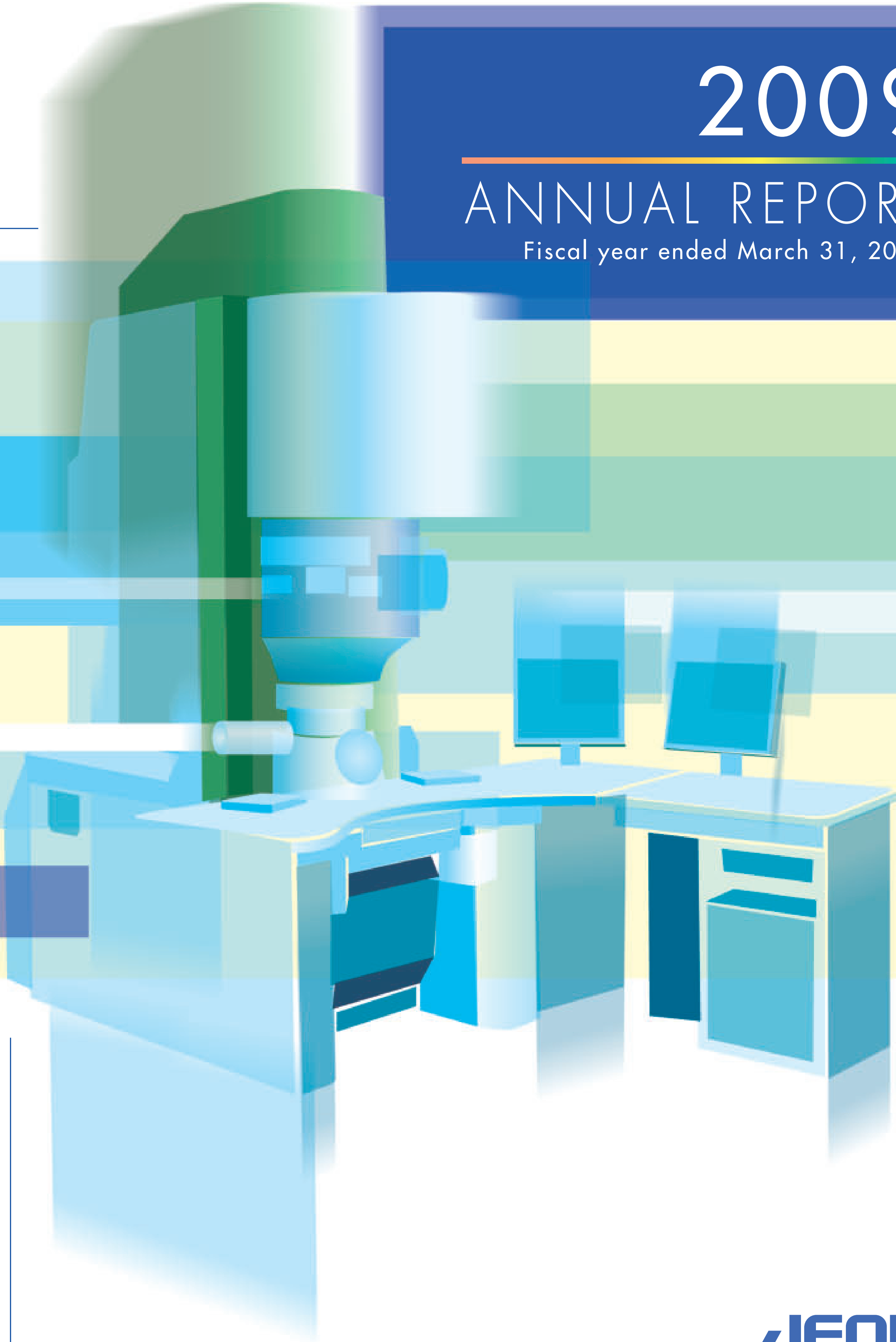
JEOL

2009 ANNUAL REPORT

Fiscal year ended March 31, 2009



JEOL

Profile

Company Philosophy

On the basis of "Creativity" and "Research and Development," JEOL positively challenges the world's highest technology, thus forever contributing to the progress in both Science and Human Society through its products.

Corporate History		Product Development History
Japan Electron Optics Laboratory Co., Ltd. established	1949	JEM-1 Electron microscope completed
	1956	JEM-5G Electron microscope first exported to the CEA Saclay Atomic Energy Research Institute, France; JNM-1, Japan's first nuclear magnetic resonance system, completed
Company name changed to JEOL Ltd.	1961	
JEOL listed on the Second Section of the Tokyo Stock Exchange	1962	JXA-3 X-ray microanalyzer completed
JEOLCO (USA) INC. established as the first overseas subsidiary		
	1963	JMS-01 Double-focusing mass spectrometer completed; JLC-01 General-purpose automatic recording fluid chromatograph completed
JEOL listed on the First Section of the Tokyo Stock Exchange	1966	JSM-1 Scanning electron microscope completed; JEM-1000 1000kV ultrahigh voltage electron microscope completed
	1967	JEBX-2A Electron Beam Lithography System completed
	1968	JLC-5AH, world's first fully automated amino acid analyzer, completed
	1972	JCA-1KM "Clinalyzer" automated biochemical analyzer completed
	1974	JAMP-3 Auger micro probe, JIR-03F fourier transform infrared spectrometer, and JESCA-2 Photoelectron spectrometer diffraction system completed
"Tokyo Meeting," first overseas marketing meeting held	1976	
	1982	JEPAS-1000 Electron beam measuring instrument completed
	1983	JIBL-100 Focused ion beam instrument completed
	1989	JSTM-4000XV Ultrahigh-vacuum scanning tunnel microscope completed
	1990	JWS-7500 Wafer process inspection system completed
"JEOL 21" corporate management vision for the 21st century announced	1991	
	1993	JEIP-900F High-density reactive ion plating system completed
"BS EN ISO9001" obtained	1995	
Launch the JEOL Group web site (http://www.jeol.co.jp)	1996	High-speed next-generation automated biochemical analyzer ''BioMajesty'' completed
"JEOL SPIRIT-1" management vision announced on JEOL's 50th anniversary	1999	
"Bright Plan 1000" medium-term management plan for the JEOL group, announced	2000	
New JEOL TECHNICS LTD. building completed	2001	JMS-T100LC (AccuTOF) Time-of-flight mass spectrometer and the JNM-ECA series of Nuclear magnetic resonance spectrometers completed
		JEM-9310FIB Focused ion beam system for specimen preparation completed
YAMAGATA CREATIVE CO., LTD. (YMCC) established, and the New Datum Hall completed	2002	JBX-3030 series of Electron beam lithography system completed
BEIJING CREATIVE TECHNOLOGY CO. LTD. established		
Obtained ISO14001 certification for environmental management system		
JEOL Group's Environmental Statement announced	2003	
Medium-term management plan for the JEOL Group: Focus Plan 2006 announced	2004	JCM-5100 Carry scope (portable scanning electron microscope) completed
YMCC Tendo Factory completed		
Agreed to set up an industry-academia collaboration office with the University of Tokyo	2005	Ion source for mass spectrometers, DART, completed
New YMCC Tendo Factory building completed		
JEOL Group new medium-term Management plan, "ACTION 60" announced	2007	BS-60050EBS, Evaporation source for backscattered electron completed
New clean room in Building 3 completed		
New building of JEOL FINETECH CO., LTD. completed		
New plant of Beijing Creative Technolog Co., Ltd. completed		
The third phase of construction work to enlarge YMCC completed	2008	JIB-4600F MultiBeam System completed
		JSM-7600F Thermal field emission scanning electron microscope completed
		JSM-6510/6610 series Scanning electron microscopes completed
		"BioMajesty series" Automated biochemical analyzer won the "Technology Prize" awarded by the Japan Society of Clinical Chemistry
		JCM-5000 "Neo Scope" won the "Tokyo Metropolitan Governor's Award" in the Tokyo Invention Exhibition held in 2008
		JCA-BM6070 Automated biochemical analyzer completed
		The "Development of Scanning Electron Microscope Capable of Observing Cells in Solution," a joint development project with the National Institute of Advanced Industrial Science and Technology, announced
The 60th anniversary of the Company's foundation	2009	JMS-T100GCV Gas chromatography time-of-flight mass spectrometer completed
JEOL DATUM LTD. and JEOL ACTIVE CO., LTD acquired		JEM-ARM200F Atomic resolution analytical electron microscope completed

Contents

Financial Highlights

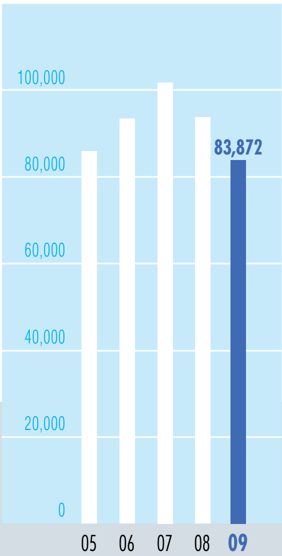
JEOL Ltd. and consolidated subsidiaries, for the years ended March 31, 2009 and 2008

JEOL
Serving Advanced Technology

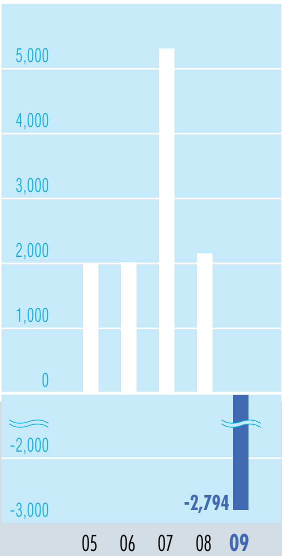
	Millions of yen		Thousands of U.S. dollars*
	2009	2008	2009
For the year:			
Net sales	¥ 83,872	¥ 93,889	$ 854,096
Operating (loss) income	(2,794)	2,154	(28,450)
(Loss) income before income taxes and minority interests	(3,063)	1,648	(31,190)
Net (loss) income	(1,928)	113	(19,638)
Per share data (in yen and U.S. dollars):			
Net (loss) income	(24.63)	1.42	(0.25)
Total equity	311.93	377.78	3.18
At year-end:			
Total assets	104,582	106,322	1,064,993
Total equity	24,471	29,696	249,194

Note: The U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥98.2 to U.S.$1 (the approximate exchange rate on March 31, 2009).

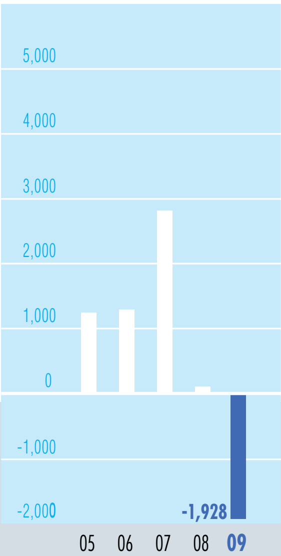
Net sales
Millions of yen



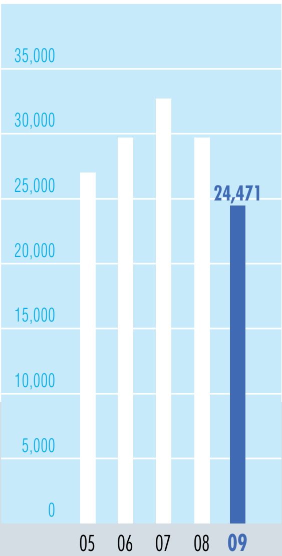
Operating (loss) income
Millions of yen



Net (loss) income
Millions of yen



Total equity
Millions of yen



Gon-emon Kurihara
President and Representative Director

Q What is your assessment of the Company's performance for the fiscal year ended March 31, 2009?

