

Financial Highlights

Millions of yen

FOR THE YEAR DATA	2012.06	2013.06	2014.06	2015.06	2016.06
Orders received	152,221	166,778	169,808	182,732	223,608
Net sales	196,804	163,351	173,878	179,174	192,437
Operating income (loss)	(6,384)	6,115	11,996	11,132	17,864
Income (loss) before income taxes	(33,704)	(565)	15,137	12,654	17,786
Net income (loss)	(49,984)	(3,807)	11,538	8,874	16,698
Capital expenditures	12,719	6,761	6,217	6,731	7,046
Depreciation	9,096	7,967	7,421	7,630	6,931
R&D costs	7,088	4,989	5,213	5,562	6,284

Millions of yen

YEAR-END DATA	2012.06	2013.06	2014.06	2015.06	2016.06
Total assets	249,651	243,289	230,791	242,348	219,561
Net assets/Shareholders' equity	41,187	59,436	72,238	84,928	78,032
Number of employees	6,981	6,579	5,971	5,904	5,886

(Yen)

PER SHARE DATA	2012.06	2013.06	2014.06	2015.06	2016.06
Net assets	751.00	806.38	1,040.23	1,398.66	1,477.29
Net income (loss)					
-Basic	(1,012.94)	(87.79)	223.18	172.73	338.37
-Diluted	—	—	165.62	148.48	—
Cash dividends	—	—	—	10.00	30.00

(%)

OTHER INFORMATION	2012.06	2013.06	2014.06	2015.06	2016.06
Net income / Average total assets (ROA)	—	—	4.9	3.8	7.2
Net income / Average shareholders' equity (ROE)	—	—	18.8	12.1	21.9
Shareholders' equity ratio	14.8	22.7	29.2	32.8	33.2

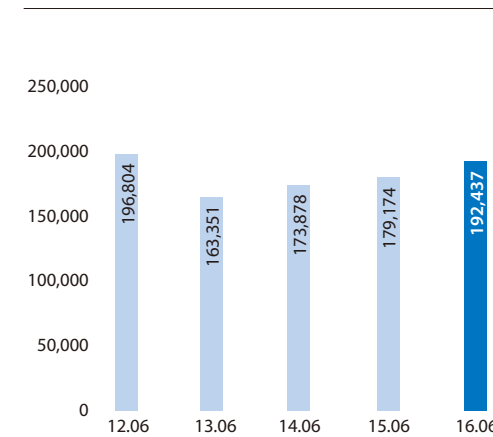
Disclaimer regarding forward-looking statements

Forward-looking statements of the company in this report are based on information available at the time these documents were prepared.

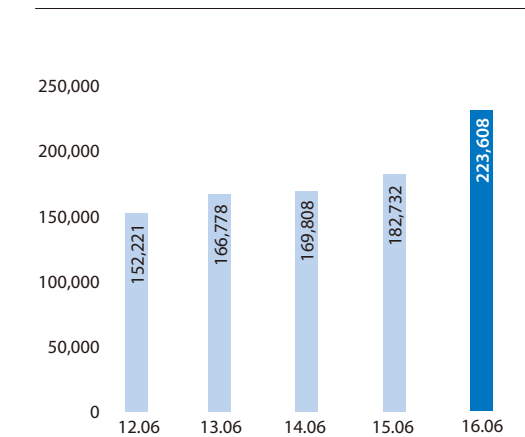
ULVAC's customers in the flat-panel display (FPD), solar cells, semiconductor, and electronic parts industries face the challenge of the rapid pace of technological advances and fierce competition.

Consequently, actual earnings may vary substantially from the projections included in this report due to a number of factors that could cause, directly or indirectly, performance to fluctuate. The factors that could cause results to differ materially from the statements herein include the world economy; fluctuations in the exchange rate; market conditions for flat-panel displays, semiconductors, and electric devices; and trends in capital investments.

