

Consolidated Financial Review for the Six Months Ended December 31, 2006

Company name: Lasertec Corporation
 Headquarter address: 4-10-4, Tsunashima-Higashi, Kohoku-Ku, Yokohama, Kanagawa
 223-8551, Japan
 Telephone number: (045) 544-4111
 Stock exchange listing: Jasdq Securities Exchange, Inc.
 Code number: 6920
 Representative Director: Yaichiro Watakabe, President
 Inquiries: Shu Uchiyama, Director, Corporate Planning Office
 Board of Directors Meeting: February 21, 2007

For reference only: The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

1. Consolidated financial highlights

(1) Consolidated operating results

(Fractional amounts are discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Dec. 31, 2006	7,975	10.6	1,950	12.1	1,957	12.0
Dec. 31, 2005	7,209	78.7	1,739	155.5	1,746	154.1
June 30, 2006	12,033	20.7	2,963	55.0	3,060	58.7

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
Dec. 31, 2006	1,173	6.5	100.68	100.48
Dec. 31, 2005	1,101	162.5	190.15	189.45
June 30, 2006	1,884	56.5	162.25	161.67

(Notes)

1. Profit/loss on equity method:

Six months ending December 31, 2006: None

Six months ending December 31, 2005: None

Year ended June 30, 2006: None

2. Average number of shares of common stock during period:

December 31, 2006 11,651,638 shares

December 31, 2005 5,795,147 shares

June 30, 2006 11,615,755 shares

3. Changes in accounting methods: None

4. The percentages for net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
Dec. 31, 2006	16,484	11,788	71.5	1,011.51
Dec. 31, 2005	14,019	10,261	73.2	1,765.17
June 30, 2006	15,560	11,067	71.1	949.96

(Notes) Number of outstanding shares at end of period:

Dec 31, 2006 11,654,741 shares Dec 31, 2005 5,813,420 shares June 30, 2006 11,650,755 shares

(3) Consolidated cash flows position

	(Millions of yen)			
	Cash flows from operating activities	Cash flows from Investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Dec. 31, 2006	(779)	(52)	(461)	4,287
Dec. 31, 2005	2,619	(347)	(212)	4,933
June 30, 2006	3,325	(443)	(184)	5,570

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 2 companies

Nonconsolidated subsidiaries: None

Affiliated company using the equity method: None

(5) Changes in scope of consolidation and application of the equity method

Consolidation (Additions): None (Deletions): None

Equity method (Additions): None (Deletions): None

2. Consolidated operating estimates for the year ending June 30, 2007

(7/1/06- 6/30/07)

	Net sales	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Annual	16,200	3,890	2,390

(N.b.) Estimated net income per share for the year ending June 30, 2007(annual): 205.10 yen

(Appendix)

I. Current status of the company group

The business of our company group includes development, manufacturing, sales, and servicing of semiconductor related systems and FPD related systems as well as laser microscopes. The responsibility of each business lies as follows.

For developing and manufacturing semiconductor related systems and FPD related systems as well as laser microscopes, the company submitting consolidated financial statements (called "this company") takes the responsibility.

For sales, this company takes the responsibility in the Japan, Asian and European markets. In the North American market, Lasertec U. S. A. Inc., a consolidated subsidiary of this company, takes the responsibility.

For servicing, this company takes the responsibility in the Japan, Asian (excluding Korea), and European markets. Lasertec U. S. A. Inc., a consolidated subsidiary of this company, is in charge in the North American market, and Lasertec Korea Corporation, the other consolidated subsidiary of this company, is in charge in the Korean market.

This company has only two consolidated subsidiaries. Thus the illustration of the relationship between this company and the two consolidated subsidiaries is omitted.

II. Management policies

1. Basic policy for the company management

Since its establishment, this company has supplied various inspection and measurement systems in the semiconductor, FPD and new material industries under the policy that "the company will satisfy needs with the most advanced technology." For the higher level needs in future, this company will continue to meet credence of our customers with multiple technologies of optics, precision mechanical engineering and electronics. This is the basic management policy of this company.

In the medium term, this company will strengthen the main three product lines: semiconductor related systems, FPD related systems, and laser microscopes. Especially, this company regards needs for accelerated pursuit of finer processing in the semiconductor related systems, and needs for more sophisticated inspection and repair process in the FPD related systems, as the key elements for business expansion. Consequently, this company intends to devote more energy to the

fulfillment of these needs.