In this consolidated fiscal year, Japan's economy remained in a severe situation, including the deterioration of corporate profits, a downturn in capital investments, and a drop in consumer spending as a result of the worldwide financial crisis triggered by the subprime loan meltdown in the United States. Furthermore, outside Japan, the financial crisis in the United States spread to Europe, and the deceleration of economies quickly came into focus throughout the world, including the newly emerging countries.

Under such circumstances, the JEOL Group focused on technology, production, and sales/service strategies as the basic principle of its medium-term management plan "ACTION 60" (FY 2007 to FY 2009), thereby raising the corporate value and strengthening the management structure, while working to win more orders and sales.

As a result, the JEOL Group posted consolidated net sales of ¥83,872 million (down 10.7% from the previous fiscal year), an operating loss of ¥2,794 million (compared with operating income of ¥2,154 million in the previous fiscal year), ordinary loss of ¥2,734 million (compared with the ordinary profit of ¥1,952 million in the previous fiscal year), and net loss of ¥1,928 million (compared with net profit of ¥113 million in the previous fiscal year).

The JEOL Group consists of the Scientific Instrument Segment and the Industrial Equipment Segment. As for Electron optics instruments including Transmission electron microscopes in the Scientific Instruments business, we met demands in a broad range of fields, including research and development in cutting-edge areas, materials development, basic research in medicine and biology, and quality control. We won orders in quantities comparable to the previous fiscal year. However, sales decreased. Efforts were made to secure the market share of analytical instruments, but sales decreased due to the severe market environment.

Furthermore, as regards the Industrial Equipment business, sales of both Meteorology inspection equipment, including Field emission scanning electron microscopes and General purpose scanning electron microscopes, decreased under the influence of the economic recession. In the case of Electron beam lithography systems and Medical equipment, sales in amounts comparable to the previous year were secured. However, sales of Electron guns and power supplies for optical thin films and coating products decreased amid the economic recession.

Q Please tell us about the medium-term management plan "ACTION 60."

By using the Group management vision "JEOL SPIRIT-1" as a guideline, the JEOL Group formulated the medium-term management plan "ACTION 60" for FY 2007 to FY 2009, following the medium-term management plans, "Bright Plan 1000" (FY 2001 to FY 2003) and "Focus Plan 2006" (FY 2004 to FY 2006).

As a basic policy for "ACTION 60," we will implement a strategy for further growth and strive to improve our corporate value, while at the same time focusing on technology, production, and sales/service strategies. We will also strengthen our management structure and establish a corporate structure that can stably earn profits in any business environment.

Among the important strategies of the new plan, we work on (1) enhancement of our research and development capabilities, (2) reinforcement of the semiconductor business by integrating Scanning electron microscope (SEM) technology, (3) rationalization of manufacturing processes and (4) strengthening sales/service systems for small, mass-market products. We will develop these strategies, focusing on the four fields of nanotechnology, life science, environment, and information communications—all markets that are expected to grow. Furthermore, through ACTION (acting), we aim to achieve our targets to meet the expectations of all our shareholders and stakeholders.

Q Please tell us about the tasks to be addressed by the Company.

In order to be sure to achieve the business goals of the medium-term management plan "ACTION 60," the JEOL Group will implement technology,

Medium-term management plan
ACTION 60 (from April 1, 2007 to March 31, 2010)
To form a stable earnings structure with ordinary profit margin of 5% or above

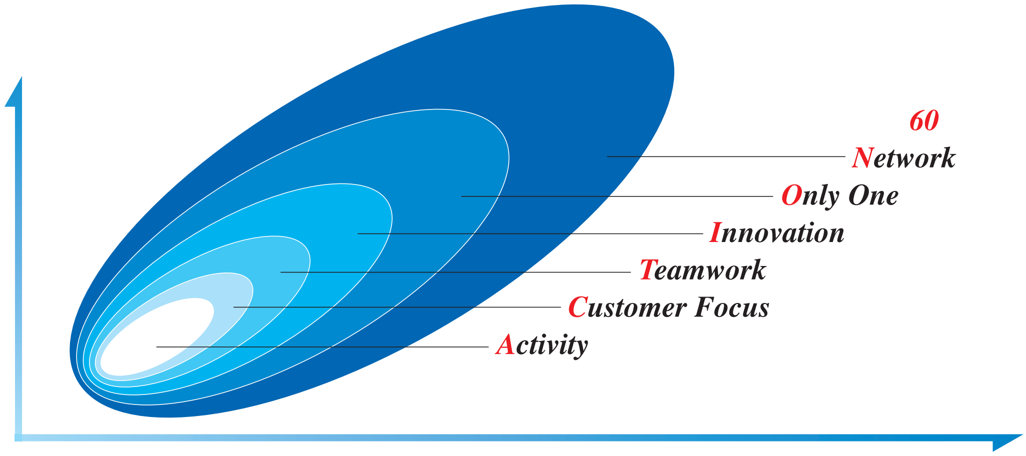
Focus Plan 2006 (from April 1, 2004 to March 31, 2007)
Achieving net sales of ¥100 billion in size and ordinary profit margin of 5%

Bright Plan 1000 (from April 1, 2001 to March 31, 2004)
Improving the corporate structure towards becoming a 21st century value-creating company, expanding the operations and enhancing profitability

JEOL Group's Management Vision
JEOL SPIRIT-1 (from October 1999)
50th anniversary of foundation—***Twin Core / S-Core & I-Core***

JEOL (established in 1949) ······ manufacturer of scientific instruments

ACTION 60



With the words "ACTION 60," the JEOL Group not only expresses its strong intention to "act" but also puts various resolutions and feelings as shown right into these words.

A >>>Activity: we act energetically
C >>>Customer Focus: we value customers
T >>>Teamwork: we will work together as a Group to address various issues under the concerted efforts of the JEOL Group
I >>>Innovation: we will change our business with new ideas
O >>>Only One: we will provide products and solutions that no other companies can provide
N >>>Network: we will utilize our global network
60 >>>60th Anniversary: thanks to your continued support, we mark the 60th anniversary of our foundation

production, and sales/service strategies as prioritized measures to promote the development and establishment of organizational systems in terms of business management, thereby accelerating reforms.

- As for technology development, efforts will be made to promote the supply of high-quality finished products and the introduction of strategic products into markets.
- As regards product development, a new organizational system directly linked to markets was started in April 2009 so that market needs could be promptly reflected. In specific terms, business units were newly founded for individual product categories such as TEMs (Transmission Electron Microscopes), SEMs (Scanning Electron Microscopes), and NMR (Nuclear Magnetic Resonance) spectrometers. Persons in charge of jobs ranging from product development, design, and production to sales and services are assigned to all business units, thereby realizing a highly mobile organizational system in which market trends could be promptly recognized and reflected in product development. Under the new system, high-quality products that "meet market criteria" will be added.
- With the aim of maximizing customer satisfaction, operations will be reinforced in which peripheral business will be introduced, such as sales of consumables and peripheral equipment, contract analysis service, provision of know-how, execution of maintenance services, and provision of consultations, in addition to conventional business models centering on sales of equipment. As measures to realize the above, the Company acquired JEOL DATUM LTD. as of July 1, 2009, whose main business is the provision of technical services pertaining to JEOL Group's products and related equipment, thereby expanding the solution business in the state-of-the-art fields of nanotechnology, biotechnology, life science, environment, etc.
- In terms of production, efforts will be made to improve costs on an overall basis by enhancing product quality, and inventory reduction will be promoted, for example, by shortening work periods. In addition, production will be transferred to YAMAGATA CREATIVE CO., LTD., thereby accelerating the achievement of cost improvement effects.
- The Company acquired JEOL ACTIVE CO., LTD., whose main business is the procurement of parts and materials pertaining to JEOL Group's products and related equipment, as of July 1, 2009. The acquisition will facilitate further cost reductions and consolidation of production processes (for procurement, production, and logistics), which have been optimally operated in each company. Through the acquisition, the Company will concentrate management resources and eliminate the overlapping of functions, thereby realizing optimization and efficiency improvement across the entire Group.
- In order to cope with the expanding BRICs market, efforts will be made to concentrate management resources in these regions.

Q What are your views on return of profits to shareholders and dividends?

The basic policy for profit distribution is that efforts will be made to improve financial standing and strengthen corporate structure, and that stable dividends will be maintained from a long-term perspective.

For the fiscal year under review, in consideration of the Company's performance and financial situation, the dividend at the end of the fiscal year will be ¥1.5 per share. The annual dividend for the fiscal year will therefore be ¥4 per share.

For the next fiscal year, the dividend at the end of the first half of the fiscal year is scheduled to be ¥2.5 per share and the dividend at the end of the fiscal year is planned at ¥2.5 per share. Thus the annual dividend is slated to be ¥5 per share.

Q Please tell us about the 60th anniversary of the Company's foundation.

The JEOL Group reached its 60th anniversary on May 30, 2009. This is entirely due to the support of the stakeholders, including the shareholders. We would like to express our heartfelt thanks for this. We would like to request an even deeper understanding of our company and thank you in advance for your support into the future.

ACTION 60

Basic Policy

Under "ACTION 60," we will implement a strategy for further growth and strive to improve our corporate value, while focusing on technology, production and sales/service strategies.

We will also strengthen management structure and establish a corporate structure that can make stable earnings in any business environment.

Key Strategies

ACTION for Technology Strategy

- Enhancement of research and development capability
- Enhancement of the semiconductor business by integrating SEM technology

ACTION for Production Strategy

- Rationalization of manufacturing processes

ACTION for Sales/Service Strategy

- Strengthening of sales/service systems for small, mass-market products

ACTION for Enhancement of Existing Businesses

- Medical/biotechnology-related businesses
- Thin films, coating products and semiconductors-related businesses
- Environment-related businesses
- Scientific instrument-related businesses

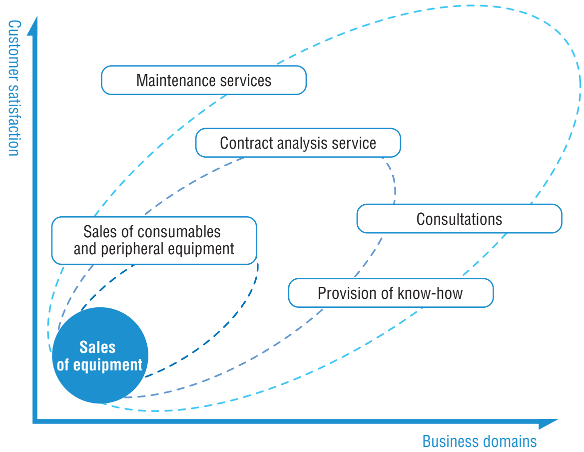
Image of JEOL business environment
— JEOL's position and fields

Enhancement of research and development capability

In April 2009, a new organizational system directly linked to markets was started so that market needs could be promptly reflected in product development. In specific terms, business units were newly founded for individual product categories such as TEMs (Transmission Electron Microscopes), SEMs (Scanning Electron Microscopes), and NMR (Nuclear Magnetic Resonance) spectrometers. Persons in charge of jobs ranging from product development, design and production to sales and services are assigned to all business units, thereby realizing a highly flexible organizational system in which market trends can be promptly recognized and reflected in product development. Under the new system, high-quality products that "meet market criteria" will be added.

