,695	153,043
Retained earnings			
Balance at the end of previous period	57,955	59,323	617,821
Effect of changes in accounting policies applied to foreign subsidiaries	-	501	5,222
Changes of items during the period			
Change of scope of consolidation	(226)	94	979
Dividends from surplus	(2,016)	(901)	(9,383)
Net income	3,610	811	8,445
Total changes of items during the period	1,368	4	41
Balance at the end of current period	59,323	59,829	623,084
Treasury stock, at cost			
Balance at the end of previous period	(7)	(10)	(106)
Changes of items during the period			
Purchase of treasury stock	(2)	(1)	(6)
Total changes of items during the period	(2)	(1)	(6)
Balance at the end of current period	(10)	(10)	(100)
Total shareholders' equity			
Balance at the end of previous period	86,111	87,477	911,024
Effect of changes in accounting policies applied to foreign subsidiaries	-	501	5,222
Changes of items during the period			
Change of scope of consolidation	(226)	94	979
Dividends from surplus	(2,016)	(901)	(9,383)
Net income	3,610	811	8,445
Purchase of treasury stock	(2)	(1)	(6)
Total changes of items during the period	1,366	3	35
Balance at the end of current period	87,477	87,981	916,281

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

	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009	
	Amount (millions of yen)	Amount (millions of yen)	Amount (thousands of U.S. dollars)
Valuation and translation adjustments			
Unrealized gain on securities, net of taxes			
Balance at the end of previous period	1,461	648	6,751
Changes of items during the period			
Net changes of items other than shareholders' equity	(812)	(504)	(5,250)
Total changes of items during the period	(812)	(504)	(5,250)
Balance at the end of current period	648	144	1,502
Foreign currency translation adjustments			
Balance at the end of previous period	2,747	(82)	(850)
Changes of items during the period			
Net changes of items other than shareholders' equity	(2,829)	(3,922)	(40,847)
Total changes of items during the period	(2,829)	(3,922)	(40,847)
Balance at the end of current period	(82)	(4,004)	(41,697)
Total valuation and translation adjustments			
Balance at the end of previous period	4,208	567	5,902
Changes of items during the period			
Net changes of items other than shareholders' equity	(3,641)	(4,426)	(46,097)
Total changes of items during the period	(3,641)	(4,426)	(46,097)
Balance at the end of current period	567	(3,860)	(40,195)
Minority interests			
Balance at the end of previous period	4,047	3,810	39,677
Changes of items during the period			
Net changes of items other than shareholders' equity	(237)	2,226	23,187
Total changes of items during the period	(237)	2,226	23,187
Balance at the end of current period	3,810	6,036	62,864
Total net assets			
Balance at the end of previous period	94,365	91,853	956,603
Effect of changes in accounting policies applied to foreign subsidiaries	-	501	5,222
Changes of items during the period			
Change of scope of consolidation	(226)	94	979
Dividends from surplus	(2,016)	(901)	(9,383)
Net income	3,610	811	8,445
Purchase of treasury stock	(2)	(1)	(6)
Net changes of items other than shareholders' equity	(3,878)	(2,200)	(22,910)
Total changes of items during the period	(2,512)	(2,196)	(22,874)
Balance at the end of current period	91,853	90,158	938,950

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

iv) [Consolidated Statements of Cash Flows]

	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009	
	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	6,451	(1,600)	(16,662)
Depreciation and amortization	10,932	12,320	128,310
Impairment loss	346	-	-
Increase (decrease) in allowance for doubtful accounts	(81)	288	3,003
Increase (decrease) in provision for bonuses	-	(419)	(4,361)
Increase in accrued pension and severance costs for employees	1,123	1,222	12,723
Increase in accrued pension and severance costs for directors and corporate auditors	64	98	1,025
Increase (decrease) in accrued warranty costs	340	(585)	(6,091)
Loss on disposal of fixed assets	522	1,098	11,438
Gain on sale of investment securities	(91)	(12)	(126)
Loss on devaluation of investment securities	112	378	3,937
Interest and dividend income	(398)	(243)	(2,526)
Interest expenses	1,291	1,385	14,424
Income on prefectural government’s grants	(229)	(315)	(3,276)
Equity in earnings of unconsolidated subsidiaries and affiliates	(36)	(14)	(148)
Decrease (increase) in accounts receivable, trade	10,089	2,463	25,651
Decrease (increase) in inventories	10,607	(16,105)	(167,723)
Increase (decrease) in accounts payable, trade	(8,082)	(24,280)	(252,865)
Increase (decrease) in advances received	3,491	(2,285)	(23,798)
Increase (decrease) in accrued consumption taxes	326	49	508
Other	3,016	(1,790)	(18,640)
Subtotal	39,792	(28,345)	(295,198)
Interest and dividend income received	417	259	2,694
Interest expenses paid	(1,333)	(1,406)	(14,643)
Income taxes paid	(6,808)	(2,399)	(24,984)
Net cash provided by (used in) operating activities	32,068	(31,891)	(332,131)
Cash flows from investing activities			
Increase in time deposits	(1,930)	(1,864)	(19,417)
Decrease in time deposits	1,518	717	7,468
Payments for acquisition of tangible and intangible fixed assets	(27,241)	(14,696)	(153,056)
Proceeds from sale of tangible and intangible fixed assets	1,948	2,470	25,719
Payments for acquisition of investment securities	(440)	(12)	(128)
Proceeds from sale of investment securities	462	32	332
Payments for acquisition of subsidiaries	(57)	(1,658)	(17,267)
Proceeds from acquisition of subsidiaries resulting in change in scope of consolidation	-	926	9,649
Proceeds from prefectural government’s grants	229	315	3,276
Payments for long-term prepaid expenses	(32)	(439)	(4,570)
Payments for loan receivables	(289)	-	-
Proceeds from collection of loan receivables	247	-	-
Other	(359)	160	1,664
Net cash used in investing activities	(25,944)	(14,051)	(146,331)

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

	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009	
	Amount (millions of yen)	Amount (millions of yen)	Amount (thousands of U.S. dollars)
Cash flows from financing activities			
Net changes in short-term borrowings	(446)	32,770	341,285
Net decrease in commercial paper	(4,000)	(1,000)	(10,414)
Borrowing of long-term debt	17,416	28,140	293,069
Repayments of long-term debt	(12,727)	(14,079)	(146,630)
Repayments of lease liabilities	-	(519)	(5,409)
Proceeds from sale and leaseback	-	6,941	72,285
Dividends paid by the parent company	(2,016)	(901)	(9,383)
Dividends paid by consolidated subsidiaries to minority shareholders	(46)	(26)	(272)
Proceeds from investment by minority shareholders	72	-	-
Other	(2)	(1)	(6)
Net cash provided by (used in) financing activities	(1,750)	51,325	534,524
Effect of exchange rate changes on cash and cash equivalents	(526)	(604)	(6,287)
Increase in cash and cash equivalents	3,849	4,779	49,776
Cash and cash equivalents at beginning of year	11,664	16,977	176,802
Cash and cash equivalents at beginning of year from newly consolidated subsidiaries	1,464	71	743
Cash and cash equivalents at end of year	16,977	21,827	227,321

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, 2008	For the fiscal year ended June 30, 2009
1. Basis of preparation of consolidated financial statements	The accompanying consolidated financial statements of ULVAC, Inc. and its consolidated subsidiaries (hereinafter collectively referred to as the "Company") 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 ¥106.42 = US$1, the approximate exchange rate prevailing in the Japanese foreign exchange market at June 30, 2008.	The accompanying consolidated financial statements of ULVAC, Inc. and its consolidated subsidiaries (hereinafter collectively referred to as the "Company") 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 ¥96.02 = US$1, the approximate exchange rate prevailing in the Japanese foreign exchange market at June 30, 2009.
2. Scope of consolidation	(1) Number of consolidated subsidiaries: 34 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. Litrex Corporation 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 ULVAC Taiwan Manufacturing Corp. ULTRA CLEAN PRECISION TECHNOLOGIES CORP.	(1) Number of consolidated subsidiaries: 35 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.

