ULVAC

Innovation Begins in a Vacuum

Annual Report 2010

Year ended June 30, 2010

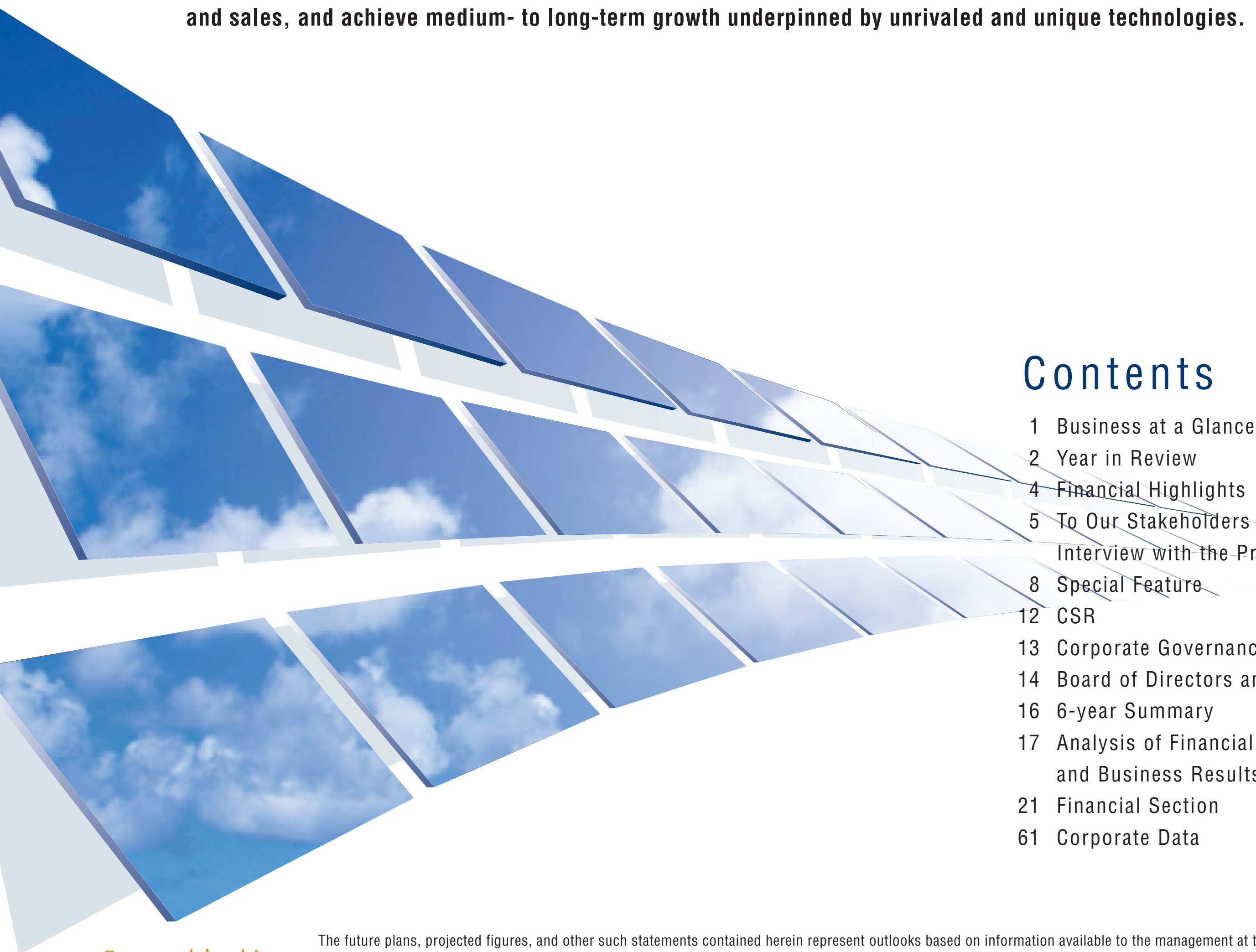
Profile

ULVAC aims to develop new business domains through tireless innovation.

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

ULVAC never settles for the current position, but constantly develops new business domains through continuous innovation. In fiscal 2005, ended June 2005, ULVAC launched a post-FPD strategy to focus management resources on industrial areas, technologies and regions that would grow after FPD, and in fiscal 2010, ended June 2010, started active involvement with new businesses "not driven by vacuum equipment and vacuum technologies" such as turnkey solutions and materials businesses, with the aim of breaking our dependence on existing businesses.

ULVAC aims to accumulate innovation in every area of its corporate activities, including development, production, and sales, and achieve medium- to long-term growth underpinned by unrivaled and unique technologies.



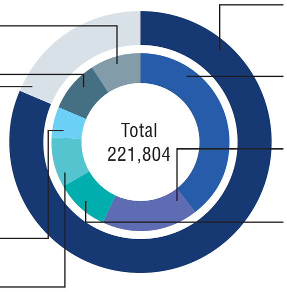
Contents

Forward-looking statements

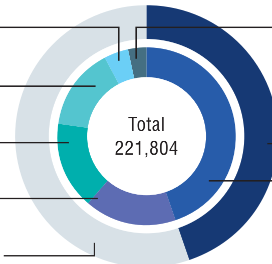
The future plans, projected figures, and other such statements contained herein represent outlooks based on information available to the management at the time of preparation of this annual report. They therefore include some risk and uncertainty, and must be used with caution as grounds for investment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

Business at a Glance

Net sales by business segment in fiscal 2010



Net sales by region in fiscal 2010

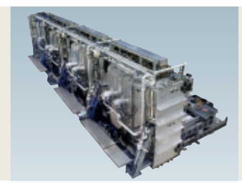


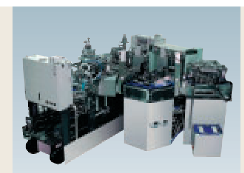
Vacuum Equipment Business

FPD production equipment

Main Products

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





PV production equipment

Main Products

Thin film silicon (turnkey line, plasma CVD, sputtering, etc.) / crystalline (PE-CVD, etching, sputtering, etc.) / compound (CVD, sputtering, etc.)

Semiconductor and electronic device production equipment

Main Products

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

Components

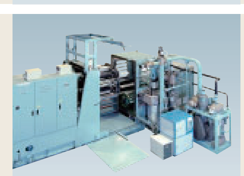
Main Products

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

Industrial equipment

Main Products

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



Vacuum Application Business

Materials

Main Products

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

Others

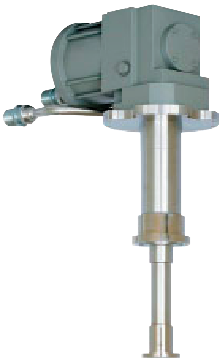
Main Products

Surface analytical equipment (thermal analyzer, thermophysical property measurement, scanning auger microscopes) / control systems (driving systems for industrial machines, digital control systems) / coating business (mask blanks for semiconductors and LCD) / photovoltaic power generation / facilities with quick chargers for EVs

July 2009

ULVAC CRYOGENICS INCORPORATED moves into the cryogenic cooler business

ULVAC CRYOGENICS INCORPORATED, a specialized manufacturer of the cryopumps that are used in semiconductor and liquid crystal display (LCD) manufacturing equipment, entered the cryogenic cooler business. ULVAC CRYOGENICS has begun manufacturing and selling a 4K (–269ºC) closed-cycle refrigerator, the UR4K03, developed by ULVAC, and launched full-scale business development into the fields of superconductivity, medical equipment, measuring instruments, and laboratory cryostats.



November 2009

ULVAC launches new plasma ashing system compatible with an extensive range of organic film processes for semiconductors and electronic devices

In recent years, the use of organic films—which offer excellent characteristics such as high heat resistance and high strength—has been increasing in the fields of semiconductors and electronic devices. As a new system within the Luminous NA series of dry ashing systems, which have a proven track record in the wafer-level CSP (WL-CSP) and high-density mounting fields, ULVAC launched the Luminous NA-8000. This new system supports a wide range of processes that can be used in areas ranging from resists to advanced organic films and simple etching.

2009

7 8 9 10 11 12

October 2009

Wakayama Plant of ULVAC TECHNO, Ltd. commences operations

ULVAC TECHNO's Wakayama Plant, a cleaning plant within the ULVAC Group, began operations. This is a facility dedicated to the cleaning of parts for large FPD manufacturing equipment. By adopting new stripping technology developed by ULVAC, the facility is able to significantly reduce damage to the base materials of parts and shorten stripping times. The commencement of operations at the Wakayama Plant brings the total number of ULVAC's cleaning plants to four in Japan, and with four plants already operating overseas, the total number worldwide is now eight.

January 2010

ULVAC launches low-k interlayer dielectric film materials with enhanced plasma damage resistance

In order to reduce RC delays caused by the miniaturization of circuits, interconnect technologies require low relative dielectric constant (low-k) film. ULVAC launched ULKS Ver. 3 materials for use as low-k interlayer dielectric films in the next-generation LSIs of 32 nm node and beyond. The ULKS Ver. 3, which is a porous silica film that controls plasma-induced changes in electrical characteristics during the interconnect fabrication process, provides both excellent mechanical strength and a plasma damage resistance comparable to that of interlayer dielectric films deposited using the CVD method, with a relative dielectric constant of 2.5.

January 2010

ULVAC commercializes a system that combines a photovoltaic power generation system with a quick charger for electric vehicles

ULVAC commercialized a system that combines a photovoltaic power generation system with a quick charger for electric vehicles (EVs). ULVAC received the first order from the Chigasaki City for the power generation and quick charging system for a municipal parking lot. In March, a commemoration ceremony was held to celebrate the completion of the facility. The ceremony was attended by the mayor of Chigasaki, Nobuaki Hattori, and many other city councilors and interested persons. Following the ribbon-cutting ceremony, there was a practical demonstration in which an EV was charged using the facility.

June 2010

ULVAC launches a Micro Powder Dry system for powder processes

Freeze-drying technologies are widely used in manufacturing pharmaceutical products. However, conventional systems (shelf tier type) are not able to rule out the possibility of contamination due to exposure to the open environment and conveyance of containers. ULVAC developed a new technology for freeze drying that renders liquids completely dry through spraying under vacuum (Micro Powder Dry) and solved the problem of potential risk of contamination by establishing a new system with a fully enclosed process line for sterile production, from powder filling to capping.

2010

1 2 3 4 5 6

March 2010

Chiba Institute for Super Materials (Tomisato) completed

The Chiba Institute for Super Materials, sited in the Tomisato Industrial Park in Chiba Prefecture, has been completed. The institute consists of a 1,200 m² clean room that can accommodate large experimental equipment, general laboratories, processing rooms, measuring rooms and an exhibition space, and boasts a sophisticated appearance that is appropriate for a facility for the most advanced R&D. The site area is 3,229 m², which is about three times larger than our previous research institute. The glass surface of the façade of the building has a structure on which solar panels can be installed.

June 2010

ULVAC develops a local efficiency/haze measurement system for tandem type thin-film solar cells (TFSCs)

Tandem type TFSCs have the advantage of requiring substantially less silicon, a material required in the manufacturing of solar cells, than crystalline silicon solar cells, and have therefore been the focus of much attention. However, if tandem type TFSCs are to be more commonly used, enhancement of their efficiency is required. To resolve such issues, it is necessary to evaluate the efficiency distribution, and, until now, this has required a great deal of time and effort. ULVAC developed the “MPEC-opt1300,” a local efficiency/haze measurement system for tandem type thin-film solar cells that can shorten the time required to evaluate the efficiency distribution to one-eighth that of current operations.

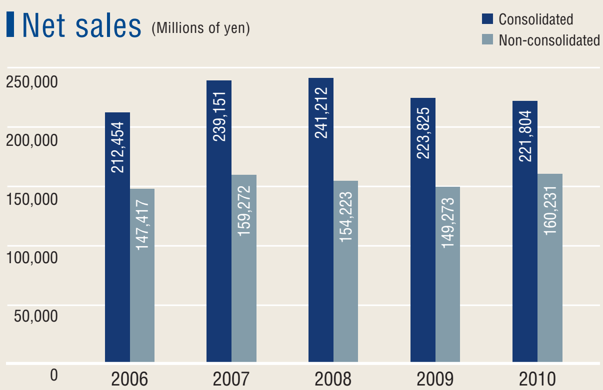
Financial Highlights

ULVAC, Inc. and its consolidated subsidiaries

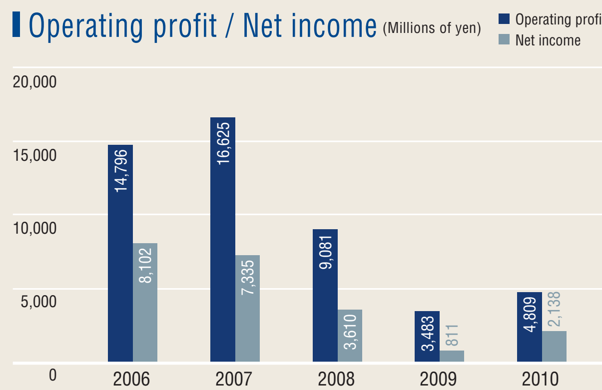
For the years ended June 30, 2009 and 2010	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars* 2010
For the year:			
Net sales	**¥ 221,804**	¥ 223,825	**$ 2,505,982**
Operating profit	**4,809**	3,483	**54,335**
Net income	**2,138**	811	**24,153**
At year-end:			
Total assets	**¥ 313,784**	¥ 318,076	**$ 3,545,178**
Total net assets	**102,504**	90,158	**1,158,109**
Per share (in yen and U.S. dollars):			
Net income	**¥ 46.60**	¥ 18.90	**$ 0.53**
Cash dividends	**21.00**	21.00	**0.24**

*The U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥88.51 to US$1, the approximate exchange rate as of June 30, 2010.

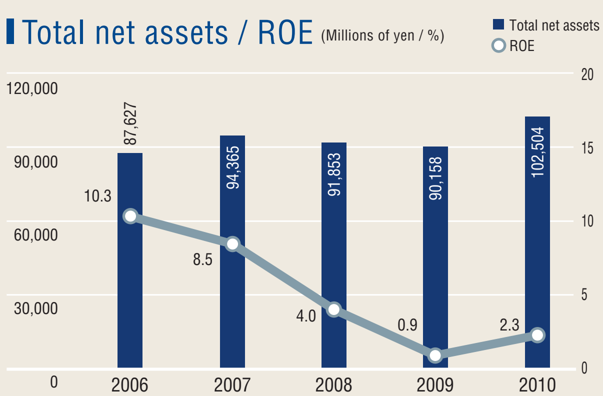
Net sales (Millions of yen)



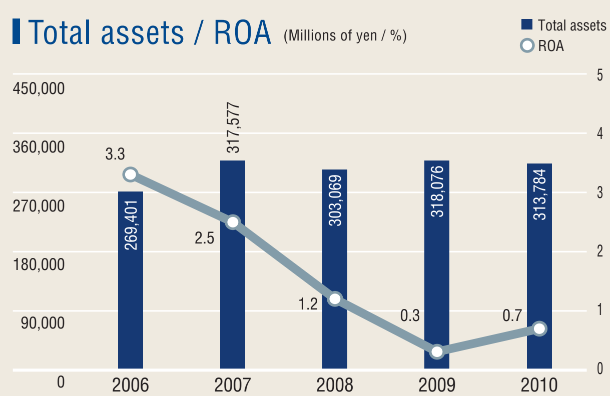
Operating profit / Net income (Millions of yen)



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



Total assets / ROA (Millions of yen / %)



We aim for sustainable growth by promoting new businesses other than “vacuum equipment and vacuum technologies” and rebuilding our global production system.

Japanese and global industries have come to a historic turning point. China is now a global manufacturing center, and emerging countries, such as India and Brazil, are now experiencing rapid growth in their own manufacturing industries. Furthermore, the engine of the global economy is shifting from conventional electronic devices and IT software to energy/environment and resources/materials. Recently, it is increasingly apparent that Japan’s manufacturing industries are in a difficult situation, facing an overwhelming decline in their power. ULVAC anticipated such huge structural changes six years ago, publicly announced its post-FPD strategy, and has worked on a change of business by implementing proactive investment in new businesses and in the development of new products, achieving significant results.

To take effective action and further strengthen competitiveness and profitability in this turbulent era, ULVAC will develop and expand its bases in growth regions and cut costs globally by reviewing the production system across the entire group. Additionally, in order to secure medium- to long-term growth, we will engage in new businesses “not driven by vacuum equipment and vacuum technologies,” in addition to existing businesses.

ULVAC will achieve sustainable growth and further increase its corporate value with the insight to accurately read the future and the advanced capabilities of technology development as its locomotive.

Hidenori Suwa, President and CEO

Interview with the President

Q Please tell us about the business environment and performance for fiscal 2010.

A The business environment has generally been on a recovery trend. Business for thin-film silicon solar cell (TFSC) production equipment, one of our major products, was slow due to sluggish construction projects for power plants, which are the main users of such equipment. However, business for FPD (flat panel display) production equipment showed a rapid recovery driven by increased demand for flat-screen TVs, offsetting the drop in TFSC production equipment. Sales of production equipment for crystal-Si (c-Si) and compound solar cells, mainly for residential use, remained robust.

As a result, while consolidated net sales decreased slightly year on year, both operating profit and net income increased substantially over the previous fiscal year. Streamlining efforts across the Group, production innovation through standardization and in-house manufacturing, and cost reduction by promotion of overseas production contributed to the increase in profits.

Nevertheless, I am not satisfied with business performance for fiscal 2010. Operating profit to net sales for fiscal 2010 was 2.2%, which is still well behind our goal of 10%. We needed to step up efforts to expand orders and promote production innovation so as to strengthen profitability further.

