JEOL

2010
ANNUAL REPORT

Fiscal year ended March 31, 2010

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 JEOLCO (USA) INC. established as the first overseas subsidiary	1962	JXA-3 X-ray microanalyzer completed
	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 of 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 Beijing Creative Technology Co., Ltd. established Obtained ISO14001 certification for environmental management system	2002	JBX-3030 series of Electron beam lithography system completed
JEOL Group's Environmental Statement announced	2003	
Medium-term management plan for the JEOL Group, "Focus Plan 2006," announced YMCC Tendo Factory completed	2004	JCM-5100 Carry scope (portable scanning electron microscope) completed
Agreed to set up an industry-academia collaboration office with the University of Tokyo New YMCC Tendo Factory building completed	2005	Ion source for mass spectrometers, DART, completed
JEOL Group new medium-term management plan, "ACTION 60," announced New clean room in Building 3 completed New building of JEOL FINETECH CO., LTD. completed New plant of Beijing Creative Technolog Co., Ltd. completed	2007	BS-60050EBS, Evaporation source for backscattered electron, 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 our foundation JEOL DATUM LTD. and JEOL ACTIVE CO., LTD. acquired	2009	JMS-T100GCV Gas chromatography time-of-flight mass spectrometer completed JEM-ARM200F Atomic resolution analytical electron microscope completed ClairScope JASM-6200 completed
JEOL BRASIL Instrumentos Cientificos Ltda. established JEOL (BEIJING) CO., LTD. established JEOL FINETECH CO., LTD. and JEOL ENGINEERING CO., LTD. acquired The JEOL Group's medium-term management plan, "CHALLENGE 5," announced JEOL SYSTEM TECHNOLOGY CO., LTD. acquired	2010	JMS-S3000 SpiralTOF™, Matrix Assisted Laser Desorption/Ionization Time-of-Flight Mass Spectrometer, completed

Contents

Disclaimer Regarding Forward-Looking Statements

The information contained in this annual report is given for the sole purpose of providing information regarding the business performance of JEOL Ltd. during the fiscal year ended March 31, 2010, and is not intended to solicit investment in any securities issued by the Company. Any statements with respect to JEOL's current plans, strategies and forecasts are forward-looking statements based upon information available as of March 31, 2010, and involve known and unknown risks and uncertainties.
Actual events and results may differ materially from those anticipated in these statements.

Consolidated Financial Highlights

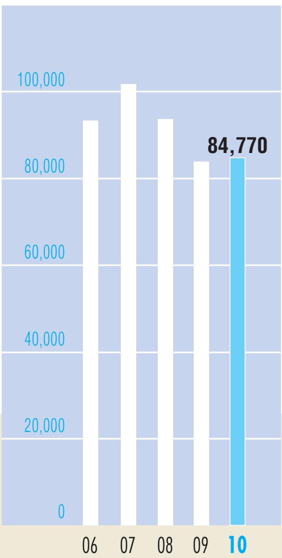
JEOL Ltd. and consolidated subsidiaries, for the years ended March 31, 2010 and 2009

JEOL
Serving Advanced Technology

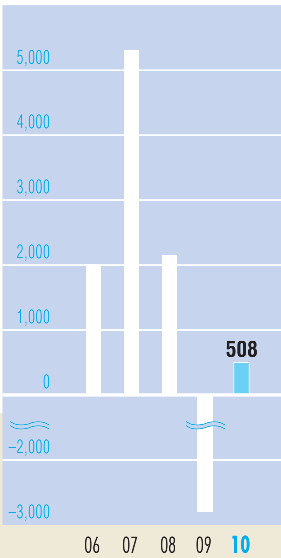
	Millions of yen		Thousands of U.S. dollars*
	2010	2009	**2010**
For the year:			
Net sales	**¥ 84,770**	¥ 83,872	**$ 911,501**
Operating income (loss)	**508**	(2,794)	**5,457**
Income (loss) before income taxes and minority interests	**308**	(3,063)	**3,316**
Net income (loss)	**276**	(1,928)	**2,966**
Per share data (in yen and U.S. dollars):			
Net income (loss)	**¥ 3.52**	¥ (24.63)	**$ 0.04**
Total equity	**322.15**	311.93	**3.35**
At year-end:			
Total assets	**¥102,917**	¥104,582	**$1,106,633**
Total equity	**25,753**	24,471	**276,912**

Note: The U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥93.0 to U.S.$1 (the approximate exchange rate on March 31, 2010).

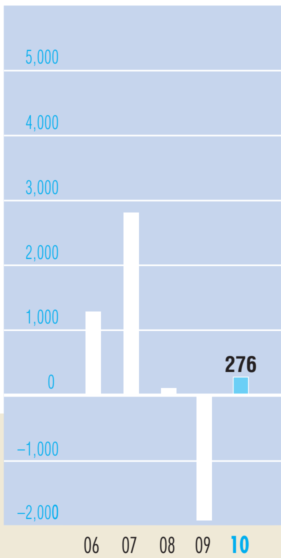
Net sales
Millions of yen



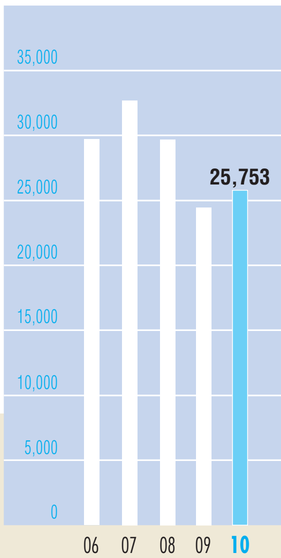
Operating income (loss)
Millions of yen



Net income (loss)
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, 2010?

Although signs of the recovery from the serious slump triggered by the Lehman shock were partially observed, Japan's economy remained flat and lacked the strength that would otherwise have led to a pickup in investment in the industrial sector of a magnitude to stimulate the demand for our products. While the Japanese government's fiscal stimulus measures led to a growth in inquiries from governmental offices, providing us with a tailwind, the concurrent appreciation of the yen brought us into a fierce price competition with foreign manufacturers. As a result, the favorable earnings growth realized by the supplementary budget was offset to a certain extent.

Under this external business environment, unfortunately we ended the final year of our medium-term management plan, "ACTION 60" (FY 2007 to FY 2009), failing to achieve the numerical targets. While our key strategies comprising the three pillars of "enhancement of research and development capability," "rationalization of manufacturing processes," and "strengthening of sales/service systems for small, mass-market products" contributed to an earnings recovery, such recovery failed to completely overcome the unfavorable external environment.

As a result, the JEOL Group posted consolidated net sales of ¥84,770 million (up 1.1% year on year), operating income of ¥508 million (compared with an operating loss of ¥2,794 million in the previous fiscal year), ordinary profit of ¥210 million (compared with an ordinary loss of ¥2,734 million in the previous fiscal year), and net income of ¥276 million (compared with a net loss of ¥1,928 million in the previous fiscal year).

The JEOL Group consists of the Scientific Instrument Segment and the Industrial Equipment Segment. For transmission electron microscopes and surface analysis instruments in the Scientific Instrument Segment, we met demand in a broad range of fields, from research and development in cutting-edge areas to materials development, basic research in medicine and biology, and quality control, etc. As to order receipts, public demand arising from the government's supplementary budget compensated for the drop in domestic private demand.

In the nuclear magnetic resonance (NMR) spectrometer market, there has been a shift in general-purpose equipment from 400 MHz to 500 MHz. However, given that the performance of our general-purpose equipment is similar to or higher than that of our competitors, both order receipts and sales grew, benefiting from the supplementary budget. Mass spectrometers also witnessed a significant increase in orders received due to the supplementary budget.

With regard to the Industrial Equipment business, as the general-purpose scanning electron microscope is distributed primarily in the private-sector market, the benefit from the supplementary budget was limited, except for a growth of focused ion beam (FIB) systems of specimen preparation for the transmission electron microscope. However, in the second half of the fiscal year, business inquiries for this segment were boosted from the private sector, mainly from Asia. Sales of electron beam evaporation sources and power supplies for optical component manufacturing instruments were sluggish due to the downturn in the optical market. Business inquiries also decelerated for the highly expected high-power electron beam sources and power supplies, which are used for purification of solar cell silicon, due to the reduced capital expenditure of Japanese corporations. These products are distributed to meet private-sector demand, with no benefits resulting from the supplementary budget. Sales of electron beam lithography systems saw a sharp decline due to a reduction of capital expenditure by domestic and foreign device manufacturers. In the Medical Equipment business, clinical biochemistry analyzers in their large, medium and small sizes showed robust sales, particularly in the overseas market, and sales of reagents and consumable supplies contributed significantly to the growth in profit as a result of an increase in sales of instruments supplied to

Siemens under an original equipment manufacturer (OEM) agreement. The medical instruments specialized in metabolic syndrome check-ups were successful in achieving product differentiation.

Q. Please tell us about the JEOL Group medium-term management plan, "CHALLENGE 5."

The JEOL Group formulated a new medium-term management plan, "CHALLENGE 5" (FY 2010 to FY 2012), following the past medium-term management plans: "Bright Plan 1000" (FY 2001 to FY 2003); "Focus Plan 2006" (FY 2004 to FY 2006); and "ACTION 60" (FY 2007 to FY 2009). "Nanotechnology, life science, environment, and quality control" are our target markets to positively develop our solution business. With the target "Global Solution Provider for Advanced Technology" being set, we strive to supply more attractive and more competitive products to the market at the right time. To make this happen, by focusing on strengthening the development and streamlining the production, we build up the best system so that the injected resources produce the optimal outcome.

The JEOL Group will implement our critical strategies comprising five challenges: 1) promotion of management structure reforms; 2) enhancement of research and development capabilities; 3) strengthening of the solution business; 4) further penetration into emerging markets; and 5) reinforcement of the supply chain.