Item	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
	RAS Co., Ltd., TIGOLD CO., Ltd., Ulvac Korea Precision, Ltd., Pure Surface Technology, Ltd., ULVAC CRYOGENICS KOREA INCORPORATED, ULVAC Taiwan Manufacturing Corp., ULTRA CLEAN PRECISION TECHNOLOGIES CORP. are included in the scope of consolidation, since their importance has increased. Also, the name “ULVAC-TTI Technology (Shanghai) Corporation” was changed to “ULVAC Automation Technology (Shanghai) Corporation.” ULVAC Taiwan Manufacturing Corp. was merged with consolidated subsidiary ULVAC TAIWAN, INC., the surviving company, on August 1, 2008. (2) Number of unconsolidated subsidiaries: 17 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 AUTOMATION TAIWAN INC. ULVAC Research Center KOREA, Ltd. ULVAC Research Center TAIWAN, Inc. ULVAC (Shanghai) Trading Co., Ltd. ULVAC NONFERROUS METALS (NINGBO) CO., LTD. ULVAC ENGINEERING, Inc. (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 COATING CORPORATION and ULCOAT TAIWAN, Inc., companies which were accounted for by the equity method, are included in the scope of consolidation, since ownership ratio in them has increased and ULVAC (Shanghai) Trading Co., Ltd., a company which was an unconsolidated subsidiary, is included in the scope of consolidation, since its importance has increased. Litrex Corporation, a former consolidated subsidiary, is excluded from the scope of consolidation as liquidation procedures were completed. ULVAC Taiwan Manufacturing Corp. was merged with consolidated subsidiary ULVAC TAIWAN INC., the surviving company, on August 1, 2008. (2) Number of unconsolidated subsidiaries: 20 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 AUTOMATION TAIWAN INC. 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 Korea, Ltd. ULVAC Materials (Suzhou) Co., Ltd. ULVAC Opto-electronics Thin Film Technology (Shenzhen) 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: 3 ULVAC COATING CORPORATION SHOWA SHINKU CO., LTD. SANKO ULVAC Co., Ltd.	(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. Regarding ULVAC COATING CORPORATION, its consolidation as a subsidiary following an increase in ownership ratio resulted in its exclusion from the scope of application of the equity method.

Item	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
	(3) The cost method is applied to the investment in certain unconsolidated subsidiaries not accounted for by the equity method (17 companies) and affiliates not accounted for by the equity method (4 companies), because the effect of their net income/loss and retained earnings on the Company's consolidated financial statements is immaterial and they are not important as a whole in accounting terms.	(3) The cost method is applied to the investment in certain unconsolidated subsidiaries not accounted for by the equity method (20 companies) and affiliates not accounted for by the equity method (4 companies), because the effect of their net income/loss and retained earnings on the Company's consolidated financial statements is immaterial and they are not important as a whole in accounting terms.
4. Fiscal year-end of consolidated subsidiaries	The fiscal-year end of ULVAC (NINGBO) CO., LTD.; Litrex Corporation; 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. and ULVAC (China) Holding Co., Ltd. is December 31, and that of ULVAC Materials, Inc.; ULVAC CORPORATE CENTER; ULVAC KIKO, Inc.; ULVAC Technologies, Inc.; ULVAC SINGAPORE PTE LTD; ULVAC MALAYSIA SDN. BHD. and Sigma-Technos Co., Ltd. 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. For the consolidated fiscal year ended June 30, 2008, the following companies changed their fiscal year-end from December 31 to June 30. Reliance Electric Limited ULVAC KOREA, Ltd. ULVAC TAIWAN, INC.	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 Materials, Inc.; ULVAC CORPORATE CENTER; ULVAC KIKO, Inc.; ULVAC Technologies, Inc.; ULVAC SINGAPORE PTE LTD; ULVAC MALAYSIA SDN. BHD. and Sigma-Technos Co., Ltd. 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 Revenues from production equipment in the vacuum business are recognized mainly at customer acceptance. With regard to export sales, revenues from the main units of production equipment are recognized when ownership is transferred (FOB shipping points) and revenues from installment and installation are recognized at customer acceptance. Revenues from the integrated line for solar cell manufacturing are recognized at customer acceptance. (2) Valuation of major assets Inventories Inventories are generally stated at cost, with cost determined by the individual identification method.	(1) Revenue recognition Same as left. (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.

<table>
<tr><th>Item</th><th>For the fiscal year ended
June 30, 2008</th><th>For the fiscal year ended
June 30, 2009</th></tr>
<tr><td></td><td>

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
Deprecation is calculated using the declining-balance method except for the Research and Development Division, Fujisusono Plant of the Company and property, plant and equipment for lease, which are depreciated using the straight-line method.
Depreciation of buildings (excluding building fixtures) acquired on or after April 1, 1998 is calculated using the straight-line method.
Assets, whose acquisition value is 100,000 yen or more and not exceeding 200,000 yen, are equally depreciated over three years.
The useful lives for tangible fixed assets are mainly based on the same method stipulated in the Corporate Tax Law.</td><td>(Change of accounting policy)
Effective from the year ended June 30, 2009, the Company and its domestic consolidated subsidiaries adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006), which requires that inventories should be stated at lower of the cost or net selling value. Due to this change, operating profit and ordinary profit decreased by 4,429 million yen (US$46,124 thousand) and loss before income taxes and minority interests increased by 5,059 million yen (US$52,686 thousand).
Effects of this change on segment information are described in the relevant section.
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)
Depreciation is calculated using the declining-balance method except for the Research and Development Division, Fujisusono Plant of the Company and property, plant and equipment for lease, which are depreciated using the straight-line method.
Depreciation of buildings (excluding building fixtures) acquired on or after April 1, 1998 is calculated using the straight-line method.
Assets, whose acquisition value is 100,000 yen (US$1,041.45) or more and not exceeding 200,000 yen (US$2,082.90), are equally depreciated over three years.
The useful lives for major tangible fixed assets are as follows:
Buildings and structures 10-50 years
Machinery, equipment and vehicles 4-13 years</td></tr>
</table>

Item	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
	(Change of accounting policy) Pursuant to the revision of the Corporate Income Tax Law, effective from the year ended June 30, 2008, the depreciation of tangible fixed assets acquired by the Company and its domestic consolidated subsidiaries on or after April 1, 2007 is calculated in accordance with the revised Corporate Income Tax Law. The effect of this change on the Company's consolidated financial statements was immaterial for the year ended June 30, 2008.	
	(Additional information) Pursuant to the revision of the Corporate Income Tax Law, effective from the year ended June 30 2008, tangible fixed assets acquired prior to March 31, 2007 by the Company and its domestic consolidated subsidiaries are depreciated and amortized on a straight-line basis over five years from the following fiscal year when depreciation and amortization has reached the pre-established depreciable limits. The effect of this change on the Company's consolidated financial statements was immaterial for the year ended June 30, 2008.	(Additional information) Pursuant to the revision of the Corporate Tax Law in 2008, effective from the year ended June 30, 2009, the Company and its domestic consolidated subsidiaries revised the useful lives of machinery and equipment. The effect of this change on the Company's operating profit, ordinary profit and loss before income taxes and minority interests was immaterial for the year ended June 30, 2009.
	Amortization of intangible fixed 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. The useful lives for intangible fixed assets are mainly based on the same method stipulated in the Corporate Tax Law.	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 excluding residual value from original cost. 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.	(4) Method of providing major reserves 1) Allowance for doubtful accounts Same as left.
	2) Accrued bonuses for employees Accrued bonuses for employees are the estimated amounts expected to be paid to employees after the fiscal year-end, based on services provided during the current period.	2) Accrued bonuses for employees Same as left.