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

A The post-FPD strategy is an extension of our vacuum equipment, the foundations of ULVAC, thus it involves the application of that equipment and technology. The post-FPD strategy comprises four key pillars: production equipment for electronic devices in digital home appliances; production equipment for energy and environment-related industries; the Chinese market; and the customer support business and contract manufacturing. The strategy was launched in 2004 and has produced good results to date. However, in order for ULVAC to expand operations and continue its growth in the future, we need to be open to a wider range of possibilities for future business and not restrict ourselves to the narrow domain of vacuum equipment and technology. In light of this, we have been working in earnest on the development of new businesses “not driven by vacuum equipment and vacuum technologies” since 2009.

Materials businesses, such as sputtering target materials, are those we emphasize as businesses other than “vacuum equipment and vacuum technologies.” In fiscal 2010, we also developed and commercialized a system that combines a photovoltaic generation system with a quick charger for electric vehicles (EVs), and delivered it to the city of Chigasaki for a municipal parking area. Local authorities, convenience stores, mass retailers, and sightseeing destinations are becoming more active in installing small power generation facilities such as ours. ULVAC will continue research and development to improve the performance of the system and contribute to the development of an EV society as a solar cell system integrator.

Q Please tell us about the global development strategy of ULVAC.

A Overseas sales for fiscal 2010 were 122.3 billion yen, of which 36.9 billion yen was for Taiwan, 35.4 billion yen for South Korea, and 33.3 billion yen for China. Overseas sales represented 55% of consolidated net sales in fiscal 2010, which is an increase of 25 points in 10 years.

As these numbers show, markets for FPD production equipment, semiconductor production equipment, solar cell production equipment, and materials used for sputtering equipment for major products are shifting from Japan to China, South Korea, and Taiwan. In addition, against the backdrop of the sharp appreciation of the yen and the deflation in the domestic economy of Japan, other Asian and European equipment suppliers are emerging as tough competitors against ULVAC. To be a winner in such global competition, manufacturing in East Asia—where production costs are relatively low—needs to be increased, and price competitiveness must be maintained and beefed up. ULVAC will continue reinforcing development and production locations in China, South Korea, and Taiwan, and also promote production by locally incorporated companies.

ULVAC is also developing markets in emerging countries such as India, Russia and Brazil, which are widely seen as the next wave of growth economies after China.

Q What was the purpose of the public stock offering implemented in fiscal 2010?

A In January 2010, 14.8 billion yen was raised by the public stock offering. These funds were used as a resource for business activities key to our future development, such as research and development in solar cell-related areas, strengthening of material-related businesses, and plant construction in China.

Solar power is a favorite of renewable energy, and the size of the global market for solar cells that turn solar power into electricity is expected to grow to a level of hundreds of trillions of yen within a decade. ULVAC will be the leader in this expanding market by taking advantage of its strengths and capabilities in dealing with various types of solar cells, including TFSC.

We recognize that materials are the business area that will serve as the engine for the future growth of ULVAC. Net sales by our materials businesses for fiscal 2010 were 21.1 billion yen, and we will enlarge these businesses by expanding sales of target materials and recycling rare metals.

Additionally, in China, we began construction of a plant to produce LCD panels of the so-called 8.5-generation glass substrate size (2.2 m × 2.4 m). With China highly likely to be the world's largest LCD panel producer, we will aggressively operate equipment businesses and materials businesses to secure its market.

Q Please tell us about the current condition and future direction of research and development.

A ULVAC's business fields are not part of a huge market segment, such as the auto and electronics businesses. So it is essential for us to keep searching for new businesses of various kinds and create next-generation revenue sources through cutting-edge research and development. ULVAC makes a point of not narrowly focusing its interests on any particular technology area or development theme, and its corporate culture of respecting the spontaneous ideas of researchers serves as a driver of cutting-edge R&D. It is my role as president to maintain and improve this R&D environment.

ULVAC has been growing by constantly launching products with unique and cutting-edge technologies. The areas our R&D covers range widely from improvement in the conversion efficiency of TFSCs, c-Si-type/compound-type solar cell production equipment, photovoltaic power generation and quick charging systems for EVs, nonvolatile memory production equipment, and LED production equipment to advanced dry pumps, target materials for large FPDs, and rare metal resource-saving technologies.

We plan to invest 10.4 billion yen in R&D in fiscal 2011 and will work on the smooth launching of profitable high-value-added products.

Q What is ULVAC's financial strategy?

A ULVAC strives for a sound financial base as a cornerstone of business development. In particular, emphasis is placed on improvement in free cash flow.

Cash inflow from operating activities will be secured by strengthening profitability and shortening CCC (cash conversion cycle). And in fiscal 2011, ending June 2011, we will maintain a surplus in free cash flow so that ULVAC can be valued for its financial aspect as well.

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

A ULVAC aims for consolidated sales of 400 billion yen and operating profit of 40 billion yen; however, these numbers cannot be achieved by extending traditional and conventional business models. We need to develop new businesses "not driven by vacuum equipment and vacuum technologies," such as materials businesses and renewable energy-related businesses, including solar cell-related businesses, as major revenue sources. With the venture spirit that has been passed down since its foundation and unique R&D capabilities of not following competitors, we will regain our highest earning level (consolidated sales of 239 billion yen and operating profit of 17 billion yen for fiscal 2008) before the global financial crisis at the earliest possible point, and then start anew our bid for consolidated sales of 400 billion yen.

I would like to reassure our shareholders that we will give our utmost efforts to increase profitability so as to maintain stable dividend payments and inspire confidence in our-future potential.

ULVAC's growth strategy:
Three aims of the public stock offering

Purpose of capital increase: the three pillars

- Ⅰ Reinforcement of energy/environment-related businesses
- Ⅱ Strengthening of resources/materials businesses
- Ⅲ Further strengthening of businesses in China, the world's major growth region

In January 2010, ULVAC implemented a public stock offering amounting to a total of 14.8 billion yen. There were three aims to this public stock offering: 1) reinforcement of energy/environment-related businesses; 2) strengthening of resources/materials businesses; and 3) further strengthening of businesses in China, a major growth region. Out of the funds raised, 8.2 billion yen will be allocated to R&D in the energy/environment-related fields, 4.1 billion yen to capital expenditures and R&D related to resources/materials businesses, and 1.1 billion yen to investment in China. With this public stock offering, ULVAC succeeded in further accelerating actions based on its post-FPD strategy started in 2004, and the development of new businesses "not driven by vacuum equipment and vacuum technologies," which has been promoted since 2009 in the interest of long-term growth.

Ⅰ Reinforcement of energy/environment-related businesses

We will work on enhancing the efficiency and reducing the cost of solar cell-related products.

Toward early realization of grid parity

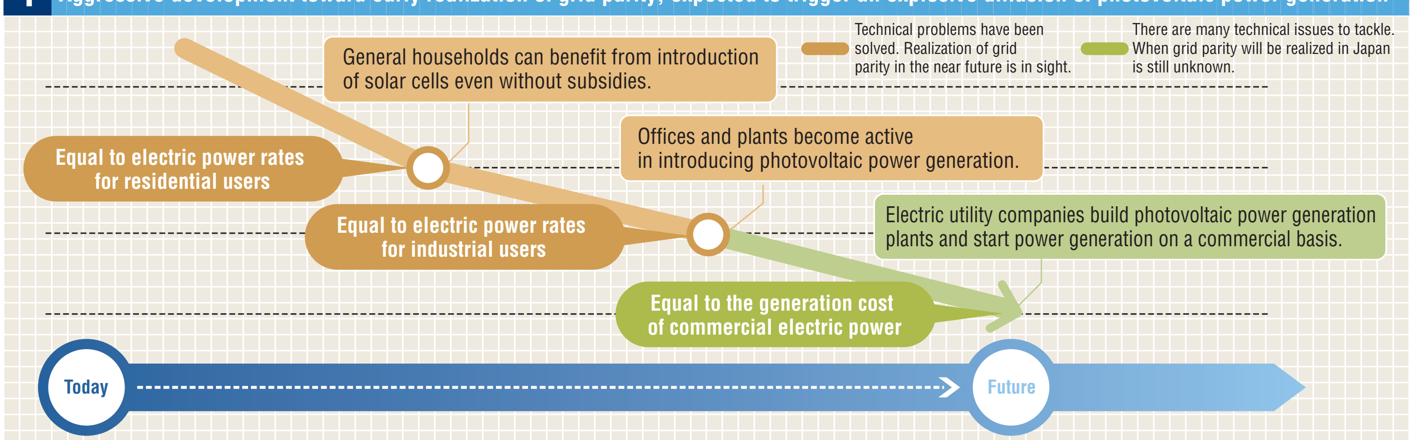
Grid parity means that the cost of electric power generated by photovoltaic systems is equal to or lower than that of the electricity supplied by the power grid over general transmission lines. It is thought that achievement of grid parity will bring about an explosive diffusion of photovoltaic power generation. ULVAC, aiming for early realization of grid parity, is promoting R&D towards highly efficient and low-cost solar cells.

It was 1976 when ULVAC took note of the potential of photovoltaic power generation and started development of solar cell production equipment. Over the following three decades, development continued, and in 2007, the first demonstration line encompassing all stages of solar cell production was completed at the Chigasaki Plant, and a supply system for turnkey solutions to provide a total service from procurement of materials and production guidance through to maintenance was in place. In April 2009, ULVAC became the first equipment supplier in the world to establish an in-house solar cell module testing laboratory at its plant, and 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 the TÜV Rheinland Group, which has a world-class track record in solar cell module testing and certification.

ULVAC has now become one of the front runners of the solar cell-related business. It deals with production equipment for solar cells of various types, including TFSC, c-Si, and compound. Among others, the type we put the main emphasis on is a turnkey line for TFSC production. While not as efficient as the c-Si type in terms of power generation, the TFSC is viewed as the main next-generation solar cell due to its far less expensive production costs. However, a recent drop in the price of c-Si has eroded that cost competitiveness, and ULVAC is working to increase generation efficiency and reduce unit cost per watt to bolster the competitiveness of the TFSC.

***TÜV Rheinland Japan** TÜV Rheinland Japan, a member of TÜV Rheinland Group, is a leading provider of technology services across the world. TÜV Rheinland was established in 1872 in Cologne, Germany. The TÜV Rheinland Group has 360 operation bases in 62 countries, a global workforce of over 12,500, and annual sales of 984 million euro in 2007. The mission and policy of the group is to continually develop human resources, technologies, and quality that are safe for the environment.

1 Aggressive development toward early realization of grid parity, expected to trigger an explosive diffusion of photovoltaic power generation



We are contributing to the diffusion of EVs.

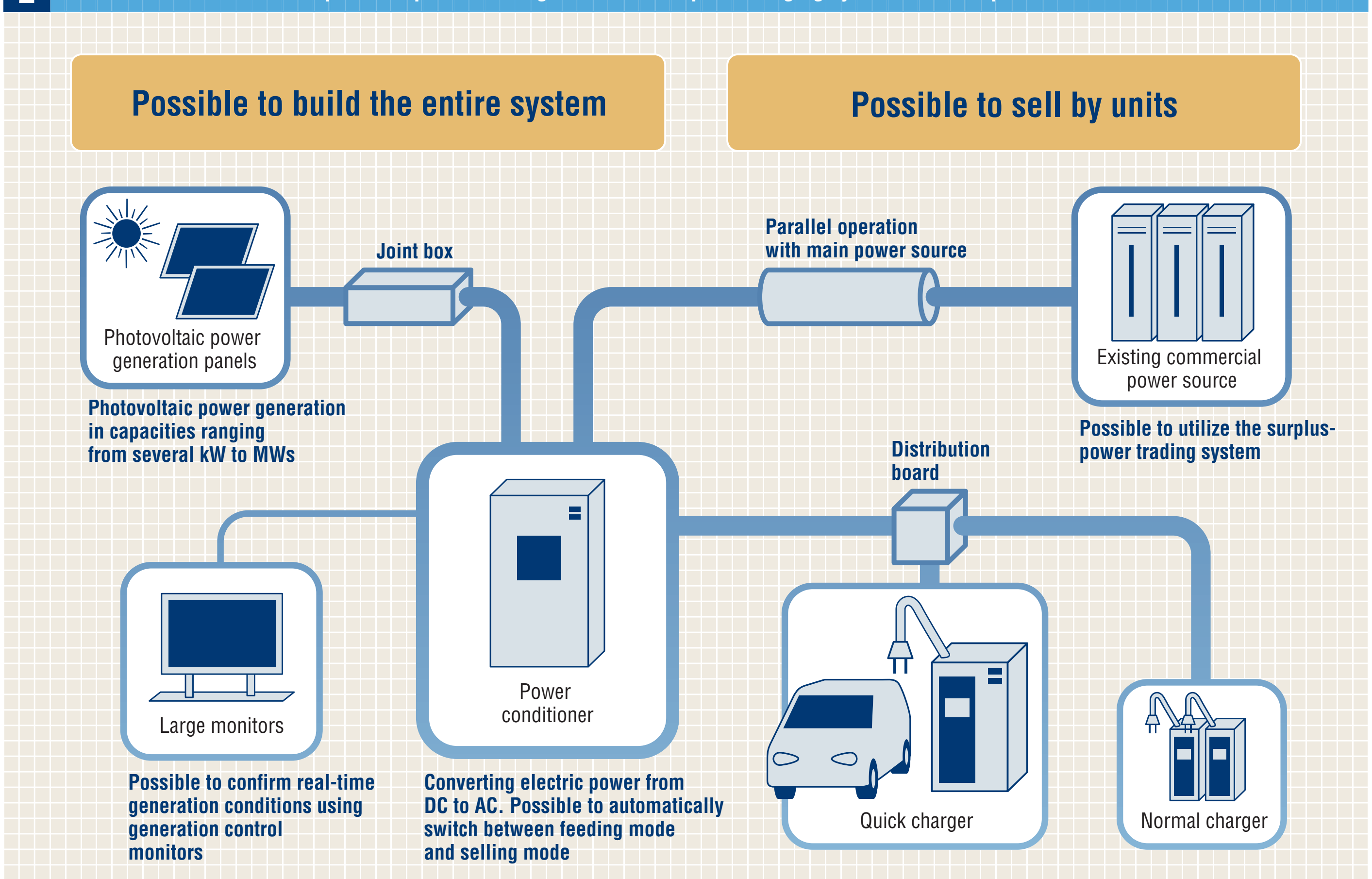
EVs are free from toxic emissions, do not consume limited fossil fuels (oil), feature low noise, and bring various other benefits. The further spread of EVs requires not only an increase in their performance and the performance of secondary batteries, but also the development of a suitable infrastructure—such as quick charging stations. To take actions on such issues, ULVAC has commercialized a system combining a photovoltaic generation facility friendly to the environment and a quick charger for EVs, and delivered the first unit in January 2010 to the city of Chigasaki, where ULVAC has its headquarters. This system is also the first significant result of our efforts in developing new businesses “not driven by vacuum equipment and vacuum technologies.”

This photovoltaic generation and quick charging system was jointly developed by ULVAC and its subsidiary, Reliance Electric Limited. Production technologies for the power conditioners (DC-AC power converters) and electric designing technologies that Reliance Electric has accumulated through the development and manufacturing of power supplies for a range of equipment were utilized in this new system. The system realizes efficient use of electric power whereby, during nighttime and daytime periods with little sunshine, the usual power supplied by utility companies can be used, while surplus power generated by solar cells can be sold to utility companies.

The system comprises photovoltaic generation panels, a power conditioner, a quick charger, a generation control monitor, and other units. ULVAC is the only equipment supplier that can provide integrated services—ranging from component design and installation of the system to maintenance services (as of July 31, 2010). ULVAC accommodates the various needs of a range of users, offering a system that is available in component units.

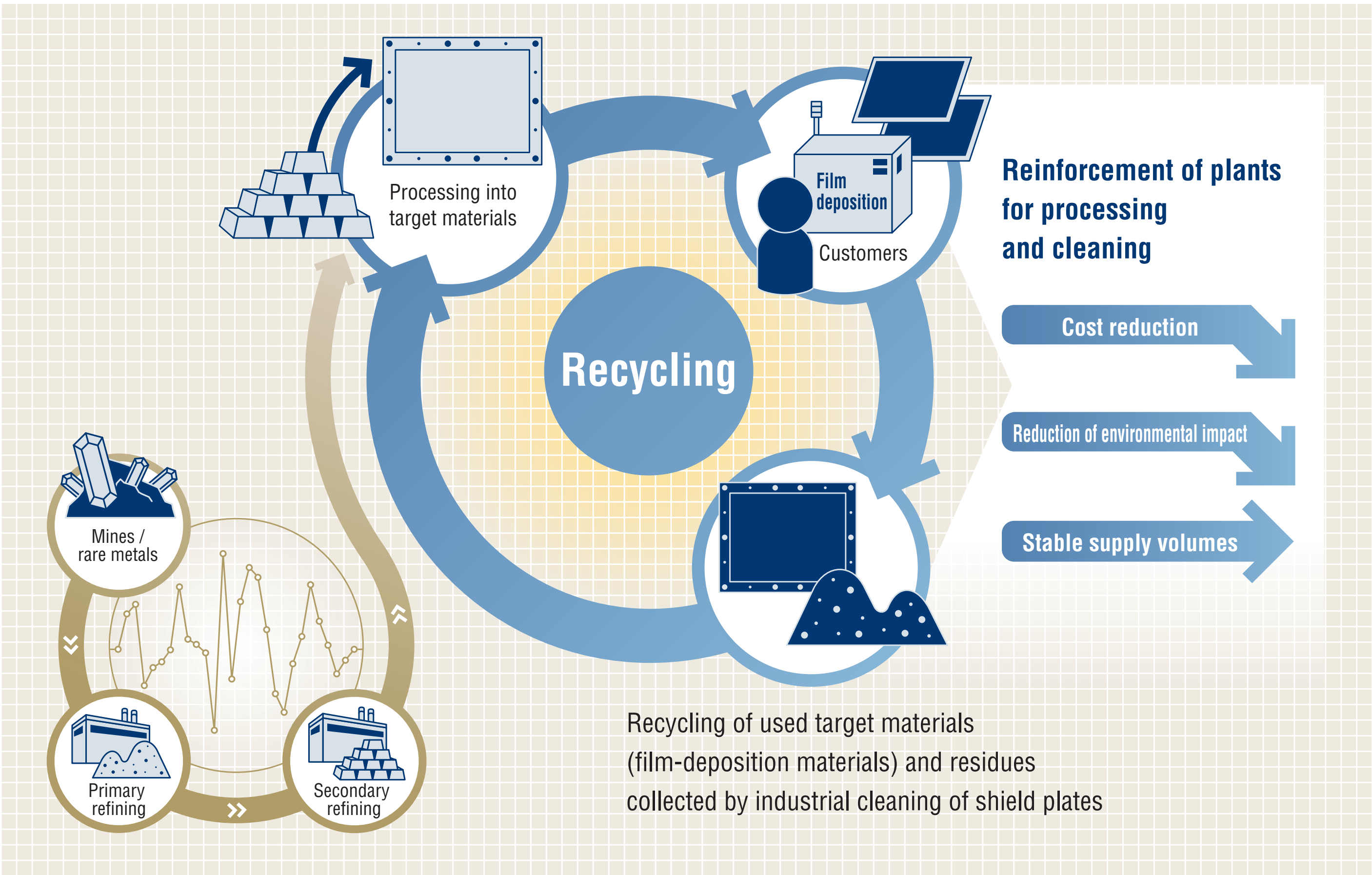
Quick charging systems for EVs are supported by the national government and local authorities, and installation is being studied at various locations such as expressways, parking lots, gas stations, and sightseeing destinations. ULVAC will continue R&D to improve the performance of photovoltaic generation and quick charging systems, and contribute to the further diffusion of EVs.