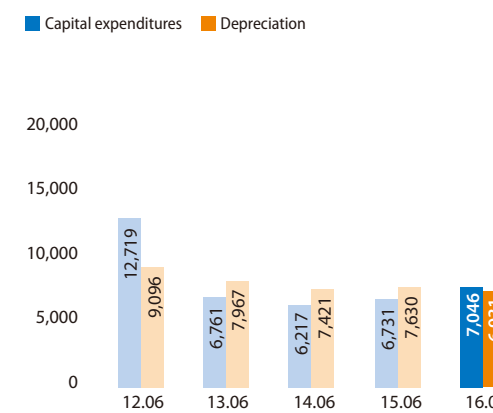
Net sales (Millions of yen)



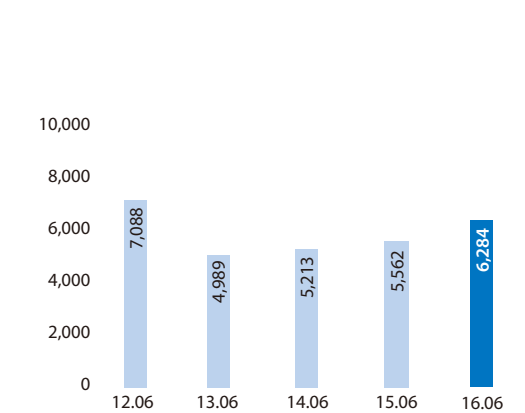
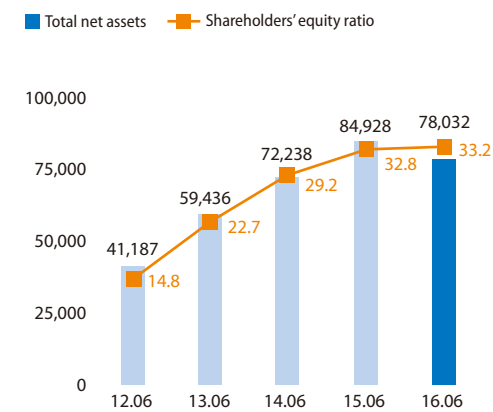
Orders received (Millions of yen)



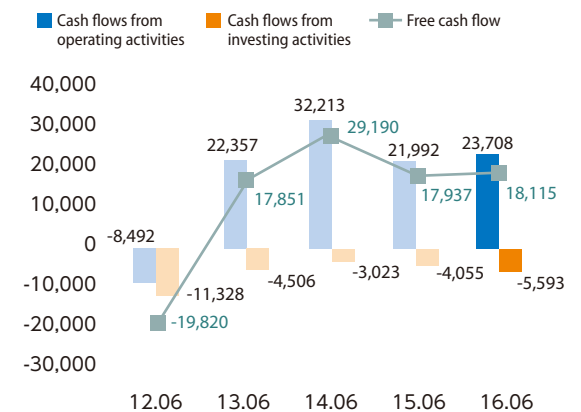
Capital expenditures/Depreciation (Millions of yen)



R&D costs (Millions of yen)

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

Cash flows (Millions of yen)



Analysis of Business Results

Business results for the current fiscal year

In the consolidated fiscal year under review, the Japanese economy continued its gradual recovery, with employment and the earnings environment continuing to improve in spite of a plateau in improvements in corporate earnings. In the United States, although capital investment and exports were on the weak side, economic recovery continued with increases in individual consumption and private housing investment. In Europe, although some divisions were weak, a gentle economic recovery continued, such as a reduction in the unemployment rate despite the continued high level of unemployment. In China, the economy began to gently slow, with a slowing of production growth, etc., in spite of a strong increase in consumption and the bottoming out of exports.

In the electronics market, in which the ULVAC Group operates, capital investment by electronic component manufacturers was

generally cautious due to reduced growth in the number of units sold, in spite of the continued advancement and slimming of smartphones. With regard to capital investment in LCD production equipment, active investment focused on this area, leading to positive results that exceeded those of the previous fiscal year.