Item	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
	3) Accrued bonuses for directors and corporate auditors Accrued bonuses for directors and corporate auditors are the estimated amounts expected to be paid to directors and corporate auditors.	3) Accrued bonuses for directors and corporate auditors Same as left.
	4) Accrued warranty costs Accrued warranty costs are provided in the amount of estimated future warranty costs based on the actual ratio of occurrence of such expenditure in the past.	4) Accrued warranty costs Same as left.
	5) 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. Unrealized actuarial gains (losses) are recognized as expenses starting from the following consolidated fiscal year and amortized over a fixed number of years within the average remaining service period of the current employees (ten years) using the straight-line method.	5) 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 (US$35,674 thousand)) 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. (Additional information) One domestic consolidated subsidiary moved from the former tax-qualified pension plan to a defined-benefit corporate pension plan on January 1, 2009. Due to this change, the prior service liabilities of 818 million yen (US$8,514 thousand) were charged to expenses from the year ended June 30, 2009. The Company moved from the former tax-qualified pension plan to the defined-benefit corporate pension plan on July 1, 2009. Due to this change, prior service liabilities of 1,096 million yen (US$11,419 thousand) were recognized.
	6) 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.	6) Accrued pension and severance costs for directors and corporate auditors Same as left.
	7) Reserve for restructuring of business Reserve for restructuring of business is provided for predicted losses as a result of business restructuring.	7) ―――――――

Item	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
	(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 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) Lease transactions Finance leases without option to transfer of ownership to the lessee are accounted for as operating leases. (7) 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) ____________________ (7) 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.	Same as left.
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 year of acquisition.	Same as left.
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 short-term investments with maturities of three months or less, and which are exposed to minor risk of fluctuation in value.	Same as left.

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

For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
(Change of account classification for costs generated in the engineering divisions and the design divisions) Until the year ended June 30, 2007, all costs generated in the engineering divisions and the design divisions had been accounted for as cost of sales on the basis that these divisions belonged to one of the manufacturing departments. However, effective from the year ended June 30, 2008, these costs have been classified as operating activities, and the costs relating to sales support activities, sales price estimation activities as well as development activities has been classified to selling, general and administrative expenses. This change was made in order to present the Companies' activities more accurately on the operating results in response to increasing sales support activities as a result of the proactive hiring of employees in the engineering divisions and the design divisions together with increasing orders for new equipment shifting towards more developmentally advanced and technologically innovative items. This change was made in the current year in connection with the fact that the Company and certain domestic consolidated subsidiaries had completed the revision of the basis for the fixed manufacturing cost allocation more realistically by reviewing the operating activities unit within the manufacturing departments, reinforcing the control over the daily activity report and clearly classifying working hours into more detailed operating activities. As a result of this change, cost of sales decreased by 6,557 million yen, gross profit increased by the same amount and selling, general and administrative expenses also increased by the same amount. There was no effect on operating profit, ordinary profit, income before income taxes or minority interests for the year ended June 30, 2008 in comparison to if the previous method had have been applied.	―――――――――
―――――――――	(Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements) Effective from the year ended June 30, 2009, the consolidated foreign subsidiaries need to apply to the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, May 17, 2006), and necessary adjustments have been made at the consolidation accounts. Accordingly, retained earnings at the beginning of the year increased by 501 million yen. Operating profit and ordinary profit each decreased by 180 million yen (US$1,871 thousand) and 271 million yen (US$2,821 thousand) respectively, and loss before income taxes and minority interests increased by 416 million yen (US$4,335 thousand) for the year ended June 30, 2009. Effects of this change on segment information are described in the relevant section.

For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
――――――――――	(Accounting standard for lease transactions) Finance leases in which the ownership of the leased property is not transferred to the lessees, were previously accounted for as operating leases. However, effective from the year ended June 30, 2009, the Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1 dated on June 17, 1993; revised on March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee dated on January 18, 1994; revised on March 30, 2007]).For finance leases in which the ownership of the leased property is not transferred to the lessee are capitalized as lease assets. Depreciation on lease assets that do not transfer ownership is calculated using the straight-line method over the lease term excluding residual value. Finance lease transactions that do not transfer ownership, commenced on or before June 30, 2008, are accounted for as operating leases. The effect of this change on the Company's operating profit, ordinary profit and loss before income taxes and minority interests was immaterial for the year ended June 30, 2009.

[Change in Presentation]

For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
(Consolidated Balance Sheets) “Software” (1,428 million yen recorded in the previous consolidated fiscal year), which was included in the “Other” account of intangible fixed assets until the previous consolidated fiscal year, is listed separately due to the increased importance of the amount.	(Consolidated Balance Sheets) In line with the application of the Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements, etc. (Cabinet Office Ordinance No. 50, August 7, 2008), items collectively presented as “Inventories” for the previous consolidated fiscal year are now separately presented as “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies” effective from the year ended June 30, 2009. “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies” included in “Inventories” for the previous consolidated fiscal year were 5,099 million yen, 64,817 million yen and 11,813 million yen, respectively.
(Consolidated Statements of Income) “Royalty income” (13 million yen recorded in the current consolidated fiscal year) and “Insurance income” (1 million yen recorded in the current consolidated fiscal year), which were listed separately in non-operating income until the previous consolidated fiscal year, are included in the “Other” account of non-operating income due to the decreased importance of the amounts and in order to simplify presentation.	(Consolidated Statements of Income) “Insurance and dividends income” (148 million yen recorded in the previous consolidated fiscal year) and “Subsidy income” (10 million yen recorded in the previous consolidated fiscal year), which were included in the “Other” account of non-operating income until the previous consolidated fiscal year, are listed separately due to the increased importance of the amount. “Loss on disposal of inventories” (62 million yen (US$643 thousand) recorded in the current consolidated fiscal year) and “Cost and expense for rental activities” (16 million yen (US$171 thousand) recorded in the current consolidated fiscal year), which were listed separately in non-operating expenses until the previous consolidated fiscal year, are included in the “Other” account of non-operating expenses due to the decreased importance of the amounts and in order to simplify presentation. “Gain on sale of fixed assets” (11 million yen recorded in the previous consolidated fiscal year), which was included in the “Other” account of extraordinary gains until the previous consolidated fiscal year, is listed separately due to the increased importance of the amount. “Gain on sale of investment securities” (14 million yen (US$148 thousand) recorded in the current consolidated fiscal year), which was listed separately in extraordinary gains until the previous consolidated fiscal year, is included in the “Other” account of extraordinary gains due to the decreased importance of the amounts and in order to simplify presentation.
(Consolidated Statements of Cash Flows) —	(Consolidated Statements of Cash Flows) “Increase (decrease) in provision for bonuses” (-288 million yen recorded in the previous consolidated fiscal year), which was included in the “Other” account of cash flows from operating activities until the previous consolidated fiscal year, is listed separately due to the increased importance of the amount. “Payments for loan receivables” (-128 million yen (US$-1,333 thousand) recorded in the current consolidated fiscal year) and “Proceeds from collection of loan receivables” (88 million yen (US$916 thousand) recorded in the current consolidated fiscal year), which were listed separately in cash flows from investing activities until the previous consolidated fiscal year, are included in the “Other” account of cash flows from investing activities due to the decreased importance of the amounts and in order to simplify presentation.

[Additional Information]

For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
(Revision of the method of accounting for the allocation of fixed manufacturing costs) Until the year ended June 30, 2007, a portion of fixed manufacturing costs had been accounted for as cost of sales without any allocation to work in process. However, effective from the year ended June 30, 2008, these costs have been allocated to both work in process and cost of sales. This revision was made to calculate the manufacturing cost per unit for work orders more accurately by reallocating fixed manufacturing costs to work orders based on the direct operating hours, which had not been allocated to them in prior years. In addition, this revision was made in response to the growing importance of the amount of fixed manufacturing costs to be allocated to work in process in connection with increasing the indirect operating hours with the volume of work orders becoming larger and the manufacturing term becoming longer like the integrated line for solar cells manufacturing. As a result, the cumulative effect of this revision attributable to prior years of 2,605 million yen was recorded as an extraordinary gains, on the basis that if the revision had have been applied retroactively, the impact on operating results each year would have been immaterial. As a result of this revision, cost of sales decreased by 1,038 million yen, operating profit and ordinary profit increased by the same amount and income before income taxes and minority interests increased by 3,642 million yen in comparison to if the previous method had have been applied.	――――――――――

[Notes to Consolidated Financial Statements]

a) Notes to Consolidated Balance Sheets

	Previous fiscal year As of June 30, 2008		Current fiscal year As of June 30, 2009
*1	Investments in unconsolidated subsidiaries and affiliates are as follows:	*1	Investments in unconsolidated subsidiaries and affiliates are as follows:
2	Contingent liabilities The Company guarantees the loans that the following subsidiary takes out with financial institutions: The Company commits to provide guarantees for the lease liabilities of the following subsidiary:	2	Contingent liabilities The Company guarantees the loans that the following subsidiary takes out with financial institutions: The Company commits to provide guarantees for the lease liabilities of the following subsidiary:
*3	Details of collateral and secured liabilities	*3	Details of collateral and secured liabilities
4	The Company has concluded contracts for the commitment line for loans with two banks. The unrealized balance of these contracts for the commitment line for loans at the end of this consolidated fiscal year is as follows.	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.
*5	The total amount of reduced value for land due to the receiving of prefectural government grants is 128 million yen.	*5	The total amount of reduced value for land due to the receiving of prefectural government grants is 128 million yen (US$1,333 thousand).