2 Investment in further development of photovoltaic generation and quick charging systems in anticipation of future diffusion of EVs



II Strengthening of resources/materials businesses

We are promoting recycling of target materials to stabilize profitability.



Sputtering targets are pure metals, alloys, or compounds of rare metals such as iridium, titanium, and molybdenum, formed in the shape of a disk or a rectangle. By energizing the targets in a vacuum chamber, particles of the target are sputtered and deposit a metal or oxide film on the surface of a substrate for FPDs or semiconductors. The market for targets is steadily growing as FPDs are growing larger and demand expands. ULVAC is promoting the development of new target materials and research into resource-saving technologies for rare metals, as well as the stable supply of target materials.

Over the past several years, ULVAC has been particularly focused on the recycling of target materials. Rare metals, which are the raw materials of targets, can be produced only in limited regions, thus involving the risk of unstable price levels and supply amounts due to the influence of the governmental policies or economic situations of the producing countries. ULVAC conducts industrial cleaning of shield plates used in the film-deposition process at a cleaning plant, collecting the residues of film-deposition materials so that they can be reprocessed as new target materials. Used target materials are also collected and recycled. This reuse of resources contributes to reduction of both cost and environmental impact.

Resources/materials businesses play a pivotal role in businesses “not driven by vacuum equipment and vacuum technologies.” To further develop resources/materials businesses that can serve as stable revenue sources, ULVAC is expanding its facilities at the Kagoshima Plant, where target materials for large FPDs are produced, and speeding up R&D towards the development of new materials and improvements in the performance of target materials, to create synergetic effects for these materials and equipment.

Ⅲ Further strengthening of businesses in China, the world's major growth region

We are newly building and expanding development and production bases in China to make businesses there important pillars of earning.

Strengthening of LED production equipment

To respond to rapidly growing demand for LEDs in China, our local production system will be strengthened.

New construction
ULVAC Research Center SUZHOU Co., Ltd
– to develop LED production equipment

Expansion
ULVAC (SUZHOU) Co., Ltd.
– to expand production of LED production equipment

Strengthening of resources/materials businesses

In addition to production equipment, resources/materials businesses will be expanded.

New construction
ULVAC Materials (Suzhou) Co., Ltd.
– to develop resources / materials businesses

ULVAC bases in China

(as of June 30, 2010)

Since the 1990s, ULVAC has positioned China as a focus region expected to grow further in the future, and has worked on the development of production and marketing bases as well as the expansion of businesses centering on production equipment for components, electronic devices, and general industrial equipment. As a result of such efforts, net sales in China showed a phenomenal 28-fold growth in the decade starting fiscal 2001, reaching 33.3 billion yen for fiscal 2010. The share of net sales from operations in China in terms of consolidated net sales increased to 15% of fiscal 2010 from 1.1% of fiscal 2001. The development of bases there has also been very successful, and as of June 2010, there are 16 companies (including 12 production sites) with ULVAC CHINA HOLDING as the core entity.

As described, ULVAC's business in China continues on a rapid expansion, and in the Chinese market, there is still an enormous growth potential remaining. Today, in China, investment in solar cells and LCDs is in full swing, and demand for energy-saving products, such as LEDs and power devices, is sharply rising due to tight energy supplies caused by rapid economic development. To accommodate the rapidly growing demand for LEDs, in December 2009, ULVAC Research Center SUZHOU Co., Ltd was established to develop LED production equipment, and in October 2010, the third plant of ULVAC (SUZHOU) Co., Ltd. became fully operational for increased equipment production. Furthermore, to make a serious start on resources/materials business operations in China, ULVAC Materials (SUZHOU) Co., Ltd. was established and went into full-swing operation in October 2010.

Under the post-FPD strategy, which commenced in 2005, we started involvement with businesses in China by focusing management resources on the development of structures and systems. Now, Chinese businesses are growing in leaps and bounds and are a major profit center for ULVAC.

Through research and development focused on cutting-edge technology, ULVAC contributes to the development of society

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 and unique technological development.

To provide ULVAC quality products to customers, we have established usage standards and a certification system for the ULVAC brand, and apply them to our R&D and production operations in a strict manner. In addition, information on quality issues at all production facilities is managed comprehensively by the Complaint Management System. We maintain appropriate, fair and equitable business relationships with our suppliers as important partners for optimal procurement and distribution.

Support from shareholders and investors is essential for ULVAC to continue to expand its businesses globally. The ratio of foreign shareholders, which is about 15% as of the end of June 2010, is expected to keep rising. In response to this, ULVAC actively participates in IR conferences for foreign institutional investors, and holds individual meetings with foreign institutional investors in Singapore and San Francisco, to build favorable relationships with shareholders and investors abroad, and to develop a global IR system.

Based on the belief that technological innovation can be born only from an organization that is free and flat, ULVAC emphasizes the building of a free and open-minded corporate culture underpinned by a fair personnel system in Japan.

ULVAC promotes reduction of environmental impact and development of environmentally friendly products

Environmental problems are increasingly serious around the world. Against this backdrop, ULVAC recognizes that conservation of the global environment is an important issue common to all mankind. ULVAC is making efforts to reduce environmental impact in all its business activities and actively working on the development of products and technologies that can contribute to environmental conservation.

With respect to the management of chemical agents, we are currently implementing a plan to abolish six hazardous substances (cadmium, hexavalent chromium, mercury, lead, PBB, and PBDE) designated by the RoHS directive by July 2011. As of the end of June 2010, the number of ULVAC product items complying with restrictions on hazardous substances designated by the RoHS directive reached 1,427.

The CO_2 emissions volume of ULVAC for fiscal 2010 was 69,694 tons, an increase of 5.2% from the previous fiscal year, as production activities expanded in a recovering economy. In future, with measures such as the replacement of aging facilities, we will further increase the efficiency of our energy use to steadily reduce CO_2 emissions.

Development of products and technologies that contribute to environmental conservation is another key theme for ULVAC's environmental management. ULVAC has a variety of environmentally friendly products, including turnkey lines for TFSCs and thin-film lithium secondary batteries (TFBs) as well as LED production equipment. We also succeeded in commercializing a photovoltaic generation and quick charging system for EVs in the fiscal year ended June 2010.

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 three consective years, which is a Social Responsibility Investment (SRI) index set up by FTSE*.

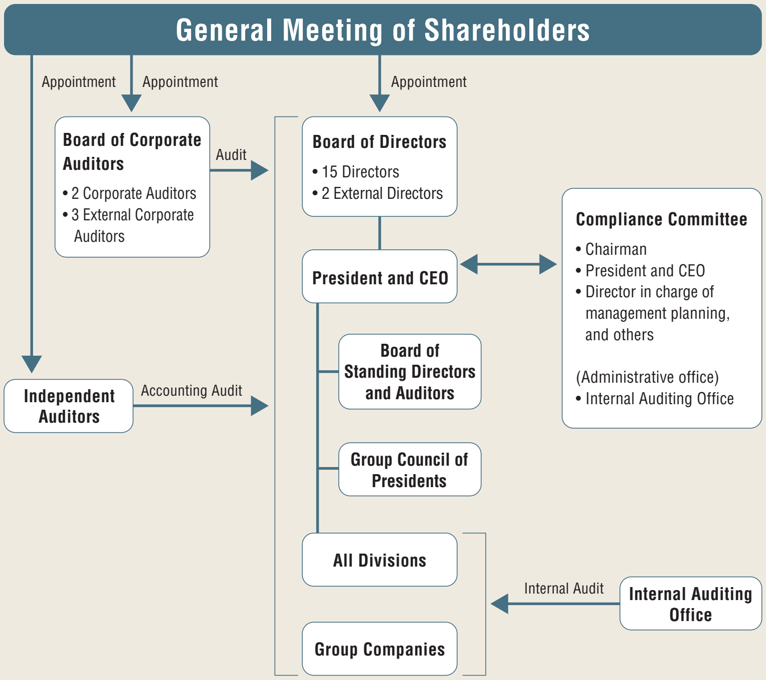
The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards, and to facilitate investment in those companies.

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.

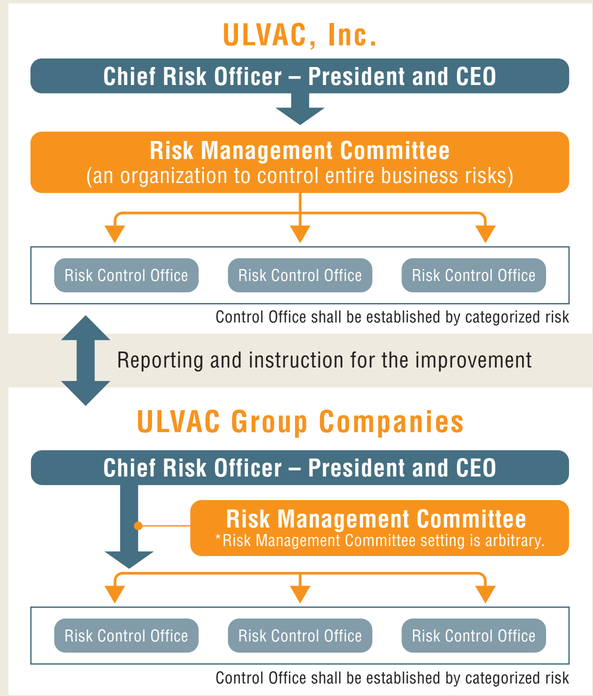
The component stocks incorporated in the FTSE4Good Index Series are accredited as those of companies which satisfy internationally approved social and environmental corporate responsibility action standards.

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

ULVAC Management Structure



Risk Management System



We aim for highly transparent and fair corporate management

ULVAC positions corporate governance as one of its most significant issues, and is working toward the realization of highly transparent and fair corporate management and prompt management decision-making.

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 and external independent auditors.

Furthermore, to ensure thorough enforcement of compliance, ULVAC has established Corporate Ethical Behavior Standards, and operates whistle-blowing rules under a strict confidentiality system. The Compliance Committee comprising the President and managers of individual organizations conducts internal investigations based on reports.

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

ULVAC is developing a system that facilitates appropriate and prompt actions against increasingly complex and diversified risk factors. At the same time, by linking this risk management system to strategic business administration, we seek to achieve even greater corporate value.

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. In addition, the Risk Management Committee chaired by the President is convened semiannually to formulate company-wide principles and to analyze and improve management and operations. To enhance the risk management system across the Group, we have established the ULVAC Risk Management Policy, under which we set up a structure for conveying various items of risk information quickly to the President of ULVAC from group companies.

Enhancing the internal control system is also a key management issue. ULVAC has set up the Internal Control Committee as well as the IT Control Committee to strengthen its internal control system and to heighten awareness toward internal control across the Group.

Board of Directors and Auditors

Dr. Kyuzo Nakamura
Chairman

Hidenori Suwa
President and CEO

Yoshio Sunaga
Executive
Vice President
Materials Group

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

Mitsuru Motoyoshi
Director
Management Planning Department
& Investor Relations

Yoshifumi Sato
Director
Accounting Department

Takao Nakamura
Director
Chief Financial Officer

Dr. Kazuya Saito
Director
Chiba Institute for
Super Materials

Masasuke Matsudai
Director
Flat Panel Display Equipment
Div.

Junki Fujiyama
Director
Semiconductor & Electronics
Equipment Global BU

Hideyuki Odagi
Director
Advanced Electronics
Equipment Div.

Dr. Narishi Gonohe
Director
Semiconductor Equipment
Div.

Hiroyuki Hirano
Director
Industrial Equipment Div.

Masatoshi Yamamoto
Director
Corporate Sales Div.

Takeo Kato
Director
Procurement Center

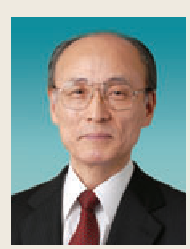
Kiyoshi Ujihara
Director
Nippon Life Insurance
Company

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.

ULVAC, Inc. and its consolidated subsidiaries

For the years ended June 30	2005	2006	2007	2008	2009	2010	2010
	Millions of yen						Thousands of U.S. dollars*
For the year							
Net sales	¥ 196,843	¥ 212,454	¥ 239,151	¥ 241,212	¥ 223,825	**¥ 221,804**	**$2,505,982**
Gross profit	40,689	41,577	46,451	46,120	39,691	**40,617**	**458,901**
Operating profit	15,306	14,796	16,625	9,081	3,483	**4,809**	**54,335**
Net income	7,146	8,102	7,335	3,610	811	**2,138**	**24,153**
At year-end							
Total assets	¥ 224,278	¥ 269,401	¥ 317,577	¥ 303,069	¥ 318,076	**¥ 313,784**	**$3,545,178**
Total net assets**	73,854	87,627	94,365	91,853	90,158	**102,504**	**1,158,109**
Per share (in yen and U.S. dollars)							
Net income	¥ 168.65	¥ 188.87	¥ 170.99	¥ 84.16	¥ 18.90	**¥ 46.60**	**$ 0.53**
Cash dividends	30.00	37.00	47.00	21.00	21.00	**21.00**	**0.24**
Ratios (%)							
Shareholders' equity ratio	32.9	30.7	28.4	29.1	26.4	**31.3**	
ROE	10.8	10.3	8.5	4.0	0.9	**2.3**	
ROA	3.4	3.3	2.5	1.2	0.3	**0.7**	
Number of employees	4,048	5,150	5,543	6,356	6,871	**7,169**	

* The U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥88.51 to US$1, the approximate exchange rate as of June 30, 2010.

** 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 amount of total net assets for 2005 excludes minority interests.

Business Results

During the fiscal year under review, the Japanese economy remained in a severe condition as the recovery of private-sector capital expenditure stalled and job market conditions remained flat. Meanwhile, consumer spending showed signs of recovery due to the positive effect of government policies, and, thanks to increased exports to emerging markets including China, production picked up. Looking to the global economy, in the United States, the economy was gradually buoyed by expanding production activities and a recovery in corporate earnings as a result of the economic stimulus package; however, its job market remained in a severe condition. In Europe, fiscal uncertainties triggered by the Greek crisis emerged, together with concerns over the economic slowdown including worsening job market conditions. On the other hand, in Asia, owing to expanding domestic demand as a result of the fiscal and financial economic stimulus policies implemented by national governments, capital expenditure increased and consumer spending recovered, with China playing a central role.

Under these circumstances, in the FPD (flat panel display) industry, with which ULVAC's main customers are involved, the market recovery became conspicuous due to robust demand for slimline TVs as a result of the economic stimulus packages of countries such as China, as evidenced by the bourgeoning production capacities of major panel manufacturers. In the semiconductor industry, recovery in demand for personal computers and market release of new applications, such as smartphones and electronic books, led to increase in demand for memory, rise in memory prices, and a boost to capital expenditure, including an increase in investments in miniaturization capabilities. In the energy and environment-related industries, amid efforts to reduce greenhouse gas emissions, demand grew for energy devices such as light-emitting diodes (LEDs), secondary batteries, and power semiconductors, as well as solar cells and eco-cars, including hybrid and electric vehicles (EVs). Energy and environment-related capital expenditure, as part of clean energy policies, is expected to grow significantly in the future.

To prevail in this operating environment, ULVAC has been launching unique products onto the market ahead of its competitors and pursuing sales expansion by promoting ULVAC Solutions. In addition, while actively developing its presence in growth regions such as China, ULVAC has been aggressively promoting its post-FPD strategy, which includes the customer support business and the recycling business of rare metals used in deposition systems. Complementing these activities, it has also proactively invested in development of new technologies and products. Furthermore, to promote new businesses "not driven by vacuum equipment and vacuum technologies," as part of a medium- to long-term growth strategy, photovoltaic power generation and quick charging systems for EVs, which are expected to spread rapidly, have been brought to market.