In the midst of drastic changes taking place in society, science and the market, we acknowledge the necessity of expanding our business field from a hardware-oriented style to a more total solution-orientated one. Bearing in mind the responsibilities of meeting the expectations of our stakeholders and shareholders, we are determined to build a more stable and robust management structure.

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

- In terms of development, we will narrow down the strategic lineup for efficient investment in order to provide technologically competitive products on a timely basis.
- We seek maximization of customer satisfaction by strengthening our solution business, which includes maintenance services, sale of consumable supplies, and provision of training sessions, as a follow-up to instrument sales.
- In terms of production, we will establish a robust cost structure to overcome intensifying price competition, by seeking further cost reductions and "value engineering" (VE).
- We will aggressively invest our management resources in the rapidly growing emerging markets. In particular, our emphasis will be placed on the energetic reinforcement of our presence in the Chinese market, in alliance with the newly established China Business Planning Office and business offices in China.
- We will pursue further mobility and improvement of swiftness in judgment and actions by reorganizing and streamlining the organization of affiliated companies. Aiming at getting rid of duplicate functions, realizing swift decision making and thus enhancing product quality, we integrated three of our domestic subsidiaries, JEOL FINETECH CO., LTD., JEOL ENGINEERING CO., LTD., which manufactured components and peripherals, and JEOL SYSTEM TECHNOLOGY CO., LTD., which developed software into the Company, in April and July 2010, respectively.
- Aiming at streamlining the organizations, we decided to implement an early retirement scheme with the scale of as many as 150 employees across the JEOL Group. This is certain to not only increase the efficiency of the operation but also improve the profit structure by reducing fixed costs.
- Also, with its cutover targeted for May 2011, the backbone computer system that handles the entire stream from procurement through production down to sales, partially in conjunction with the accounting process, is being reassessed and replaced with the powerful ERP system. With its database expandability in full use, critical facts and elements hidden behind the figures can be brought forefront so as consequently to enhance the entire Group operations.

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

Our basic policy for profit distribution is to maintain stable dividends from a long-term perspective based on our efforts to improve financial standing and corporate structure.

For the fiscal year under review, in light of the Company's business performance and financial situation, the year-end dividend for this fiscal year is ¥1.5 per share. The full-year dividend including the interim dividend for the fiscal year is therefore ¥4 per share.

We will continue to endeavor to raise the corporate value and increase earning power. We look forward to your understanding on these matters.

CHALLENGE 5

The JEOL Group formulated a new medium-term management plan, "CHALLENGE 5," following the past medium-term management plans: "Bright Plan 1000" (FY 2001 to FY 2003); "Focus Plan 2006" (FY 2004 to FY 2006); and "ACTION 60" (FY 2007 to FY 2009). Responding to recent major changes in the market environment, we are firmly determined to grow beyond the frame of a manufacturer of scientific instruments to become a total solution provider, while placing an emphasis on building a stable management base.

[Basic policy]

We will develop our solution business aggressively with our target markets placed on "nanotechnology, life science, environment, and quality control." By reviewing our development system in order to maximize the effects of applying our management resources, we will implement reforms toward a system in which competitive products can be provided on a timely basis, and energetically realize our aim of becoming a "Global Solution Provider for Advanced Technology."

[Numerical target]

In the new medium-term management plan, "CHALLENGE 5," our target for consolidated net sales and consolidated ordinary profit is ¥100.0 billion and ¥5.0 billion, respectively.

- In the inaugural fiscal year of the plan (FY 2010), we will seek to make our business profitable again (target consolidated ordinary profit is ¥1.0 billion).
- In the second fiscal year (FY 2011), we will build a stable management base.
- In the final fiscal year (FY 2012), we will achieve the target of ¥100 billion in consolidated net sales and ¥5 billion in consolidated ordinary profit.

Image of JEOL business environment

Position of JEOL and the tailwind

Consolidated profit projections	ACTION 60			CHALLENGE 5		
Billions of yen	FY 2007 Results	FY 2008 Results	FY 2009 Results	FY 2010 Plan	FY 2011 Plan	FY 2012 Plan
Net sales	93.9	83.9	84.8	81.0	87.0	100.0
Operating income (loss)	2.2	(2.8)	0.5	1.7	3.3	5.7
Margin (%)	2.3	–	0.6	2.1	3.8	5.7
Ordinary profit (loss)	2.0	(2.7)	0.2	1.0	2.6	5.0
Margin (%)	2.1	–	0.2	1.2	3.0	5.0
Net income (loss)	0.1	(1.9)	0.3	0.5	1.3	2.5

[Key strategies]

CHALLENGE 1 Promotion of management structure reforms

We will implement five major reforms as listed below:

1 Reduction of production costs >>>

In line with the reduction of material procurement costs and logistical costs, we will implement reviews of production methods and develop outsourcing.

2 Reduction of fixed costs >>>

Having made determinations about the types of organizations and the number of personnel needed for the scale of business, we will implement further streamlining of our organizations.

We will also continue to control and reduce fixed costs other than personnel costs.

3 Organization/Personnel >>>

While keeping pace with the introduction of mission-critical systems (ERP), we will streamline the operation of the back-office sections, and transfer personnel to appropriate sections. Concurrently, we will review the personnel system across Group companies.

4 Business reorganization >>>

By consolidating management resources, we will focus on restructuring the optimal business operation models while considering collaborations with external companies/organizations.

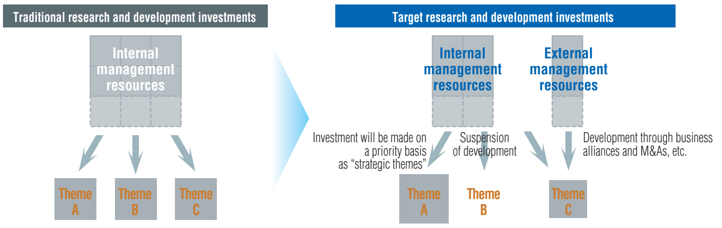
5 Reinforcement of administrative management >>>

We will strengthen the five main fields of order receipt/sales management, inventory control, general monthly administrative control, management of affiliated companies, and progress management of R&D. We will aim to realize accurate financial management and improve timely operations.

CHALLENGE 2
Enhancement of research and development capabilities

We will streamline the strategic lineup for efficient investment in order to provide technologically competitive products on a timely basis.

- Investments of management resources will be made on a priority basis by setting "Strategic themes" from which growth can be expected
- Efficient technology components, including business alliances and M&As, will be secured
- Speedy decision-making through a business unit system
- Establishment of technology components by participating in government projects



- Research and development investments that are not well-focused
- Substantially depending on internal development

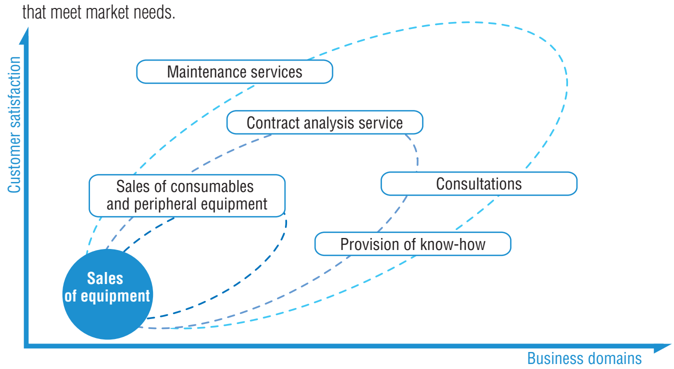
- Priority investments in "strategic themes"
- Development using also external management resources

CHALLENGE 3
Strengthening of the solution business

We seek maximization of customer satisfaction by strengthening our solution business, which includes maintenance services, sale of consumable supplies, and provision of training sessions, as a follow-up to instrument sales.

Global Solution Provider for Advanced Technology

- Solution business will be developed in the areas of post-delivery maintenance agreements, commissioned analysis, education and consulting, etc., focusing on competitive products that meet market needs.



CHALLENGE 4
Further penetration into emerging markets

We will aggressively invest our management resources in the rapidly growing markets in emerging nations, and focus on promoting energetic reinforcement of sales and services provision system by converting local agents into overseas subsidiaries.

	Modification of organizations	Measures and policies
China	Establishment of a local company combining sales and services (January 2010)	• Reinforcement of application engineers, and demonstration systems • Development of local human resources and sales promotion of strategic products
Brazil	Conversion of an agent into a local company (established January 2010)	• Improvement of support for existing users Development of new users • Establishment of JEOL brand in the Brazilian market
Russia	Incorporation of local representative office	• Expansion of sales by reinforcing the sales force • Strengthening competitiveness by improving technical support • Expansion of sales channels
India	Conversion of agent to local subsidiary is under consideration	• Enhancement of sales promotion by dispatching staff • Development of local human resources
Middle East	Restructuring of agent networks in each country	• Early securing of large-scale projects

CHALLENGE 5
Reinforcement of the supply chain

We will establish a production system that can flexibly respond to market conditions. Concurrently, a robust cost structure shall be established to overcome intensifying price competition, by seeking further cost reduction and "value engineering" (VE).

Review of the production system
- We will establish a production system flexibly responding to the market conditions
- We will pursue further efficiency through corporate integration of affiliated production companies
- Production will be transferred to YAMAGATA CREATIVE CO., LTD. (YMCC).

Reduction of material procurement expenses
- Carrying out cost improvement activities in cooperation with Group companies and development/design sections
- Promoting cost reduction in outsourced procurement and purchasing

Reduction of logistic expenses
- Redefining transportation channels, promoting cost reductions
- Reduction in rental fees for external warehouses by utilizing the internal space

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 ¥4,543 million, of which the Scientific Instruments Segment accounted for ¥1,653 million and the Industrial Equipment Segment accounted for ¥2,890 million.

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

2009

JUN.

JCM-5000 "NeoScope," desktop scanning electron microscope, was awarded The Scientists' Choice Award for Best General Lab Product of 2008.