As a result, orders received rose by 40.876 billion yen or 22.4% year on year to 223.608 billion yen, and sales rose by 13.263 billion yen or 7.4% year on year to 192.437 billion yen for the consolidated fiscal year under review. With regard to consolidated profit and loss, operating income rose by 6.731 billion yen or 60.5% year on year to 17.864 billion yen, ordinary income rose by 5.898 billion yen or 47.3% year on year to 18.373 billion yen, and net income attributable to owners of the parent rose by 7.824 billion yen or 88.2% year on year to 16.698 billion yen.

Vacuum Equipment Business

■ FPD and PV production equipment

With regard to FPD (flat panel display) production equipment, investment concentrated on small to medium LCD production equipment for mobile handsets and large LCD production equipment for TVs, and with the addition of investment in OLED display production equipment, both orders received and sales greatly exceeded those of the previous fiscal year.

■ Semiconductor and electronic device production equipment

With regard to Semiconductors, sputtering equipment and natural oxide film removal equipment for memories, with regard to electronic components, advanced device manufacturing equipment for mobile devices, those mainly contributed to orders received and sales; however, results fell below those of the previous fiscal year because of the effects of reduced production of electronic components due to reduced growth in sales of smartphone units and reduced capital investment for DRAM, as

well as the temporary postponement of investment in non-volatile memory production equipment.

■ Components

Markets steadied behind the FPD, semiconductor, electronic components, and automotive-related industries. Orders received exceeded those of the previous fiscal year, with a large order for cryo pumps received from overseas in the second half of the fiscal year; however sales remained on par with those of the previous fiscal year.

■ Industrial equipment

We recorded orders received and sales centered around vacuum heat treating furnaces for the production of automotive components; however, both fell below the level of the previous fiscal year, due to the effect of the economic slowdown in China, etc.

■ Others

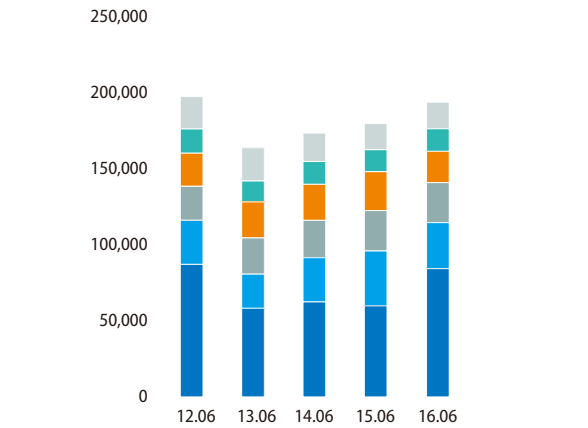
Mask blanks and analysis equipment remained solid. In relation to mask blanks, there was increased demand for high-definition small and medium-sized panels for smartphones and in-vehicle semiconductors, while analysis equipment focused on the Asian market.

■ Materials

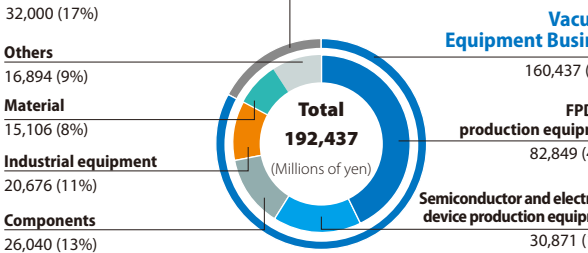
Orders were received for sputtering target materials for LCDs, mainly from Korean customers, etc., and both orders received and sales exceeded those of the previous fiscal year.