With respect to profitability, amid sustained requests for price reductions from customers, we streamlined fixed costs by trimming expenses across the Group as well as cutting back capital expenditure. Additionally, we pushed ahead with cost curtailment through promotion of production innovation including standardization, vertical integration of group companies, in-house manufacturing and an expansion of overseas production.

Consequently, for the consolidated performance during the term under review, orders received increased by ¥49,493 million or 28.7% year on year to ¥221,705 million (US$2,504,855 thousand) and net sales decreased by ¥2,021 million or 0.9% year on year to ¥221,804 million (US$2,505,982 thousand). For the consolidated profit and loss, operating profit increased by ¥1,326 million or 38.1% year on year to ¥4,809 million (US$54,335 thousand). Net income was up ¥1,327 million or 163.6% year on year to ¥2,138 million (US$24,153 thousand).

Operating results of ULVAC by business segment are as follows:

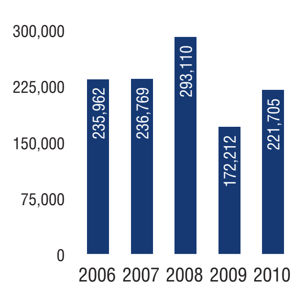
Vacuum Equipment Business

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

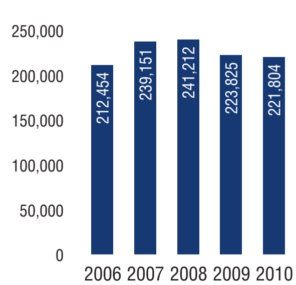
FPD production equipment

The FPD-related segment included sales of the SMD series and SDP series of sputtering equipment for large LCD TVs to Asian customers, mainly South Korean and Japanese, and sales of the CMD series of plasma CVD equipment for Low Temperature Poly Silicon (LTPS) and sputtering equipment to South Korean customers. Regarding orders received during the term under review, these were strong for sputtering equipment for large LCD TVs, mainly from customers in Asia including South Korea, Taiwan and China, due to the increase in demand stimulated by the economic policies of the national governments of China and other countries.

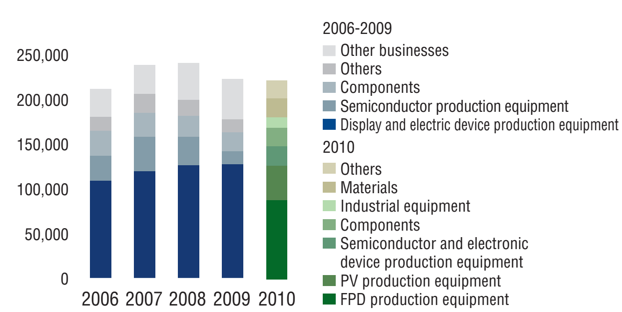
Orders received (Millions of yen)



Net sales (Millions of yen)



Sales by business segment (Millions of yen)



In addition, we received orders for production equipment for organic EL displays (OLEDs), which are seen as the next generation of display.

PV production equipment

In the photovoltaic cell (PV)-related segment, at the beginning of the fiscal year under review, investment plans related to thin-film silicon solar cells (TFSCs) were frozen or postponed in countries such as Taiwan and China as the financial crisis negatively impacted and severe conditions continued. In the second quarter, orders for PE-CVD systems for microcrystal silicon layers were received for the existing integrated production line (turnkey line) of TFSCs in Asia, and so were orders for thin-film type solar cell production equipment and deposition systems for crystal type solar cells. Although these represented some signs of recovery, business as a whole remained in a difficult situation.

Semiconductor and electronic device production equipment

The semiconductor-related segment was in a difficult situation at the beginning of the fiscal year under review, as the semiconductor market was in a global slump. However, in the second quarter, the market environment turned around, thanks to advanced inventory adjustment of products such as DRAMs and flash memories, and increasing demand for personal computers, smartphones and electronic books. Further, we received orders for the ENTRON™-EX series of sputtering equipment for memories and investment projects related to miniaturization capabilities, with sales recorded mainly in Taiwan and South Korea. Furthermore, the economic stimulus packages of various countries positively influenced demand in the hybrid-car market, and inquiries on the SRH series of sputtering equipment for power semiconductors and other equipment increased. Additionally, inquiries on our LED production-dedicated dry etching system and deposition systems increased, and so did orders, particularly in Asia.

Components

Partly due to capital expenditure plans being postponed in the first half of the term under review, the component-related segment faced severe conditions. However, in the second half of the term, the economic stimulus packages of various countries helped recovery in capital expenditure in the FPD and the semiconductor industries, and orders received and sales of vacuum pumps for FPD and semiconductor production equipment increased. There were also increases in orders received for vacuum pumps for PV production equipment, vacuum pumps for the automotive industry, measuring instruments, and other items.

Industrial equipment

We aggressively promoted sales expansion activities for general industry machinery by launching new products related to energy and the environment. As a result of these efforts, we posted sales of the EW series of vacuum roll coaters, the FHH series of vacuum heat treatment furnaces, and the DF series of vacuum freeze-drying equipment for medicines. Furthermore, we received steady orders, mainly in Japan, for vacuum roll coaters for film condensers for eco-cars such as hybrid cars and EVs, and touch panels for smartphones and electronic books.

As a result, the vacuum equipment business saw orders received of ¥178,795 million (US$2,020,058 thousand), order backlogs of ¥100,678 million (US$1,137,470 thousand) and net sales of ¥180,527 million (US$2,039,620 thousand). Operating profit was ¥6,861 million (US$77,516 thousand).

Vacuum Application Business

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

Materials

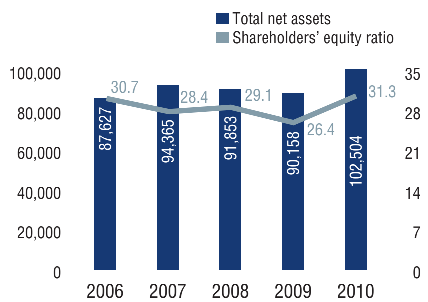
In this area, the increase in demand as a result of the economic stimulus packages of the governments of various countries boosted the production capacity utilization ratio in the FPD industry in South Korea, Taiwan and Japan, which put orders received and sales for sputtering target materials for LCDs on the recovery track. Under such circumstances, ULVAC, uniting its entire group, was engaged in aggressive marketing activities mainly in Asia. However, despite cost-cutting including measures to increase production efficieney, business conditions continued to be difficult as material prices fluctuated and there was strong pressure to lower sales prices.

Others

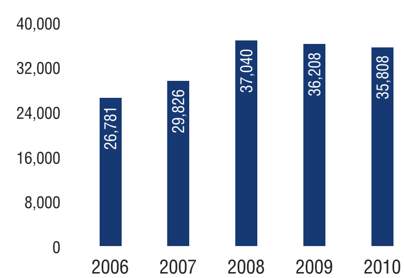
Conditions remained difficult in the control system-related segment to realize a full-swing recovery despite the gradual recovery in capital expenditure, which faild in the metal, automotive, and converting industries. With respect

Debt ratio (%)

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



SG&A expenses (Millions of yen)



to analysis devices, while a recovery in orders from the private sector was seen in Japan, the postponement of capital expenditure plans by universities and private companies in Asia and Europe negatively affected orders received; thus, business conditions as a whole remained difficult. Furthermore, inquiries on photovoltaic power generation and quick charging systems for EVs, whose use is expected to spread rapidly, increased sharply, and we began receiving orders.

As a result, orders received for vacuum application business were ¥42,909 million (US$484,797 thousand), while order backlogs stood at ¥7,664 million (US$86,589 thousand), and net sales were ¥41,278 million (US$466,362 thousand). Operating loss was ¥2,779 million (US$31,399 thousand).

Financial Conditions

1) Assets, Liabilities and Net Assets

Assets

Total assets decreased by ¥4,292 million compared with the end of the previous fiscal year, reflecting an increase of ¥8,342 million in cash and deposits, and an increase of ¥11,095 million in trade notes and accounts receivable, offset by a decrease of ¥18,544 million in inventories and a decrease of ¥6,956 million in total property, plant and equipment.

Liabilities

Total liabilities decreased by ¥16,638 million compared with the end of the previous fiscal year, chiefly owing to a decrease of ¥31,046 million in short-term borrowings and long-term debt and a decrease of ¥5,000 million in commercial paper. On the other hand, trade notes and accounts payable increased by ¥19,757 million.

Net assets

Total net assets increased by ¥12,346 million compared with the end of the previous fiscal year. This increase is attributable mainly to an increase of ¥14,810 million in common stock and capital surplus due to capital increases, and net income of ¥2,138 million (US$24,153 thousand), while minority interests decreased by ¥1,831 million and total valuation and translation adjustments decreased by ¥1,573 million.

2) Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥44,312 million (US$500,643 thousand), reflecting the increase in income before income taxes and minority interests, trade accounts payable and advances received, and the decrease in depreciation/amortization and inventories, as well as the increase in trade accounts receivable.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥10,876 million (US$122,882 thousand), which was mainly attributable to payments for acquisition of tangible and intangible fixed assets and stocks in subsidiaries.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥23,418 million (US$264,575 thousand), chiefly arising from proceeds from issuance of common stock and decreased short-term borrowings and long-term debt.

As a result, consolidated cash and cash equivalents were ¥29,721 million (US$335,796 thousand) at the end of the fiscal year under review, up ¥7,894 million from the previous year.

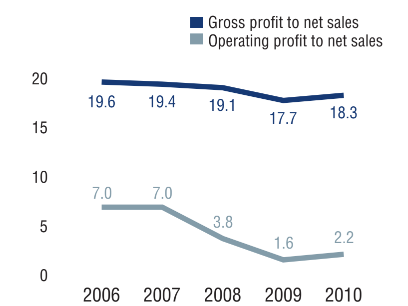
Risk Management

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

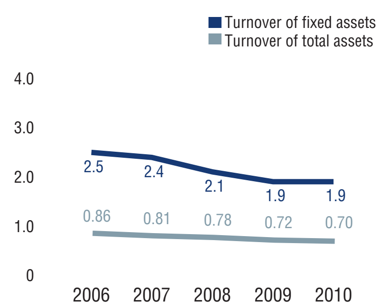
1) Fluctuations in the FPD and Semiconductor Markets

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

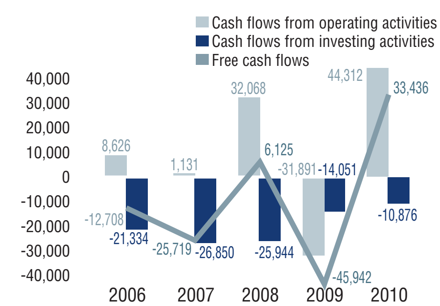
Gross profit to net sales
Operating profit to net sales (%)



Total assets turnover
Fixed assets turnover (Times)



Cash flows (Millions of yen)



2) Influence of Research and Development

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

3) Influence of Pricing Competition

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

4) Influence of Increased Overseas Sales

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

5) Influence of Global Business Development

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

6) Influence of Quality Assurance Efforts

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

7) Influence of Intellectual Property Rights

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

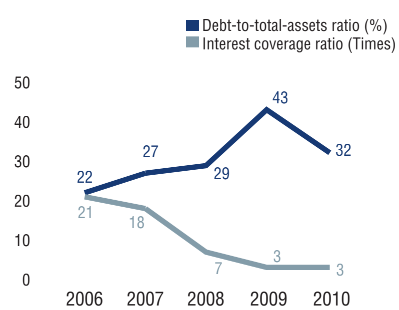
8) Impact on Financing

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

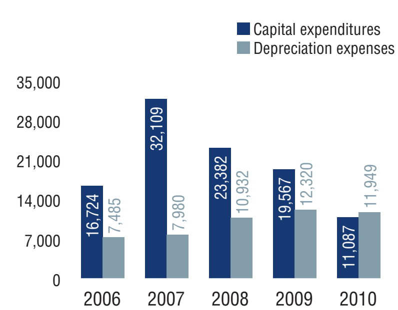
9) Other Risks

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

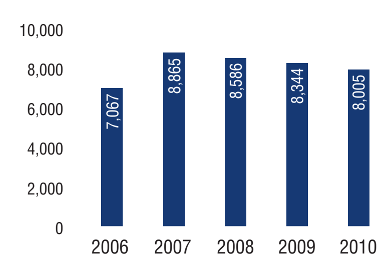
Debt-to-total-assets ratio
Interest coverage ratio (%/Times)



Capital expenditures
Depreciation expenses (Millions of yen)



R&D cost (Millions of yen)



Financial Section

Contents

1. [Consolidated Financial Statements and Others]

(1) [Consolidated Financial Statements]

i) [Consolidated Balance Sheets]

	Previous fiscal year As of June 30, 2009 Amount (millions of yen)		Current fiscal year As of June 30, 2010 Amount (millions of yen)		Amount (thousands of U.S. dollars)
Assets					
Current assets					
Cash on hand and in banks		22,985		31,327	353,942
Notes and accounts receivable, trade		77,430		88,526	1,000,176
Merchandise and finished goods		5,241		6,272	70,867
Work in process		70,537		49,131	555,090
Raw materials and supplies		10,442		12,272	138,650
Deferred tax assets		5,965		5,824	65,796
Other		7,022		6,040	68,235
Allowance for doubtful accounts		(315)		(208)	(2,345)
Total current assets		199,307		199,184	2,250,411
Fixed assets					
Property, plant and equipment					
Buildings and structures		73,472		74,415	840,747
Accumulated depreciation		(27,382)		(30,591)	(345,627)
Buildings and structures, net		46,090		43,823	495,120
Machinery, equipment and vehicles		67,891		69,266	782,581
Accumulated depreciation		(41,989)		(45,849)	(518,006)
Machinery, equipment and vehicles, net		25,902		23,418	264,576
Tools, furniture and fixtures		14,034		13,515	152,697
Accumulated depreciation		(10,803)		(11,247)	(127,067)
Tools, furniture and fixtures, net		3,231		2,269	25,630
Land		10,455		10,366	117,120
Lease assets		2,412		3,076	34,753
Accumulated depreciation		(210)		(1,262)	(14,264)
Lease assets, net		2,202		1,814	20,489
Construction in progress		8,665		7,900	89,259
Total property, plant and equipment	*3, *5	96,545	*3, *5	89,589	1,012,195
Intangible fixed assets					
Goodwill		75		476	5,382
Lease assets		10		18	199
Software		1,337		1,068	12,064
Other		2,405		2,802	31,656
Total intangible fixed assets		3,828		4,364	49,302
Investments and other assets					
Investment securities	*1	5,200	*1	4,062	45,888
Leasehold and guarantee deposits		1,746		1,932	21,830
Deferred tax assets		7,313		6,641	75,032
Other	*1	4,482	*1	8,362	94,473
Allowance for doubtful accounts		(345)		(291)	(3,285)
Allowance for investment loss		-		(59)	(668)
Total investments and other assets		18,396		20,647	233,270
Total fixed assets		118,769		114,600	1,294,767
Total assets		318,076		313,784	3,545,178

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

	Previous fiscal year As of June 30, 2009 Amount (millions of yen)	Current fiscal year As of June 30, 2010 Amount (millions of yen)	Amount (thousands of U.S. dollars)
Liabilities			
Current liabilities			
Notes and accounts payable, trade	38,763	58,520	661,168
Short-term borrowings	*3 77,091	*3 48,317	545,888
Commercial paper	5,000	-	-
Lease liabilities	1,499	1,522	17,194
Accrued income taxes	744	1,129	12,755
Advances received	11,718	12,200	137,842
Deferred tax liabilities	3	3	36
Accrued bonuses for employees	1,379	1,467	16,572
Accrued bonuses for directors and corporate auditors	155	205	2,320
Accrued warranty costs	2,559	1,245	14,062
Provision for loss on contract	-	746	8,425
Other	12,842	14,242	160,905
Total current liabilities	151,753	139,595	1,577,167
Long-term liabilities			
Bonds	200	80	904
Convertible bonds	15,500	15,500	175,121
Long-term debt	*3 38,349	*3 36,077	407,606
Lease liabilities	5,470	3,832	43,293
Deferred tax liabilities	1	0	5
Accrued pension and severance costs for employees	13,736	13,942	157,522
Accrued pension and severance costs for directors and corporate auditors	991	960	10,851
Other	1,917	1,292	14,599
Total long-term liabilities	76,165	71,684	809,902
Total liabilities	227,918	211,279	2,387,069
Net Assets			
Shareholders' equity			
Common stock	13,468	20,873	235,827
Capital surplus	14,695	22,100	249,694
Retained earnings	59,829	60,768	686,570
Treasury stock, at cost	(10)	(11)	(120)
Total shareholders' equity	87,981	103,731	1,171,971
Valuation and translation adjustments			
Unrealized gain on securities, net of taxes	144	(23)	(261)
Foreign currency translation adjustments	(4,004)	(5,409)	(61,111)
Total valuation and translation adjustments	(3,860)	(5,432)	(61,372)
Minority interests	6,036	4,205	47,510
Total net assets	90,158	102,504	1,158,109
Total liabilities and net assets	318,076	313,784	3,545,178

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

ii) [Consolidated Statements of Income]