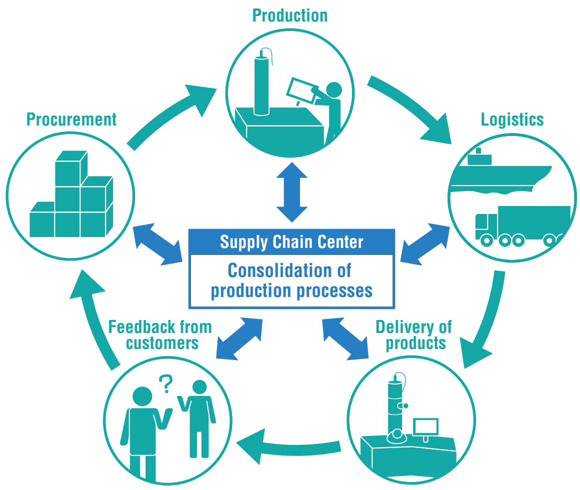
Strengthening of the solution business

With the aim of maximizing customer satisfaction, operations will be reinforced in which peripheral business will be introduced, such as sales of consumables and peripheral equipment, contract analysis service, provision of know-how, execution of maintenance services, and provision of consultations, in addition to conventional business models centering on sales of equipment. The Company acquired JEOL DATUM LTD. whose main business is the provision of technical services pertaining to JEOL Group's products and related equipment, as of July 1, 2009, thereby expanding the solution business in the state-of-the-art fields of nanotechnology, biotechnology, life science, environment, etc.



Rationalization of manufacturing processes

The Company acquired JEOL ACTIVE CO., LTD. whose main business is the procurement of parts and materials pertaining to JEOL Group's products and related equipment, as of July 1, 2009. The acquisition will facilitate further cost reductions and consolidation of production processes (for procurement, production, and logistics), which have been optimally operated in each company. Through the acquisition. the Company will concentrate management resources and eliminate the overlapping of functions, thereby realizing optimization and efficiency improvement across the entire Group for rationalization.



Awarded the "Prize Established by the Minister of Education, Culture, Sports, Science and Technology" for distinguished contribution to industry-academic-government cooperation.

On Saturday, June 14, 2008, when the 7th Conference for the Promotion of Collaboration Among Business, Academia, and Government was held at Kyoto International Conference Center, JEOL and Dr. Hiroshi Jinnai, Associate Professor at Kyoto Institute of Technology, were awarded the 6th "Prize Established by the Minister of Education, Culture, Sports, Science and Technology" to entities providing distinguished service in business-academic-government cooperation.

This prize was awarded for combining "the development of a three-dimensional electron microscope capable of directly observing three-dimensional nanostructures as realized by combining computer tomography and transmission electron microscopy" with "the development of a new nano-processing technology serving to process specimens into rod-like articles," thereby achieving 0.5 nanometer, the highest spatial resolution in the world.

JEM-2200FS

"Technology Prize" awarded by the Japan Society of Clinical Chemistry.

The JEOL Group won the FY 2008 "Technology Prize" awarded by the Japan Society of Clinical Chemistry for the "development of the BioMajesty series and contributions to clinical inspection."

The BioMajesty series was started with BM12, which was put on the market in 1996. At present, at least 1,300 units are in operation in Japan, and at least 2,400 units are in operation overseas under the ADVIA brand. In the meantime, the series lineup was enriched, for example, by supplying the BM8000 series, in which single multi-analysis blocks capable of 1,200 tests/hour are linked together to measure colorimetric items at a maximum of 7,200 tests/hour (at a maximum of 9,000 tests/hour when electrolytes are included), as well as the BM9000 series, in which hemolytic operation is automated to measure HbA1c on a full-automatic basis. These series are used on a versatile basis in many facilities such as hospitals and clinical inspection centers.

JCA-BM6050

Sales of JCM-5000 "Neo Scope" were started.

The Company won the "Tokyo Metropolitan Governor's Award" in the Tokyo Invention Exhibition 2008.

In recent years, in conjunction with the miniaturization of material development and processing technology by manufacturers, there has been an increasing need in the electronics industry, including semiconductor manufacturers, for electron microscopes that can be conveniently used as testing machines for products manufactured using microfabrication techniques. JCM-5000 "Neo Scope" is a desktop scanning electron microscope capable of being "easily operated in any place by anybody." This microscope is a small-size, light-weight compact design that can be used anywhere. Even a beginner can operate it after a short time of practice. Furthermore, it is possible to perform observations in both high and low vacuums. It is also possible to directly carry out observation without pretreating specimens.

JCM-5000 "Neo Scope"

A scanning electron microscope capable of observing cells in solution was developed.

By means of an electron microscope, cells in the same field view as that of an optical microscope can be observed at a high resolution.

With the cooperation of the Yamagata Research Institute of Technology, the JEOL Group and the National Institute of Advanced Industrial Science and Technology jointly developed an ASEM (Atmospheric Scanning Electron Microscope). This microscope is capable of observing moist specimens and cells in solution under atmospheric pressure, and is expected to be used not only in basic biology but also in various fields including drug discovery and medical activities handling moist specimens.

JASM-6200

Research & Development

The JEOL Group, which sells cutting-edge equipment such as electron microscopes all over the world, continuously introduces new products to increase product competitiveness.

In the fiscal year under review, the Group's R&D costs totaled ¥5,644 million, of which the Scientific Instruments Segment accounted for ¥2,477 million and the Industrial Equipment Segment accounted for ¥3,167 million.

The following are the results of major R&D activities in the fiscal year under review.

May 2008

JIB-4600F Multibeam system released.

There is increasing demand for high-resolution observation and high-precision cross-sectional analysis and assaying, as well as for easy acquisition of highly reproducible data. The newly released JIB-4600F meets such needs.

JIB-4600F

May 2008

JSM-7600F, the latest Thermal FE SEM microscope, released.

There is increasing demand for high-resolution scanning electron microscopes as material development and processing technologies continue to be downsized. The new JSM-7600F features the latest user interface functions to reduce the need for expertise.

JSM-7600F

July 2008

A total of eight new General purpose scanning electron microscopes and new Analytical scanning electron microscopes were put on the market at the same time.

The JSM-6510/6610 series are high-performance general-purpose scanning electron microscopes capable of meeting all needs in such a way that operational navigation systems which can be easily manipulated are installed and image processing functions are improved, in addition to the fact that conventional features consisting of high-performance, compactness and greater energy conservation capacity are embodied.

JSM-6510LA

December 2008

Sales of Clinical biochemistry analyzers JCA-BM6070 (1,800 tests/hour) started.

JCA-BM6070 was developed in such a way that high-speed, large-quantity analysis could be pursued with respect to the popular BioMajesty series. Both high-cost performance and handy operability were realized.

JCA-BM6070

January 2009

Sales of a Gas chromatography time-of-flight mass spectrometer JMS-T100GCV with the highest sensitivity in the world started.

JMS-T100GCV was newly developed as a successor to JMS-T100GC. Accurate and high-quality qualitative analysis was realized by improving basic performance in such a way that, for example, wide mass ranges and sensitivity of the highest level in the world were achieved. In addition, new functions including tuning assistants and ion sources shard by EI/FI (optional features) were added, thereby remarkably improving operability.

JMS-T100GCV

March 2009

Sales of the ultimate atomic resolution analytical electron microscope JEM-ARM200F started.

The transmission electron microscope JEM-ARM200F, on which a spherical aberration corrector is installed as a standard apparatus, was developed. This is an electron microscope of the highest level in the world that is capable of sub-angstrom resolution and atom-level analyses.

JEM-ARM200F

Start of sales of high-capacity capacitor "Premlis®"

The internal resistance etc. of "Premlis®," whose samples were formerly distributed with the aim of cultivating new markets, was significantly improved, and sales of this product were started in November 2008.

As regards the primary target markets, the product is expected to be applied to emergency power supplies for equipment such as UPSs and electricity storage systems for stand-alone power devices using regenerable energy like photovoltaically generated electricity. It is also anticipated that this product will be applied to power supplies for small size mobile devices, since quick charge and discharge are feasible and high safety is ensured.

Environmental Activities

ISO policy of the JEOL Group

The JEOL Group engages in business activities with an awareness of its responsibility as a "global corporate citizen" for harmonious coexistence with customers, local residents, shareholders and governmental agencies to ultimately develop a suitable recycling-based society in the future.

Based on this corporate philosophy, the JEOL Group intends to conduct business activities that contribute to a better global environment by providing products such as environmental measurement and analyzing equipment and related services.

Promotion of Environmental Conservation Activities

The IMS Management Committee plays a central role in carrying out the management system, which combines ISO 9001 and ISO 14001. The Group set up the WEEE / RoHS Committee in order to meet the requirements of European Union directives on Waste Electrical and Electronic Equipment (WEEE) and Restrictions on Hazardous Substances (RoHS) contained in electrical and electronic equipment.

Recycling and recovery of gases discharged to the atmosphere during the manufacture and repair of our products have been carried out since fiscal 2005. From April 2008, this practice is being reinforced to recover all these SF6 gases in principle.

Development of Super-reductive Water "RUMIC®"

In 1995, the JEOL Group totally eliminated the use of chlorine-based organic solvents (chlorofluorocarbon ethane), which had been frequently used as an industrial cleaning agent.

Our environmental efforts include starting to use an alternative to chlorofluorocarbon, and we have also developed an industrial cleaning agent, "RUMIC®," as a substitute for chlorofluorocarbon which is environment-friendly and safe for humans.

(The photograph shows a free sample for household use.)

Expansion of "Don't-Throw-Away" Campaign (Campaign for Cleaning Up Commuting Routes)

Since 1994, the JEOL Group has been conducting a campaign that we clean up commuting routes from the Company to nearby stations, as well as around the Company on a regular basis.

Participation in Network of Enterprises that Consider the Environment in Akishima City

To exchange environmental information with local companies, we actively participate in the "Network of Enterprises that Consider the Environment in Akishima City," which was set up in April 2005 and which involves Akishima City and enterprises in this city.

Environment - related website

URL http://www.jeol.co.jp/envi/index.htm

In order to present our approach toward environmental issues and to provide various environment-related information, the JEOL Group offers useful, detailed contents through its environment-related website.

CSR

Science Class Support and Science Camp

As part of the commemorative projects for the 60th anniversary of the founding of the JEOL Group, Science Class Support has been continuously conducted since December 2007 in at least ten neighborhood elementary schools.

This special class sees instructors sent from the JEOL Group, and students actually observe plant pollens, etc. using portable scanning electron microscopes.

We hope that more students will become interested in science.

Furthermore, since March 2004, the JEOL Group has been carrying out training camp-type learning activities ("Science Camp") sponsored by the Japan Science and Technology Agency, which is an independent administrative corporation. In these camps, learning is performed using JEOL Group's cutting-edge devices under the subject of "Observing the Nanometer World by Electrons."

Kazato Research Foundation

In commemoration of the 20th anniversary of the founding of the Company, the Kazato Research Foundation was founded in 1969 by a donation from Mr. Kenji Kazato, the founder, for the purpose of promoting research and development of electron microscopes and related equipment, as well as research using electron microscopes and related equipment (in the fields of medical science, biology, material study, nanotechnologies, etc.).

Worldwide Network

With overseas branch offices based in more than 30 countries all over the world including America, Europe, Oceania, and Asia, we have established local sales systems and the best possible service systems. In particular, JEOL USA, INC. has built a sales and service network covering wide areas throughout North and South America since it was established in Boston in 1962. Also in Europe, JEOL has established service support systems using local companies, with a large number of units of JEOL products delivered to date, since its first overseas delivery to France (in 1956). Local offices in Europe were established earlier, starting with one in France (1964) followed by Britain, the Netherlands, Sweden, Italy, and Germany.