JCM-5000 "NeoScope," desktop scanning electron microscope, was awarded "The Scientists' Choice Award for Best General Lab Product of 2008" at ACHEMA 2009*, which was held in Frankfurt am Main, Germany from May 11 to May 15, 2009.

**ACHEMA 2009: International Exhibition-Congress on Chemical Engineering, Environmental Protection and Biotechnology*

JUL.

Visualization of calcium atoms became successful.

As part of the pre-competitive research activities of the Japan Science and Technology Agency, the Company developed an electron microscope that enables analyses of organic molecules and biological molecules, etc. in a joint study with the National Institute of Advanced Industrial Science and Technology (AIST) and the National Institute for Materials Science. This electron microscope drastically improved the technology for monomolecular and monoatomic element analyses, and in particular, element analysis of monomolecular calcium was realized.

AUG.

ClairScope™ JASM-6200 launched.

The ClairScope™ ("Clair Scope") features the newly developed ASEM (Atmospheric Scanning Electron Microscope), which enables quick observation of specimens under atmospheric pressure, previously a very difficult procedure. This microscope is capable of quickly observing moist specimens and cells in solutions and in air. Furthermore, ClairScope is equipped with an optical microscope mounted on the same axis as the ASEM, which opened the way for complex analyses by combining the information from both light and electron beams.

OCT.

"BioMajesty®JCA-BM6070," automated biochemical analyzer, won "Good Design Award."

The BioMajesty® JCA-BM6070 won the "Good Design Award 2009" (G mark), which is organized by Japan Industrial Design Promotion Organization. Highly appreciated characteristics included its simple and clear shape releasing the user from any impression of complex handling, and both space-saving form and distinctive coloring, which improved the image of the installation site.

NOV.

JEM-1000K RS, ultrahigh voltage electron microscope, was shipped to Nagoya University.

To date, the Company has delivered 21 ultrahigh voltage electron microscope units to domestic and overseas customers, receiving a high evaluation in terms of the world's best ultra high-resolution function realized through our 45-year accumulation of comprehensive technologies, and for the stable operation of our optical instruments. In contrast to the ordinary electron microscope (with an accelerating voltage from 100 kV to 300 kV), the accelerating voltage of an ultrahigh voltage electron microscope exceeds 1,000 kV, which enables high performance in the observation and analysis of "thick specimen (real materials)," which is required for observation of materials for practical use.

2010

MAY

JMS-S3000 SpiralTOF launched.

JMS-S3000 adopted a new ion optic system, the only one of its kind in the industry, realizing extraordinary levels of mass resolution and sensitivity. This product is on the leading edge of analytical technology, and meets research needs that change on a daily basis, especially in the areas of synthetic polymers, material science, and biological polymers.

Enhancement of lithium ion capacitor business

Advanced Capacitor Technologies, Inc. issued new shares in July 2009 by means of a third-party allotment, and received capital contribution from Sojitz Corporation ("Sojitz"), Taiyo Yuden Co., Ltd. ("Taiyo Yuden"), etc. The company aims to expand its business for photovoltaic power generation and alternative lead-acid batteries through its business alliance with Sojitz and Taiyo Yuden in the manufacturing and sales of the "Premlis®" lithium ion capacitor.

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

Based on the concept of contribution from the regional level to the global environment, 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. Since FY 2009, the JEOL Group, as chairman of this network, has assumed the important responsibility of leading activities.

Environment-related website

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

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 for neighboring elementary schools, etc.

This special class sees instructors sent from the JEOL Group, and pupils actually observe plant pollens, etc. using portable scanning electron microscopes. We hope that more pupils 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 the JEOL Group’s cutting-edge devices under the theme 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 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, and nanotechnologies, etc.).

The JEOL Group Network

JEOL

Global Solution Provider for Advanced Technology

Worldwide Network

With overseas branch offices based in more than 30 countries all over the world including the Americas, 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 the United Kingdom, the Netherlands, Sweden, Italy, and Germany.

Furthermore, carefully worked-out measures are taken in emerging markets including those of the 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 FINETECH CO., LTD. and JEOL ENGINEERING CO., LTD. on April 1, 2010, and JEOL SYSTEM TECHNOLOGY CO., LTD. on July 1, 2010.

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.	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	RMB 74,900 thousand	96.1%
○JEOL Shanghai Semiconductors Ltd.	China	2006	RMB 1,599 thousand	(JEOL TAIWAN SEMICONDUCTORS LTD. 100%) —
○JEOL DATUM Shanghai Co., Ltd.	China	2007	RMB 1,513 thousand	100%
○JEOL BRASIL Instrumentos Cientificos Ltda.	Brazil	2010	R.$ 360 thousand	(JEOL USA 40%) 60%
●JEOL KOREA LTD.	Korea	1994	Won 600,000 thousand	40%

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

Board of Directors, Corporate Auditors and Corporate Officers

(As of June 29, 2010)

President and Representative Director

Gon-emon Kurihara

Director and Senior Executive Officer

Masashi Iwatsuki

Directors and Executive Officers

Masaki Saito

Masayuki Tajimi

Youichi Shibuki

Yoshihiro Sawada

Shin-ichi Watanabe

Director and Corporate Officer

Koichi Fukuyama

Standing Corporate Auditors

Reisuke Izumiyama

Mitsuo Kaneko

Corporate Auditors

Hidetake Horikiri

Yoshiaki Ueda

Vice-President and Senior Executive Officer

Hideaki Hirano

Senior Executive Officers

Yasunobu Suenaga

Kazuyoshi Yasutake

Executive Officers

Kazufumi Adachi

Hideyuki Nimura

Corporate Officers

Hirofumi Kusano

Yasuho Toyoda

Toshihito Suzuki

Muneaki Mitsuta

Wataru Wakamiya

Akihiro Orimo

Tsutomu Morita

Hideaki Suma

Yasutoshi Nakagawa

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

Consolidated Five-Year Summary

JEOL Ltd. and consolidated subsidiaries, for the years ended March 31, 2010, 2009, 2008, 2007, and 2006.

For the year (Millions of yen):	**2010**	2009	2008	2007	2006
Net sales	**¥ 84,770**	¥ 83,872	¥ 93,889	¥101,776	¥ 93,291
Scientific instrument	**40,955**	35,803	39,090	64,364	58,502
Industrial equipment	**43,815**	48,069	54,799	37,412	34,789
Selling, general and administrative expenses	**24,690**	27,529	29,372	28,755	26,912
Operating income (loss)	**508**	(2,794)	2,154	5,313	2,013
Ordinary profit (loss)	**210**	(2,734)	1,952	5,183	1,913
Net income (loss)	**276**	(1,928)	113	2,816	1,289
Capital expenditures	**3,257**	3,527	6,118	3,092	3,192
Scientific instrument	**1,346**	1,333	1,911	1,698	1,514
Industrial equipment	**1,885**	2,104	4,191	1,379	1,671
Eliminations/Corporate	**26**	90	16	15	7
Depreciation expense	**3,403**	3,642	2,923	2,672	2,583
Research and development costs	**4,543**	5,644	6,486	5,984	5,223
Scientific instrument	**1,653**	2,477	2,809	3,830	3,641
Industrial equipment	**2,890**	3,167	3,677	2,154	1,582
At year-end (Millions of yen):					
Total assets	**¥102,917**	¥104,582	¥106,322	¥111,195	¥103,940
Total equity	**25,753**	24,471	29,696	32,684	29,752
Per share data (Yen):					
Net income (loss)	**¥ 3.52**	¥ (24.63)	¥ 1.42	¥ 35.50	¥ 16.25
Total equity	**322.15**	311.93	377.78	409.19	375.14
Cash dividends	**4.00**	4.00	7.50	10.00	5.00
Value indicators (%):					
Return on equity (ROE)	**1.1%**	(7.1)%	0.4%	9.1%	4.5%
Return on assets (ROA)	**0.2**	(1.8)	0.1	2.6	1.3

Consolidated Financial Analysis

Overview of the Fiscal Year Ended March 2010

The Japanese economy in the consolidated fiscal year under review remained generally sluggish, despite partial recoveries from the global recession stemming from the Lehman shock. Reflecting the low motivation for capital investments among the private sector, demand for our products was weak.

While the Japanese government fiscal stimulus measures led to a growth in inquiries from governmental offices, providing us with a tailwind, the concurrent appreciation of the yen brought us into fierce price competition with foreign manufacturers. As a result, the favorable earnings growth realized by the supplementary budget was offset to a certain extent.

Under such external business environment, unfortunately the JEOL Group ended the final year of our medium-term management plan, "ACTION 60" (FY 2007 to FY 2009), failing to achieve the numerical targets. While our key strategies comprising the three pillars of "enhancement of research and development capability," "rationalization of manufacturing processes," and "strengthening of sales/service systems for small, mass-market products" contributed to earnings recovery, such recovery failed to completely overcome the unfavorable external environment.