	For the fiscal year ended June 30, 2009		For the fiscal year ended June 30, 2010		
		Amount (millions of yen)		Amount (millions of yen)	Amount (thousands of U.S. dollars)
Net sales		223,825		221,804	2,505,982
Cost of sales	*3, *4	184,134	*3, *4, *5	181,187	2,047,081
Gross profit		39,691		40,617	458,901
Selling, general and administrative expenses					
Selling expenses		16,857		16,587	187,404
General and administrative expenses		19,351		19,221	217,161
Total selling, general and administrative expenses	*1, *3	36,208	*1, *3	35,808	404,565
Operating profit		3,483		4,809	54,335
Non-operating income					
Interest income		144		102	1,151
Dividend income		99		158	1,788
Commission fee		149		165	1,869
Rental income		108		186	2,102
Equity in earnings of unconsolidated subsidiaries and affiliates		14		-	-
Foreign exchange gains		-		352	3,975
Refund of value-added taxes of overseas subsidiaries		81		-	-
Insurance and dividends income		285		76	857
Income on prefectural government's grants		315		379	4,279
Income on receipt of compensation		-		256	2,897
Other		623		857	9,685
Total non-operating income		1,817		2,532	28,602
Non-operating expenses					
Interest expenses		1,385		1,626	18,371
Foreign exchange losses		2,132		-	-
Equity in losses of affiliates		-		113	1,277
Other		948		659	7,451
Total non-operating expenses		4,465		2,399	27,099
Ordinary profit		835		4,942	55,839
Extraordinary gains					
Gain on sale of fixed assets		24		-	-
Reversal of allowance for doubtful accounts		6		46	520
Income on prefectural government's grants		-		1,575	17,796
Reversal of provision for loss on business restructuring		107		-	-
Other		77		9	106
Total extraordinary gains		214		1,631	18,422
Extraordinary losses					
Loss on disposal of fixed assets	*2	1,098	*2	550	6,217
Loss on devaluation of investment securities		378		-	-
Loss from adjustment of tax basis		-		119	1,344
Impairment loss		-	*6	1,000	11,301
Loss on devaluation of inventories		630		-	-
Other		543		345	3,897
Total extraordinary losses		2,649		2,014	22,759
Income (loss) before income taxes and minority interests		(1,600)		4,558	51,502
Current income taxes		1,561		1,997	22,559
Deferred income taxes		(2,829)		1,100	12,423
Total income taxes		(1,269)		3,096	34,983
Minority losses in net income of consolidated subsidiaries		(1,142)		(676)	(7,634)
Net income		811		2,138	24,153

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, 2009 Amount (millions of yen)	For the fiscal year ended June 30, 2010 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	152,161
Changes of items during the period			
Issuance of new shares	-	7,405	83,666
Total changes of items during the period	-	7,405	83,666
Balance at the end of current period	13,468	20,873	235,827
Capital surplus			
Balance at the end of previous period	14,695	14,695	166,028
Changes of items during the period			
Issuance of new shares	-	7,405	83,666
Total changes of items during the period	-	7,405	83,666
Balance at the end of current period	14,695	22,100	249,694
Retained earnings			
Balance at the end of previous period	59,323	59,829	675,952
Effect of changes in accounting policies applied to foreign subsidiaries	501	-	-
Changes of items during the period			
Change of scope of consolidation	94	(115)	(1,299)
Effect of changes in fiscal year-ends of consolidated subsidiaries	-	(182)	(2,057)
Dividends from surplus	(901)	(901)	(10,179)
Net income	811	2,138	24,153
Total changes of items during the period	4	940	10,618
Balance at the end of current period	59,829	60,768	686,570
Treasury stock, at cost			
Balance at the end of previous period	(10)	(10)	(109)
Changes of items during the period			
Purchase of treasury stock	(1)	(0)	(5)
Total changes of items during the period	(1)	(0)	(5)
Balance at the end of current period	(10)	(11)	(120)
Total shareholders' equity			
Balance at the end of previous period	87,477	87,981	994,027
Effect of changes in accounting policies applied to foreign subsidiaries	501	-	-
Changes of items during the period			
Issuance of new shares	-	14,810	167,331
Change of scope of consolidation	94	(115)	(1,299)
Effect of changes in fiscal year-ends of consolidated subsidiaries	-	(182)	(2,057)
Dividends from surplus	(901)	(901)	(10,179)
Net income	811	2,138	24,153
Purchase of treasury stock	(1)	(0)	(5)
Total changes of items during the period	3	15,750	177,944
Balance at the end of current period	87,981	103,731	1,171,971

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

	For the fiscal year ended June 30, 2009 Amount (millions of yen)	For the fiscal year ended June 30, 2010 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	648	144	1,629
Changes of items during the period			
Net changes of items other than shareholders' equity	(504)	(167)	(1,890)
Total changes of items during the period	(504)	(167)	(1,890)
Balance at the end of current period	144	(23)	(261)
Foreign currency translation adjustments			
Balance at the end of previous period	(82)	(4,004)	(45,235)
Changes of items during the period			
Net changes of items other than shareholders' equity	(3,922)	(1,405)	(15,877)
Total changes of items during the period	(3,922)	(1,405)	(15,877)
Balance at the end of current period	(4,004)	(5,409)	(61,111)
Total valuation and translation adjustments			
Balance at the end of previous period	567	(3,860)	(43,606)
Changes of items during the period			
Net changes of items other than shareholders' equity	(4,426)	(1,573)	(17,767)
Total changes of items during the period	(4,426)	(1,573)	(17,767)
Balance at the end of current period	(3,860)	(5,432)	(61,372)
Minority interests			
Balance at the end of previous period	3,810	6,036	68,198
Changes of items during the period			
Net changes of items other than shareholders' equity	2,226	(1,831)	(20,688)
Total changes of items during the period	2,226	(1,831)	(20,688)
Balance at the end of current period	6,036	4,205	47,510
Total net assets			
Balance at the end of previous period	91,853	90,158	1,018,619
Effect of changes in accounting policies applied to foreign subsidiaries	501	-	-
Changes of items during the period			
Issuance of new shares	-	14,810	167,331
Change of scope of consolidation	94	(115)	(1,299)
Effect of changes in fiscal year-ends of consolidated subsidiaries	-	(182)	(2,057)
Dividends from surplus	(901)	(901)	(10,179)
Net income	811	2,138	24,153
Purchase of treasury stock	(1)	(0)	(5)
Net changes of items other than shareholders' equity	(2,200)	(3,404)	(38,455)
Total changes of items during the period	(2,196)	12,346	139,489
Balance at the end of current period	90,158	102,504	1,158,109

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

iv) [Consolidated Statements of Cash Flows]

	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010	
	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	(1,600)	4,558	51,502
Depreciation and amortization	12,320	11,949	135,001
Impairment loss	-	1,000	11,301
Increase (decrease) in allowance for doubtful accounts	288	(165)	(1,860)
Increase (decrease) in accrued bonuses	(419)	241	2,727
Increase in accrued pension and severance costs for employees	1,222	198	2,242
Increase (decrease) in accrued pension and severance costs for directors and corporate auditors	98	(20)	(227)
Decrease in accrued warranty costs	(585)	(1,302)	(14,715)
Loss on disposal of fixed assets	1,098	550	6,217
Gain on sale of investment securities	(12)	-	-
Loss on devaluation of investment securities	378	-	-
Interest and dividend income	(243)	(260)	(2,939)
Interest expenses	1,385	1,626	18,371
Income on prefectural government’s grants	(315)	(1,954)	(22,075)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(14)	113	1,277
Decrease (increase) in accounts receivable, trade	2,463	(12,939)	(146,183)
Decrease (increase) in inventories	(16,105)	18,569	209,791
Increase (decrease) in accounts payable, trade	(24,280)	21,814	246,456
Increase (decrease) in advances received	(2,285)	538	6,081
Increase in accrued consumption taxes	49	188	2,122
Other	(1,790)	2,749	31,061
Subtotal	(28,345)	47,454	536,148
Interest and dividend income received	259	274	3,091
Interest expenses paid	(1,406)	(1,622)	(18,326)
Income taxes paid	(2,399)	(1,794)	(20,270)
Net cash provided by (used in) operating activities	(31,891)	44,312	500,643
Cash flows from investing activities			
Increase in time deposits	(1,864)	(1,218)	(13,762)
Decrease in time deposits	717	713	8,060
Payments for acquisition of tangible and intangible fixed assets	(14,696)	(8,784)	(99,247)
Proceeds from sale of tangible and intangible fixed assets	2,470	2,705	30,556
Payments for acquisition of investment securities	(12)	(2,562)	(28,951)
Proceeds from sale of investment securities	32	-	-
Payments for acquisition of subsidiaries	(1,658)	(1,703)	(19,238)
Proceeds from acquisition of subsidiaries resulting in change in scope of consolidation	926	-	-
Proceeds from prefectural government’s grants	315	668	7,546
Payments for long-term prepaid expenses	(439)	-	-
Other	160	(694)	(7,846)
Net cash used in investing activities	(14,051)	(10,876)	(122,882)

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

	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010	
	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	32,770	(28,953)	(327,120)
Net decrease in commercial paper	(1,000)	(5,000)	(56,491)
Borrowing of long-term debt	28,140	18,636	210,556
Repayments of long-term debt	(14,079)	(20,292)	(229,262)
Proceeds from issuance of common stock	-	14,810	167,331
Repayments of lease liabilities	(519)	(1,864)	(21,061)
Proceeds from sale and leaseback	6,941	-	-
Dividends paid by the parent company	(901)	(831)	(9,394)
Dividends paid by consolidated subsidiaries to minority shareholders	(26)	(23)	(259)
Other	(1)	100	1,125
Net cash provided by (used in) financing activities	51,325	(23,418)	(264,575)
Effect of exchange rate changes on cash and cash equivalents	(604)	(203)	(2,298)
Increase in cash and cash equivalents	4,779	9,815	110,889
Cash and cash equivalents at beginning of year	16,977	21,827	246,609
Cash and cash equivalents at beginning of year from newly consolidated subsidiaries	71	211	2,384
Decrease in cash and cash equivalents due to changes in fiscal year-ends of consolidated subsidiaries	-	(2,132)	(24,086)
Cash and cash equivalents at end of year	21,827	29,721	335,796

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, 2009	For the fiscal year ended June 30, 2010
1. Basis of preparation of consolidated financial statements	The accompanying consolidated financial statements of ULVAC, Inc. (the “Company”) and its consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Corporate Law of Japan and the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥96.02 = US$1, the approximate exchange rate prevailing in the Japanese foreign exchange market at June 30, 2009.	The accompanying consolidated financial statements of ULVAC, Inc. (the “Company”) and its consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Corporate Law of Japan and the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥88.51 = US$1, the approximate exchange rate prevailing in the Japanese foreign exchange market at June 30, 2010.
2. Scope of consolidation	(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.	(1) Number of consolidated subsidiaries: 37 Names of consolidated subsidiaries are as follows: ULVAC Materials, Inc. ULVAC-RIKO, Inc. ULVAC TECHNO, Ltd. ULVAC KYUSHU CORPORATION ULVAC TOHOKU, Inc. ULVAC SEIKI COMPANY, LIMITED ULVAC CORPORATE CENTER ULVAC Technologies, Inc. ULVAC KIKO, Inc. Reliance Electric Limited ULVAC EQUIPMENT SALES, Inc. ULVAC CRYOGENICS INCORPORATED ULVAC-PHI, Inc. ULVAC KOREA, Ltd. ULVAC TAIWAN INC. ULVAC (NINGBO) CO., LTD. ULVAC SINGAPORE PTE LTD ULVAC (SUZHOU) Co., Ltd. ULVAC Orient (Chengdu) Co., Ltd. ULVAC Automation Technology (Shanghai) Corporation Ulvac Tianma Electric (Jing Jiang) Co., Ltd. ULVAC Vacuum Furnace (Shenyang) Co., Ltd. ULVAC (China) Holding Co., Ltd. ULVAC MALAYSIA SDN. BHD. Physical Electronics USA, Inc. Sigma-Technos Co., Ltd. RAS Co., Ltd TIGOLD CO., Ltd. Ulvac Korea Precision, Ltd. Pure Surface Technology, Ltd. ULVAC CRYOGENICS KOREA INCORPORATED ULTRA CLEAN PRECISION TECHNOLOGIES CORP. ULVAC COATING CORPORATION ULCOAT TAIWAN, Inc. ULVAC (Shanghai) Trading Co., Ltd. ULVAC AUTOMATION TAIWAN INC. ULVAC Materials Korea, Ltd.

Item	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
	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.	ULVAC AUTOMATION TAIWAN INC. and ULVAC Materials Korea, Ltd., companies which were unconsolidated subsidiaries, are included in the scope of consolidation, since their importance has increased. (2) Number of unconsolidated subsidiaries: 19 Names of unconsolidated subsidiaries are as follows: ULVAC G.m.b.H. ULVAC SOFTWARE CREATIVE TECHNOLOGY, Co.,Ltd. ULVAC Elder, Ltd. ULVAC Materials Taiwan, Inc. Nisshin Seigyo ULVAC (SHANGHAI) CO., LTD. OOO ULVAC Initium, Inc. ULVAC (THAILAND) LTD. ULVAC CRYOGENICS (NINGBO) INCORPORATED UF TECH, Ltd. ULVAC Research Center KOREA, Ltd. ULVAC Research Center TAIWAN, Inc. ULVAC NONFERROUS METALS (NINGBO) CO., LTD. ULVAC ENGINEERING, Inc. ULVAC HUMAN RELATIONS, Ltd. ULVAC Materials (Suzhou) Co., Ltd. ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd. ULVAC Research Center SUZHOU Co., Ltd. (3) Reasons why unconsolidated subsidiaries are excluded from the scope of consolidation All the unconsolidated subsidiaries are small in scale and have an immaterial effect on the Company's consolidated financial statements in terms of total assets, net sales, net income/loss and retained earnings.
3. Application of equity method	(1) Number of unconsolidated subsidiaries which are accounted for by the equity method: Nil (2) Number of affiliates which are accounted for by the equity method: 2 SHOWA SHINKU CO., LTD. SANKO ULVAC Co., Ltd. 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.	(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.

Item	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
	(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 (four companies), because the effect of their net income/loss and retained earnings on the Company's consolidated financial statements is immaterial and they are not important as a whole in accounting terms.	(3) The cost method is applied to the investment in certain unconsolidated subsidiaries not accounted for by the equity method (19 companies) and affiliates not accounted for by the equity method (four companies), because the effect of their net income/loss and retained earnings on the Company's consolidated financial statements is immaterial and they are not important as a whole in accounting terms.
4. Fiscal year-end of consolidated subsidiaries	The fiscal-year-end of ULVAC (NINGBO) CO., LTD.; ULVAC (SUZHOU) Co., Ltd.; ULVAC Orient (Chengdu) Co., Ltd.; ULVAC Automation Technology (Shanghai) Corporation; Ulvac Tianma Electric (Jing Jiang) Co., Ltd.; ULVAC Vacuum Furnace (Shenyang) Co., Ltd.; ULVAC (China) Holding Co., Ltd. and ULVAC (Shanghai) Trading Co., Ltd. is December 31, and that of ULVAC Materials, Inc.; ULVAC CORPORATE CENTER; ULVAC KIKO, Inc.; ULVAC Technologies, Inc.; ULVAC SINGAPORE PTE LTD; ULVAC MALAYSIA SDN. BHD.; Sigma-Technos Co., Ltd. and ULCOAT TAIWAN, Inc. is March 31, while that of Physical Electronics USA, Inc. is May 31. For those consolidated subsidiaries whose fiscal year-end is December 31, the Company uses their financial statements based on the provisional settlement of accounts as of the consolidated fiscal year-end when preparing consolidated financial statements, whilst for consolidated subsidiaries whose fiscal year-ends are March 31 and May 31, the Company uses their financial statements as of their fiscal year-end. Necessary adjustments are made regarding important transactions conducted between the Company's consolidated fiscal year-end and the fiscal year-end of consolidated subsidiaries.	The fiscal-year-end of ULVAC (NINGBO) CO., LTD.; ULVAC (SUZHOU) Co., Ltd.; ULVAC Orient (Chengdu) Co., Ltd.; ULVAC Automation Technology (Shanghai) Corporation; Ulvac Tianma Electric (Jing Jiang) Co., Ltd.; ULVAC Vacuum Furnace (Shenyang) Co., Ltd.; ULVAC (China) Holding Co., Ltd. and ULVAC (Shanghai) Trading Co., Ltd. is December 31, and that of ULVAC KIKO, Inc.; ULVAC Technologies, Inc.; ULVAC SINGAPORE PTE LTD; ULVAC MALAYSIA SDN. BHD.; Sigma-Technos Co., Ltd. and ULCOAT TAIWAN, Inc. is March 31, while that of Physical Electronics USA, Inc. is May 31. For those consolidated subsidiaries whose fiscal year-end is December 31, the Company uses their financial statements based on the provisional settlement of accounts as of the consolidated fiscal year-end when preparing consolidated financial statements, whilst for consolidated subsidiaries whose fiscal year-ends are March 31 and May 31, the Company uses their financial statements as of their fiscal year-end. Necessary adjustments are made regarding important transactions conducted between the Company's consolidated fiscal year-end and the fiscal year-end of consolidated subsidiaries. The fiscal year-ends of ULVAC Materials, Inc. and ULVAC CORPORATE CENTER were changed from March 31 to June 30. With regard to the effect of these changes, the consolidated statements of income reflects their performance during the 12 months from July 1, 2009 to June 30, 2010 while "Retained earnings" of the consolidated balance sheets and the consolidated statements of changes in net assets reflects the changes in net assets during the three months from April 1, 2009 to June 30, 2009. Also, the decrease in cash and cash equivalents during the three months from April 1, 2009 to June 30, 2009 are presented as "Decrease in cash and cash equivalents due to changes in fiscal year-ends of consolidated subsidiaries" on the consolidated statements of cash flows.

Item	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
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.	(1) Revenue recognition For the make-to-order manufacturing of production equipment, the percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion) is applied to the contracts, if the outcome of contract activity progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise. Revenue from components, materials and parts are accounted for on a delivery basis. (Change of accounting policy) Effective July 1, 2009, the Company adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). For the make-to-order manufacturing contracts of production equipment commenced during the fiscal year ended June 30, 2010, the percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion) is applied to the contracts, if the outcome of contract activity progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise. Due to this change, net sales increased by 44,037 million yen (US$497,542 thousand); and operating profit, ordinary profit and income before income taxes and minority interests each increased by 12,033 million yen (US$135,948 thousand). The effects of this change on segment information are described in the relevant section.
	(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. (Change of accounting policy) Effective from the fiscal 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 and loss before income taxes and minority interests increased by 5,059 million yen. Effects of this change on segment information are described in the relevant section.	(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.