Furthermore, carefully worked-out measures are taken in emerging markets including those of BRICs, which are continuing to grow.

Domestic

Corporate name	Production	Development & Design	Service	Training & Others
JEOL TECHNICS LTD.	●	●		
JEOL FINETECH CO., LTD.	●	●		
JEOL SYSTEM TECHNOLOGY CO., LTD.		●		
JEOL ENGINEERING CO., LTD.	●	●		
JEOL TECHNOSERVICE CO., LTD.				●
YAMAGATA CREATIVE CO., LTD.	●			
Advanced Capacitor Technologies, Inc.		●		
○DATUM INSTRUMENTS INC.			●	

Notes: No mark: Consolidated subsidiaries.
○: Unconsolidated subsidiary to which the equity method is applied.
＊: The Company acquired JEOL DATUM LTD. and JEOL ACTIVE CO., LTD. as of July 1, 2009.

Overseas

Corporate name	Location	Foundation	Capital	Equity ratio
JEOL USA, INC.	USA	1962	US$ 15,060 thousand	100%
JEOL (EUROPE) SAS	France	1964	EUR 720 thousand	100%
JEOL (U.K.) LTD.	U.K.	1968	Stg. £ 400 thousand	100%
JEOL (EUROPE) B.V.	the Netherlands	1973	EUR 1,472 thousand	100%
JEOL (SKANDINAVISKA) A.B.	Sweden	1973	S.Kr 3,160 thousand	100%
JEOL (GERMANY) GmbH	Germany	1997	EUR 511 thousand	100%
JEOL (ITALIA) S.p.A.	Italy	1984	EUR 300 thousand	100%
JEOL ASIA PTE. LTD.	Singapore	1995	S.$ 350 thousand	100%
JEOL TAIWAN SEMICONDUCTORS LTD.	Taiwan	1999	NT$ 7,000 thousand	100%
○JEOL (AUSTRALASIA) PTY. LTD.	Australia	1968	A.$ 500 thousand	(JEOL ASIA 100%) —
○JEOL DE MEXICO S.A. DE C.V.	Mexico	1991	MXP 650 thousand	(JEOL USA 100%) —
○JEOL CANADA, INC.	Canada	1993	C.$ 100 thousand	(JEOL USA 100%) —
○JEOL (MALAYSIA) SDN BHD	Malaysia	1995	RM 300 thousand	(JEOL ASIA 100%) —
○Beijing Creative Technology Co., Ltd.	China	2002	Yuan 4,800 thousand	93.9%
○JEOL Shanghai Semiconductors	China	2006	US$ 200 thousand	(JEOL TAIWAN SEMICONDUCTORS LTD. 100%) —
○JEOL DATUM Shanghai Co., Ltd.	China	2007	US$ 200 thousand	100%
●JEOL KOREA LTD.	Korea	1994	Won 600,000 thousand	40%

Notes: No mark: Consolidated subsidiaries.
○: Unconsolidated subsidiaries to which the equity method is applied.
●: Associated company to which the equity method is applied.

Board of Directors, Corporate Auditors and Corporate Officers

(As of June 26, 2009)

President and Representative Director

Gon-emon Kurihara

Executive Vice President and Representative Directors

Hideaki Hirano

Director and Chief Executive Officer

Masashi Iwatsuki

Director and Executive Officers

Masaki Saito

Masayuki Tajimi

Youichi Shibuki

Yoshihiro Sawada

Director and Corporate Officer

Koichi Fukuyama

Standing Corporate Auditors

Reisuke Izumiyama

Mitsuo Kaneko

Corporate Auditors

Hidetake Horikiri

Yoshiaki Ueda

Senior Executive Officers

Yasunobu Suenaga

Kazuyoshi Yasutake

Executive Officers

Norimasa Ishida

Mikio Naruse

Kazufumi Adachi

Shin-ichi Watanabe

Hideyuki Nimura

Corporate Officers

Hirofumi Kusano

Keiji Ota

Kunio Kamide

Toshihito Suzuki

Wataru Wakamiya

Tsutomu Morita

Yasutoshi Nakagawa

Yasuho Toyoda

Note: Mr. Hidetake Horikiri and Mr. Yoshiaki Ueda are external corporate auditors of the Company.

Five-year Summary

JEOL Ltd. and consolidated subsidiaries, for the years ended March 31, 2009, 2008, 2007, 2006, and 2005.

For the year (Millions of yen):	2009	2008	2007	2006	2005
Net sales	**83,872**	93,889	101,776	93,291	85,914
Scientific instrument	**35,803**	39,090	64,364	58,502	60,083
Industrial equipment	**48,069**	54,799	37,412	34,789	25,831
Selling, general and administrative expenses	**27,529**	29,372	28,755	26,912	25,205
Operating (loss) income	**(2,794)**	2,154	5,313	2,013	1,985
Ordinary (loss) profit	**(2,734)**	1,952	5,183	1,913	1,629
Net (loss) income	**(1,928)**	113	2,816	1,289	1,245
Capital expenditures	**3,527**	6,118	3,092	3,192	3,775
Scientific instrument	**1,333**	1,911	1,698	1,514	1,485
Industrial equipment	**2,104**	4,191	1,379	1,671	2,207
Eliminations/Corporate	**90**	16	15	7	83
Depreciation expense	**3,642**	2,923	2,672	2,583	2,622
Research and development costs	**5,644**	6,486	5,984	5,223	4,436
Scientific instrument	**2,477**	2,809	3,830	3,641	3,416
Industrial equipment	**3,167**	3,677	2,154	1,582	1,020
At year-end (Millions of yen):					
Total assets	**104,582**	106,322	111,195	103,940	95,211
Total equity	**24,471**	29,696	32,684	29,752	27,077
Per share data (yen):					
Net (loss) income	**(24.63)**	1.42	35.50	16.25	16.24
Total equity	**311.93**	377.78	409.19	375.14	341.39
Cash dividends	**4.00**	7.50	10.00	5.00	5.00
Value indicators (%):					
Return on equity <ROE>	**(7.1)**	0.4	9.1	4.5	4.8
Return on assets <ROA>	**(1.8)**	0.1	2.6	1.3	1.3

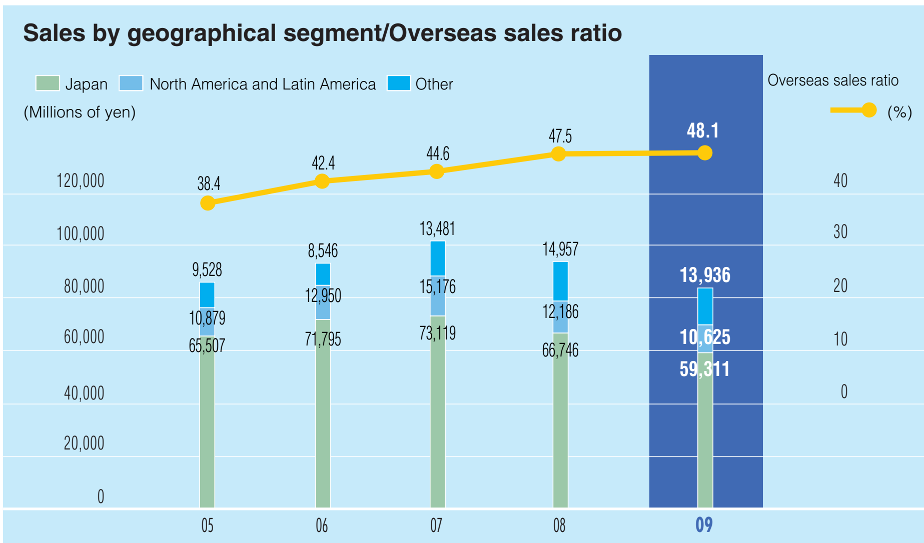
(Information by business segment)
The JEOL Group conducts business in the two segments of Scientific Instrument and Industrial Equipment.

Overview of the fiscal year ended March 2009

In this consolidated fiscal year, Japan's economy remained severe, including the deterioration of corporate profits, the downturn in capital investments, and the decrease in consumer spending caused by the influence of the worldwide financial crisis triggered by the subprime loan meltdown in the United States. Furthermore, as regards overseas, the financial crisis in the United States spread to Europe, and the deceleration of economies came into focus throughout the rest of the world, including in newly emerging countries.

Under such circumstances, the JEOL Group focused on technology, production, and sales/service strategies as the basic policy for its medium-term management plan "ACTION 60" (FY 2007 to FY 2009), thereby raising its corporate value and strengthening the management structure, while working to win orders and sales.

As a result, the Company posted consolidated net sales of ¥83,872 million (down 10.7% from ¥93,889 million in the previous fiscal year), operating loss of ¥2,794 million (compared with operating income of ¥2,154 million in the previous fiscal year), ordinary loss of ¥2,734 million (compared with ordinary profit of ¥1,952 million in the previous fiscal year), and net loss of ¥1,928 million (compared with net income of ¥113 million in the previous fiscal year).



Note: The primary countries and regions included in geographic classifications outside Japan are as follows:
- North America and Latin America: U.S.A., Canada and Mexico
- Other: Europe, Asia and Australia

Segment Information

(Information by business segment)

1. Scientific Instrument

As for Electron optics instruments such as Transmission electron microscopes, we met demand in a broad range of fields, including research and development in cutting-edge areas, materials development, basic research in medicine and biology, and quality control. We won orders in quantities comparable to the previous fiscal year, but sales decreased.

As regards Analytical instruments, efforts were made to secure the market share, but sales decreased due to the severe market environment. As a result, net sales amounted to ¥35,803 million (down 8.4% year-on-year).

2. Industrial Equipment

As regards Meteorology inspection equipment including Scanning electron microscopes, the sales of Field emission scanning electron microscopes and General purpose scanning electron microscopes decreased under the influence of the economic recession.

In the case of Electron beam lithography systems and Medical equipment, sales in amounts comparable to the previous year were secured. However, the sales of Electron beam sources and Power supplies for optical thin films and coating products decreased as a result of the economic recession.

Accordingly, net sales amounted to ¥48,069 million (down 12.3% year-on-year).

[Main Products]

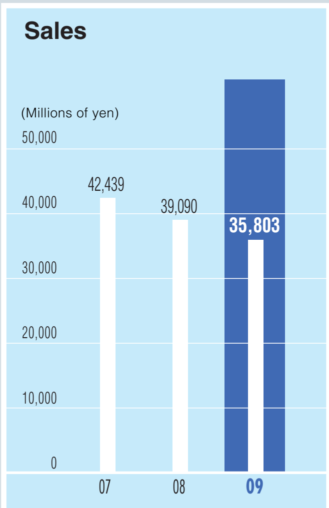
Scientific Instrument

<Electron Optics Instruments>

Transmission electron microscopes (TEM), Energy filter electron microscopes, Electron probe microanalyzers, Auger microprobes, Photoelectron spectrometers (XPS), Peripheral equipment

<Analytical Instruments>

NMR spectrometers, ESR spectrometers, Mass spectrometers, Time-of-flight mass spectrometers, Gas chromatograph mass spectrometers, Liquid chromatograph mass spectrometers, Portable gas chromatographs, Gas monitor analyzers



(Information by geographical area)

1. Japan

As for Scientific instruments, sales of Electron optics instruments and Analytical instruments decreased.

As regards Industrial equipment, sales in amounts comparable to the previous year were secured for Electron beam lithography systems and Medical equipment. However, sales of Meteorology inspection equipment including Scanning electron microscopes, as well as of Electron beam sources and Power supplies for optical thin films and coating products, decreased.