*1 Investments in unconsolidated subsidiaries and affiliates

	Previous fiscal year: Millions of yen	Current fiscal year: Millions of yen	Current fiscal year: Thousands of U.S. dollars
Investment securities (shares)	5,609	3,516	36,622
Investments and other assets (other) (Investments)	995	981	10,216

2 Contingent liabilities

Loan guarantees:

	Previous fiscal year: Millions of yen	Current fiscal year: Millions of yen	Current fiscal year: Thousands of U.S. dollars
ULVAC G.m.b.H.	2 (EUR 13 thousand)	2 (EUR 13 thousand)	19

Lease liability guarantees:

	Previous fiscal year: Millions of yen	Current fiscal year: Millions of yen	Current fiscal year: Thousands of U.S. dollars
ULVAC NONFERROUS METALS (NINGBO) CO., LTD.	16	21	218
ULVAC Materials Korea, Ltd.		40	419
Total		61	638

*3 Details of collateral and secured liabilities

(1) Collateral

	Previous fiscal year: Millions of yen	Current fiscal year: Millions of yen	Current fiscal year: Thousands of U.S. dollars
• Factory foundation			
Land	504	504	5,250
Buildings and structures	5,235	4,897	51,004
Machinery, equipment and vehicles	186	99	1,036
Total	5,926	5,501	57,289
• Land	172	1,099	11,450
• Buildings and structures	120	1,995	20,779
• Machinery, equipment and vehicles	155	1,568	16,334
Total	446	4,663	48,563

(2) Secured liabilities

	Previous fiscal year: Millions of yen	Current fiscal year: Millions of yen	Current fiscal year: Thousands of U.S. dollars
• Short-term borrowings	1,106	1,962	20,436
• Long-term debt	3,488	4,060	42,285
Total	4,594	6,022	62,720

4 Commitment line for loans

	Previous fiscal year: Millions of yen	Current fiscal year: Millions of yen	Current fiscal year: Thousands of U.S. dollars
Total amount of the commitment line for loans	10,000	60,000	624,870
Realized balance	-	34,900	363,466
Net	10,000	25,100	261,404

b) Notes to Consolidated Statements of Income

<table>
<tr><th colspan="2">For the fiscal year ended
June 30, 2008</th><th colspan="2">For the fiscal year ended
June 30, 2009</th></tr>
<tr><td>*1</td><td>Major expense items of selling, general and administrative expenses and their amounts are as follows:

	Millions of yen
Employee salaries	7,555
Transfer to reserve for bonuses to employees	453
Transfer to accrued bonuses to directors and corporate auditors	304
Transfer to reserve for retirement benefits to employees	714
Transfer to reserve for retirement benefits to directors and corporate auditors	164
Depreciation	1,388
Travel and transportation expenses	1,744
Commission	1,549
Research and development cost	4,930
Transfer to allowance for doubtful accounts	70
Support costs for sales activities by manufacturing departments	6,557
</td><td>*1</td><td>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	7,277	75,786
Transfer to reserve for bonuses to employees	500	5,212
Transfer to accrued bonuses to directors and corporate auditors	155	1,612
Transfer to reserve for retirement benefits to employees	835	8,699
Transfer to reserve for retirement benefits to directors and corporate auditors	157	1,635
Depreciation	1,408	14,660
Travel and transportation expenses	1,467	15,280
Commission	1,951	20,318
Research and development cost	5,002	52,090
Transfer to allowance for doubtful accounts	133	1,383
Support costs for sales activities by manufacturing departments	6,914	72,010
</td></tr>
<tr><td>*2</td><td>The breakdown of losses on disposal of fixed assets is as follows:

	Millions of yen
Buildings and structures	319
Machinery, equipment and vehicles	189
Tools, furniture and fixtures	11
Software	2
Total	522
</td><td>*2</td><td>The breakdown of losses on disposal of fixed assets is as follows:

	Millions of yen	Thousands of U.S. dollars
Buildings and structures	79	819
Machinery, equipment and vehicles	949	9,884
Tools, furniture and fixtures	69	722
Software	1	14
Total	1,098	11,438
</td></tr>
<tr><td>*3</td><td>Research and development cost included in selling, general and administrative expenses and manufacturing cost for the current fiscal year amounts to 8,586 million yen.</td><td>*3</td><td>Research and development cost included in selling, general and administrative expenses and manufacturing cost for the current fiscal year amounts to 8,344 million yen (US$86,903 thousand).</td></tr>
<tr><td>*4</td><td>The breakdown of impairment losses is as follows:

(1) Assets for which impairment losses are recognized.

Use	Type of asset	Location
-	Goodwill	Sigma-Technos Co., Ltd.
Factory	Buildings and structures	Korea Pure Surface Technology, Ltd.

(2) Circumstances for the recognition of impairment losses-
The Company recognizes impairment losses on goodwill because earnings are not expected as promised business plan.
The book value of the factory was devalued to its recoverable amount after consideration of the net sales price because it was decided to sell the building.

(3) Amounts of impairment loss-

	Millions of yen
Goodwill	266
Buildings and structures	80
Total	346
</td><td>*4</td><td>――――――――</td></tr>
</table>

For the fiscal year ended June 30, 2008		For the fiscal year ended June 30, 2009	
	(4) Asset grouping method- The Group classified assets by segment, business type, and investment target when applying impairment accounting. For assets planned to be sold, each asset is separately evaluated for impairment on an individual asset level mentioned above. (5) Calculation method of recoverable amount- The balance of the unamortized portion of goodwill, which is considered to be unable to bring profits in the future, was fully impaired and recognized as an impairment loss. The book value of the factory was devalued to its recoverable amount, and the difference between the recoverable amount and the book value was recognized as a loss on impairment of fixed assets. The recoverable amount is based on net sales price, and the assumed sales price is used for the net sales price.		
*5	Estimated losses as a result of the restructuring of some businesses.	*5	___________________
*6	___________________	*6	Inventories are stated at the lower of the cost or net selling value as of June 30, 2009. The following loss on devaluation of inventories was included in cost of sales. 4,429 million yen (US$46,123 thousand)

c) Notes to Consolidated Statements of Changes in Net Assets

For the fiscal year ended June 30, 2008

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	-	-	42,905,938

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	9,136	789	2	9,923

(Outline of reasons for fluctuations)

The breakdown of the increase in number of shares of treasury stock is as follows:

Increase from purchase of less-than-one-unit shares 502 shares

Own shares (shares of the Company) that are held by companies accounted for by the equity method and belong to the Company 287 shares

The breakdown of the decrease in number of shares of treasury stock is as follows:

Decrease from the request for additional purchase of less-than-one-unit shares 2 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 27, 2007	Common stock	2,016	47.00	June 30, 2007	September 28, 2007

(2) Of the dividends whose base dates belong to the fiscal year ended June 30, 2008, 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, 2008	Common stock	901	Retained earnings	21.00	June 30, 2008	September 30, 2008

For the fiscal year ended June 30, 2009

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	-	-	42,905,938

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	9,923	431	154	10,200

(Outline of reasons for fluctuations)

The breakdown of the increase in number of shares of treasury stock is as follows:

Increase from purchase of less-than-one-unit shares 390 shares

Own shares (shares of the Company) that are held by companies accounted for by the equity method and belong to the Company 41 shares

The breakdown of the decrease in number of shares of treasury stock is as follows:

Decrease from the request for additional purchase of less-than-one-unit shares 154 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, 2008	Common stock	901	21.00	June 30, 2008	September 30, 2008