Net sales by business segment (Millions of yen)

■ FPD-PV production equipment ■ Semiconductor and electronic device production equipment ■ Components ■ Industrial equipment ■ Material ■ Others

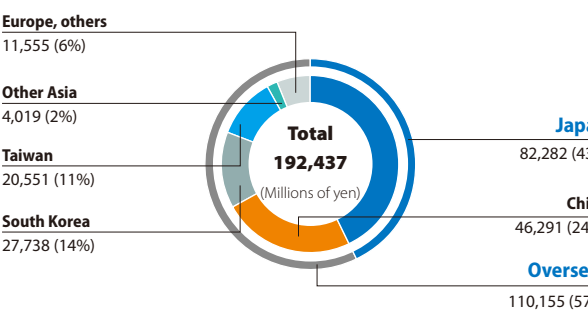
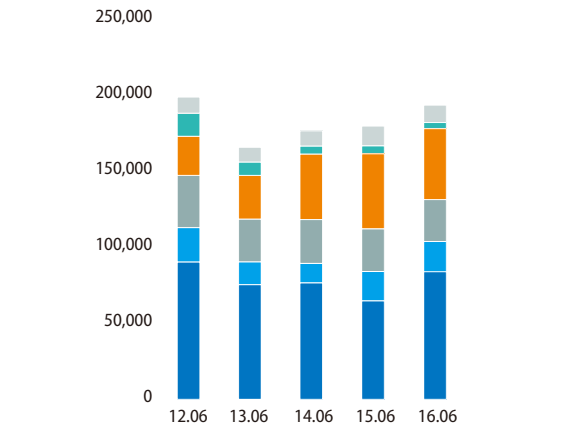


Vacuum Application Business



Net sales by region (Millions of yen)

■ Japan ■ Taiwan ■ South Korea ■ China ■ Other Asia ■ Europe, others



Stock Information (As of June 30, 2016)

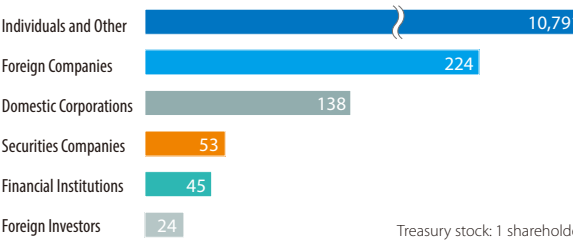
Total number of stocks authorized	100,000,000
Total number of stocks issued	49,355,938
Total number of shareholders	11,276

Major Shareholders

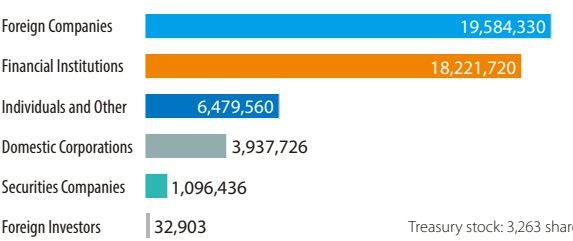
Shareholder's name	Number of shares (thousands)	Ratio of shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	3,703	7.50
TAIYO FUND, L.P.	3,244	6.57
Nippon Life Insurance Company	3,242	6.57
Mizuho Bank, Ltd.	1,916	3.88
Sumitomo Mitsui Banking Corporation	1,864	3.78
The Master Trust Bank of Japan, Ltd. (Trust account)	1,775	3.60
TAIYO HANEI FUND, L. P.	1,225	2.48
SAYCO Building Management Co., Ltd.	1,006	2.04
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	910	1.84
Japan Trustee Services Bank, Ltd. (Trust account 9)	902	1.83

Note: Ratio of shareholding is calculated by the number of treasury stocks (3,263 stocks)

Number of Shareholders (Common Stock) total: 11,276 shareholders



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



Consolidated Financial Statements

Consolidated Balance Sheets

(Unit: Millions of yen)