As a result, sales in Japan amounted to ¥59,311 million (down 11.1% year-on-year).

2. North America and Latin America

Efforts were made to secure sales with priority given to Electron microscopes. However, sales remained low mainly due to the drastic progress of the appreciation of the yen.

As a result, sales in those regions amounted to ¥10,625 million (down 12.8% year-on-year).

3. Others

In the Southeast Asian and European regions, sales comparable to those in the previous year were secured mainly for Electron microscopes.

As a result, net sales amounted to ¥13,936 million (down 6.8% year-on-year).

[Main Products]

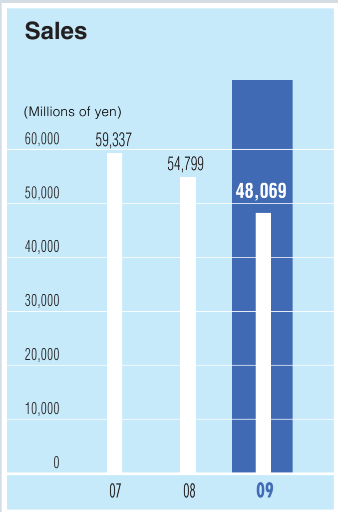
Industrial Equipment

<Metrology Inspection Equipment>
Scanning electron microscopes (SEM), Analytical scanning electron microscopes, Scanning probe microscopes, Peripheral equipment, Multibeam system, Focused ion beam system, Cross section polisher, Ion slicer, Wafer process monitors (review SEM), Mask observation scanning microscope, Semiconductor failure analysis systems, Energy-dispersive X-rays fluorescence spectrometers, Handheld X-rays fluorescence spectrometer

<Semiconductor Equipment>
Electron beam lithography systems (variable-shaped electron beam), Electron beam lithography systems (spot beam lithography system)

<Industrial Equipment>
Electron beam evaporation source and power supplies, High-power electron beam source and power supplies, Built-in plasma source and power supplies, RF generators, RF induction thermall plasma system

<Medical Equipment>
Clinical biochemistry analyzers, Laboratory automation systems, Laboratory information systems, Amino acid analyzers



Operating Income and Net Income

The gross profit on sales amounted to be ¥24,735 million, down 21.5% from the previous year, due to reasons such as the decrease in sales, the influence of the appreciation of the yen, and the downturn in market prices.

R&D costs came to ¥5,644 million (down 13.0% year-on-year), which is equivalent to 6.7% of net sales, as a result of stringent selection in our R&D activities. Selling, general and administrative expenses, other than R&D costs, turned out to be ¥21,884 million, down 4.4%, as a consequence of the efforts made by the entire Group to reduce expenses. However, due to the great influence of the deterioration of gross profit on sales, operating loss amounted to ¥2,794 million, down ¥4,948 million. Loss before income taxes was ¥3,063 million, down ¥4,711 million. Net loss in the fiscal year under review came to ¥1,928 million, down ¥2,041 million. As a result, net loss per share in the fiscal year under review stood at ¥24.63.

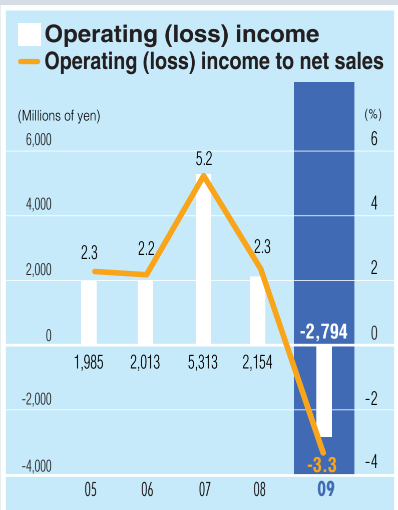
Financial Position

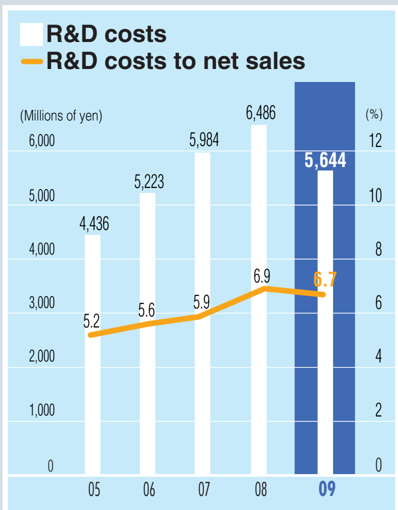
Total assets at the end of the fiscal year in review amounted to ¥104,582 million, down ¥1,739 million from the previous year.

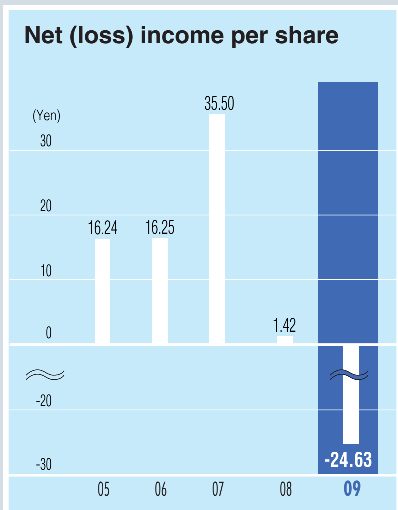
Cash Flows

Cash flows from operating activities decreased to ¥2,643 million, for the following main reasons: inventories increased although receivables decreased; payables decreased; and income taxes were paid.

Cash flows from investing activities decreased to ¥4,481 million, due primarily to payment for purchases of property, plant and equipment.







Cash flows from financial activities increased to ¥7,669 million, due mainly to bank loans, financing through bond issuance and payment of dividends.

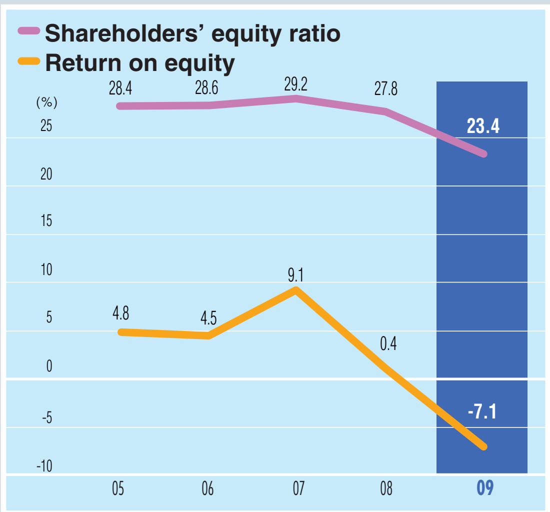
Outlook for the Current Fiscal Year

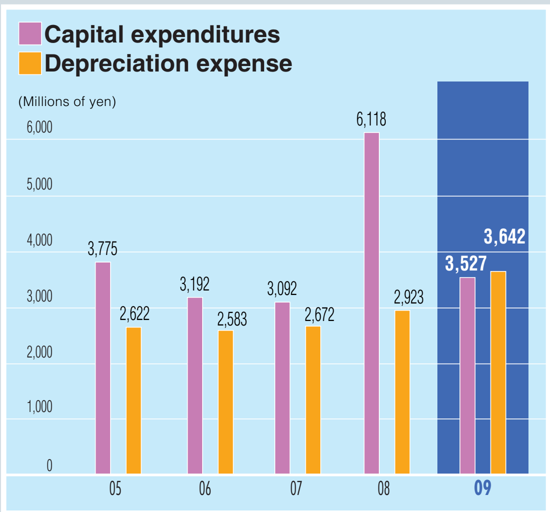
As for the future outlook, economic priming measures centering on huge public spending are expected to achieve certain effects. However, future prospects are murky, and it is anticipated that the situation will continue in which we cannot afford to be optimistic.

Under such circumstances, the JEOL Group is carrying out the following, among others, as business structural reforms: reduction in labor costs and general expenses; and stringent selection of capital investments and R&D. Thus efforts are made to continuously and drastically re-examine cost structures.

Furthermore, the measures in the medium-term management plan "ACTION 60" will be strongly promoted, thereby resulting in not only winning orders and sales but also securely performing cost improvements. Thus efforts will be made to enhance corporate value.

As for the estimation of consolidated performance for the fiscal year ending March 2010, we expect to post net sales of ¥82,000 million (down 2.2% year-on-year), operating income of ¥800 million (compared with operating loss of ¥2,794 million in the previous year), ordinary profit of ¥800 million (compared with ordinary loss of ¥2,734 million in the previous year), and net income of ¥300 million (compared with the net loss of ¥1,928 million in the previous year).





Consolidated Balance Sheets

JEOL Ltd. and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2009**	2008	**2009**
CURRENT ASSETS:			
Cash and cash equivalents	¥ 9,038	¥ 9,164	$ 92,034
Time deposits	206	107	2,099
Receivables:			
Trade notes	1,318	1,748	13,425
Trade accounts	18,839	22,176	191,843
Unconsolidated subsidiaries and associated companies	783	820	7,973
Other	553	482	5,635
Allowance for doubtful receivables	(259)	(154)	(2,634)
Inventories (Note 4)	40,079	37,828	408,135
Deferred tax assets (Note 8)	2,463	2,401	25,083
Prepaid expenses and other current assets	1,428	1,695	14,534
Total current assets	74,448	76,267	758,127
PROPERTY, PLANT AND EQUIPMENT (Note 5)**:**			
Land	1,498	1,445	15,255
Buildings and structures	19,117	18,989	194,674
Machinery and equipment	3,593	3,732	36,592
Tools, furniture and fixtures	17,916	15,962	182,440
Lease assets	167		1,701
Construction in progress	879	775	8,953
Total	43,170	40,903	439,615
Accumulated depreciation	(27,844)	(25,164)	(283,540)
Net property, plant and equipment	15,326	15,739	156,075
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 5)	5,136	7,441	52,298
Investments in and advances to unconsolidated subsidiaries and associated companies	1,353	1,553	13,776
Software	215	307	2,188
Deferred tax assets (Note 8)	5,350	2,393	54,480
Other assets	2,754	2,622	28,049
Total investments and other assets	14,808	14,316	150,791
TOTAL	¥ 104,582	¥ 106,322	$1,064,993

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	¥ 21,091	¥ 15,800	$ 214,772
Current portion of long-term bank loans (Note 5)	2,960	1,960	30,146
Current portion of bonds (Note 5)	1,281	460	13,045
Current portion of convertible bonds (Note 5)	4,588		46,721
Current portion of long-term lease obligations (Note 5)	36		363
Payables:			
Trade notes	10,796	12,327	109,935
Trade accounts	6,023	6,888	61,338
Unconsolidated subsidiaries and associated companies	54	166	547
Other	1,152	1,549	11,735
Income taxes payable	444	750	4,523
Advances received	5,790	5,881	58,965
Accrued bonuses to employees	835	1,159	8,506
Other current liabilities (Notes 5 and 8)	4,653	5,654	47,377
Total current liabilities	59,703	52,594	607,973
LONG-TERM LIABILITIES:			
Bonds (Note 5)	7,019	4,510	71,472
Convertible bonds (Note 5)		6,000	
Long-term bank loans (Note 5)	5,961	5,999	60,700
Long-term lease obligations (Note 5)	145		1,481
Liability for employees' retirement benefits (Note 6)	6,105	6,374	62,164
Retirement allowances for directors, executive officers and corporate auditors (Note 6)	855	689	8,707
Other long-term liabilities (Notes 5 and 8)	323	460	3,302
Total long-term liabilities	20,408	24,032	207,826
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11, 12 and 13)			
EQUITY (Notes 7 and 15):			
Common stock—authorized, 200,000,000 shares; issued, 79,365,600 shares in 2009 and 2008	6,740	6,740	68,635
Capital surplus	6,346	6,346	64,628
Retained earnings	13,570	15,895	138,188
Unrealized gain on available-for-sale securities	335	2,030	3,410
Deferred (loss) gain on derivatives under hedge accounting	(88)	142	(901)
Foreign currency translation adjustments	(1,949)	(1,043)	(19,845)
Treasury stock—at cost, 1,068,989 shares in 2009 and 1,062,355 shares in 2008	(531)	(528)	(5,406)
Total	24,423	29,582	248,709
Minority interests	48	114	485
Total equity	24,471	29,696	249,194
TOTAL	¥ 104,582	¥ 106,322	$1,064,993