(2) Of the dividends whose base dates belong to the fiscal year ended June 30, 2009, 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, 2009	Common stock	901	Retained earnings	21.00	June 30, 2009	September 30, 2009

Resolution	Type of stock	Total amount of dividends (thousands of U.S. dollars)	Fiscal resource of dividends	Dividend per share (U.S. dollars)	Base date	Effective date
Ordinary general meeting of shareholders held on September 29, 2009	Common stock	9,383	Retained earnings	0.22	June 30, 2009	September 30, 2009

d) Notes to Consolidated Statements of Cash Flows

For the fiscal year ended June 30, 2008

A reconciliation of the balance of cash and cash equivalents in the consolidated statement of cash flows to cash on hand in banks included in the consolidated balance sheet

	Millions of yen
Cash on hand and in banks	17,603
Time deposits with maturities over three months	(626)
Cash and cash equivalents	16,977

For the fiscal year ended June 30, 2009

A reconciliation of the balance of cash and cash equivalents in the consolidated statement of cash flows to cash on hand in banks included in the consolidated balance sheet

	Millions of yen	Thousands of U.S. dollars
Cash on hand and in banks	22,985	239,380
Time deposits with maturities over three months	(1,158)	(12,060)
Cash and cash equivalents	21,827	227,321

Details of assets and liabilities of company newly consolidated as subsidiary due to acquisition of shares

Details of assets and liabilities of ULVAC COATING CORPORATION at the beginning of its consolidation due to acquisition of its shares and the reconciliation between price and net payment for share acquisition are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	5,882	61,257
Fixed assets	6,024	62,735
Goodwill	64	665
Unrealized gains (losses)	280	2,915
Current liabilities	(4,439)	(46,228)
Long-term liabilities	(561)	(5,842)
Minority interests	(4,287)	(44,645)
Acquisition cost of ULVAC COATING CORPORATION (already acquired)	(2,774)	(28,885)
Acquisition cost of ULVAC COATING CORPORATION (newly acquired)	189	1,970
Cash and cash equivalents of ULVAC COATING CORPORATION and its subsidiaries	1,116	11,619
Net: Proceeds from acquisition of ULVAC COATING CORPORATION	926	9,649

(Lease Transactions)

For the fiscal year ended June 30, 2008

1. Lease assets and the related expense for the Company's finance leases without options to transfer the ownership to the lessee are accounted for as operating lease.
   If such leases had been capitalized,
   (1) Acquisition cost, 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 cost	4,116	2,541	913	7,570
Accumulated depreciation	(1,691)	(1,321)	(415)	(3,428)
Book value	2,424	1,220	498	4,142

Acquisition cost 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.

For the fiscal year ended June 30, 2009

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

For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009

For the fiscal year ended June 30, 2008

(2) Future lease payments obligations are as follows:

	Millions of yen
Due within one year	1,163
Due after one year	2,979
Total	4,142

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	1,441
Depreciation expense	1,441

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

2. Operating leases
Obligation for future lease payments

	Millions of yen
Due within one year	129
Due after one year	395
Total	524

For the fiscal year ended June 30, 2009

(1) Acquisition cost, 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 cost	3,332	1,584	1,404	6,320
Accumulated depreciation	(1,480)	(890)	(936)	(3,306)
Book value	1,852	694	468	3,014

	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 cost	34,699	16,497	14,621	65,817
Accumulated depreciation	(15,413)	(9,274)	(9,743)	(34,430)
Book value	19,286	7,223	4,878	31,387

Acquisition cost 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	Thousands of U.S. dollars
Due within one year	950	9,889
Due after one year	2,064	21,498
Total	3,014	31,387

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	Thousands of U.S. dollars
Lease payments	1,211	12,610
Depreciation expense	1,211	12,610

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

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

	Millions of yen	Thousands of U.S. dollars
Due within one year	548	5,706
Due after one year	1,799	18,741
Total	2,347	24,447

(Securities)

1. Other securities with fair values

	Type	Previous fiscal year As of June 30, 2008 (millions of yen)			Current fiscal year As of June 30, 2009 (millions of yen)			(thousands of U.S. dollars)		
		Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition cost	Stocks	584	1,480	896	707	1,016	309	7,367	10,583	3,215
Securities with book values not exceeding acquisition cost	Stocks	937	702	(235)	588	399	(189)	6,119	4,153	(1,966)
Total		1,521	2,182	661	1,295	1,415	120	13,486	14,736	1,249

Note: For other securities with fair values, 112 million yen in the previous consolidated fiscal year and 378 million yen (US$3,937 thousand) in the current consolidated fiscal year are recognized as impairment loss.

2. Other securities which were sold during the previous and current consolidated fiscal years

For the fiscal year ended June 30, 2008 (millions of yen)			For the fiscal year ended June 30, 2009 (millions of yen)			(thousands of U.S. dollars)		
Proceeds from sale	Gains on sale	Losses on sale	Proceeds from sale	Gains on sale	Losses on sale	Proceeds from sale	Gains on sale	Losses on sale
462	91	11	32	14	2	332	148	21

3. Major securities which are not marked to market

	Previous fiscal year As of June 30, 2008	Current fiscal year As of June 30, 2009	
	Book value	Book value	
	(millions of yen)	(millions of yen)	(thousands of U.S. dollars)
1) Shares in subsidiaries and affiliates Shares in subsidiaries and affiliates	4,005	1,916	19,953
2) Other securities Unlisted stocks	172	269	2,799

(Derivative Transactions)

1. Circumstances of derivative transactions

For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
1) Details of derivative transactions The Company and consolidated subsidiaries engage in forward foreign exchange contracts and interest rate swaps as derivative financial transactions.	1) Details of derivative transactions Refer to column as on the left.
2) Transaction guidelines The Company and consolidated subsidiaries carry out forward foreign exchange contracts in order to hedge exchange risks that occur financially and are consistent with business activities, and conduct interest rate swaps in a bid to hedge fluctuation risks of interest rates regarding variable-rate liabilities. They do not engage in speculative transactions or transactions aimed at obtaining short-term profit on own account trading.	2) Transaction guidelines Refer to column as on the left.
3) Purpose of using derivative transactions Forward foreign exchange contracts are utilized to hedge fluctuation risks of future exchange rates regarding foreign currency-denominated claims and liabilities within the scope of normal transactions, and interest rate swaps are used to hedge risk of interest rate rises.	3) Purpose of using derivative transactions Refer to column as on the left.
4) Details of transaction-related risk Forward foreign exchange contracts are exposed to the market risk resulting from fluctuations in exchange rates, while interest rate swaps involve risk attributed to fluctuations in market interest rates. The credit risks associated with these derivatives are considered low because all the counterparties of these derivative contracts are banks with high credit standings.	4) Details of transaction-related risk Refer to column as on the left.

For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009
5) Derivative transaction risk control structure Derivative transactions are carried out by each company, and execution and control of the transactions are conducted by the financial department of each company. To prevent illegal transactions, information on derivative transactions is reported to and confirmed by the director in charge for each transaction.	5) Derivative transaction risk control structure Refer to column as on the left.

2. Fair value of derivatives

Contract values of derivative transactions, fair value and unrealized gains (losses)

(1) Currency-related transactions

Classification	Type	Previous fiscal year As of June 30, 2008				Current fiscal year As of June 30, 2009							
		(millions of yen)				(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)	Contract value	Over one year	Fair value	Unrealized gains (losses)
Transactions other than market transactions	Forward foreign exchange contracts												
	Sold												
	U.S. dollar	1,462	-	1,481	(20)	1,654	-	1,685	(32)	17,223	-	17,553	(331)
	Bought												
	U.S. dollar	613	-	618	5	624	-	626	2	6,497	-	6,521	23
	Euro	146	-	148	2	6	-	6	0	58	-	58	0
	Pound sterling	92	-	93	1	40	-	48	8	417	-	502	85
Total		-	-	-	(11)	-	-	-	(21)	-	-	-	(222)

Note: Calculation of fair values

Fair values are based on forward exchange rates.