	Fiscal year ended June 30, 2015 (June 30, 2015)	Fiscal year ended June 30, 2016 (June 30, 2016)
Assets		
Current assets		
Cash on hand and in banks	62,684	45,713
Notes and accounts receivable, trade	56,684	57,958
Merchandise and finished goods	3,551	4,645
Work in process	18,685	16,808
Raw materials and supplies	9,897	8,009
Deferred tax assets	1,620	4,746
Other	5,264	6,356
Allowance for doubtful accounts	△482	△621
Total current assets	157,903	143,616
Fixed assets		
Property, plant and equipment		
Buildings and structures	81,341	78,132
Accumulated depreciation	△43,718	△44,765
Buildings and structures, net	37,623	33,367
Machinery, equipment and vehicles	67,281	63,885
Accumulated depreciation	△51,787	△50,194
Machinery, equipment and vehicles, net	15,494	13,690
Tools, furniture and fixtures	13,684	13,286
Accumulated depreciation	△12,390	△11,961
Tools, furniture and fixtures, net	1,294	1,325
Land	8,198	8,109
Leased assets	1,490	1,516
Accumulated depreciation	△923	△884
Leased assets, net	567	632
Construction in progress	2,487	3,252
Total property, plant and equipment	65,662	60,374
Intangible fixed assets		
Leased assets	166	112
Software	1,023	754
Other	3,436	3,051
Total intangible fixed assets	4,625	3,916
Investments and other assets		
Investment securities	4,718	4,035
Guarantee deposits	1,877	1,717
Deferred tax assets	1,766	1,924
Other	6,896	6,358
Allowance for doubtful accounts	△1,100	△2,379
Total investments and other assets	14,156	11,655
Total fixed assets	84,444	75,945
Total assets	242,348	219,561

(Unit: Millions of yen)

	Fiscal year ended June 30, 2015 (June 30, 2015)	Fiscal year ended June 30, 2016 (June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	33,816	35,303
Short-term borrowings	62,844	39,453
Lease liabilities	385	319
Accrued income taxes	1,392	2,039
Advances received	14,492	13,598
Deferred tax liabilities	52	11
Accrued bonuses for employees	1,931	2,206
Accrued bonuses for directors and corporate auditors	203	368
Accrued warranty costs	2,059	1,964
Provision for loss on contract	129	558
Other	9,976	10,331
Total current liabilities	127,277	106,150
Long-term liabilities		
Long-term debt	19,805	23,237
Lease liabilities	557	546
Deferred tax liabilities	1,590	1,399
Net defined benefit liability	6,715	8,711
Accrued pension and severance costs for directors and corporate auditors	394	319
Asset retirement obligations	333	336
Other	747	831
Total long-term liabilities	30,142	35,378
Total liabilities	157,420	141,529
Net Assets		
Shareholders' equity		
Capital stock	20,873	20,873
Capital surplus	16,435	4,582
Retained earnings	34,609	50,813
Treasury shares	△10	△10
Total shareholders' equity	71,908	76,258
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	718	130
Foreign currency translation adjustment	7,462	△667
Remeasurements of defined benefit plans	△718	△2,822
Total accumulated other comprehensive income	7,462	△3,359
Non-controlling interests	5,559	5,133
Total net assets	84,928	78,032
Total liabilities and net assets	242,348	219,561

Consolidated Statement of Income

(Unit: Millions of yen)

	Fiscal year ended June 30, 2015 (July 1, 2014–June 30, 2015)	Fiscal year ended June 30, 2016 (July 1, 2015–June 30, 2016)
Net sales	179,174	192,437
Cost of sales	135,710	141,314
Gross profit	43,464	51,122
Selling, general and administrative expenses		
Selling expenses	14,978	15,740
General and administrative expenses	17,353	17,518
Total selling, general and administrative expenses	32,331	33,259
Operating income	11,132	17,864
Non-operating income		
Interest income	181	113
Dividend income	310	251
Rent income	333	360
Foreign exchange gains	743	578
Insurance and dividends income	360	541
Share of profit of entities accounted for using equity method	128	299
Other	1,763	477
Total non-operating income	3,818	2,619
Non-operating expenses		
Interest expenses	1,038	797
Commission for syndicate loan	365	244
Loss on valuation of inventories	363	277
Other	710	793
Total non-operating expenses	2,475	2,110
Ordinary income	12,475	18,373
Extraordinary income		
Gain on sale of fixed assets	326	60
Reversal of impairment loss on fixed assets	-	241
Gain on sales of stocks of subsidiaries and affiliates	28	-
Total extraordinary income	354	301
Extraordinary losses		
Loss on disposal of fixed assets	176	749
Impairment loss	-	31
Loss on sales of investments in capital of subsidiaries and affiliates	-	109
Total extraordinary losses	176	888
Income before income taxes and minority interests	12,654	17,786
Current income taxes	3,183	3,892
Deferred income taxes	13	△3,433
Total income taxes	3,196	459
Net income	9,458	17,327
Net income attributable to non-controlling interests	584	629
Net income attributable to owners of parent	8,874	16,698