Consolidated Statements of Operations

JEOL Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
NET SALES (Note 10)	¥ 83,872	¥ 93,889	$ 854,096
COST OF SALES (Note 10)	59,137	62,363	602,216
Gross profit	24,735	31,526	251,880
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 9 and 10)	27,529	29,372	280,330
Operating (loss) income	(2,794)	2,154	(28,450)
OTHER INCOME (EXPENSES):			
Interest and dividend income	226	362	2,297
Revenue from acceptance of research and development services	276	498	2,814
Insurance claim receipt	134	44	1,364
Interest expense	(556)	(479)	(5,659)
Foreign exchange gain (loss)—net	438	(244)	4,460
Charge for sales of trade receivables	(342)	(427)	(3,487)
Loss on disposals of inventories	(124)	(53)	(1,259)
Loss on sales and disposals of property, plant and equipment—net	(23)	(36)	(230)
Gain on sales of investment securities		34	
Loss on sales of investments in associated company		(101)	
Loss on write-down of investment securities	(265)	(39)	(2,702)
Equity in earnings of unconsolidated subsidiaries and associated companies	72	80	728
Settlement of patent		(140)	
Other—net	(105)	(5)	(1,066)
Other expenses—net	(269)	(506)	(2,740)
(LOSS) INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	(3,063)	1,648	(31,190)
INCOME TAXES (Note 8):			
Current	815	1,331	8,298
Deferred	(1,888)	278	(19,223)
Total income taxes	(1,073)	1,609	(10,925)
MINORITY INTERESTS IN NET LOSS	62	74	627
NET (LOSS) INCOME	¥ (1,928)	¥ 113	$ (19,638)

	Yen		U.S. Dollars
	2009	2008	2009
PER SHARE OF COMMON STOCK (Notes 2.p and 14):			
Basic net (loss) income	¥ (24.63)	¥ 1.42	$ (0.25)
Diluted net income		1.28	
Cash dividends applicable to the year	4.00	7.50	0.04

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

JEOL Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Thousands	Millions of Yen									
	Number of Shares of Common Stock Issued	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2007	79,366	¥6,740	¥6,346	¥16,786	¥3,127	¥ (1)	¥ (506)	¥ (41)	¥32,451	¥233	¥32,684
Net income				113					113		113
Cash dividends paid:											
For prior year end, ¥6.5 per share				(515)					(515)		(515)
For current year interim, ¥5.0 per share				(397)					(397)		(397)
Treatment of the foreign consolidated subsidiary's liability for employees' retirement benefits				(92)					(92)		(92)
Purchase of treasury stock								(487)	(487)		(487)
Net change in the year					(1,097)	143	(537)		(1,491)	(119)	(1,610)
BALANCE, MARCH 31, 2008	79,366	6,740	6,346	15,895	2,030	142	(1,043)	(528)	29,582	114	29,696
Adjustment of retained earnings due to the adoption of PITF No. 18 (Note 2.b)				(5)					(5)		(5)
Net loss				(1,928)					(1,928)		(1,928)
Cash dividends paid:											
For prior year end, ¥2.5 per share				(196)					(196)		(196)
For current year interim, ¥2.5 per share				(196)					(196)		(196)
Purchase of treasury stock								(3)	(3)		(3)
Net change in the year					(1,695)	(230)	(906)		(2,831)	(66)	(2,897)
BALANCE, MARCH 31, 2009	79,366	¥6,740	¥6,346	¥13,570	¥ 335	¥(88)	¥(1,949)	¥(531)	¥24,423	¥ 48	¥24,471

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2008	$68,635	$64,628	$161,864	$20,674	$1,446	$(10,622)	$(5,385)	$301,240	$1,158	$302,398
Adjustment of retained earnings due to the adoption of PITF No. 18 (Note 2.b)			(50)					(50)		(50)
Net loss			(19,638)					(19,638)		(19,638)
Cash dividends paid:										
For prior year end, $0.02 per share			(1,994)					(1,994)		(1,994)
For current year interim, $0.02 per share			(1,994)					(1,994)		(1,994)
Purchase of treasury stock							(21)	(21)		(21)
Net change in the year				(17,264)	(2,347)	(9,223)		(28,834)	(673)	(29,507)
BALANCE, MARCH 31, 2009	$68,635	$64,628	$138,188	$ 3,410	$ (901)	$(19,845)	$(5,406)	$248,709	$ 485	$249,194

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

JEOL Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
OPERATING ACTIVITIES:			
(Loss) income before income taxes and minority interests	**¥ (3,063)**	¥ 1,648	**$ (31,190)**
Adjustments for:			
Income taxes—paid	**(1,015)**	(2,749)	**(10,336)**
Depreciation and amortization	**3,642**	2,923	**37,085**
Loss on sales and disposals of property, plant and equipment—net	**23**	36	**230**
Loss on write-down of investment securities	**265**	39	**2,702**
Equity in earnings of unconsolidated subsidiaries and associated companies	**(72)**	(80)	**(728)**
Changes in assets and liabilities:			
Decrease in trade notes and accounts receivable	**2,933**	1,297	**29,871**
Increase in inventories	**(4,236)**	(2,816)	**(43,132)**
Decrease in trade notes and accounts payable	**(1,367)**	(1,003)	**(13,925)**
Increase (decrease) in advances received	**484**	(404)	**4,926**
Decrease in provision for accrued bonuses to employees	**(313)**	(318)	**(3,185)**
Decrease in liability for employees' retirement benefits	**(221)**	(158)	**(2,248)**
Increase in retirement allowances for directors, executive officers and corporate auditors	**166**	81	**1,690**
Other—net	**131**	113	**1,330**
Total adjustments	**420**	(3,039)	**4,280**
Net cash used in operating activities	**(2,643)**	(1,391)	**(26,910)**
INVESTING ACTIVITIES:			
(Increase) decrease in time deposits—net	**(123)**	263	**(1,255)**
Payment for purchases of investment securities	**(609)**	(572)	**(6,200)**
Proceeds from sales of investment securities		52	
Proceeds from sales of property, plant and equipment	**36**	12	**371**
Payment for purchases of property, plant and equipment	**(3,307)**	(3,953)	**(33,680)**
Payment for purchases of intangible assets	**(224)**	(351)	**(2,285)**
Other—net	**(254)**	(821)	**(2,581)**
Net cash used in investing activities	**(4,481)**	(5,370)	**(45,630)**
FINANCING ACTIVITIES:			
Increase in short-term bank loans—net	**5,291**	2,467	**53,876**
Proceeds from long-term bank loans	**3,000**	1,126	**30,550**
Repayments of long-term bank loans	**(2,037)**	(2,115)	**(20,739)**
Proceeds from bonds issuance	**3,962**	3,720	**40,348**
Payment for redemption of bonds	**(721)**	(2,330)	**(7,337)**
Payment for redemption of convertible bonds	**(1,412)**		**(14,379)**
Payment for acquisition of treasury stock		(485)	
Cash dividends paid	**(393)**	(910)	**(4,006)**
Other—net	**(21)**	(18)	**(222)**
Net cash provided by financing activities	**7,669**	1,455	**78,091**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(671)**	(622)	**(6,836)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(126)**	(5,928)	**(1,285)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**9,164**	15,092	**93,319**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 9,038**	¥ 9,164	**$ 92,034**

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which JEOL Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.2 to $1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidation*—The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 18 significant subsidiaries (together, the "Companies"). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Investments in 8 (7 in 2008) unconsolidated subsidiaries and 2 associated companies are accounted for by the equity method.

Goodwill represents the excess of the fair value of the net assets of the acquired subsidiaries at the date of acquisition under their cost. Goodwill is amortized on the straight-line basis over 5 years, with the exception of minor amounts which are charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

b. *Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements*— In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (e) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and (f) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. The Company applied this accounting standard effective April 1, 2008. The effect of this change was immaterial to loss before income taxes and minority interests for the year ended March 31, 2009. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. *Cash Equivalents*—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and certificate of deposits, all of which mature or become due within three months of the date of acquisition.

d. *Inventories*—Prior to April 1, 2008, inventories were stated at mainly cost substantially determined by the moving-average cost method and last purchase price method. In July 2006, the ASBJ issued ASBJ Statement No. 9," Accounting Standard for Measurement of Inventories." This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Company applied the new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to increase loss before income taxes and minority interests for the year ended March 31, 2009 by ¥278 million ($2,839 thousand).

e. *Investment Securities*—All securities are classified as available-for-sale securities and are reported at fair value, with unrealized gain and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. *Property, Plant and Equipment*—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method over the estimated useful lives of the assets, while the straight-line method is principally applied to the property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is from 7 to 65 years for buildings and structures and from 2 to 15 years for tools, furniture and fixtures.

Lease assets are depreciated by the straight-line method over the respective lease period. The useful lives for lease assets are the terms of the respective leases.

g. *Long-lived Assets*—The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. *Software*—Development costs related to software for sale are deferred and amortized in proportion to the actual sales volume of software sold during the current year to the estimated total sales volume. Software development costs for internal use are deferred at cost less accumulated amortization, which is calculated by the straight-line method over the estimated useful lives (5 years).

i. *Retirement and Pension Plans*—Employees of the Company and certain consolidated subsidiaries who retire at or after the age of 60 are entitled to approximately 50% of their benefits in the form of an annuity. The funds for the annuity payments are entrusted to an outside trustee.

Effective April 1, 2000, the Company and consolidated domestic subsidiaries adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

For the transitional obligation of ¥6,981 million in April 2000, the Company contributed certain available-for-sale securities with a fair value of ¥3,601 million to the employees' retirement benefits trust for the Company's non-contributory pension plans, and recognized a non-cash gain of ¥3,201 million. The securities held in this trust are qualified as plan assets. The remaining transitional obligation of ¥3,380 million ($33,733 thousand) is being amortized over 15 years.

Retirement allowances for directors, executive officers and corporate auditors of the Company and its domestic consolidated subsidiaries are recorded to state the liability at the amount that would be required if all directors, executive officers and corporate auditors retired at the balance sheet date.

j. *Research and Development Costs*—Research and development costs are charged to income as incurred.

k. *Leases*—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

This change did not effect loss before income taxes and minority interests for the year ended March 31, 2009. All other leases are accounted for as operating leases.

l. *Income Taxes*—The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

m. *Foreign Currency Transactions*—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts.

n. *Foreign Currency Financial Statements*—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as “Foreign currency translation adjustments” in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

o. *Derivatives and Hedging Activities*—The Companies use derivatives to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency swaps and interest rate swaps are utilized by the Companies to reduce foreign currency exchange and interest rate risks. The Companies do not enter into derivatives for trading or speculative purposes.

Gains or losses on derivatives used for hedging purposes, if qualified for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, are deferred until maturity of the hedged transactions.