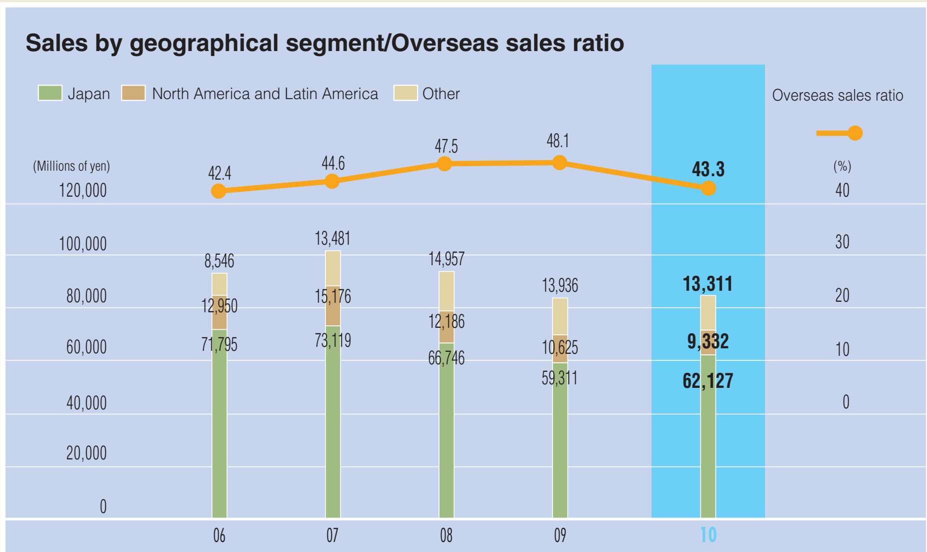
As a result, we posted consolidated net sales of ¥84,770 million (up 1.1% from ¥83,872 million in the previous fiscal year), operating income of ¥508 million (compared with an operating loss of ¥2,794 million in the previous fiscal year), ordinary profit of ¥210 million (compared with an ordinary loss of ¥2,734 million in the previous fiscal year), and net income of ¥276 million (compared with net loss of ¥1,928 million in the previous fiscal year).

Segment Information

Information by business segment

1. Scientific Instrument

For transmission electron microscopes and surface analysis instruments, we met demand in a broad range of fields, from research and development in cutting-edge areas to materials



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

development, basic research in medicine and biology, and quality control, etc. As to order receipts, public demand arising from the government's supplementary budget compensated for the drop in domestic private demand.

In the NMR spectrometer market, there has been a shift in general-purpose equipment from 400 MHz to 500 MHz. However, given that the performance of our general-purpose equipment is similar to or higher than that of our competitors, both order receipts and sales grew, benefiting from the supplementary budget. Mass spectrometers also witnessed a significant increase in orders received due to the supplementary budget.

As a result, net sales amounted to ¥40,955 million (up 14.4% year on year).

2. Industrial Equipment

As the general-purpose scanning electron microscope is distributed primarily in the private-sector market, the benefit from the supplementary budget was limited, except for a growth of FIB, a system of specimen preparation for the transmission electron microscope. However, in the second half of the fiscal year, business inquiries for this segment were boosted from the private sector, mainly from Asia.

Sales of electron beam evaporation sources and power supplies for optical component manufacturing instruments were sluggish due to the downturn in the optical market. Business inquiries also decelerated for the highly expected high-power electron beam sources and power supplies, which are used for purification of solar cell silicon due to the decreased capital expenditure by Japanese corporations. These products are distributed to meet private-sector demand, with no benefits resulting from the supplementary budget.

Sales of electron beam lithography systems saw a sharp decline due to a reduction in capital expenditure by domestic and foreign device manufacturers.

In the Medical Equipment business, clinical biochemistry analyzers in their large, medium and small sizes showed robust sales, particularly in the overseas market, and sales of reagents and consumable supplies contributed significantly to the growth in profit as a result of an increase in sales of

[Main Products]

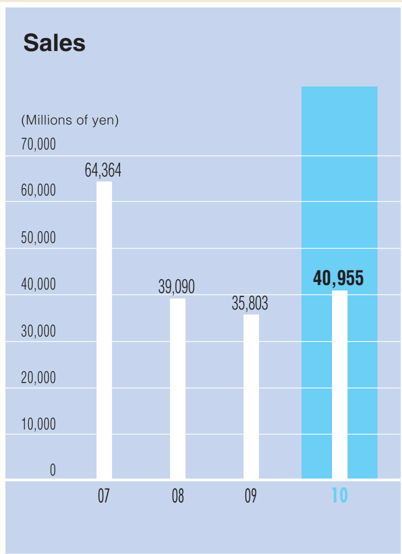
Scientific Instrument

<Electron Optics Instruments>

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

<Analytical Instruments>

NMR spectrometers, Electron spin resonance (ESR) spectrometers, Mass spectrometers (Time-of-flight mass spectrometers, Gas chromatograph mass spectrometers, Liquid chromatograph mass spectrometers), Portable gas chromatographs, Gas monitor analyzers



instruments supplied to Siemens under an OEM agreement. Other differentiating businesses in areas such as health checkup instruments for metabolic syndrome resulted in successes.

Accordingly, net sales amounted to ¥43,815 million (down 8.8% year on year).

Information by geographical area

1. Japan

In the Scientific Instrument business, the government's supplementary budget contributed to a growth in sales of both electron optical instruments and analytical instruments.

As to Industrial Equipment, while sales of electron beam lithography systems declined significantly, Medical Equipment secured sales of almost the same level as in the previous fiscal year. Sales of meteorology inspection equipment, including scanning electron microscopes, decreased slightly, in contrast to electron beam sources and power supplies for optical thin films and coating products, securing sales in amounts comparable to the previous fiscal year.

As a result, sales in Japan amounted to ¥62,127 million (up 4.7% 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 due to the weak recovery of the economy.

As a result, sales in these regions amounted to ¥9,332 million (down 12.2% year on year).

3. Others

In Europe, Southeast Asia and Australia, despite the stagnant business conditions and the impact of the sluggish semiconductor market, almost the same level of net sales as the previous fiscal year was achieved, mainly due to strong sales of electron microscopes.

As a result, net sales amounted to ¥13,311 million (down 4.5% year on year).

[Main Products]

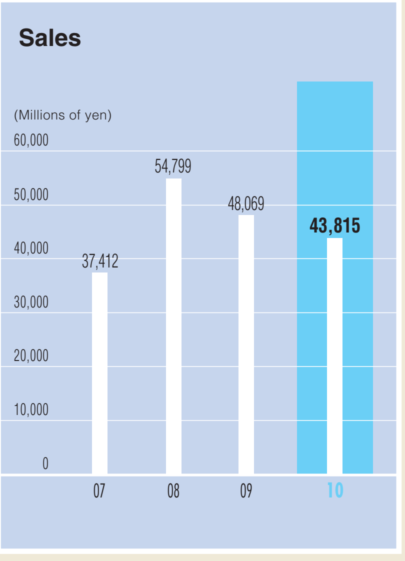
Industrial Equipment

<Metrology Inspection Equipment>
Scanning electron microscopes (SEMs), 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-ray fluorescence spectrometers, Handheld X-ray fluorescence spectrometer

<Semiconductor Equipment>
Electron beam lithography systems (variable-shaped electron beam, 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, Radio frequency (RF) generators, RF induction thermal plasma system

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



Operating Income and Net Income

Gross profit increased by 1.9% year on year, to ¥25,198 million due to an increase in sales and cost improvements offsetting the deterioration triggered by the downturn of market prices and the negative impact of foreign exchange rates.

R&D costs came to ¥4,543 million (down 19.5% year on year), which is equivalent to 5.4% 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 ¥20,147 million, down 7.9%, as a consequence of the efforts made by the entire Group to reduce expenses. As a result, operating income increased by ¥3,302 million from the previous fiscal year, to ¥508 million.

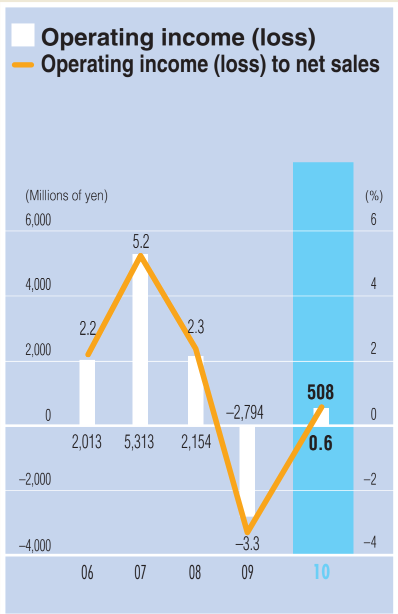
Income before income taxes and minority interests was ¥308 million, up ¥3,371 million. Net income in the fiscal year under review came to ¥276 million, up ¥2,204 million. As a result, net income per share in the fiscal year under review stood at ¥3.52.

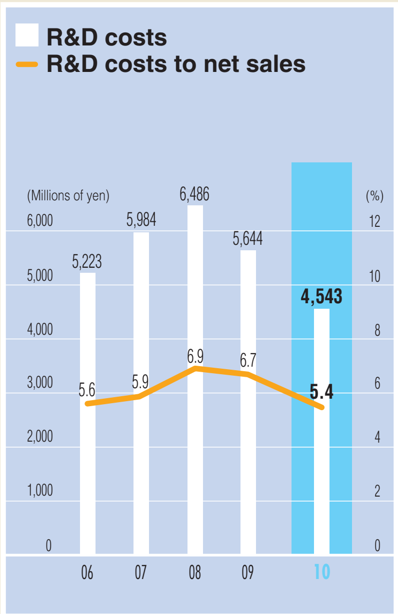
Financial Position

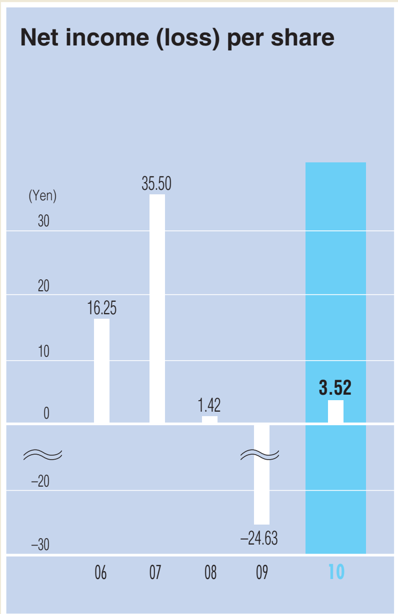
Total assets at the end of the fiscal year in review amounted to ¥102,917 million, down ¥1,665 million from the previous year.

Cash Flows

Net cash provided by operating activities increased to ¥1,085 million, principally due to a decrease in inventories and an increase in trade notes and accounts payable despite an increase in trade notes and accounts receivable.