Item	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
	Securities 1) Bonds held to maturity: Bonds held to maturity are stated at amortized cost (straight-line method) 2) Other securities: Other securities with fair value Other securities with fair value are stated at fair value as of the consolidated balance sheet date. (The unrealized gains and losses on these securities are booked directly to net assets. Realized gains and losses on sale of such securities are computed using the moving average cost method.) Other securities without fair value Other securities without fair value are stated at cost as determined by the moving average method. Derivatives Derivatives are stated at fair value. (3) Depreciation and amortization of major fixed assets Depreciation of property, plant and equipment (excluding lease assets) Depreciation is calculated using the declining-balance method except for the Research and Development Division, Fujisusono 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 major property, plant and equipment are as follows: Buildings and structures 10-50 years Machinery, equipment and vehicles 4-13 years (Additional information) Pursuant to the revision of the Corporate Tax Law in 2008, effective from the fiscal 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 fiscal year ended June 30, 2009. 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.	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$1,130) or more and not exceeding 200,000 yen (US$2,260), are equally depreciated over three years. The useful lives for major property, plant and equipment are as follows: Buildings and structures 10-50 years Machinery, equipment and vehicles 4-13 years Amortization of intangible fixed assets (excluding lease assets) Same as left.

Item	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
	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.	Lease assets Same as left.
	(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) ___________________	2) Allowance for investment loss Allowance for investment loss is recorded for estimated losses on investments in subsidiaries and affiliates in consideration of the financial positions of subsidiaries and affiliates.
	3) Accrued bonuses for employees Accrued bonuses for employees are the estimated amounts expected to be paid to employees after the fiscal year-end, based on services provided during the current period.	3) Accrued bonuses for employees Same as left.
	4) Accrued bonuses for directors and corporate auditors Accrued bonuses for directors and corporate auditors are the estimated amounts expected to be paid to directors and corporate auditors.	4) Accrued bonuses for directors and corporate auditors Same as left.
	5) Accrued warranty costs Accrued warranty costs are provided in the amount of estimated future warranty costs based on the actual ratio of occurrence of such expenditure in the past.	5) Accrued warranty costs Same as left.
	6) ___________________	6) Provision for loss on contract Provision for loss on contract is recorded for losses to fulfill contracts when loss can be reasonably estimated.
	7) Accrued pension and severance costs for employees Accrued pension and severance costs for employees represent the projected benefit obligation in excess of the fair value of the plan assets, except for unrecognized transition obligation and unrecognized actuarial gain or loss. The unrecognized transition obligation (3,425 million yen) is to be amortized over ten years. Prior service liabilities were recognized as expense and amortized over a fixed number of years within the average remaining service period of the current employees (ten years) using the straight-line method. Unrealized actuarial gains (losses) are recognized as expenses starting from the following consolidated fiscal year-end and amortized over a fixed number of years within the average remaining service period of the current employees (ten years) using the straight-line method.	7) Accrued pension and severance costs for employees Same as left.

Item	For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
	(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 were charged to expenses from the fiscal 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 were recognized. 8) Accrued pension and severance costs for directors and corporate auditors Accrued pension and severance costs for directors and corporate auditors represent the estimated amount to be paid if all directors and corporate auditors of the domestic consolidated subsidiaries retired at the balance sheet date, based on the consolidated subsidiaries' internal retirement rule. (5) Standard for translation of major foreign-currency-denominated assets or liabilities into Japanese yen Foreign-currency-denominated assets and liabilities are translated into Japanese yen at the exchange rate at the consolidated balance sheet date, and resulting gains and losses included in net income for the fiscal year. Assets, liabilities, incomes and expenses of subsidiaries outside of Japan are translated into Japanese yen at the exchange rate at the balance sheet date, and the resulting translation adjustments are accounted for "foreign currency translation adjustments," except for the minority interests portion, which is allocated to minority interests in consolidated subsidiaries. (6) Other items of importance concerning the preparation of consolidated financial statements 1) Consumption taxes and others Consumption taxes are excluded from the transaction accounts.	(Change of accounting policy) Effective July 1, 2009, the Company adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008). There was no effect of this change on operating profit, ordinary profit and income before income taxes and minority interests for the fiscal year ended June 30, 2010. 8) Accrued pension and severance costs for directors and corporate auditors Same as left. (5) Standard for translation of major foreign-currency-denominated assets or liabilities into Japanese yen Same as left. (6) 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 fiscal 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 readily available 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, 2009	For the fiscal year ended June 30, 2010
(Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements) Effective from the fiscal 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 fiscal year increased by 501 million yen. Operating profit and ordinary profit each decreased by 180 million yen and 271 million yen respectively, and loss before income taxes and minority interests increased by 416 million yen for the fiscal year ended June 30, 2009. Effects of this change on segment information are described in the relevant section.	―――――――――
(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 fiscal 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 fiscal year ended June 30, 2009.	―――――――――

[Change in Presentation]

For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
(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 fiscal 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 Balance Sheets) ――――――――――
(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 recorded in the current consolidated fiscal year) and "Cost and expense for rental activities" (16 million yen 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 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 Income) In fiscal year 2010, the "Refund of value-added taxes of overseas subsidiaries" of 33 million yen (US$367 thousand) has been classified in "Other" within non-operating income given its decreased significance. In fiscal year 2009, this amount was classified as a separate line item within non-operating income. In fiscal year 2010, the "Gain on sale of fixed assets" of 1 million yen (US$16 thousand) has been classified in "Other" within extraordinary gains given its decreased significance. In fiscal year 2009, this amount was classified as a separate line item within extraordinary gains. In fiscal year 2010, the "Loss on devaluation of investment securities" of 0 million yen (US$2 thousand) has been classified in "Other" within extraordinary losses given its decreased significance. In fiscal year 2009, this amount was classified as a separate line item within extraordinary losses.
(Consolidated Statements of Cash Flows) "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 recorded in the current consolidated fiscal year) and "Proceeds from collection of loan receivables" (88 million yen 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.	(Consolidated Statements of Cash Flows) In fiscal year 2010, the "Gain on sale of investment securities" of 1 million yen (US$12 thousand) and the "Gain on valuation of investment securities" of 0 million yen (US$2 thousand) have been classified in "Other" within cash flows from operating activities given their decreased significance. In fiscal year 2009, these amounts were classified as a separate line item within cash flows from operating activities. In fiscal year 2010, the "Proceeds from sale of investment securities" of 10 million yen (US$117 thousand) and the "Purchase of long-term prepaid expenses" of 100 million yen (US$1,129 thousand) have been classified in "Other" within cash flows from investing activities given its decreased significance. In fiscal year 2009, these amounts were classified as separate line items within cash flows from investing activities.

[Notes to Consolidated Financial Statements]

a) Notes to Consolidated Balance Sheets

<table>
<tr><th colspan="2">Previous fiscal year
As of June 30, 2009</th><th colspan="2">Current fiscal year
As of June 30, 2010</th></tr>
<tr><td>*1</td><td>Investments in unconsolidated subsidiaries and affiliates are as follows:
(Millions of yen)
Investment securities (shares): 3,516
Investments and other assets (other) (Investments): 981</td><td>*1</td><td>Investments in unconsolidated subsidiaries and affiliates are as follows:
(Millions of yen / Thousands of U.S. dollars)
Investment securities (shares): 2,546 / 28,765
Investments and other assets (other) (Investments): 3,452 / 39,001</td></tr>
<tr><td>2</td><td>Contingent liabilities
The Company guarantees the loans that the following subsidiary takes out with financial institutions:
(Millions of yen)
ULVAC G.m.b.H.: 2 (EUR 13 thousand)

The Company commits to provide guarantees for the lease liabilities of the following subsidiary:
(Millions of yen)
ULVAC NONFERROUS METALS (NINGBO) CO., LTD.: 21
ULVAC Materials Korea, Ltd.: 40
Total: 61</td><td>2</td><td>Contingent liabilities
The Company has provided the following guarantees to financial institutions for certain leases entered into by its subsidiary:
(Millions of yen / Thousands of U.S. dollars)
ULVAC NONFERROUS METALS (NINGBO) CO., LTD.: 16 / 181</td></tr>
<tr><td>*3</td><td>Details of collateral and secured liabilities
(1) Collateral
(Millions of yen)
• Factory foundation
Land: 504
Buildings and structures: 4,897
Machinery, equipment and vehicles: 99
Total: 5,501
• Land: 1,099
• Buildings and structures: 1,995
• Machinery, equipment and vehicles: 1,568
Total: 4,663
(2) Secured liabilities
(Millions of yen)
• Short-term borrowings: 1,962
• Long-term debt: 4,060
Total: 6,022</td><td>*3</td><td>Details of collateral and secured liabilities
(1) Collateral
(Millions of yen / Thousands of U.S. dollars)
• Factory foundation
Land: 504 / 5,695
Buildings and structures: 4,602 / 51,990
Machinery, equipment and vehicles: 36 / 406
Total: 5,142 / 58,092
• Land: 1,027 / 11,604
• Buildings and structures: 1,704 / 19,250
• Machinery, equipment and vehicles: 909 / 10,274
Total: 3,640 / 41,128
(2) Secured liabilities
(Millions of yen / Thousands of U.S. dollars)
• Short-term borrowings: 2,031 / 22,948
• Long-term debt: 4,552 / 51,428
Total: 6,583 / 74,376</td></tr>
<tr><td>4</td><td>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.
(Millions of yen)
Total amount of the commitment line for loans: 60,000
Realized balance: 34,900
Net: 25,100</td><td>4</td><td>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.
(Millions of yen / Thousands of U.S. dollars)
Total amount of the commitment line for loans: 65,500 / 740,029
Realized balance: 6,100 / 68,919
Net: 59,400 / 671,111</td></tr>
</table>

Previous fiscal year As of June 30, 2009		Current fiscal year As of June 30, 2010	
			Syndicated loan agreement A consolidated subsidiary has entered into a syndicated loan agreement that includes financial covenants. The balance of loans under this agreement at the end of fiscal year 2010 is as follows: Outstanding balance: 2,100 million yen (US$23,726 thousand) The agreement above includes the following financial covenants. (1) Net assets on a non-consolidated basis for the fiscal years ending June 30, 2010 or later (not including the interim terms) shall be maintained at not less than 75% of the net assets in the balance sheet for the respective previous fiscal year-ends. (2) Ordinary loss shall not be recorded for two consecutive years in the company's statements of income on a non-consolidated basis for the fiscal years ending June 30, 2010 or later (not including the interim terms). For the fiscal year ended June 30, 2010, the subsidiary is in non-compliance with financial covenants and similar financial covenants in association with lease contracts. The company has obtained confirmation from the counterparty that they have waived their rights under the term of the agreement for the non-compliance.
*5	The accumulated amount of 'tax basis carry over' caused by the subsidies from prefectural government is 128 million yen for land within property, plant and equipment.	*5	The 'tax basis carry over' caused by the subsidies from prefectural government reflected in land during the fiscal year ended June 30, 2010 amounts to 119 million yen (US$1,344 thousand). The accumulated amount of 'tax basis carry over' is 247 million yen (US$2,790 thousand) for land within property, plant and equipment as of June 30, 2010.

b) Notes to Consolidated Statements of Income

For the fiscal year ended June 30, 2009

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

	Millions of yen
Employee salaries	7,277
Transfer to accrued bonuses for employees	500
Transfer to accrued bonuses for directors and corporate auditors	155
Transfer to accrued pension and severance costs for employees	835
Transfer to accrued pension and severance costs for directors and corporate auditors	157
Depreciation	1,408
Travel and transportation expenses	1,467
Commission	1,951
Research and development cost	5,002
Transfer to allowance for doubtful accounts	133
Support costs for sales activities by manufacturing departments	6,914

For the fiscal year ended June 30, 2010

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

	Millions of yen	Thousands of U.S. dollars
Employee salaries	7,550	85,302
Transfer to accrued bonuses for employees	505	5,708
Transfer to accrued bonuses for directors and corporate auditors	206	2,323
Transfer to accrued pension and severance costs for employees	826	9,331
Transfer to accrued pension and severance costs for directors and corporate auditors	179	2,020
Depreciation	1,271	14,361
Travel and transportation expenses	1,281	14,473
Commission	1,719	19,417
Research and development cost	5,170	58,416
Transfer to allowance for doubtful accounts	159	1,800
Support costs for sales activities by manufacturing departments	7,118	80,422

<table>
<tr><th colspan="2">For the fiscal year ended
June 30, 2009</th><th colspan="2">For the fiscal year ended
June 30, 2010</th></tr>
<tr><td>*2</td><td>The breakdown of losses on disposal of fixed assets is as follows:
<table>
<tr><th></th><th>Millions of yen</th></tr>
<tr><td>Buildings and structures</td><td>79</td></tr>
<tr><td>Machinery, equipment and vehicles</td><td>949</td></tr>
<tr><td>Tools, furniture and fixtures</td><td>69</td></tr>
<tr><td>Software</td><td>1</td></tr>
<tr><td>Total</td><td>1,098</td></tr>
</table></td>
<td>*2</td><td>The breakdown of losses on disposal of fixed assets is as follows:
<table>
<tr><th></th><th>Millions of yen</th><th>Thousands of U.S. dollars</th></tr>
<tr><td>Buildings and structures</td><td>41</td><td>467</td></tr>
<tr><td>Machinery, equipment and vehicles</td><td>487</td><td>5,498</td></tr>
<tr><td>Tools, furniture and fixtures</td><td>13</td><td>143</td></tr>
<tr><td>Software</td><td>10</td><td>109</td></tr>
<tr><td>Total</td><td>550</td><td>6,217</td></tr>
</table></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 8,344 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 8,005 million yen (US$90,439 thousand).</td></tr>
<tr><td>*4</td><td>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</td><td>*4</td><td>Inventories are stated at the lower of the cost or net selling value as of June 30, 2010. Loss on devaluation of inventories included in cost of sales is immaterial.</td></tr>
<tr><td>*5</td><td>――――――</td><td>*5</td><td>Loss on contract of 746 million yen (US$8,425 thousand) as of June 30, 2010 has been included in cost of sales.</td></tr>
<tr><td>*6</td><td>――――――</td><td>*6</td><td>The breakdown of impairment losses is as follows:
(1) Assets or asset groups for which impairment losses were recognized
<table>
<tr><th rowspan="2">Location</th><th rowspan="2">Use</th><th rowspan="2">Type</th><th colspan="2">Impairment loss</th></tr>
<tr><th>Millions of yen</th><th>Thousands of U.S. dollars</th></tr>
<tr><td>Chichibu, Saitama Prefecture</td><td>Assets for business use (Vacuum application business)</td><td>Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures, etc.</td><td>568</td><td>6,420</td></tr>
<tr><td>Chichibu, Saitama Prefecture</td><td>Idle assets</td><td>Machinery, equipment and vehicles, etc.</td><td>159</td><td>1,798</td></tr>
<tr><td>Yokohama, Kanagawa Prefecture</td><td>Assets for business use (Vacuum application business)</td><td>Buildings and structures, Machinery, equipment and vehicles, Software, etc.</td><td>273</td><td>3,083</td></tr>
<tr><td colspan="3">Total</td><td>1,000</td><td>11,301</td></tr>
</table>
(2) Recognition of impairment losses
As the initially anticipated revenues are no longer probable for the assets for business use, and definitive plans for the productive use of idle assets do not exist, the carrying values were reduced to the recoverable amounts. The reductions were recorded as impairment loss under extraordinary losses.
(3) Grouping of assets
In applying the asset-impairment accounting, in addition to grouping assets on a business segment basis, the Company and its consolidated subsidiaries have grouped individual assets for which there are independent cash flows that are identifiable, such as assets planned to be sold.</td></tr>
</table>

For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
	(4) Calculation of recoverable amounts Recoverable amounts for assets for business use are measured by the value in use based on the anticipated future cash flows. The value of the assets for business use located in Chichibu, Saitama Prefecture, was determined by discounting future cash flows at 2.1%. Because the value of the assets for business use located in Yokohama, Kanagawa Prefecture, was estimated as a negative amount, the value in was determined to be zero. Recoverable amounts for idle assets are determined using the net selling value. The net selling value of the idle assets located in Chichibu, Saitama Prefecture has been assessed as zero.

c) Notes to Consolidated Statements of Changes in Net Assets

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

For the fiscal year ended June 30, 2010

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

Type of stock	Number of shares at the end of the previous fiscal year	Increase in number of shares in this fiscal year	Decrease in number of shares in this fiscal year	Number of shares at the end of this fiscal year
Common stock	42,905,938	6,450,000	-	49,355,938

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

2. Matters related to treasury stock (Shares)

Type of stock	Number of shares at the end of the previous fiscal year	Increase in number of shares in this fiscal year	Decrease in number of shares in this fiscal year	Number of shares at the end of this fiscal year
Common stock	10,200	175	-	10,375

(Outline of reasons for fluctuations)
The breakdown of the increase in number of shares of treasury stock is as follows:
Increase from purchase of less-than-one-unit shares 175 shares

3. Matters related to dividends

(1) Amount of dividends paid

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

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

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

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, 2010	Common stock	11,710	Retained earnings	0.24	June 30, 2010	September 30, 2010

d) Notes to Consolidated Statements of Cash Flows

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 and in banks included in the consolidated balance sheet

	Millions of yen
Cash on hand and in banks	22,985
Time deposits with maturities over three months	(1,158)
Cash and cash equivalents	21,827

For the fiscal year ended June 30, 2010

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

	Millions of yen	Thousands of U.S. dollars
Cash on hand and in banks	31,327	353,942
Time deposits with maturities over three months	(1,606)	(18,145)
Cash and cash equivalents	29,721	335,796

For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
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 Current assets 5,882 Fixed assets 6,024 Goodwill 64 Unrealized gains (losses) 280 Current liabilities (4,439) Long-term liabilities (561) Minority interests (4,287) Acquisition cost of ULVAC COATING CORPORATION (already acquired) (2,774) Acquisition cost of ULVAC COATING CORPORATION (newly acquired) 189 Cash and cash equivalents of ULVAC COATING CORPORATION and its subsidiaries 1,116 Net: Proceeds from acquisition of ULVAC COATING CORPORATION 926	

(Lease Transactions)

For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
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:	1. Finance leases (lessee) Finance lease transactions that do not transfer ownership 1) Lease assets Same as left. 2) Depreciation of lease assets Same as left.