Forward contracts and currency swaps applied to forecasted (or committed) transactions are also measured at their fair value, but the unrealized gains/losses are deferred until the underlying transactions are completed.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest expense.

p. *Per Share Information*—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if securities were converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year with an applicable adjustment for related interest expense, net of tax. Diluted net income per share is not disclosed because of the Company’s net loss position in 2009.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Non-current:			
Marketable equity securities	¥5,054	¥7,369	$51,462
Non-marketable securities	82	72	836
Total	¥5,136	¥7,441	$52,298

The carrying amounts and aggregate fair values of investment securities at March 31, 2009 and 2008 were as follows:

	Millions of Yen			
March 31, 2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale equity securities	¥4,514	¥1,536	¥996	¥5,054
March 31, 2008				
Securities classified as available-for-sale equity securities	4,181	3,678	490	7,369

	Thousands of U.S. Dollars			
March 31, 2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale equity securities	$45,966	$15,645	$10,149	$51,462

Available-for-sale securities whose fair value was not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale—Equity securities	¥82	¥72	$836
Total	¥82	¥72	$836

4. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finished products	¥18,254	¥15,906	$185,890
Work in process	18,641	15,601	189,823
Raw materials and supplies	3,184	6,321	32,422
Total	¥40,079	¥37,828	$408,135

5. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2009 and 2008 consisted of notes to banks and bank overdrafts. The weighted average annual interest rates for the short-term bank loans as of March 31, 2009 and 2008 were 2.4% and 3.5%, respectively.

Long-term debt at March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Unsecured 1.42% yen bonds, due 2011	¥ 500	¥ 500	$ 5,092
Unsecured 1.36% yen bonds, due 2012	600	800	6,110
Unsecured 1.40% yen bonds, due 2012	700	900	7,128
Unsecured 1.50% yen bonds, due 2012	500	500	5,092
Unsecured 1.24% yen bonds, due 2012	210	270	2,139
Unsecured 1.29% yen bonds, due 2013	2,000	2,000	20,367
Unsecured 1.35% yen bonds, due 2013	1,800		18,330
Unsecured 1.11% yen bonds, due 2013	490		4,985
Unsecured 1.07% yen bonds, due 2014	1,000		10,183
Unsecured 1.35% yen bonds, due 2014	500		5,092
Unsecured zero coupon yen convertible bonds, due 2009	4,588	6,000	46,721
Loans from banks and insurance companies, due serially to 2014 with interest rates ranging from 1.20% to 6.09%(2009 and 2008):			
Collateralized	3,420	3,230	34,827
Unsecured	5,501	4,730	56,018
Lease obligations	181	2	1,844
Total	21,990	18,932	223,928
Less current portion	(8,865)	(2,423)	(90,275)
Long-term debt, less current portion	¥13,125	¥16,509	$133,653

The unsecured zero coupon yen convertible bonds, due 2009 are convertible into common stock on or after August 8, 2005 and up to including July 10, 2009. Unsecured zero coupon yen convertible bonds outstanding at March 31, 2009 were convertible into 7,004,580 shares of common stock of the Company. The conversion price was ¥655 per share at March 31, 2009. The conversion price of the unsecured zero coupon yen convertible bonds is subject to adjustments to reflect stock splits and certain other events. Under certain conditions, the unsecured zero coupon yen convertible bonds may be redeemed prior to maturity in whole at the option of the Company at prices ranging from 100% to 104% of the principal amount.

The Company must maintain net assets in excess of ¥13,813 million ($140,662 thousand) as of every year-end and interim closing dates. As of March 31, 2009, the Company was in compliance with this requirement.

Annual maturities of long-term debt, excluding finance leases (see Note 11), as of March 31, 2009 for the next five years were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 8,829	$ 89,911
2011	2,742	27,920
2012	4,901	49,909
2013	4,006	40,795
2014	1,331	13,549
Total	¥21,809	$222,084

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥6,638 million ($67,597 thousand), current portion of long-term bank loans of ¥230 million ($2,342 thousand), long-term bank loans of ¥3,190 million ($32,485 thousand) and deposit received accounts which were included in other current liabilities of ¥59 million ($599 thousand) and included in other long-term liabilities of ¥155 million ($1,576 thousand) at March 31, 2009, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 632	$ 6,431
Buildings and structures —net of accumulated depreciation	3,587	36,527
Machinery and equipment —net of accumulated depreciation	4	40
Investment securities	2,926	29,798
Total	¥7,149	$72,796

In addition to the above loan balances, in order to raise liquidity, the Company entered into a committed loan facility agreement, aggregated amount of ¥9,000 million ($91,650 thousand), with a syndicate of six Japanese banks, arranged by The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Provisions to the loan facility agreement require the Company to maintain its current net assets at a minimum of 75% of the higher of its net assets of previous fiscal year or of March 31, 2008 or the higher of its net assets of previous interim periods or of March 31, 2008.

6. RETIREMENT AND PENSION PLANS

The Company and its certain consolidated subsidiaries have severance payment plans for employees, directors, executive officers and corporate auditors. The certain consolidated foreign subsidiaries also have pension plans.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payment from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥(16,592)	¥(17,684)	$(168,962)
Fair value of plan assets	5,873	8,534	59,811
Unrecognized actuarial loss	4,053	2,495	41,276
Unrecognized transitional obligation	1,347	1,587	13,717
Unrecognized prior service cost	69	8	698
Benefits paid	(855)	(1,314)	(8,704)
Net liability	¥ (6,105)	¥ (6,374)	$ (62,164)

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost	¥ 995	¥1,036	$10,137
Interest cost	350	370	3,560
Expected return on plan assets	(228)	(329)	(2,322)
Recognized actuarial loss	405	280	4,125
Amortization of transitional obligation	240	250	2,442
Amortization of prior service cost	7	2	68
Net periodic retirement benefit costs	¥1,769	¥1,609	$18,010

The above service cost does not include additional retirement payments of ¥215 million ($2,188 thousand) and ¥197 million for the years ended March 31, 2009 and 2008, respectively.

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.0%	4.0%
Recognition period of actuarial gain/loss	12 years	12 years
Amortization period of transitional obligation	15 years	15 years

Retirement allowances for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Companies Act of Japan (the "Companies Act").

7. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets—Current:			
Accrued bonuses to employees	¥ 325	¥ 459	$ 3,311
Research and development cost	585	474	5,960
Accrued enterprise taxes	26	18	262
Unrealized intercompany profits of inventories	226	271	2,297
Loss on write-down of inventories	702	583	7,149
Tax loss carryforwards	246	386	2,510
Other	539	492	5,487
Less valuation allowance	(5)	(2)	(54)
Total	2,644	2,681	26,922
Deferred tax liabilities—Current	(181)	(280)	(1,839)
Net deferred tax assets—Current	¥2,463	¥ 2,401	$25,083
Deferred tax assets—Non-current:			
Amortization of software	¥1,058	¥ 1,017	$10,777
Loss on write-down of investment securities	263	279	2,682
Liability for employees' retirement benefits	2,310	2,218	23,527
Retirement allowances for directors, executive officers and corporate auditors	349	282	3,556
Tax loss carryforwards	2,108	323	21,466
Other	421	385	4,268
Less valuation allowance	(711)	(592)	(7,237)
Total	5,798	3,912	59,039
Deferred tax liabilities—Non-current	(448)	(1,519)	(4,559)
Net deferred tax assets—Non-current	¥5,350	¥ 2,393	$54,480
Deferred tax liabilities—Current:			
Advances received	¥ (53)	¥ (52)	$ (537)
Other	(131)	(233)	(1,334)
Total	(184)	(285)	(1,871)
Deferred tax assets—Current	181	280	1,839
Net deferred tax liabilities—Current	¥ (3)	¥ (5)	$ (32)
Deferred tax liabilities—Non-current:			
Unrealized gain on available-for-sale securities	¥ (205)	¥(1,158)	$ (2,085)
Undistributed earnings of associated companies	(166)	(278)	(1,690)
Other	(126)	(144)	(1,276)
Total	(497)	(1,580)	(5,051)
Deferred tax assets—Non-current	448	1,519	4,559
Net deferred tax liabilities—Non-current	¥ (49)	¥ (61)	$ (492)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2009 and 2008 is as follows:

	2009	2008
Normal effective statutory tax rate	40.7%	40.7%
Expenses not deductible for income tax purposes	(4.0)	8.5
Capitation of local inhabitant tax	(0.9)	1.6
Unrealized inter company profits	2.7	26.6
Difference in tax rates of foreign subsidiaries	3.7	6.8
Less valuation allowance	(3.8)	7.4
Other—net	(3.4)	6.0
Actual effective tax rate	35.0%	97.6%

At March 31, 2009, the Company and its certain subsidiaries have tax loss carryforwards aggregating approximately ¥5,788 million ($58,939 thousand) which are available to be offset against taxable income in future years.

The tax loss carryforwards, if not utilized, will expire in years ending in 2012 and thereafter.

9. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,644 million ($57,475 thousand) and ¥6,486 million for the years ended March 31, 2009 and 2008, respectively.

10. RELATED PARTY DISCLOSURES

Transactions of the Companies with unconsolidated subsidiaries and associated companies for the years ended March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Sales	¥2,740	¥2,726	$27,902
Purchases	171	225	1,741
Selling, general and administrative expenses	169	202	1,721

11. LEASES

The Companies lease certain machinery, computer equipment, office space and other assets.

Total rental expenses, primarily for lease agreements for office space which were cancelable at the option of the Company or upon expiration, for the years ended March 31, 2009 and 2008, were ¥1,805 million ($18,377 thousand) and ¥1,839 million, respectively, including ¥163 million ($1,664 thousand) and ¥268 million of lease payments under finance leases.

Annual maturities of long-term lease obligations, as of March 31, 2009 for the next six years were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 36	$ 363
2011	36	364
2012	36	364
2013	27	282
2014	15	154
2015	31	317
Total	¥181	$1,844

As discussed in Note 2.k, the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 was as follows:

Year Ended March 31, 2009

	Millions of Yen				
	Buildings and Structures	Machinery and Equipment	Tools, Furniture and Fixtures	Software	Total
Acquisition cost	¥7	¥80	¥279	¥214	¥580
Accumulated depreciation	6	26	205	162	399
Net leased property	¥1	¥54	¥ 74	¥ 52	¥181

	Thousands of U.S. Dollars				
	Buildings and Structures	Machinery and Equipment	Tools, Furniture and Fixtures	Software	Total
Acquisition cost	$69	$820	$2,836	$2,183	$5,908
Accumulated depreciation	60	267	2,087	1,650	4,064
Net leased property	$ 9	$553	$ 749	$ 533	$1,844

Year Ended March 31, 2008

	Millions of Yen				
	Buildings and Structures	Machinery and Equipment	Tools, Furniture and Fixtures	Software	Total
Acquisition cost	¥7	¥84	¥672	¥393	¥1,156
Accumulated depreciation	5	24	475	292	796
Net leased property	¥2	¥60	¥197	¥101	¥ 360

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥105	¥142	$1,069
Due after one year	191	270	1,942
Total	¥296	¥412	$3,011

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Depreciation expense	¥121	¥191	$1,235
Interest expense	16	18	159
Total	¥137	¥209	$1,394

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of operations, were computed by the declining-balance method and the interest method, respectively.

No loss on impairment of leased assets was recorded for the years ended March 31, 2009 and 2008.