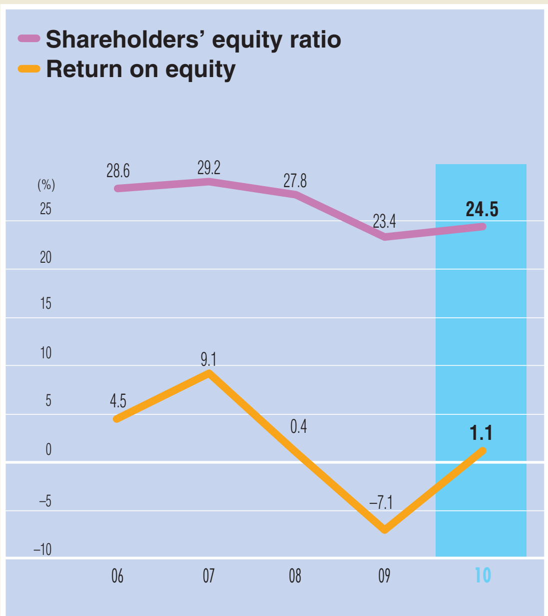
Net cash used in investing activities decreased to ¥258 million, due mainly to payment for purchases of property, plant and equipment, despite proceeds from sales of investment securities, etc.

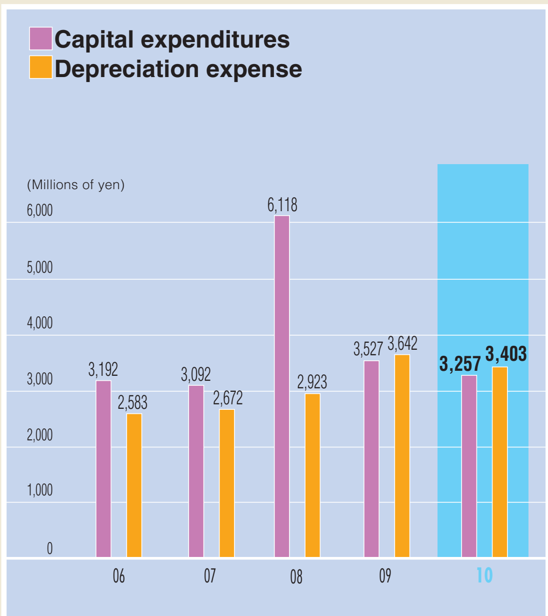
Net cash used in financing activities decreased to ¥2,849 million, primarily reflecting payments for redemption of bonds and convertible bonds.

Outlook for the Current Fiscal Year

The JEOL Group formulated a new medium-term management plan, “CHALLENGE 5” (FY 2010 to FY 2012). Responding to the major changes in the market environment in recent years, we are focusing on growing out of the framework of a manufacturer and distributor of scientific instruments toward becoming a total solution provider, by improving our stable management base.

The projections for the consolidated fiscal year ending March 31, 2011, as the first year of the plan, are as follows: net sales of ¥81,000 million (compared with ¥84,770 million in the previous fiscal year); operating income of ¥1,700 million (compared with ¥507 million in the previous fiscal year); ordinary profit of ¥1,000 million (compared with ¥210 million in the previous fiscal year); and net income of ¥500 million (compared with ¥276 million in the previous fiscal year).





Consolidated Balance Sheets

JEOL Ltd. and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2010**	2009	**2010**
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	**¥ 6,978**	¥ 9,038	**$ 75,035**
Time deposits	**165**	206	**1,778**
Receivables (Note 13):			
Trade notes	**547**	1,318	**5,884**
Trade accounts	**26,158**	18,839	**281,272**
Unconsolidated subsidiaries and associated companies	**769**	783	**8,266**
Other	**778**	553	**8,356**
Allowance for doubtful receivables	**(315)**	(259)	**(3,392)**
Inventories (Note 5)	**34,329**	40,079	**369,130**
Deferred tax assets (Note 9)	**1,764**	2,463	**18,973**
Prepaid expenses and other current assets	**928**	1,428	**9,974**
Total current assets	**72,101**	74,448	**775,276**
PROPERTY, PLANT AND EQUIPMENT (Note 6):			
Land	**1,480**	1,498	**15,919**
Buildings and structures	**19,732**	19,117	**212,175**
Machinery and equipment	**3,698**	3,593	**39,761**
Tools, furniture and fixtures	**18,095**	17,916	**194,572**
Lease assets	**1,176**	167	**12,640**
Construction in progress	**510**	879	**5,485**
Total	**44,691**	43,170	**480,552**
Accumulated depreciation	**(29,422)**	(27,844)	**(316,374)**
Net property, plant and equipment	**15,269**	15,326	**164,178**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 6 and 13)	**5,943**	5,136	**63,905**
Investments in and advances to unconsolidated subsidiaries and associated companies	**1,416**	1,353	**15,226**
Software	**281**	215	**3,024**
Deferred tax assets (Note 9)	**5,816**	5,350	**62,538**
Other assets	**2,091**	2,754	**22,486**
Total investments and other assets	**15,547**	14,808	**167,179**
TOTAL	**¥102,917**	¥104,582	**$1,106,633**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2010	2009	Thousands of U.S. Dollars (Note 1) 2010
CURRENT LIABILITIES:			
Short-term bank loans (Notes 6 and 13)	**¥ 19,287**	¥ 21,091	**$ 207,392**
Current portion of long-term bank loans (Notes 6 and 13)	**2,468**	2,960	**26,538**
Current portion of bonds (Notes 6 and 13)	**2,581**	1,281	**27,753**
Current portion of convertible bonds (Note 6)		4,588	
Current portion of long-term lease obligations (Note 6 and 12)	**251**	36	**2,698**
Payables (Note 13):			
Trade notes	**11,108**	10,796	**119,440**
Trade accounts	**6,112**	6,023	**65,725**
Unconsolidated subsidiaries and associated companies	**83**	54	**890**
Other	**1,478**	1,152	**15,896**
Income taxes payable	**247**	444	**2,651**
Advances received	**5,382**	5,790	**57,870**
Accrued bonuses to employees	**547**	835	**5,880**
Other current liabilities (Notes 6 and 9)	**4,527**	4,653	**48,673**
Total current liabilities	**54,071**	59,703	**581,406**
LONG-TERM LIABILITIES:			
Bonds (Notes 6 and 13)	**7,987**	7,019	**85,887**
Long-term bank loans (Notes 6 and 13)	**7,346**	5,961	**78,989**
Long-term lease obligations (Notes 6 and 12)	**871**	145	**9,364**
Liability for employees' retirement benefits (Note 7)	**6,118**	6,105	**65,784**
Retirement allowances for directors, executive officers and corporate auditors (Note 7)	**432**	855	**4,648**
Other long-term liabilities (Notes 6 and 9)	**339**	323	**3,643**
Total long-term liabilities	**23,093**	20,408	**248,315**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12, 14 and 15)			
EQUITY (Notes 8 and 17):			
Common stock—authorized, 200,000,000 shares; issued, 79,365,600 shares in 2010 and 2009	**6,740**	6,740	**72,473**
Capital surplus	**6,346**	6,346	**68,242**
Retained earnings	**13,533**	13,570	**145,513**
Unrealized gain on available-for-sale securities	**1,199**	335	**12,896**
Deferred loss on derivatives under hedge accounting	**(24)**	(88)	**(255)**
Foreign currency translation adjustments	**(2,040)**	(1,949)	**(21,939)**
Treasury stock—at cost, 1,070,236 shares in 2010 and 1,068,989 shares in 2009	**(531)**	(531)	**(5,714)**
Total	**25,223**	24,423	**271,216**
Minority interests	**530**	48	**5,696**
Total equity	**25,753**	24,471	**276,912**
TOTAL	**¥102,917**	¥104,582	**$1,106,633**

Consolidated Statements of Operations

JEOL Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
NET SALES (Note 11)	**¥84,770**	¥83,872	**$911,501**
COST OF SALES (Note 11)	**59,572**	59,137	**640,554**
Gross profit	**25,198**	24,735	**270,947**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 10 and 11)	**24,690**	27,529	**265,490**
Operating income (loss)	**508**	(2,794)	**5,457**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**142**	226	**1,529**
Revenue from acceptance of research and development services	**284**	276	**3,056**
Insurance claim receipt	**63**	134	**681**
Insurance return	**111**	29	**1,193**
Surrender value of insurance	**125**		**1,345**
Interest expense	**(651)**	(556)	**(6,995)**
Foreign exchange gain—net	**44**	438	**471**
Charge for sales of trade receivables	**(184)**	(342)	**(1,976)**
Loss on disposals of inventories	**(118)**	(124)	**(1,266)**
Loss on sales and disposals of property, plant and equipment—net	**(206)**	(23)	**(2,214)**
Gain on sales of investment securities	**800**		**8,604**
Loss on write-down of investment securities	**(221)**	(265)	**(2,374)**
Equity in earnings of unconsolidated subsidiaries and associated companies	**23**	72	**248**
Gain on change in equity	**328**		**3,526**
Gain on prior periods adjustment	**52**	43	**561**
Loss on customer claim	**(372)**	(87)	**(4,003)**
Contract penalty	**(233)**		**(2,501)**
Other—net	**(187)**	(90)	**(2,026)**
Other expenses—net	**(200)**	(269)	**(2,141)**
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	**308**	(3,063)	**3,316**
INCOME TAXES (Note 9):			
Current	**523**	815	**5,625**
Deferred	**(356)**	(1,888)	**(3,827)**
Total income taxes	**167**	(1,073)	**1,798**
MINORITY INTERESTS IN NET INCOME (LOSS)	**135**	62	**1,448**
NET INCOME (LOSS)	**¥ 276**	¥ (1,928)	**$ 2,966**

	Yen		U.S. Dollars
	2010	2009	**2010**
PER SHARE OF COMMON STOCK (Notes 2.p and 16):			
Basic net income (loss)	**¥3.52**	¥(24.63)	**$0.04**
Diluted net income	**3.45**		**0.04**
Cash dividends applicable to the year	**4.00**	4.00	**0.04**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