(2) Interest rate-related transactions

Classification	Type	Previous fiscal year As of June 30, 2008				Current fiscal year As of June 30, 2009							
		(millions of yen)				(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)	Contract value	Over one year	Fair value	Unrealized gains (losses)
Transactions other than market transactions	Interest rate swaps												
	Receive float/ pay fixed	450	450	0	0	450	-	(1)	(1)	4,687	-	(9)	(9)

Notes:

1. Calculation of fair values
   Fair values are based on the prices presented by financial institutions with which interest rate swap contracts are concluded.
2. Assumed principle amounts under interest rate swap contracts do not present the market risk born by the derivative transaction.

(Retirement Benefit Plans)

For the fiscal year ended June 30, 2008

1. Outline of adopted employee retirement benefit plans

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

Extra payments, which are not subject to the retirement benefit 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, 2008)

	Millions of yen
(1) Projected benefit obligation	(22,319)
(2) Plan assets	7,800
(3) Unfunded retirement benefit obligation (1) + (2)	(14,519)
(4) Unrecognized net obligation on the date of initial application of the new accounting standards for employee retirement benefits	659
(5) Unrecognized actuarial differences	1,279
(6) Unrecognized prior service liabilities	-
(7) Net amount on the consolidated balance sheets (3) + (4) + (5) + (6)	(12,581)
(8) Prepaid pension cost	-
(9) Reserve for retirement benefits (7) – (8)	(12,581)

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, 2008)

	Millions of yen
(1) Service cost	1,659
(2) Interest cost	336
(3) Expected return on plan assets	(175)
(4) Amortization of unrecognized net obligation on the date of initial application of the new accounting standards for employee retirement benefits	334
(5) Amortization of actuarial differences	277
(6) Net retirement benefit expenses	2,431

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 unrecognized prior service liabilities: -

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

For the fiscal year ended June 30, 2009

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.

One domestic consolidated subsidiary moved from the tax-qualified pension plan to the defined-benefit corporate pension plan on January 1, 2009. Due to this change, the prior service liabilities were charged to expenses from the year ended June 30, 2009.

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, 2009)

	Millions of yen	Thousands of U.S. dollars
(1) Projected benefit obligation	(23,071)	(240,268)
(2) Plan assets	8,686	90,462
(3) Unfunded retirement benefit obligation (1) + (2)	(14,384)	(149,807)
(4) Unrecognized net obligation on the date of initial application of the new accounting standards for employee retirement benefits	325	3,387
(5) Unrecognized actuarial differences	765	7,971
(6) Unrecognized prior service liabilities	(361)	(3,756)
(7) Net amount on the consolidated balance sheets (3) + (4) + (5) + (6)	(13,654)	(142,204)
(8) Prepaid pension cost	82	850
(9) Reserve for retirement benefits (7) – (8)	(13,736)	(143,055)

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, 2009)

	Millions of yen	Thousands of U.S. dollars
(1) Service cost	2,123	22,112
(2) Interest cost	375	3,910
(3) Expected return on plan assets	(191)	(1,989)
(4) Amortization of unrecognized net obligation on the date of initial application of the new accounting standards for employee retirement benefits	334	3,478
(5) Amortization of actuarial differences	280	2,913
(6) Amortization of prior service liabilities	82	851
(7) Net retirement benefit expenses	3,003	31,276

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 unrecognized prior service liabilities: 10 years

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

(Deferred Tax Assets and Liabilities)

Previous fiscal year
As of June 30, 2008

1. Significant components of deferred tax assets and liabilities

	Millions of yen
(Deferred tax assets)	
(1) Deferred tax assets (current)	
Accrued enterprise tax	144
Inventories (unrealized gains, devaluation losses)	2,768
Accrued bonuses	570
Accrued warranty costs	1,194
Other	579
Subtotal deferred tax assets (current)	5,255
Provision for valuation allowance	(3)
Total deferred tax assets (current)	5,252
(2) Deferred tax assets (fixed)	
Accrued pension and severance costs for employees	4,884
Accrued pension and severance costs for directors and corporate auditors	446
Tax loss carried forward	1,136
Devaluation loss on investment securities	580
Other	334
Subtotal deferred tax assets (fixed)	7,379
Provision for valuation allowance	(946)
Total deferred tax assets (fixed)	6,433
(3) Total deferred tax assets	11,685
(Deferred tax liabilities)	
(1) Deferred tax liabilities (current)	
Adjustment for allowance for doubtful accounts	(35)
Other	(507)
Total deferred tax liabilities (current)	(542)
(2) Deferred tax liabilities (fixed)	
Special reserve for income tax deferred	(389)
Other	(78)
Total deferred tax liabilities (fixed)	(467)
(3) Total deferred tax liabilities	(1,009)
Net deferred tax assets	10,676

Current fiscal year
As of June 30, 2009

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)	1,911	19,906
Tax loss carried forward	1,360	14,169
Accrued bonuses	512	5,333
Accrued warranty costs	920	9,586
Tax credit carried forward	308	3,206
Loss on disposal of fixed assets	250	2,605
Adjustment for allowance for doubtful accounts	181	1,881
Other	623	6,493
Subtotal deferred tax assets (current)	6,066	63,178
Provision for valuation allowance	(14)	(142)
Total deferred tax assets (current)	6,053	63,037
(2) Deferred tax assets (fixed)		
Accrued pension and severance costs for employees	5,473	56,998
Accrued pension and severance costs for directors and corporate auditors	512	5,328
Tax loss carried forward	1,945	20,257
Devaluation loss on investment securities	402	4,187
Depreciation	754	7,858
Other	669	6,968
Subtotal deferred tax assets (fixed)	9,756	101,596
Provision for valuation allowance	(1,984)	(20,662)
Total deferred tax assets (fixed)	7,772	80,939
(3) Total deferred tax assets	13,825	143,976
(Deferred tax liabilities)		
(1) Deferred tax liabilities (current)		
Adjustment for allowance for doubtful accounts	(32)	(336)
Other	(59)	(611)
Total deferred tax liabilities (current)	(91)	(948)
(2) Deferred tax liabilities (fixed)		
Special reserve for income tax deferred	(396)	(4,122)
Other	(64)	(665)
Total deferred tax liabilities (fixed)	(460)	(4,787)
(3) Total deferred tax liabilities	(551)	(5,735)
Net deferred tax assets	13,274	138,241

Previous fiscal year As of June 30, 2008		Current fiscal year As of June 30, 2009	
2. A reconciliation of the differences between the statutory tax rate and the effective income tax rate		2. A reconciliation of the differences between the statutory tax rate and the effective income tax rate	
Statutory tax rate	40.3 %	Statutory tax rate	40.3 %
(Adjustments)		(Adjustments)	
Permanent non-deductible expenses, including entertainment expenses	3.8	Permanent non-deductible expenses, including entertainment expenses	(9.2)
Credit for income tax	2.3	Equalization inhabitant taxes	(4.1)
Special deduction for experimental and research expenses	(5.6)	Credit for income tax	(5.3)
Tax rate difference of overseas subsidiaries	2.0	Net operating loss carry forwards	(50.2)
Valuation allowance	1.6	Tax rate difference of overseas subsidiaries	(5.8)
Other	1.4	Valuation allowance	122.5
Effective income tax rate	45.8	Other	(8.9)
		Effective income tax rate	79.3

(Segment Information)

[Segment information by type of business]

(Millions of yen)

Title	For the fiscal year ended June 30, 2008				
	Vacuum business	Other business	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss					
Net sales					
(1) Sales to outside customers	200,461	40,752	241,212	-	241,212
(2) Intersegment	505	5,623	6,128	(6,128)	-
Total	200,965	46,375	247,340	(6,128)	241,212
Operating expenses	192,588	46,510	239,098	(6,967)	232,132
Operating profit (loss)	8,377	(135)	8,242	839	9,081
II Assets, depreciation, impairment loss and capital expenditure					
Assets	254,849	45,866	300,715	2,354	303,069
Depreciation	9,129	1,805	10,935	(2)	10,932
Impairment loss	266	80	346	-	346
Capital expenditure	19,751	3,632	23,382	-	23,382

(Millions of yen)