For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010

For the fiscal year ended June 30, 2009

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

	Machinery, equipment and vehicles	Tools, furniture and fixtures	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Acquisition value	3,332	1,584	1,404	6,320
Accumulated depreciation	(1,480)	(890)	(936)	(3,306)
Book value	1,852	694	468	3,014

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

(2) Future lease payments obligations are as follows:

	Millions of yen
Due within one year	950
Due after one year	2,064
Total	3,014

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	1,211
Depreciation expense	1,211

(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
Due within one year	548
Due after one year	1,799
Total	2,347

For the fiscal year ended June 30, 2010

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

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

	Machinery, equipment and vehicles	Tools, furniture and fixtures	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Acquisition value	35,290	14,390	13,530	63,209
Accumulated depreciation	19,100	10,058	10,958	40,116
Book value	16,189	4,332	2,572	23,093

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

(2) Future lease payments obligations are as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	871	9,840
Due after one year	1,173	13,252
Total	2,044	23,093

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	925	10,449
Depreciation expense	925	10,449

(4) Calculation method of depreciation

Same as left.

2. Operating leases

Future minimum lease payments under noncancelable operating leases

	Millions of yen	Thousands of U.S. dollars
Due within one year	553	6,252
Due after one year	1,283	14,494
Total	1,836	20,746

(Financial Instruments)

For the fiscal year ended June 30, 2010

1. Status of financial instruments

(1) Policy on the use of financial instruments

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

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

Trade notes and accounts receivable are exposed to the customer credit risk, which is managed through our credit control. The foreign-currency-denominated operating receivables arising from our global business deployment are exposed to exchange fluctuation risk, which is partially hedged by the use of forward exchange contracts.
Investment securities are mainly stocks of companies with which the Company and its consolidated subsidiaries hold business relationships, and are exposed to market price fluctuation risk. The Company and its consolidated subsidiaries, however, periodically monitor the market value of the investment securities.
Trade notes and accounts payable normally have a required payment date within one year. Although foreign-currency-denominated operating liabilities that make up a part of trade notes and accounts payable are exposed to exchange fluctuation risk, the risk is hedged by the use of forward exchange contracts as needed.
Short-term borrowings within the total loans payable account are mainly used to finance general operations. Long-term debt, bonds and convertible bonds are mainly used to finance capital investments and mostly contain contractual fixed interest rates. Although operating liabilities and loans payable are exposed to liquidity risk (risk of non-repayment on due date), the risk is managed by means such as periodically preparing and revising cash-flow-plan.
Derivative contracts entered into by the Company and its consolidated subsidiaries are forward exchange contracts used to mitigate exchange fluctuation risk pertaining to foreign-currency-denominated receivables and payables, and are not used for speculative purposes. Default risk of the counterparties of the derivative contracts is deemed extremely low because the counterparties are financial institutions with high credit standings. In accordance with the internal control regulations of the Company and its consolidated subsidiaries, derivative contracts are carried out within the limit of the actual hedging demand.

(3) Supplementary information on fair value of financial instruments

Fair values of financial instruments are amounts based on market prices and include rationally determined amounts in cases where there are no market prices. As variables are factored in when determining fair value, they may change if different assumptions are adopted.
Market risk related to derivative financial instruments is not included within their contract values of derivatives mentioned in the notes titled “Derivative Transactions”.

2. Fair values of financial instruments

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

	Book value	Fair value (*1)	Difference	Book value	Fair value (*1)	Difference
	(millions of yen)			(thousands of U.S. dollars)		
(1) Cash on hand and in banks	31,327	31,327	-	353,942	353,942	-
(2) Notes and accounts receivable, trade	88,526	88,526	-	1,000,176	1,000,176	-
(3) Investment securities						
a. Shares in subsidiaries and affiliates	1,471	758	(713)	16,616	8,562	(8,054)
b. Other securities	1,207	1,207	-	13,633	13,633	-
(4) Notes and accounts payable, trade	(58,520)	(58,520)	-	(661,168)	(661,168)	-
(5) Short-term borrowings	(30,582)	(30,582)	-	(345,522)	(345,522)	-
(6) Bonds (*2)	(300)	(301)	(1)	(3,389)	(3,405)	(15)
(7) Convertible bonds	(15,500)	(15,500)	-	(175,121)	(175,121)	-
(8) Long-term debt (*2)	(53,812)	(54,032)	(220)	(607,972)	(610,463)	(2,490)
(9) Derivative transactions (*3)	54	54	-	611	611	-

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

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

(*3) Claims and debts arising from derivative transactions are shown on a net basis. The items which are net debts are indicated by parentheses ( ).

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

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

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

(3) Investment securities
The fair value of equity securities is based on the market prices. For details of securities by holding purpose, please refer to the notes titled "Securities."

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

(6) Bonds, (7) Convertible bonds and (8) Long-term debt
The fair values are measured by discounting the total of principal and interest at a rate estimated for similar bond issuance and new loans.

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

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

Classification	Book value (millions of yen)	Book value (thousands of U.S. dollars)
Shares in subsidiaries and affiliates	1,075	12,149
Other securities (unlisted stocks)	309	3,490
Total	1,384	15,639

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

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

	Within one year	Over one year and not exceeding five years	Over five years and not exceeding ten years	Over ten years	Within one year	Over one year and not exceeding five years	Over five years and not exceeding ten years	Over ten years
	(millions of yen)				(thousands of U.S. dollars)			
Cash on hand and in banks	31,327	-	-	-	353,942	-	-	-
Notes and accounts receivable, trade	88,123	403	-	-	995,624	4,553	-	-
Total	119,450	403	-	-	1,349,565	4,553	-	-

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

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

(Securities)

For the fiscal year ended June 30, 2009

1. Other securities with fair values (As of June 30, 2009) (Millions of yen)

	Type	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition cost	(1) Stocks	707	1,016	309
	(2) Bonds	-	-	-
	(3) Other	-	-	-
	Subtotal	707	1,016	309
Securities with book values not exceeding acquisition cost	(1) Stocks	588	399	(189)
	(2) Bonds	-	-	-
	(3) Other	-	-	-
	Subtotal	588	399	(189)
Total		1,295	1,415	120

Note: Acquisition costs are amounts after accounting for impairment. An impairment loss of 378 million yen was recognized and charged to income as loss on devaluation of investment securities for the current fiscal year. Impairment loss is recognized for all securities of which the fair value as of the consolidated balance sheet date decline more than 50% from the acquisition cost, and at an amount deemed necessary for securities of which the fair values as of the same date decline between 30% and 50% in consideration of recoverability and other factors.

2. Other securities which were sold during the current consolidated fiscal year (Millions of yen)

Proceeds from sale	Gains on sale	Losses on sale
32	14	2

3. Major securities which are not marked to market (Millions of yen)

	Book value
1) Shares in subsidiaries and affiliates Shares in subsidiaries and affiliates	1,916
2) Other securities Unlisted stocks	269

For the fiscal year ended June 30, 2010

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

	Type	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
		(millions of yen)			(thousands of U.S. dollars)		
Securities with book values exceeding acquisition cost	(1) Stocks	580	400	181	6,557	4,515	2,042
	(2) Bonds						
	a. National government bonds, local government bonds, etc.	-	-	-	-	-	-
	b. Corporate bonds	-	-	-	-	-	-
	c. Other	-	-	-	-	-	-
	(3) Other	-	-	-	-	-	-
	Subtotal	580	400	181	6,557	4,515	2,042
Securities with book values not exceeding acquisition cost	(1) Stocks	626	891	(265)	7,076	10,067	(2,991)
	(2) Bonds						
	a. National government bonds, local government bonds, etc.	-	-	-	-	-	-
	b. Corporate bonds	-	-	-	-	-	-
	c. Other	-	-	-	-	-	-
	(3) Other	-	-	-	-	-	-
	Subtotal	626	891	(265)	7,076	10,067	(2,991)
Total		1,207	1,291	(84)	13,633	14,582	(949)

Notes:
1. Acquisition costs are amounts after accounting for impairment.
2. Unlisted stocks (309 million yen (US$3,490 thousand) on the consolidated balance sheets) are not included in the table above since their fair values are deemed extremely difficult to determine because they have no market prices.

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

Type	Proceeds from sale	Gains on sale	Losses on sale	Proceeds from sale	Gains on sale	Losses on sale
	(millions of yen)			(thousands of U.S. dollars)		
(1) Stocks	10	1	2	117	7	19
(2) Bonds						
a. National government bonds, local government bonds, etc.	-	-	-	-	-	-
b. Corporate bonds	-	-	-	-	-	-
c. Other	-	-	-	-	-	-
(3) Other	-	-	-	-	-	-
Total	10	1	2	117	7	19

3. Other securities for which impairment loss was recognized

An impairment loss of 0 million yen (US$2 thousand) was recognized and charged to income as loss on devaluation of investment securities for the current fiscal year. In the accounting for impairment, an impairment loss is recognized for all securities of which the fair values as of the consolidated balance sheet date decline more than 50% from the acquisition cost, and at an amount deemed necessary for securities of which the fair values as of the same date decline between 30% and 50% in consideration of recoverability and other factors.

(Derivative Transactions)

For the fiscal year ended June 30, 2009

1. Circumstances of derivative transactions

1) Details of derivative transactions

The Company and consolidated subsidiaries engage in forward foreign exchange contracts and interest rate swaps as derivative financial transactions.

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.

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.

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.

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.

2. Fair value of derivatives

Previous fiscal year (As of June 30, 2009)

1. Derivatives in which hedge accounting is not applied

Currency-related transactions (Millions of yen)

Classification	Type	Previous fiscal year As of June 30, 2009			
		Contract value	Over one year	Fair value	Unrealized gains (losses)
Transactions other than market transactions	Forward foreign exchange contracts				
	Sold				
	U.S. dollar	1,654	-	1,685	(32)
	Euro				
	Bought				
	U.S. dollar	624	-	626	2
	Euro	6	-	6	0
	Pound sterling	40	-	48	8
Total		-	-	-	(21)

Note: Calculation of fair values

Fair values are based on forward exchange rates.

2. Derivatives in which hedge accounting is applied

Interest rate-related transactions (Millions of yen)

Hedge accounting	Type of transactions	Major hedged items	Previous fiscal year As of June 30, 2009			
			Contract value	Over one year	Fair value	Unrealized gains (losses)
Transactions other than market transactions	Interest rate swaps					
	Receive float/pay fixed	Long-term debt	450	-	(1)	(1)

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.

Current fiscal year (As of June 30, 2010)

1. Derivatives in which hedge accounting is not applied

Currency-related transactions

Classification	Type	Current fiscal year As of June 30, 2010							
		(millions of yen)				(thousands of U.S. dollars)			
		Contract value	Over one year	Fair value	Unrealized gains (losses)	Contract value	Over one year	Fair value	Unrealized gains (losses)
Transactions other than market transactions	Forward foreign exchange contracts								
	Sold								
	U.S. dollar	1,267	-	1,234	33	14,319	-	13,947	372
	Euro	318	-	270	49	3,598	-	3,047	552
	Bought								
	U.S. dollar	444	-	430	(13)	5,015	-	4,864	(151)
	Euro	93	-	81	(13)	1,056	-	911	(145)
	Pound sterling	32	-	31	(1)	365	-	348	(17)
Total		-	-	-	54	-	-	-	611

Note: Calculation of fair values

Fair values are based on the prices presented by financial institutions with which the Company does businesses.

(Retirement Benefit Plans)

For the fiscal year ended June 30, 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 fiscal 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
(1) Projected benefit obligation	(23,071)
(2) Plan assets	8,686
(3) Unfunded retirement benefit obligation (1) + (2)	(14,384)
(4) Unrecognized net obligation on the date of initial application of the new accounting standards for employee retirement benefits	325
(5) Unrecognized actuarial differences	765
(6) Unrecognized prior service liabilities	(361)
(7) Net amount on the consolidated balance sheets (3) + (4) + (5) + (6)	(13,654)
(8) Prepaid pension cost	82
(9) Accrued pension and severance costs for employees (7) – (8)	(13,736)

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
(1) Service cost	2,123
(2) Interest cost	375
(3) Expected return on plan assets	(191)
(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	280
(6) Amortization of prior service liabilities	82
(7) Net retirement benefit expenses	3,003

For the fiscal year ended June 30, 2010

1. Outline of adopted employee retirement benefit plans

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

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

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

2. Retirement benefit obligations

(As of June 30, 2010)

	Millions of yen	Thousands of U.S. dollars
(1) Projected benefit obligation	(24,796)	(280,153)
(2) Plan assets	10,934	123,530
(3) Unfunded retirement benefit obligation (1) + (2)	(13,863)	(156,622)
(4) Unrecognized actuarial differences	350	3,959
(5) Unrecognized prior service liabilities	(333)	(3,759)
(6) Net amount on the consolidated balance sheets (3) + (4) + (5)	(13,845)	(156,422)
(7) Prepaid pension cost	97	1,100
(8) Accrued pension and severance costs for employees (6) – (7)	(13,942)	(157,522)

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

3. Retirement benefit expenses

(For the fiscal year ended June 30, 2010)

	Millions of yen	Thousands of U.S. dollars
(1) Service cost	1,897	21,432
(2) Interest cost	383	4,328
(3) Expected return on plan assets	(154)	(1,739)
(4) Amortization of unrecognized net obligation on the date of initial application of the new accounting standards for employee retirement benefits	321	3,624
(5) Amortization of actuarial differences	257	2,908
(6) Amortization of prior service liabilities	(28)	(315)
(7) Net retirement benefit expenses	2,676	30,238

For the fiscal year ended June 30, 2009	For the fiscal year ended June 30, 2010
4. Basis for calculation of projected benefit obligations (1) Discount rate: 2.0% (2) Expected rate of return on plan assets: 1.0%–3.0% (3) Method of attributing the projected benefits to periods of service: Term straight-line basis (4) Number of years for amortization of prior service liabilities: 10 years (5) Number of years for amortization of net obligation on the date of initial application of the new accounting standards for employee retirement benefits: 10 years (6) Number of years for amortization of actuarial differences: 10 years	4. Basis for calculation of projected benefit obligations (1) Discount rate: 2.0% (2) Expected rate of return on plan assets: 1.0%–3.0% (3) Method of attributing the projected benefits to periods of service: Term straight-line basis (4) Number of years for amortization of prior service liabilities: 10 years (5) Number of years for amortization of net obligation on the date of initial application of the new accounting standards for employee retirement benefits: 10 years (6) Number of years for amortization of actuarial differences: 10 years

(Deferred Tax Assets and Liabilities)

Previous fiscal year As of June 30, 2009

1. Significant components of deferred tax assets and liabilities

(Deferred tax assets)

(1) Deferred tax assets (current)	Millions of yen
Inventories (unrealized gains, devaluation losses)	1,911
Tax loss carried forward	1,360
Accrued bonuses	512
Accrued warranty costs	920
Tax credit carried forward	308
Loss on disposal of fixed assets	250
Adjustment for allowance for doubtful accounts	181
Other	623
Subtotal deferred tax assets (current)	6,066
Provision for valuation allowance	(14)
Total deferred tax assets (current)	6,053
(2) Deferred tax assets (fixed)	
Accrued pension and severance costs for employees	5,473
Accrued pension and severance costs for directors and corporate auditors	512
Tax loss carried forward	1,945
Devaluation loss on investment securities	402
Depreciation	754
Other	669
Subtotal deferred tax assets (fixed)	9,756
Provision for valuation allowance	(1,984)
Total deferred tax assets (fixed)	7,772
(3) Total deferred tax assets	13,825

Current fiscal year As of June 30, 2010

1. Significant components of deferred tax assets and liabilities

(Deferred tax assets)

(1) Deferred tax assets (current)	Millions of yen	Thousands of U.S. dollars
Inventories (unrealized gains, devaluation losses)	2,942	33,238
Tax loss carried forward	248	2,806
Accrued bonuses	619	6,996
Accrued warranty costs	440	4,971
Tax credit carried forward	855	9,658
Adjustment for allowance for doubtful accounts	141	1,598
Provision for loss on contract	205	2,312
Other	895	10,110
Subtotal deferred tax assets (current)	6,345	71,690
Provision for valuation allowance	(332)	(3,749)
Total deferred tax assets (current)	6,013	67,941
(2) Deferred tax assets (fixed)		
Accrued pension and severance costs for employees	5,518	62,339
Accrued pension and severance costs for directors and corporate auditors	499	5,641
Tax loss carried forward	2,497	28,211
Devaluation loss on investment securities	513	5,793
Depreciation	1,228	13,877
Other	510	5,764
Subtotal deferred tax assets (fixed)	10,765	121,626
Provision for valuation allowance	(3,259)	(36,816)
Total deferred tax assets (fixed)	7,507	84,810
(3) Total deferred tax assets	13,520	152,751