JEOL Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

	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, 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
Net income				276					276		276
Cash dividends paid:											
For prior year end, ¥1.5 per share				(117)					(117)		(117)
For current year interim, ¥2.5 per share				(196)					(196)		(196)
Purchase of treasury stock											
Net change in the year					864	64	(91)		837	482	1,319
BALANCE, MARCH 31, 2010	79,366	¥6,740	¥6,346	¥13,533	¥1,199	¥ (24)	¥(2,040)	¥(531)	¥25,223	¥530	¥25,753

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2009	$72,473	$68,242	$145,914	$ 3,601	$(951)	$(20,954)	$(5,709)	$262,616	$ 512	$263,128
Net income			2,966					2,966		2,966
Cash dividends paid:										
For prior year end, $0.01 per share			(1,263)					(1,263)		(1,263)
For current year interim, $0.02 per share			(2,104)					(2,104)		(2,104)
Purchase of treasury stock							(5)	(5)		(5)
Net change in the year				9,295	696	(985)		9,006	5,184	14,190
BALANCE, MARCH 31, 2010	$72,473	$68,242	$145,513	$12,896	$(255)	$(21,939)	$(5,714)	$271,216	$5,696	$276,912

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

JEOL Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	**¥ 308**	¥(3,063)	**$ 3,316**
Adjustments for:			
Income taxes—paid	**(745)**	(1,015)	**(8,015)**
Depreciation and amortization	**3,403**	3,642	**36,596**
Loss on sales and disposals of property, plant and equipment—net	**206**	23	**2,214**
Loss on write-down of investment securities	**221**	265	**2,374**
Surrender value of insurance	**(125)**		**(1,345)**
Insurance return	**(111)**		**(1,193)**
Gain on sales of investment securities	**(800)**		**(8,604)**
Gain on change in equity	**(328)**		**(3,526)**
Loss on customer claim	**372**		**4,003**
Payments for contract penalty loss	**(140)**		**(1,501)**
Contract penalty	**233**		**2,501**
Equity in earnings of unconsolidated subsidiaries and associated companies	**(23)**	(72)	**(248)**
Changes in assets and liabilities:			
(Increase) decrease in trade notes and accounts receivable	**(6,685)**	2,933	**(71,878)**
Decrease (increase) in inventories	**4,818**	(4,236)	**51,812**
Increase (decrease) in trade notes and accounts payable	**622**	(1,367)	**6,684**
(Decrease) increase in advances received	**(367)**	484	**(3,942)**
Decrease in provision for accrued bonuses to employees	**(288)**	(313)	**(3,092)**
Increase (decrease) in liability for employees' retirement benefits	**43**	(221)	**458**
(Decrease) increase in retirement allowances for directors, executive officers and corporate auditors	**(423)**	166	**(4,545)**
Other—net	**894**	131	**9,600**
Total adjustments	**777**	420	**8,353**
Net cash provided by (used in) operating activities	**1,085**	(2,643)	**11,669**
INVESTING ACTIVITIES:			
Increase in time deposits—net	**(42)**	(123)	**(453)**
Payment for purchases of investment securities	**(10)**	(609)	**(108)**
Proceeds from sales of investment securities	**1,229**		**13,218**
Purchase of investments in subsidiaries	**(24)**		**(257)**
Proceeds from maturity of insurance funds	**194**		**2,085**
Proceeds from cancellation of insurance funds	**382**		**4,111**
Proceeds from sales of property, plant and equipment	**163**	36	**1,753**
Payment for purchases of property, plant and equipment	**(1,652)**	(3,307)	**(17,759)**
Payment for purchases of intangible assets	**(323)**	(224)	**(3,468)**
Other—net	**(175)**	(254)	**(1,891)**
Net cash used in investing activities	**(258)**	(4,481)	**(2,769)**
FINANCING ACTIVITIES:			
(Decrease) increase in short-term bank loans—net	**(1,865)**	5,291	**(20,059)**
Proceeds from long-term bank loans	**4,300**	3,000	**46,237**
Repayments of long-term bank loans	**(3,399)**	(2,037)	**(36,546)**
Proceeds from bonds issuance	**3,904**	3,962	**41,975**
Payment for redemption of bonds	**(1,731)**	(721)	**(18,613)**
Payment for redemption of convertible bonds	**(4,588)**	(1,412)	**(49,333)**
Proceeds from stock issuance to minority shareholders	**973**		**10,462**
Cash dividends paid	**(314)**	(393)	**(3,374)**
Other—net	**(129)**	(21)	**(1,387)**
Net cash (used in) provided by financing activities	**(2,849)**	7,669	**(30,638)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(38)**	(671)	**(407)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,060)**	(126)	**(22,145)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**9,038**	9,164	**97,180**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 6,978**	¥ 9,038	**$ 75,035**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

JEOL Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

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 2009 financial statements to conform to the classifications used in 2010.

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 ¥93.0 to $1, the approximate rate of exchange at March 31, 2010. 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, 2010 include the accounts of the Company and its 16 (18 in 2009) significant subsidiaries (together, the "Group").

JEOL DATUM LTD. and JEOL ACTIVE CO., LTD. were merged into the Company on July 1, 2009.

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 Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 9 (8 in 2009) 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 five 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 Group 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. 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. Business Combination ——In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

d. 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.

e. Inventories ——Finished products are mainly stated at the lower of cost, determined by the moving-average cost method, or net selling value. Finished products of consolidated foreign subsidiaries are stated at the lower of cost, determined by the specific identification method. Work in process is mainly stated at the lower of cost, determined by the specific identification method, or net selling value.

Raw materials and supplies are stated at cost, determined by the last purchased price method, or net selling value.

f. Investment Securities ——All securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains 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.

g. 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 on 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.

h. Long-Lived Assets ——The Group reviews its 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.

i. 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 (five years).

j. 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 ($36,344 thousand) is being amortized over 15 years.

On July 31, 2008, the ASBJ has issued an Accounting Standard — ASBJ Statement No. 19 "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)." The Group has adopted this statement beginning this fiscal year. There is no effect of this in the 2010 consolidated statement of operations.

Retirement allowances for directors, executive officers and corporate auditors of the Company and its consolidated domestic 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.

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

l. 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.

All other leases are accounted for as operating leases.

m. 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.

n. 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.

o. 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.

p. Derivatives and Hedging Activities ——The Group uses derivatives to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency swaps and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does 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 is recognized and included in interest expense.

q. 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.

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.

r. New Accounting Pronouncements

Business Combinations ——In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method ——The current accounting standard requires to unify accounting policies within the consolidation group. However, the current guidance allows for the application of the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and (6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations ——In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections ——In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows;

(1) Changes in accounting policies

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of prior period errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures ——In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. BUSINESS COMBINATION

Transaction under Common Control

(1) Overview of Companies Involved in the Merger (as of June 30, 2009)

	JEOL Ltd.	JEOL DATUM LTD.	JEOL ACTIVE CO., LTD.
Company name:	(Surviving company)	(Company to be absorbed)	(Company to be absorbed)
Head office:	1-2, Musashino 3-chome, Akishima, Tokyo	1156, Nakagamicho, Akishima, Tokyo	1-2, Musashino 3-chome, Akishima, Tokyo
Representative name, position:	Gon-emon Kurihara, President and Representative Director	Yasunobu Suenaga, President and Representative Director	Kazuyoshi Yasutake, President and Representative Director
Common stock:	¥6,740 million	¥53 million	¥35 million
Business content:	Manufacturing and sales of scientific instruments and industrial equipment	Engineering services and consultation services for the products made by JEOL Ltd.	Procurement and sales of parts and materials for the products made by JEOL Ltd.
Major shareholders and percentage of ownership:	The Bank of Tokyo-Mitsubishi UFJ, Ltd.—3.8% Mitsubishi Electric Corporation—3.8%	JEOL Ltd.—100%	JEOL Ltd.—100%

(2) Form of the Merger

The merger took the form of an absorption-type merger, with the Company, as the surviving company and JEOL DATUM LTD., and JEOL ACTIVE CO., LTD., being dissolved.

(3) Company Name after the Merger

JEOL Ltd.

(4) Outline of the Merger including Objective

a. Objective of the merger

As a part of the strengthening of the Group management, the Company acquired JEOL DATUM LTD. which was the subsidiary company acquired 100% equity interest and whose main business was the provision of technical services and consultations 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.

The Company also acquired JEOL ACTIVE CO., LTD., which was the same subsidiary company as JEOL DATUM LTD. and acquired 100% equity interest, whose main business was the procurement of parts and materials pertaining to JEOL Group's products and related equipment. The acquisition will facilitate further cost reduction and consolidation of production processes (for procurement, production and logistics), which have been optimally operated in each company onto "Production Strategy Rationalization of Manufacturing Processes" in the medium-term management plan ACTION 60 (from FY 2007 to FY 2009). 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.

b. Date for the merger

July 1, 2009

c. Content of allotments related to the merger

As both JEOL DATUM LTD. and JEOL ACTIVE CO., LTD. were wholly owned subsidiaries of the Company, no plans existed to issue new shares or augmented common stock in relation to the merger, nor was any money delivered due to the merger.

4. INVESTMENT SECURITIES

Investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Non-current:			
Marketable equity securities	¥5,852	¥5,054	$62,930
Non-marketable securities	91	82	975
Total	¥5,943	¥5,136	$63,905

The costs and aggregate fair values of investment securities at March 31, 2010 and 2009 were as follows:

	Millions of Yen			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale equity securities	¥3,865	¥2,149	¥162	¥5,852
March 31, 2009				
Securities classified as available-for-sale equity securities	¥4,514	¥1,536	¥996	¥5,054

	Thousands of U.S. Dollars			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale equity securities	$41,564	$23,107	$1,741	$62,930

Available-for-sale securities whose fair value was not readily determinable as of March 31, 2009 were as follows. The similar information for 2010 is disclosed in Note 13.