Title	For the fiscal year ended June 30, 2009				
	Vacuum business	Other business	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss					
Net sales					
(1) Sales to outside customers	178,325	45,500	223,825	-	223,825
(2) Intersegment	2,546	5,447	7,994	(7,994)	-
Total	180,871	50,948	231,819	(7,994)	223,825
Operating expenses	173,733	55,116	228,849	(8,507)	220,342
Operating profit (loss)	7,138	(4,168)	2,970	513	3,483
II Assets, depreciation, impairment loss and capital expenditure					
Assets	255,206	61,185	316,392	1,684	318,076
Depreciation	9,982	2,340	12,322	(2)	12,320
Capital expenditure	16,070	3,497	19,567	-	19,567

(Thousands of U.S. dollars)

Title	For the fiscal year ended June 30, 2009				
	Vacuum business	Other business	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss					
Net sales					
(1) Sales to outside customers	1,857,162	473,864	2,331,026	-	2,331,026
(2) Intersegment	26,519	56,733	83,252	(83,252)	-
Total	1,883,681	530,597	2,414,278	(83,252)	2,331,026
Operating expenses	1,809,340	574,006	2,383,347	88,599	2,294,748
Operating profit (loss)	74,341	(43,409)	30,932	5,346	36,278
II Assets, depreciation, impairment loss and capital expenditure					
Assets	2,657,845	637,218	3,295,063	17,535	3,312,597
Depreciation	103,961	24,367	128,328	(18)	128,310
Capital expenditure	167,364	36,416	203,780	-	203,780

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 related 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
Other 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; and others

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 2,354 million yen in the previous consolidated fiscal year and 1,684 million yen (US$17,535 thousand) in this consolidated fiscal year. They are mainly long-term investment assets (investment securities) and assets related to the administrative division.
5. Changes in accounting policies
   (Accounting standard for measurement of inventories)
   As described in the “Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements 5. (2),” effective from the year ended June 30, 2009, the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) is adopted. As a result of this change, operating profit for “vacuum business” decreased by 4,104 million yen (US$42,738 thousand) and operating loss for “other business” increased by 325 million yen (US$3,385 thousand) as compared to the case where the previous method was applied.
   (Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements)
   As described in the “Changes in Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements,” effective from the year ended June 30, 2009, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18, May 17, 2006) is adopted. As a result of this change, operating profit for “vacuum business” decreased by 155 million yen (US$1,612 thousand) and operating loss for “other business” increased by 25 million yen (US$259 thousand) 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, 2008					
	Japan	Asia	North America	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss						
Net sales						
(1) Sales to outside customers	198,855	35,825	6,532	241,212	-	241,212
(2) Intersegment	21,585	6,063	2,505	30,154	(30,154)	-
Total	220,440	41,888	9,037	271,366	(30,154)	241,212
Operating expenses	215,592	38,642	9,239	263,473	(31,341)	232,132
Operating profit (loss)	4,848	3,246	(201)	7,893	1,187	9,081
II Assets	250,672	46,112	3,931	300,715	2,354	303,069

(Millions of yen)

Title	For the fiscal year ended June 30, 2009					
	Japan	Asia	North America	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss						
Net sales						
(1) Sales to outside customers	183,529	35,753	4,542	223,825	-	223,825
(2) Intersegment	15,443	8,231	1,609	25,283	(25,283)	-
Total	198,972	43,984	6,151	249,108	(25,283)	223,825
Operating expenses	201,223	39,543	5,994	246,759	(26,418)	220,342
Operating profit (loss)	(2,251)	4,442	158	2,348	1,135	3,483
II Assets	281,450	32,561	2,381	316,392	1,684	318,076

(Thousands of U.S. dollars)

Title	For the fiscal year ended June 30, 2009					
	Japan	Asia	North America	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss						
Net sales						
(1) Sales to outside customers	1,911,366	372,353	47,307	2,331,026	-	2,331,026
(2) Intersegment	160,826	85,723	16,757	263,306	(263,306)	-
Total	2,072,192	458,076	64,063	2,594,332	(263,306)	2,331,026
Operating expenses	2,095,636	411,818	62,420	2,569,874	(275,126)	2,294,748
Operating profit (loss)	(23,443)	46,258	1,643	24,458	11,820	36,278
II Assets	2,931,158	339,109	24,796	3,295,063	17,535	3,312,597

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. 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 2,354 million yen in the previous consolidated fiscal year and 1,684 million yen (US$17,535 thousand) in this consolidated fiscal year. They are mainly long-term investment assets (investment securities) and assets related to the administrative division.
5. Changes in accounting policies

   (Accounting standard for measurement of inventories)

   As described in the "Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements 5. (2)," effective from the year ended June 30, 2009, the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) is adopted. As a result of this change, operating loss for "Japan" increased by 4,429 million yen (US$46,123 thousand) as compared to the case where the previous method was applied.

   (Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements)

   As described in the "Changes in Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements," effective from the year ended June 30, 2009, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, May 17, 2006) is adopted. As a result of this change, operating profit for "Asia" decreased by 180 million yen (US$1,871 thousand) as compared to the case where the previous method was applied.

[Overseas sales]

	For the fiscal year ended June 30, 2008				
	Asia	North America	Europe	Other regions	Total
I Overseas sales (millions of yen)	101,633	7,008	1,764	151	110,555
II Consolidated net sales (millions of yen)					241,212
III Ratio of overseas sales to consolidated net sales (%)	42.1	2.9	0.7	0.1	45.8

	For the fiscal year ended June 30, 2009				
	Asia	North America	Europe	Other regions	Total
I Overseas sales (millions of yen)	121,185	4,957	2,300	513	128,955
II Consolidated net sales (millions of yen)					223,825
III Ratio of overseas sales to consolidated net sales (%)	54.1	2.2	1.0	0.2	57.6

	For the fiscal year ended June 30, 2009				
	Asia	North America	Europe	Other regions	Total
I Overseas sales (thousands of U.S. dollars)	1,262,079	51,627	23,953	5,341	1,343,000
II Consolidated net sales (thousands of U.S. dollars)					2,331,026
III Ratio of overseas sales to consolidated net sales (%)	54.1	2.2	1.0	0.2	57.6

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 and Taiwan
   (2) North America: U.S.A. and Canada
   (3) Europe: Germany and U.K.
   (4) Other region: Russia and Australia
3. Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.

[Related party information]

For the fiscal year ended June 30, 2008

Not applicable

For the fiscal year ended June 30, 2009

Not applicable

(Additional information)

Effective from the year ended June 30, 2009, “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11, October 17, 2006) and “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13, October 17, 2006) are adopted.

There are no changes to the scope of disclosure as a result of this change.

(Per Share Information)

For the fiscal year ended June 30, 2008		For the fiscal year ended June 30, 2009		
	Yen		Yen	U.S. dollars
Net assets per share of common stock	2,052.48	Net assets per share of common stock	1,961.08	20.42
Net income per share of common stock	84.16	Net income per share of common stock	18.90	0.20
Diluted net income per share	78.20	Diluted net income per share	17.44	0.18

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

	For the fiscal year ended June 30, 2008	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2009
Net income per share			
Net income (millions of yen* / thousands of U.S. dollars**)	3,610*	811*	8,445**
Amounts which do not belong to shareholders of common stock (millions of yen* / thousands of U.S. dollars**)	-*	-*	-**
Net income attributable to common stock (millions of yen* / thousands of U.S. dollars**)	3,610*	811*	8,445**
Average number of common stock during the fiscal year (thousands of shares)	42,896	42,896	42,896
Diluted net income per share			
Adjustment in net income	-	-	-
Increase in common stock (thousands of shares)	3,267	3,602	3,602
(Of which, unexercised first unsecured CB (convertible bond)-type bonds with stock acquisition rights)	(3,267)	(3,602)	(3,602)
Outline of potentially dilutive shares not included in the calculation of diluted net income per share because they have no dilutive effect	-	-	-

(Subsequent Events)
Not applicable

v) [Supplementary Financial Schedule]
[Schedule of bonds and debentures]

Company	Type of bond	Date of issuance	Beginning balance		Ending balance		Interest rate	Collateral	Date of maturity
			(millions of yen)	(thousands of U.S. dollars)	(millions of yen)	(thousands of U.S. dollars)	(%)		
ULVAC TOHOKU, Inc.	First unsecured bond	March 25, 2004	200	2,083	200	2,083	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	161,425	15,500	161,425	-	Unsecured bond	April 13, 2012
Total	-		15,700	163,508	15,700	163,508	-	-	-

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 price (millions of yen)	15,500
Total issue price (thousands of U.S. dollars)	161,425
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 (U.S.$49.42), and then revised as follows.