Previous fiscal year As of June 30, 2009		Current fiscal year As of June 30, 2010		
(Deferred tax liabilities)		(Deferred tax liabilities)		
(1) Deferred tax liabilities (current)		(1) Deferred tax liabilities (current)		
Adjustment for allowance for doubtful accounts	(32)	Adjustment for allowance for doubtful accounts	(22)	(254)
Other	(59)	Other	(171)	(1,927)
Total deferred tax liabilities (current)	(91)	Total deferred tax liabilities (current)	(193)	(2,181)
(2) Deferred tax liabilities (fixed)		(2) Deferred tax liabilities (fixed)		
Special reserve for income tax deferred	(396)	Special reserve for income tax deferred	(828)	(9,352)
Other	(64)	Other	(38)	(431)
Total deferred tax liabilities (fixed)	(460)	Total deferred tax liabilities (fixed)	(866)	(9,783)
(3) Total deferred tax liabilities	(551)	(3) Total deferred tax liabilities	(1,059)	(11,964)
Net deferred tax assets	13,274	Net deferred tax assets	12,461	140,788
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	(9.2)	Permanent non-deductible expenses, including entertainment expenses	3.5	
Equalization inhabitant taxes	(4.1)	Equalization inhabitant taxes	1.4	
Credit for income tax	(5.3)	Net operating loss carry forwards	13.3	
Net operating loss carry forwards	(50.2)	Tax rate difference of overseas subsidiaries	(16.9)	
Tax rate difference of overseas subsidiaries	(5.8)	Valuation allowance	18.1	
Valuation allowance	122.5	Other	8.4	
Other	(8.9)	Effective income tax rate	67.9	
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, 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

(Millions of yen)

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

(Thousands of U.S. dollars)

Title	For the fiscal year ended June 30, 2010				
	Vacuum equipment business	Vacuum application business	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss					
Net sales					
(1) Sales to outside customers	2,039,620	466,362	2,505,982	-	2,505,982
(2) Intersegment	5,361	40,515	45,876	(45,876)	-
Total	2,044,980	506,877	2,551,858	(45,876)	2,505,982
Operating expenses	1,967,465	538,276	2,505,741	(54,095)	2,451,646
Operating profit (loss)	77,516	(31,399)	46,117	8,219	54,335
II Assets, depreciation, impairment loss and capital expenditure					
Assets	2,849,433	678,622	3,528,055	17,123	3,545,178
Depreciation	106,122	28,892	135,011	(14)	134,997
Impairment loss	-	11,301	11,301	-	11,301
Capital expenditure	115,585	9,676	125,261	-	125,261

Notes:

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

Business segment	Major products
Vacuum equipment business	Sputtering equipment; plasma CVD systems; organic EL production equipment; vacuum deposition equipment; etching systems; solid-state laser anneal systems; ink jet printing systems; screen printing machines; ODF systems; PDP panel function testers; solar-cells production equipment; ion implanters; resist stripping systems; metal CVD systems; decompression CVD systems; native oxide removable equipment; wafer bump inspection systems; vacuum pumps; vacuum gauges; helium leak detectors; gas analyzers; surface profiling systems; power supplies; deposition controllers; vacuum components; vacuum robot & transfer module; ultra-vacuum equipment; MOCVD systems; high vacuum pumping equipment; molecular beam epitaxy (MBE) systems; equipment using ion beam technology; vacuum melting furnaces; vacuum heat treatment furnaces; vacuum sintering furnaces; vacuum evaporation roll coaters; vacuum evaporation-polymerization systems; vacuum brazing furnaces; freezing/vacuum-drying systems; vacuum distillation systems; sales, modification, repair, overhaul, relocation of vacuum-related equipment; and sales of components and expendable supplies
Vacuum application business	Sputtering target materials; evaporation materials; processed titanium and tantalum; activated high temp melting metal; surface treatment and precision cleaning; nano particles; auger electron spectroscopies; X-ray photoelectron spectroscopies; secondary ion mass spectrometries; thermal analyzers and thermophysical property measurement instruments; near infrared image furnace application equipment; drive control equipment for industrial machinery; equipment with high voltage inverters; power regeneration converters; uninterruptible power-supply systems; remote reading equipment; hard mask blanks for semiconductors; plating and coating on consignment; and photovoltaic generation/quick charge system for electric vehicles

3. Operating expenses do not include operating expenses that cannot be allocated, which are included in “elimination or corporate total.”

4. Of assets, corporate total assets included in "elimination or corporate total" amounted to 1,684 million yen in the previous consolidated fiscal year and 1,516 million yen (US$17,123 thousand) in this consolidated fiscal year. They are mainly long-term investment assets (investment securities) and assets related to the administrative division.
5. Change in segment names
   Effective July 1, 2009, the naming of segments by type of business has been changed to more clearly describe the nature of the businesses conducted within the segment:

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

6. Change of accounting policy
   (Accounting Standard for Construction Contracts)
   As described in 5. (1) of [Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements], effective July 1, 2009, the Company adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). For the make-to-order manufacturing contracts of production equipment commenced during the fiscal year ended June 30, 2010, the percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion) is applied to the contracts, if the outcome of the contract activity progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise.
   Due to this change, in the vacuum equipment business, net sales and operating profit increased by 44,037 million yen (US$497,542 thousand) and 12,033 million yen (US$135,948 thousand), respectively, as compared to the case where the previous method was applied.

[Segment information by geographic area]

(Millions of yen)

Title	For the fiscal year ended June 30, 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

(Millions of yen)

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

(Thousands of U.S. dollars)

Title	For the fiscal year ended June 30, 2010					
	Japan	Asia	North America	Total	Elimination or corporate total	Consolidated
I Net sales and operating profit/loss Net sales (1) Sales to outside customers	2,074,307	391,004	40,670	2,505,982	-	2,505,982
(2) Intersegment	205,943	77,639	18,335	301,917	(301,917)	-
Total	2,280,250	468,644	59,005	2,807,898	(301,917)	2,505,982
Operating expenses	2,290,870	424,612	59,530	2,775,012	(323,366)	2,451,646
Operating profit (loss)	(10,620)	44,031	(525)	32,887	21,449	54,335
II Assets	3,003,084	496,245	28,726	3,528,055	17,123	3,545,178

Notes:
1. Segmentation of countries or regions: Based on geographical proximity
2. Major countries or regions that belong to each segment:
   (1) Asia: China, South Korea, Taiwan and Singapore
   (2) North America: U.S.A.
3. Operating expenses do not include operating expenses that cannot be allocated, which are included in "elimination or corporate total."
4. Of assets, corporate total assets included in "elimination or corporate total" amounted to 1,684 million yen in the previous consolidated fiscal year and 1,516 million yen (US$17,123 thousand) in this consolidated fiscal year. They are mainly long-term investment assets (investment securities) and assets related to the administrative division.
5. Change of accounting policy
   (Accounting Standard for Construction Contracts)
   As described in 5. (1) of [Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements], effective July 1, 2009, the Company adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). For the make-to-order manufacturing contracts of production equipment commenced during the fiscal year ended June 30, 2010, the percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion) is applied to the contracts, if the outcome of the contract activity progressed by the end of the fiscal year can be estimated reliably, while the completed-contract method is applied otherwise.
   Due to this change, in Japan, net sales increased by 44,037 million yen (US$497,542 thousand) and operating loss decreased by 12,033 million yen (US$135,948 thousand), respectively, as compared to the case where the previous method was applied.

[Overseas sales]

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

	For the fiscal year ended June 30, 2010				
	Asia	North America	Europe	Other regions	Total
I Overseas sales (thousands of U.S. dollars)	1,300,329	62,456	17,091	2,277	1,382,153
II Consolidated net sales (thousands of U.S. dollars)					2,505,982
III Ratio of overseas sales to consolidated net sales (%)	51.9	2.5	0.7	0.1	55.2

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

[Related party information]

For the fiscal year ended June 30, 2009

Not applicable

(Additional information)

Effective from the fiscal 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.

For the fiscal year ended June 30, 2010

Not applicable.

(Per Share Information)

For the fiscal year ended June 30, 2009		For the fiscal year ended June 30, 2010		
	Yen		Yen	U.S. dollars
Net assets per share of common stock	1,961.08	Net assets per share of common stock	1,992.06	22.51
Net income per share of common stock	18.90	Net income per share of common stock	46.60	0.53
Diluted net income per share	17.44	Diluted net income per share	42.65	0.48

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, 2009	For the fiscal year ended June 30, 2010	For the fiscal year ended June 30, 2010
Net income per share			
Net income (millions of yen* / thousands of U.S. dollars**)	811*	2,138*	24,153**
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**)	811*	2,138*	24,153**
Average number of common stock during the fiscal year (thousands of shares)	42,896	45,873	45,873
Diluted net income per share			
Adjustment in net income (millions of yen* / thousands of U.S. dollars**)	-*	-*	-**
Increase in common stock (thousands of shares)	3,602	4,247	4,247
(Of which, unexercised first unsecured CB (convertible bond)-type bonds with stock acquisition rights)	(3,602)	(4,247)	(4,247)
Outline of potentially dilutive shares not included in the calculation of diluted net income per share because they have no dilutive effect	-	-	-

(Subsequent Events)

For the fiscal year ended June 30, 2010

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

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

(1) Redeemed bond: First unsecured convertible bond-type bonds with stock acquisition rights (with pari passu clause on priority of reimbursement among the convertible bond-type bonds with stock acquisition rights)
(2) Early redemption date: August 24, 2010
(3) Early redemption amount: 15,500 million yen (US$175,121 thousand)
(4) Call price: 100% of par value
(5) Reason for early redemption: The condition met the call clause prescribed in Section 14, item (4) of the Bond Issuance Guidelines.
(6) Impact on operating results: The redemption has no impact on operating results for the current fiscal year.
(7) Impact on cash position: The redemption has no impact on the cash flows for the current fiscal year.
(8) Redemption funds: The full amount of funds for early redemption payment was borrowed using a commitment line.

(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	2,260	200 (200)	2,260 (2,260)	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	175,121	15,500	175,121	-	Unsecured bond	April 13, 2012
ULVAC KIKO, Inc.	First unsecured bond	March 25, 2010	-	-	100 (20)	1,130 (226)	0.86	Unsecured bond	March 25, 2015
Total	-		15,700	177,381	15,800 (220)	178,511 (2,486)	-	-	-

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)	175,121
Total issue value of shares issued through the exercise of the stock acquisition rights (millions of yen)	-
Ratio of the stock acquisition rights granted (%)	100
Exercise period of the stock acquisition rights	From April 16, 2007 to April 12, 2012

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

* The conversion value shall initially be 4,745 yen (US$53.61), 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 (US$41.24) (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").

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

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

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

Within one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Within one year	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years
(millions of yen)					(thousands of U.S. dollars)				
220	15,520	20	20	20	2,486	175,347	226	226	226

[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	59,598	30,582	345,522	1.0	-
Long-term debt scheduled to be repaid within one year	17,493	17,734	200,366	1.6	-
Lease liabilities scheduled to be repaid within one year	1,499	1,522	17,194	-	-
Long-term debt (excluding debt scheduled to be repaid within one year)	38,349	36,077	407,606	1.7	From July 20, 2011 to June 30, 2015
Lease liabilities (excluding liabilities scheduled to be repaid within one year)	5,470	3,832	43,293	-	From August 20, 2011 to March 20, 2016
Other interest-bearing liabilities	-	-	-	-	-
Total	122,409	89,747	1,013,981	-	-

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 and liabilities scheduled to be repaid within one year) within five years after the consolidated balance sheet date is as follows.

	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years	Over one year and not exceeding two years	Over two years and not exceeding three years	Over three years and not exceeding four years	Over four years and not exceeding five years
	(millions of yen)				(thousands of U.S. dollars)			
Long-term debt	14,305	11,634	7,207	2,931	161,620	131,443	81,428	33,115
Lease liabilities	1,450	1,471	838	28	16,387	16,617	9,469	322

(2) [Other]

Quarterly data of the fiscal year ended June 30, 2010

	First quarter (From July 1, 2009 to September 30, 2009)	Second quarter (From October 1, 2009 to December 31, 2009)	Third quarter (From January 1, 2010 to March 31, 2010)	Fourth quarter (From April 1, 2010 to June 30, 2010)
Net sales (millions of yen)	33,641	58,638	58,168	71,358
Income (loss) before income taxes and minority interests (millions of yen)	(4,807)	2,933	3,869	2,563
Net income (loss) (millions of yen)	(3,162)	1,935	2,504	861
Net income (loss) per share (yen)	(73.72)	45.12	52.46	17.44

	First quarter (From July 1, 2009 to September 30, 2009)	Second quarter (From October 1, 2009 to December 31, 2009)	Third quarter (From January 1, 2010 to March 31, 2010)	Fourth quarter (From April 1, 2010 to June 30, 2010)
Net sales (thousands of U.S. dollars)	380,081	662,503	657,186	806,212
Income (loss) before income taxes and minority interests (thousands of U.S. dollars)	(54,306)	33,141	43,710	28,957
Net income (loss) (thousands of U.S. dollars)	(35,730)	21,867	28,292	9,724
Net income (loss) per share (U.S. dollars)	(0.83)	0.51	0.59	0.20

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

November 26, 2010

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, 2010, 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, 2010, 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

As described in the "Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements", effective July 1, 2009, the Company adopted the "Accounting Standard for Construction Contracts" and the "Guidance on Accounting Standard for Construction Contracts".

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended June 30, 2010 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

PricewaterhouseCoopers Aarata

Corporate Data

As of September 30, 2010

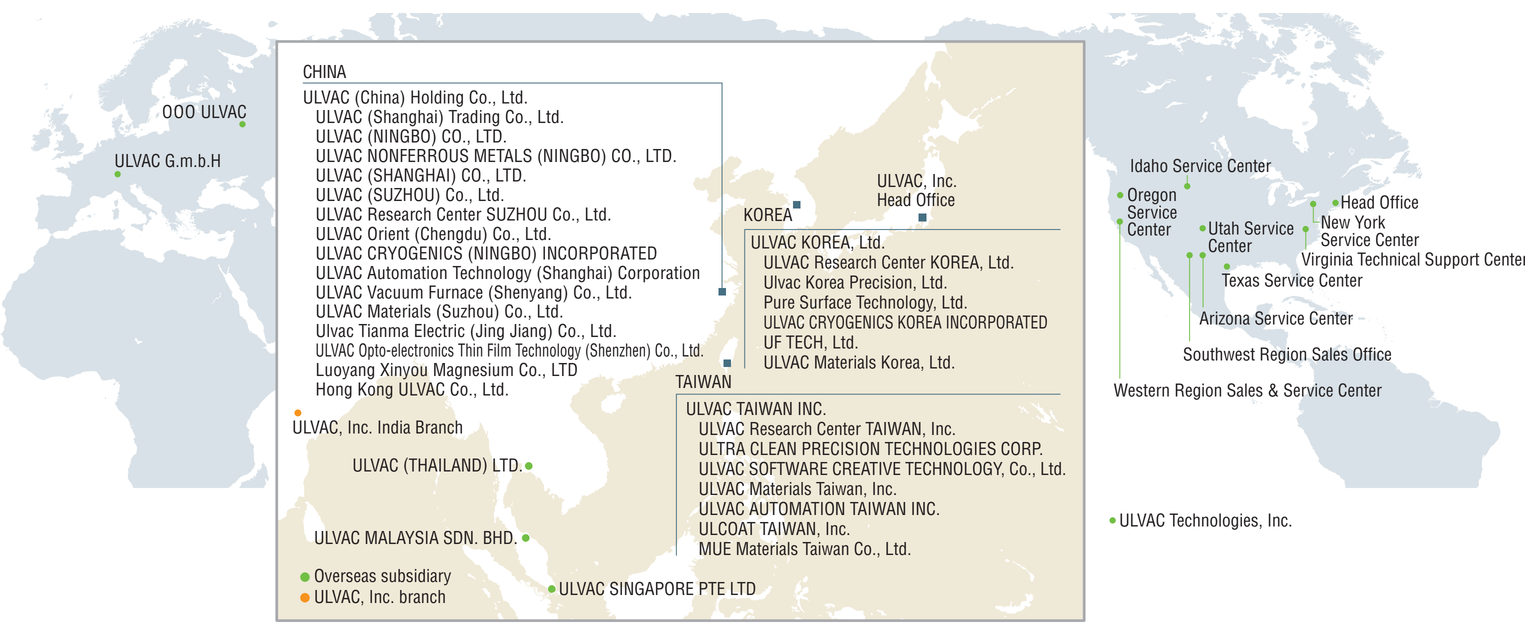
Trade name	ULVAC, Inc.
Trademark	ULVAC
Head office address	2500 Hagisono, Chigasaki, Kanagawa Prefecture 253-8543, Japan
Date of establishment	August 23, 1952
Capital	¥20,873,042,500
Number of employees	2,007 (7,635 consolidated)

Consolidated Subsidiaries

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

Global Network

As of November 30, 2010



Shareholder Information

As of June 30, 2010

Stocks

Regular general meeting of shareholders	September
Total number of issuable shares	80,000,000
Number of shareholders	29,649
Total number of issued shares	49,355,938
Settlement date	June 30 (to determine the shareholders receiving dividends)

Major shareholders	Number of shares (thousands)	(%)
Japan Trustee Services Bank, Ltd. (Trust account)	3,971	8.05
Taiyo Pacific Partners, LP	3,652	7.40
Nippon Life Insurance Company	3,602	7.30
Mizuho Bank, Ltd.	1,916	3.88
Sumitomo Mitsui Banking Corporation	1,864	3.78
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,820	3.69
Association of Employee Shareholders of ULVAC	1,266	2.57
The Master Trust Bank of Japan, Ltd. (Trust account)	1,263	2.56
INABATA & CO., LTD.	795	1.61
Panasonic Corporation	782	1.58

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