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Fiscal year ended June 30, 2015 (July 1, 2014–June 30, 2015)	Fiscal year ended June 30, 2016 (July 1, 2015–June 30, 2016)
Net income	9,458	17,327
Other comprehensive income		
Valuation difference on available-for-sale securities	346	△588
Foreign currency translation adjustment	5,999	△8,781
Remeasurements of defined benefit plans, net of tax	672	△2,107
Share of other comprehensive income of entities accounted for using equity method	40	△36
Total other comprehensive income	7,056	△11,512
Comprehensive income	16,514	5,815
Comprehensive income attributable to:		
Owners of parent	15,427	5,877
Non-controlling interests	1,087	△63

Consolidated statement of cash flows

(Unit: Millions of yen)

	Fiscal year ended June 30, 2015 (July 1, 2014–June 30, 2015)	Fiscal year ended June 30, 2016 (July 1, 2015–June 30, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	12,654	17,786
Depreciation	7,630	6,931
Impairment loss	-	31
Increase (decrease) in allowance for doubtful accounts	271	1,520
Increase (decrease) in provision for bonuses	857	443
Increase (decrease) in net defined benefit liability	△176	△263
Increase (decrease) in provision for directors' retirement benefits	△301	△75
Increase (decrease) in provision for product warranties	348	69
Increase (decrease) in provision for loss on order received	△458	435
Interest and dividend income	△491	△364
Interest expenses	1,038	797
Subsidy income	△53	△151
Share of (profit) loss of entities accounted for using equity method	△128	△299
Decrease (increase) in notes and accounts receivable - trade	△7,626	△5,888
Decrease (increase) in inventories	4,354	△328
Increase (decrease) in notes and accounts payable - trade	3,740	3,844
Increase (decrease) in advances received	3,344	700
Increase (decrease) in accrued consumption taxes	297	162
Other	1,103	1,401
Sub total	26,403	26,750
Interest and dividend income received	539	429
Interest expenses paid	△1,043	△805
Income taxes paid	△3,907	△2,666
Net cash provided by (used in) operating activities	21,992	23,708
Cash flows from investing activities		
Payments into time deposits	△624	△1,950
Proceeds from withdrawal of time deposits	379	1,896
Purchase of property, plant and equipment and intangible assets	△5,846	△5,947
Proceeds from sales of property, plant and equipment and intangible assets	1,070	316
Loss on sales of investments in capital of subsidiaries and associates	-	△286
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	490	-
Subsidy income	207	293
Other	269	84
Net cash provided by (used in) investing activities	△4,055	△5,593
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△3,972	△23,752
Proceeds from long-term loans payable	7,525	13,610
Repayments of long-term loans payable	△10,893	△9,196
Repayments of lease obligations	△387	△397
Cash dividends paid	△1,050	△491
Purchase of treasury shares	△5,811	△11,854
Dividends paid to non-controlling interests	△287	△368
Other	△20	-
Net cash provided by (used in) financing activities	△14,895	△32,448
Effect of exchange rate change on cash and cash equivalents	1,616	△2,474
Net increase (decrease) in cash and cash equivalents	4,658	△16,808
Cash and cash equivalents at beginning of period	57,012	61,670
Cash and cash equivalents at end of period	61,670	44,862