The minimum rental commitments under noncancelable operating leases at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥320	¥191	$3,258
Due after one year	554	200	5,641
Total	¥874	¥391	$8,899

12. DERIVATIVES

The Companies enter into derivatives, including foreign currency forward contracts and currency swaps, to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Companies also enter into interest rate swap agreements as a means of managing their interest rate exposure.

It is the Companies' policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities. The Companies do not hold or issue derivatives for trading purposes.

Derivatives are subject to market risk. Market risk is the exposure created by potential fluctuations in market conditions, including foreign exchange rates and interest rates. Because the counterparties to those derivatives are limited to major international financial institutions, the Companies do not anticipate any losses arising from credit risk.

The basic policies for the use of derivatives are approved by the Board of Directors and the execution and control of derivatives are controlled by the Financial Department.

Foreign currency forward contracts, interest rate swaps and currency swaps which qualified for hedge accounting for the years ended March 31, 2009 and 2008 are excluded from the disclosure of market value information.

13. CONTINGENT LIABILITIES

At March 31, 2009, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥5,119	$52,124
Guarantees of advance received of unconsolidated subsidiary	129	1,315

14. NET (LOSS) INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009 and 2008 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2009	Net (Loss) Income	Weighted-average Shares	EPS	
Basic EPS—Net loss available to common shareholders	¥(1,928)	78,300	¥(24.63)	$(0.25)
Year Ended March 31, 2008				
Basic EPS—Net income available to common shareholders	¥113	78,977	¥1.42	
Effect of dilutive securities—Convertible bonds		9,160		
Diluted EPS—Net income for computation	¥113	88,137	¥1.28	

Diluted EPS is not disclosed because of the net loss in 2009.

15. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2009 was approved at the Company's shareholders meeting held on June 26, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥1.5 ($0.02) per share	¥117	$1,196

16. SEGMENT INFORMATION

Information about operations in industry segments, geographical segments and sales to foreign customers of the Companies for the years ended March 31, 2009 and 2008, is as follows:

(1) Industry Segments

a. Sales and Operating Income

Millions of Yen — 2009

	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Sales to customers	¥35,803	¥48,069		¥83,872
Intersegment sales				
Total sales	35,803	48,069		83,872
Operating expenses	36,140	47,495	¥ 3,031	86,666
Operating (loss) income	¥ (337)	¥ 574	¥(3,031)	¥ (2,794)

b. Total Assets, Depreciation and Capital Expenditures

Millions of Yen — 2009

	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Total assets	¥34,778	¥54,211	¥15,593	¥104,582
Depreciation	1,364	2,219	59	3,642
Capital expenditures	1,333	2,104	90	3,527

a. Sales and Operating Income

Thousands of U.S. Dollars — 2009

	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Sales to customers	$364,597	$489,499		$854,096
Intersegment sales				
Total sales	364,597	489,499		854,096
Operating expenses	368,024	483,655	$ 30,867	882,546
Operating (loss) income	$ (3,427)	$ 5,844	$(30,867)	$ (28,450)

b. Total Assets, Depreciation and Capital Expenditures

Thousands of U.S. Dollars — 2009

	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Total assets	$354,159	$552,043	$158,791	$1,064,993
Depreciation	13,884	22,599	602	37,085
Capital expenditures	13,573	21,425	922	35,920

a. Sales and Operating Income

Millions of Yen — 2008

	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Sales to customers	¥39,090	¥54,799		¥93,889
Intersegment sales				
Total sales	39,090	54,799		93,889
Operating expenses	37,971	50,837	¥ 2,927	91,735
Operating income	¥ 1,119	¥ 3,962	¥(2,927)	¥ 2,154

b. Total Assets, Depreciation and Capital Expenditures

Millions of Yen — 2008

	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Total assets	¥33,812	¥54,384	¥18,126	¥106,322
Depreciation	1,149	1,699	75	2,923
Capital expenditures	1,911	4,191	16	6,118

Notes:

1. The Companies primarily engage in the manufacture and sale of products in two major segments, grouped on the basis of similarities in the type, nature and market of the products. The two segments, namely, scientific instrument and industrial equipment, consist of the following main products:

   Scientific Instrument: Transmission electron microscopes, NMR spectrometers, Mass spectrometers, etc.

Industrial Equipment: Scanning electron microscopes, Electron beam lithography system, Clinical biochemistry analyzers, etc.

2. As discussed in Note 2.b, effective April 1, 2008, the Company applied PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The effect of this change was immaterial to operating income (loss) for the year ended March 31, 2009.

3. As discussed in Note 2.d, effective April 1, 2008, the Company applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." The effect of this change was to increase operating loss of Scientific Instrument by ¥16 million ($163 thousand) and decrease operating income of Industrial Equipment by ¥262 million ($2,676 thousand) for the year ended March 31, 2009.

4. As discussed in Note 2.k, effective April 1, 2008, the Company applied the revised ASBJ Statement No. 13, "Accounting Standard for Lease Transactions." This change did not effect operating income (loss) for the year ended March 31, 2009.

(2) Geographical Segments

The geographical segments of the Companies for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen				
	2009				
	Japan	North America Latin America	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥59,311	¥10,625	¥13,936		¥ 83,872
Interarea transfer	12,448	207	196	¥(12,851)	
Total sales	71,759	10,832	14,132	(12,851)	83,872
Operating expenses	72,723	10,536	13,408	(10,001)	86,666
Operating (loss) income	¥ (964)	¥ 296	¥ 724	¥ (2,850)	¥ (2,794)
Total assets	¥78,147	¥ 6,032	¥ 8,958	¥ 11,445	¥104,582

	Thousands of U.S. Dollars				
	2009				
	Japan	North America Latin America	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$603,978	$108,202	$141,916		$ 854,096
Interarea transfer	126,761	2,111	1,993	$(130,865)	
Total sales	730,739	110,313	143,909	(130,865)	854,096
Operating expenses	740,557	107,296	136,535	(101,842)	882,546
Operating (loss) income	$ (9,818)	$ 3,017	$ 7,374	$ (29,023)	$ (28,450)
Total assets	$795,797	$ 61,426	$ 91,219	$ 116,551	$1,064,993

	Millions of Yen				
	2008				
	Japan	North America Latin America	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥66,746	¥12,186	¥14,957		¥ 93,889
Interarea transfer	13,168	254	510	¥(13,932)	
Total sales	79,914	12,440	15,467	(13,932)	93,889
Operating expenses	75,988	11,472	14,819	(10,544)	91,735
Operating income	¥ 3,926	¥ 968	¥ 648	¥ (3,388)	¥ 2,154
Total assets	¥76,789	¥ 6,136	¥ 9,360	¥ 14,037	¥106,322

Notes:

1. Each area primarily refers to the following countries:
   North America, Latin America: U.S.A., Canada and Mexico
   Other: Europe, Southeast Asia and Australia

2. As discussed in Note 2.b, effective April 1, 2008, the Company applied PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The effect of this change was immaterial to operating income (loss) for the year ended March 31, 2009.

3. As discussed in Note 2.d, effective April 1, 2008, the Company applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." The effect of this change was to increase operating loss of Japan by ¥278 million ($2,839 thousand) for the year ended March 31, 2009.

4. As discussed in Note 2.k, effective April 1, 2008, the Company applied the revised ASBJ Statement No. 13, "Accounting Standard for Lease Transactions." This change did not affect operating income (loss) for the year ended March 31, 2009.

(3) Sales to Foreign Customers

Sales to foreign customers of the Companies for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen		
	2009		
	North America Latin America	Other	Total
Overseas sales (A)	¥17,700	¥22,623	¥40,323
Consolidated sales (B)			83,872
(A)/(B)	21.1%	27.0%	48.1%

	Thousands of U.S. Dollars		
	2009		
	North America Latin America	Other	Total
Overseas sales (A)	$180,245	$230,379	$410,624
Consolidated sales (B)			854,096
(A)/(B)	21.1%	27.0%	48.1%

	Millions of Yen		
	2008		
	North America Latin America	Other	Total
Overseas sales (A)	¥19,716	¥24,915	¥44,631
Consolidated sales (B)			93,889
(A)/(B)	21.0%	26.5%	47.5%

Note:

The Companies are summarized in these segments by geographic area and the countries where the customers are located. The segments consisted of the following countries:

North America, Latin America: U.S.A., Canada and Mexico
Other: Europe, Asia and Australia

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
JEOL Ltd.:

We have audited the accompanying consolidated balance sheets of JEOL Ltd. and consolidated subsidiaries (the "Company") as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JEOL Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 26, 2009

Member of
Deloitte Touche Tohmatsu

Corporate Outline

(As of March 31, 2009)

Corporate Name:	JEOL Ltd.
Address:	1-2, Musashino 3-chome, Akishima, Tokyo 196-8558, Japan TEL: +81-42-543-1111 FAX: +81-42-546-3353
Establishment:	May 30, 1949
Capital:	¥6,740 million
Number of Employees:	Consolidated 3,103 Non-consolidated 1,315

Stock Information:	Authorized shares: 200,000,000 Issued shares: 79,365,600 Number of shareholders: 11,449

Head Office and Branch Offices:

Head Office: Factory
Tokyo Office
Tokyo Branch Office
Sapporo Branch Office
Sendai Branch Office
Tsukuba Branch Office
Yokohama Branch Office
Nagoya Branch Office
Osaka Branch Office
Kansai Application Research Center
Hiroshima Branch Office
Fukuoka Branch Office

Domestic Subsidiaries and Affiliated Companies:

JEOL TECHNICS LTD.
JEOL FINETECH CO., LTD.
JEOL SYSTEM TECHNOLOGY CO., LTD.
JEOL ENGINEERING CO., LTD.
JEOL TECHNOSERVICE CO., LTD.
YAMAGATA CREATIVE CO., LTD.
Advanced Capacitor Technologies, Inc.
DATUM INSTRUMENTS INC.

Overseas Subsidiaries and Affiliated Companies:

JEOL USA, INC. [USA]	11 Dearborn Road, Peabody, MA. 01960, USA TEL. 1-978-535-5900
JEOL (EUROPE) SAS [France]	Espace Claude Monet, 1 Allee de Giverny 78290 Croissy-sur-Seine, France TEL. 33-13015-3737
JEOL (U.K.) LTD. [U.K.]	JEOL House, Silver Court, Watchmead, Welwyn Garden City, Herts AL7 1LT, U.K. TEL. 44-1707-377117
JEOL (EUROPE) B. V. [the Netherlands]	Lireweg 4, NL-2153 PH Nieuw-Vennep, The Netherlands TEL. 31-252-623500
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JEOL (GERMANY) GmbH [Germany]	Oskar-Von-Miller-Strasse 1, 85386 Eching, Germany TEL. 49-8165-77512
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JEOL TAIWAN SEMICONDUCTORS LTD. [Taiwan]	11F, No.346, Pei-Ta Road, Hsin-Chu City 300, Taiwan, Republic of China TEL. 886-3-523-8490
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JEOL (MALAYSIA) SDN BHD [Malaysia]	205, Block A, Mezzanine Floor, Kelana Business Center 97, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia TEL. 60-3-7492-7722
Beijing Creative Technology Co., Ltd. [China]	Room 415, Building B, No.18 Xihuannan Road, BDA (Beijing Economic-technological Development Area) Beijing, China TEL. 86-10-6737-2198
JEOL Shanghai Semiconductors Ltd. [China]	34A World Plaza No.855 PuDong Nan Road. Shanghai, China TEL. 86-21-6888-0770
JEOL DATUM Shanghai Co., Ltd. [China]	Room No.2201, Suncome Liauw's Plaza No.738 ShangCheng Road, PuDong New Area. Shanghai 200122, China TEL. 86-21-5836-6350
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