March 31, 2009	Carrying Amount Millions of Yen
Available-for-sale—Equity securities	¥82
Total	¥82

5. INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Finished products	¥14,785	¥18,254	$158,978
Work in process	16,746	18,641	180,067
Raw materials and supplies	2,798	3,184	30,085
Total	¥34,329	¥40,079	$369,130

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

Short-term bank loans at March 31, 2010 and 2009 consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 1.26% to 4.13% and 1.48% to 5.75% at March 31, 2010 and 2009, respectively.

Long-term debt at March 31, 2010 and 2009, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Unsecured 1.42% yen bonds, due 2011	¥ 500	¥ 500	$ 5,376
Unsecured 1.36% yen bonds, due 2012	400	600	4,301
Unsecured 1.40% yen bonds, due 2012	500	700	5,376
Unsecured 1.50% yen bonds, due 2012	500	500	5,376
Unsecured 1.24% yen bonds, due 2012	150	210	1,613
Unsecured 1.21% yen bonds, due 2012	850		9,140
Unsecured 1.29% yen bonds, due 2013	2,000	2,000	21,505
Unsecured 1.35% yen bonds, due 2013	1,400	1,800	15,054
Unsecured 1.11% yen bonds, due 2013	368	490	3,962
Unsecured 1.07% yen bonds, due 2014	800	1,000	8,602
Unsecured 1.35% yen bonds, due 2014	400	500	4,301
Unsecured 0.94% yen bonds, due 2014	900		9,678
Unsecured 1.01% yen bonds, due 2014	1,800		19,355
Unsecured zero coupon yen convertible bonds, due 2009		4,588	
Loans from banks and insurance companies, due serially to 2014 with interest rates ranging from 1.95% to 6.09% (2010) and 1.20% to 6.09% (2009):			
Collateralized	3,240	3,420	34,839
Unsecured	6,574	5,501	70,689
Lease obligations	1,122	181	12,062
Total	21,504	21,990	231,229
Less current portion	(5,300)	(8,865)	(56,989)
Long-term debt, less current portion	¥16,204	¥13,125	$174,240

The Company must maintain net assets in excess of ¥13,813 million ($148,527 thousand) as of every year end and interim closing dates. As of March 31, 2010, the Company was in compliance with this requirement.

Annual maturities of long-term debt, excluding finance leases (see Note 12), as of March 31, 2010 for the next five years were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 5,049	$ 54,291
2012	6,273	67,451
2013	6,175	66,398
2014	2,390	25,704
2015	495	5,323
Total	¥20,382	$219,167

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥5,497 million ($59,102 thousand), current portion of long-term bank loans of ¥165 million ($1,774 thousand), long-term bank loans of ¥3,075 million ($33,065 thousand) and deposit received accounts which were included in other current liabilities of ¥59 million ($633 thousand) and included in other long-term liabilities of ¥96 million ($1,032 thousand) at March 31, 2010, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 626	$ 6,733
Buildings and structures —net of accumulated depreciation	3,782	40,665
Machinery and equipmen —net of accumulated depreciation	3	28
Investment securities	3,090	33,227
Total	¥7,501	$80,653

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 ($96,774 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 the previous fiscal year or of March 31, 2008 or the higher of its net assets of the previous interim periods or of March 31, 2008.

7. RETIREMENT AND PENSION PLANS

The Company and its certain consolidated subsidiaries have severance payment plans for employees, directors, executive officers and corporate auditors. 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 payments 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, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥(16,895)	¥(16,592)	$(181,670)
Fair value of plan assets	6,367	5,873	68,465
Unrecognized actuarial loss	3,555	4,053	38,227
Unrecognized transitional obligation	1,104	1,347	11,876
Unrecognized prior service cost	59	69	633
Benefits paid	(308)	(855)	(3,315)
Net liability	¥ (6,118)	¥ (6,105)	$ (65,784)

The components of net periodic retirement benefit costs for the years ended March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost	¥ 894	¥ 995	$ 9,614
Interest cost	334	350	3,594
Expected return on plan assets	(124)	(228)	(1,338)
Recognized actuarial loss	516	405	5,550
Amortization of transitional obligation	229	240	2,463
Amortization of prior service cost	6	7	65
Net periodic retirement benefit costs	¥1,855	¥1,769	$19,948

The above service cost does not include additional retirement payments of ¥178 million ($1,916 thousand) and ¥215 million for the years ended March 31, 2010 and 2009, respectively.

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	3.0%
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").

8. EQUITY

Japanese companies are 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 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.

9. 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, 2010 and 2009.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets—Current:			
Accrued bonuses to employees	¥ 219	¥ 325	$ 2,359
Research and development cost	411	585	4,419
Accrued enterprise taxes	15	26	165
Unrealized intercompany profits of inventories	75	226	804
Loss on write-down of inventories	393	702	4,226
Tax loss carryforwards	68	246	730
Other	686	539	7,375
Less valuation allowance	(11)	(5)	(118)
Total	1,856	2,644	19,960
Deferred tax liabilities—Current	(92)	(181)	(987)
Net deferred tax assets—Current	¥ 1,764	¥ 2,463	$ 18,973
Deferred tax assets—Non-current:			
Amortization of software	¥1,041	¥1,058	$11,191
Loss on write-down of investment securities	263	263	2,832
Liability for employees' retirement benefits	2,568	2,310	27,617
Retirement allowances for directors, executive officers and corporate auditors	175	349	1,880
Tax loss carryforwards	3,286	2,108	35,330
Other	408	421	4,395
Less valuation allowance	(932)	(711)	(10,025)
Total	6,809	5,798	73,220
Deferred tax liabilities—Non-current	(993)	(448)	(10,682)
Net deferred tax assets—Non-current	¥5,816	¥5,350	$62,538
Deferred tax liabilities—Current:			
Advances received		¥ (53)	
Other	¥ (94)	(131)	$ (1,005)
Total	(94)	(184)	(1,005)
Deferred tax assets—Current	92	181	987
Net deferred tax liabilities—Current	¥ (2)	¥ (3)	$ (18)
Deferred tax liabilities—Non-current:			
Unrealized gain on available-for-sale securities	¥ (788)	¥ (205)	$ (8,470)
Undistributed earnings of associated companies	(161)	(166)	(1,727)
Other	(88)	(126)	(957)
Total	(1,037)	(497)	(11,154)
Deferred tax assets—Non-current	993	448	10,682
Net deferred tax liabilities—Non-current	¥ (44)	¥ (49)	$ (472)

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, 2010 and 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	40.7%	40.7%
Expenses not deductible for income tax purposes	43.3	(4.0)
Capitation of local inhabitant tax	8.6	(0.9)
Unrealized inter company profits	(58.6)	2.7
Difference in tax rates of foreign subsidiaries	(20.9)	3.7
Less valuation allowance	72.4	(3.8)
Other—net	(31.3)	(3.4)
Actual effective tax rate	54.2%	35.0%

At March 31, 2010, certain subsidiaries have tax loss carryforwards aggregating approximately ¥8,148 million ($87,609 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 2	$ 20
2013	96	1,030
2014	145	1,557
2015	250	2,690
2016 and thereafter	7,655	82,312
Total	¥8,148	$87,609

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥4,543 million ($48,855 thousand) and ¥5,644 million for the years ended March 31, 2010 and 2009, respectively.

11. RELATED PARTY DISCLOSURES

Transactions of the Group with unconsolidated subsidiaries and associated companies for the years ended March 31, 2010 and 2009, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Sales	¥2,504	¥2,740	$26,925
Purchases	170	171	1,828
Selling, general and administrative expenses	242	169	2,601

12. LEASES

The Group leases certain machinery, computer equipment, office space and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2010 and 2009 were ¥1,963 million ($21,108 thousand) and ¥1,805 million, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2010		2010	
	Finance leases	Operating leases	Finance leases	Operating leases
Due within one year	¥ 251	¥ 558	$ 2,698	$ 6,000
Due after one year	871	953	9,364	10,244
Total	¥1,122	¥1,511	$12,062	$16,244

Pro Forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No.13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied the ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen				
	2010				
	Buildings and Structures	Machinery and Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	¥7	¥69	¥228	¥182	¥486
Accumulated depreciation	6	27	191	159	383
Net leased property	¥1	¥42	¥ 37	¥ 23	¥103

	Thousands of U.S. Dollars				
	2010				
	Buildings and Structures	Machinery and Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	$73	$740	$2,457	$1,952	$5,222
Accumulated depreciation	67	282	2,057	1,706	4,112
Net leased property	$ 6	$458	$ 400	$ 246	$1,110

	Millions of Yen				
	2009				
	Buildings and Structures	Machinery and Equipment	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

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥ 79	¥105	$ 843
Due after one year	102	191	1,100
Total	¥181	¥296	$1,943

Depreciation expense, interest expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Depreciation expense	¥ 66	¥121	$ 712
Interest expense	10	16	105
Total	¥ 76	¥137	$817
Lease payments	¥106	¥163	$1,145

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, 2010 and 2009.

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt including bank loans and bonds to finance capital investment for Scientific instrument and Industrial equipment businesses. Cash surpluses, if any, are invested in low risk financial assets. Bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature, Extent of Risks and Risk Management for Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year.

Maturities of bank loans, convertible bonds and lease obligation are less than five years after the balance sheet date. Although a part of such bank loans and convertible bonds are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables, and from changes in interest rates of bank loans and bonds.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount. Please see Note 14 for more detail about derivatives.