After the issuance of 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 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 (U.S.$38.01) (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 average 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").

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

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.

2. 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)				
-	200	15,500	-	-	-	2,083	161,425	-	-

[Schedule of borrowings, etc]

Classification	Balance at the end of the previous fiscal year	Balance at the end of this fiscal year		Average interest rate (%)	Due date of payment
	(millions of yen)	(millions of yen)	(thousands of U.S. dollars)		
Short-term borrowings	23,805	59,598	620,683	1.0	-
Long-term debt scheduled to be repaid within one year	12,784	17,493	182,177	1.5	-
Lease liabilities scheduled to be repaid within one year	-	1,499	15,609	-	-
Long-term debt (excluding debt scheduled to be repaid within one year)	28,415	38,349	399,387	1.6	From April 30, 2010 to June 30, 2015
Lease liabilities (excluding liabilities scheduled to be repaid within one year)	-	5,470	56,970	-	From April 30, 2010 to February 29, 2016
Other interest-bearing liabilities	-	-	-	-	-
Total	65,003	122,409	1,274,826	-	-

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 sheet by the amount including related interest expenses.
3. The projected repayment amount of long-term debt and lease liabilities (excluding debt 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	14,936	11,095	7,793	4,227	155,552	115,553	81,155	44,022
Lease liabilities	1,566	1,584	1,453	795	16,312	16,495	15,131	8,283

(2) [Other]
Quarterly data of the fiscal year ended June 30, 2009

	First quarter (From July 1, 2008 to September 30, 2008	Second quarter (From October 1, 2008 to December 31, 2008	Third quarter (From January 1, 2009 to March 31, 2009)	Fourth quarter (From April 1, 2009 to June 30, 2009)
Net sales (millions of yen)	56,621	51,488	38,948	76,768
Income (loss) before income taxes and minority interests (millions of yen)	306	(263)	(3,270)	1,627
Net income (loss) (millions of yen)	1,477	(38)	(1,373)	745
Net income (loss) per share (yen)	34.43	(0.88)	(32.02)	17.38

	First quarter (From July 1, 2008 to September 30, 2008	Second quarter (From October 1, 2008 to December 31, 2008	Third quarter (From January 1, 2009 to March 31, 2009)	Fourth quarter (From April 1, 2009 to June 30, 2009)
Net sales (thousands of U.S. dollars)	589,683	536,223	405,619	799,501
Income (loss) before income taxes and minority interests (thousands of U.S. dollars)	3,184	(2,741)	(34,054)	16,950
Net income (loss) (thousands of U.S. dollars)	15,379	(393)	(14,303)	7,762
Net income (loss) per share (U.S. dollars)	0.36	(0.01)	(0.33)	0.18

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Report of Independent Auditors

November 30, 2009

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, 2009, and the related consolidated statements of 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, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

1. As described in the "Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements", effective from the year ended June 30, 2009, the Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Measurement of Inventories".
2. As described in the "Changes in Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements", effective from the year ended June 30, 2009, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements".

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended June 30, 2009 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 statemnts.

PricewaterhouseCoopers Aarata

Corporate Data

As of September 30, 2009

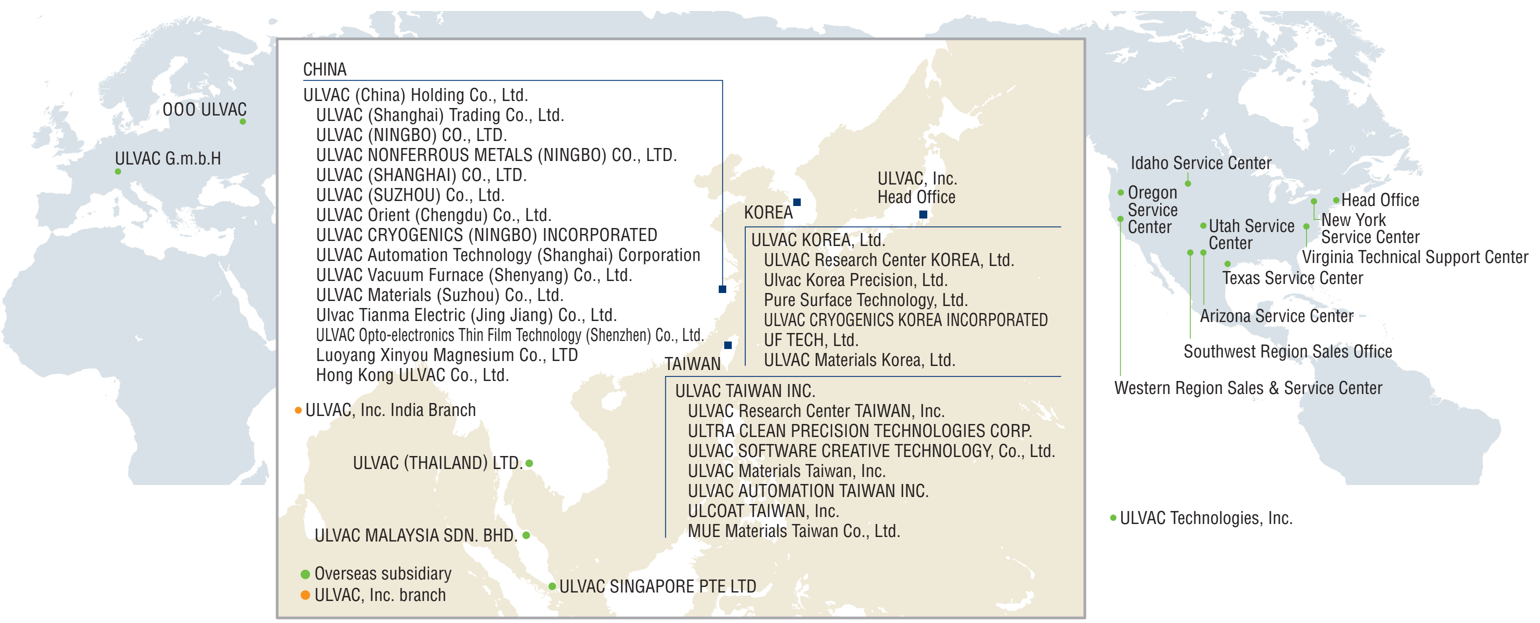
Trade name	ULVAC, Inc.
Trademark	ULVAC
Head office address	2500 Hagisono, Chigasaki, Kanagawa Prefecture 253-8543, Japan
Date of establishment	August 23, 1952
Capital	¥13,467,797,500
Number of employees	2,086 (6,987 consolidated)

Consolidated Subsidiaries

ULVAC TECHNO, Ltd.
ULVAC KYUSHU CORPORATION
ULVAC TOHOKU, Inc.
ULVAC SEIKI COMPANY, LIMITED
ULVAC CORPORATE CENTER
ULVAC Materials, Inc.
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 (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, 2009



Shareholders Information

As of June 30, 2009

Stocks

Total number of issuable shares	80,000,000
Number of shareholders	24,003
Regular general meeting of shareholders	September
Total number of issued shares	42,905,938
Settlement date	June 30 (to determine the shareholders receiving dividends)

Major shareholders	Number of shares (thousands)	(%)
Nippon Life Insurance Company	3,602	8.39
Japan Trustee Services Bank, Ltd. (Trust account)	2,443	5.69
Sumitomo Mitsui Banking Corporation	1,864	4.35
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,820	4.24
Taiyo Pacific Partners, LP	1,730	4.03
Mizuho Bank, Ltd.	1,604	3.74
Japan Trustee Services Bank, Ltd. (Trust 4G account)	1,569	3.66
The Master Trust Bank of Japan, Ltd. (Trust account)	1,284	2.99
Association of Employee Shareholders of ULVAC	1,216	2.83
INABATA & CO., LTD.	795	1.85

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