(3) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. The results of valuation may differ among assumptions because the rational valuation techniques include variable factors. Also please see Note 14 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 7,144	¥ 7,144	
Receivables	27,474	27,474	
Investment securities	5,852	5,852	
Total	¥40,470	¥40,470	
Short-term bank loans	¥(19,287)	¥(19,287)	
Payables	(17,303)	(17,303)	
Long-term debt	(20,382)	(20,520)	¥(138)
Total	¥(56,972)	¥(57,110)	¥(138)

	Thousands of U.S.Dollars		
March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	$ 76,813	$ 76,813	
Receivables	295,423	295,423	
Investment securities	62,930	62,930	
Total	$435,166	$435,166	
Short-term bank loans	$(207,392)	$(207,392)	
Payables	(186,055)	(186,055)	
Long-term debt	(219,167)	(220,656)	$(1,489)
Total	$(612,614)	$(614,103)	$(1,489)

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Investment Securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for the investment securities by classification is included in Note 4.

Receivables, Payables and Short-Term Bank Loans

The fair values of receivables, payables and short-term bank loans are measured at the amount to be received or paid at maturity discounted at the Group's assumed corporate discount rate.

Long-Term Debt

The fair value of long-term debt is determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives

The information of the fair value for derivatives is included in Note 14.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount	
March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥91	$975

(4) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen
March 31, 2010	Due in one year or less
Cash and cash equivalents	¥ 7,144
Receivables	27,474
Total	¥34,618

	Thousands of U.S.Dollars
March 31, 2010	Due in one year or less
Cash and cash equivalents	$ 76,813
Receivables	295,423
Total	$372,236

Please see Note 6 for annual maturities of long-term debt.

14. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets denominated in foreign currencies. The Group also enters into interest-rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within its business.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

With respect to derivative transactions, basic policies are decided by the Board of Directors meeting. Derivative transactions are executed within the necessary range and managed by financial affairs division.

As noted in Note 13, the Group applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2010

	Millions of Yen			
March 31, 2010	Hedged item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥2,726		¥(63)
Selling €	Receivables	¥ 269		¥ 19
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	¥5,680	¥4,186	

	Thousands of U.S. Dollars			
March 31, 2010	Hedged item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	$29,317		$(678)
Selling €	Receivables	$ 2,892		$ 206
Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	$61,075	$45,011	

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The above 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 is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps is included in that of hedged items (i.e. long-term debt).

15. CONTINGENT LIABILITIES

At March 31, 2010, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥3,543	$38,093
Guarantees of advance received of unconsolidated subsidiary	185	1,987

16. NET INCOME (LOSS) PER SHARE

Reconciliation of the differences between basic and diluted net income per share (“EPS”) for the years ended March 31, 2010 and 2009 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2010	Net Income (Loss)	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥276	78,296	¥3.52	$0.04
Effect of dilutive securities—Convertible bonds		1,665		
Diluted EPS—Net incomef for computation	¥276	79,961	¥3.45	$0.04
Year Ended March 31, 2009				
Basic EPS—Net loss available to common shareholders	¥(1,928)	78,300	¥(24.63)	

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

17. SUBSEQUENT EVENTS

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 29, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥1.5 ($0.02) per share	¥117	$1,258

The Group decided to implement an early retirement program at the Board of Directors meeting on April 19, 2010 in order to take the drastic measures to make more profit as a result of the investigation of the management environment. The Group will focus on the structural management reform to promote the concentration of management resources.

(1) Details of the program were as follows:

a. Staff targeted: Full-fledged employee
b. Application required: About 150
c. Application acceptance period: From May 17, 2010 to May 27, 2010
d. Date of retirement: June 30, 2010
e. Preferential treatment: (a) Payment of an additional special severance allowance for this group of retirees
(b) Re-employment support by out-sourcing company

(2) Result

Number of applicants was 146 people.

The Group estimates that approximately ¥1,700 million ($18,280 thousand) will be recognized as extraordinary loss during the fiscal year ending March 31, 2011 for payment of an additional special severance allowance.

18. SEGMENT INFORMATION

Information about operations in industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2010 and 2009, is as follows:

(1) Industry Segments

a. Sales and Operating Income

	Millions of Yen			
	2010			
	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Sales to customers	¥40,955	¥43,815		¥84,770
Intersegment sales				
Total sales	40,955	43,815		84,770
Operating expenses	36,919	44,052	¥ 3,291	84,262
Operating income (loss)	¥ 4,036	¥ (237)	¥(3,291)	¥ 508

b. Total Assets, Depreciation and Capital Expenditures

	Millions of Yen			
	2010			
	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Total assets	¥41,119	¥47,405	¥14,393	¥102,917
Depreciation	1,497	1,829	77	3,403
Capital expenditures	1,346	1,885	26	3,257

a. Sales and Operating Income

	Thousands of U.S. Dollars			
	2010			
	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Sales to customers	$440,374	$471,127		$911,501
Intersegment sales				
Total sales	440,374	471,127		911,501
Operating expenses	396,975	473,675	$ 35,394	906,044
Operating income (loss)	$ 43,399	$ (2,548)	$(35,394)	$ 5,457

b. Total Assets, Depreciation and Capital Expenditures

	Thousands of U.S. Dollars			
	2010			
	Scientific Instrument	Industrial Equipment	Eliminations/ Corporate	Consolidated
Total assets	$442,142	$509,730	$154,761	$1,106,633
Depreciation	16,094	19,664	838	36,596
Capital expenditures	14,468	20,274	281	35,023

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

Note:

The Group primarily engages 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, Wafer inspection systems, High frequency plasma generators, Clinalyzers, etc.

(2) Geographical Segments

The geographical segments of the Group for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen				
	2010				
	Japan	North America, Latin America	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥62,127	¥9,332	¥13,311		¥ 84,770
Interarea transfer	8,838	165	123	¥(9,126)	
Total sales	70,965	9,497	13,434	(9,126)	84,770
Operating expenses	68,317	9,319	12,982	(6,356)	84,262
Operating income	¥ 2,648	¥ 178	¥ 452	¥(2,770)	¥508
Total assets	¥78,888	¥5,708	¥ 8,335	¥ 9,986	¥102,917

	Thousands of U.S. Dollars				
	2010				
	Japan	North America, Latin America	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$668,027	$100,339	$143,135		$ 911,501
Interarea transfer	95,035	1,778	1,319	$ (98,132)	
Total sales	763,062	102,117	144,454	(98,132)	911,501
Operating expenses	734,592	100,206	139,598	(68,352)	906,044
Operating income	$ 28,470	$ 1,911	$ 4,856	$ (29,780)	$ 5,457
Total assets	$848,261	$ 61,375	$ 89,618	$107,379	$1,106,633

	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

Note:

Each area primarily refers to the following countries:

North America, Latin America: U.S.A., Canada and Mexico

Other: Europe, Southeast Asia and Australia

(3) Sales to Foreign Customers

Sales to foreign customers of the Group for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen		
	2010		
	North America, Latin America	Other	Total
Overseas sales (A)	¥16,849	¥19,845	¥36,694
Consolidated sales (B)			84,770
(A)/(B)	19.9%	23.4%	43.3%

	Thousands of U.S. Dollars		
	2010		
	North America, Latin America	Other	Total
Overseas sales (A)	$181,169	$213,385	$394,554
Consolidated sales (B)			911,501
(A)/(B)	19.9%	23.4%	43.3%

	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%

Note: The Group is 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

Independent Auditors' Report

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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. (the "Company") and consolidated subsidiaries (together, the "Group") as of March 31, 2010 and 2009, 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, 2010 and 2009, 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.

As discussed in Note 17 to the consolidated financial statements, the Group decided to implement an early retirement program at the Board of Directors meeting on April 19, 2010.

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 LLC

June 29, 2010

Member of
Deloitte Touche Tohmatsu

Corporate Outline

(As of March 31, 2010)

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 3,114 Non-consolidated 1,960

Stock Information:

Authorized shares: 200,000,000

Issued shares: 79,365,600

Number of shareholders: 11,134

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.

Note: The Company acquired JEOL FINETECH CO., LTD. and JEOL ENGINEERING CO., LTD. on April 1, 2010, and JEOL SYSTEM TECHNOLOGY CO., LTD. on July 1, 2010.

Overseas Subsidiaries

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
JEOL (SKANDINAVISKA) A.B. [Sweden]	Hammarbacken 6A Box 716 191 27 Sollentuna, Sweden TEL. 46-8-28-2800
JEOL (GERMANY) GmbH [Germany]	Oskar-Von-Miller-Strasse 1, 85386 Eching, Germany TEL. 49-8165-77512
JEOL (ITALIA) S.p.A. [Italy]	Centro Direzionale Green Office Via Dei Tulipani, 1, 20090 Pieve, Emanuele (MI), Italy TEL. 39-2-9041431
JEOL ASIA PTE. LTD. [Singapore]	2 Corporation Road #01-12 Corporation Place, Singapore 618494 TEL. 65-6565-9989
JEOL TAIWAN SEMICONDUCTORS LTD. [Taiwan]	11F, No.346, Pei-Ta Road, Hsin-Chu City 300, Taiwan, Republic of China TEL. 886-3-523-8490
JEOL (AUSTRALASIA) PTY. LTD. [Australia]	Unit 9, 750-752 Pittwater Road, Brookvale, N.S.W. 2100, Australia TEL. 61-2-9905-8255
JEOL DE MEXICO S.A. DE C.V. [Mexico]	Av. Amsterdam #46 DEPS. 402 Col Hipodromo, Mexico 06100, Mexico D.F. Mexico TEL. 52-5-55-211-4511
JEOL CANADA, INC. [Canada]	5757 Cavendish Boulevard, Suite 504, Montreal, Quebec H4W 2W8, Canada TEL. 1-514-482-6427
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
JEOL BRASIL Instrumentos Cientificos Ltda. [Brazil]	Av. Itaberaba, 3563 02739-000 Sao Paulo SP BRASIL TEL. 55 11-3983-8144
JEOL KOREA LTD. [Korea]	Sunmin Building. 6th Fl., 218-16, Nonhyun-Dong, Kangnam-Ku, Seoul 135-010, Korea TEL. 82-2-511-5501

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