2. Basic policy for profit sharing

As a basic policy, this company aims at stable profit sharing among stockholders while strengthening the financial condition of the corporation and attaining higher performance. At the same time, this company simultaneously employs flexible profit sharing depending on performance while considering the necessity for reinforcement of the corporate structure based on retained earnings.

For further reinforcement of company constitution and establishment of long-lasting management base, the retained earnings will be effectively spent for R & D investment on new technologies and new products, capital investment for expanding business, and recruitment of highly capable staffs.

3. Concept and policy regarding the reduction in size of the Stock Trading Unit

This company believes it is very important to capture individual financial assets into the capital market. Based on this belief, this company lowered the number of shares of one unit from 1,000 shares to 100 shares, effective on April 1, 2004, and further implemented gratis share split making one common share to two common shares, effective on April 1, 2006. This company recognizes these measures described above have significantly uplifted the convenience of individual stockholders and the liquidity of the stocks of this company. Please be further informed that this company plans to handle the future lowering of the number of share of one unit by considering the result of analyses of the general status depending on the prevailing situation on each occasion.

4. Management strategies and tasks to be worked on

(1) While this company reinforces the Sales & Marketing functions to vigorously acquire new customers, this company thoroughly believes that customer always comes first and this company intends to attain customer's trust by developing new technologies and new products that meet customer needs, with aggressive investment on product development and human resources in a short period of time so that this company can maintain product superiority, business expansion and profit platform expansion.

- In the semiconductor related system field, this company plans to keep providing new products responding to market needs, such as reliable inspection systems for high quality mask blanks and phase shift mask inspection systems that are indispensable for ultra-high resolution lithography.

- Through R & D in collaboration with universities, consortiums and business enterprises, this company will make more efficient R & D investment.
- In the FPD related system field, this company will satisfy needs for larger-sized panels and higher throughput, and differentiate our products from other competitive ones with respect to function while achieving further cost reduction and also pursuing shorter time period from delivery to final acceptance of products.
- In the laser microscope field, this company extensively develops new applications in response to market needs and at the same time actively promotes microscope products to overseas market.

(2) In order to pursue speedy and decisive management at each management level, this company promotes establishment of clearer responsibility and authority, and also actively promotes delegation of authority. Also this company intends to further improve customer satisfaction by unifying sales and the service function.

(3) This company promotes reinforcement of the company structure by strengthening compliance and internal control functions and also by strengthening the quality assurance system. This company also continues active recruitment based on the mid-to-long term view and pursues establishment of a solid structure for human resource development.

5. Basic policy for corporate governance and current actions taken for it

(1) Basic policy for corporate governance

This company believes that a business enterprise fundamentally has to grow in such a way to increase its value (financial conditions and quality) continuously, and that only such growth can improve a sense of satisfaction in stockholders and a sense of accomplishment in employees. Especially to improve company value under recent circumstances where business environment surrounding companies are rapidly changing, this company thinks it essential to establish a flexible management system that can respond to rapidly changing conditions as well as corporate governance that secures the management with emphasis on stockholders.

(2) Current actions taken for corporate governance

Status of executive management organization and other cooperate governance structure of this company involved with managerial decision-making, enforcement and surveillance

This company employs auditing system. The Board consists of seven directors including one outside director. The board is organized with enough number of members to make prompt management judgment, and the board is held every month to inform and decide important issues

within the company. All board members, full-time auditors and a part-time auditor attend a monthly meeting held by representatives from each department and employees in charge of products so that everyone can understand the current business situations and share business information.

Furthermore, a management meeting that is a decision body for practical business affairs regarding company management was newly started since October last year and this meeting is being held twice a month. Holding of this regular meeting speeds up the decision making on issues regarding company management and at the same time promotes integration of understanding and strengthens mutual surveillance, among board members. In addition, this company strengthens cooperation between internal auditing office and board of auditors in the aim to pursue realization of more effective internal auditing.

This company has three auditors including two outside auditors. The auditors are expected to attend board meetings, managing director's meetings, monthly meetings, and other meetings so that they can closely audit execution of operation by board members. It is noted that one of the outside auditors, who is part time, is an attorney at law and this company is regardful about compliance with all the relevant laws, accordingly.

Regarding accounting audit, this company signs up an audit contract with Deloitte Touche Tohmatsu regarding audit under business law and securities and exchange law.

Outline regarding personal relationship, capital relationship, business relationship or any business stake among this company, outside director and outside auditor.

It is noted that neither outside director nor outside auditor has an interest in business with this company.

6. Casus regarding parent company and such

There are no relevant items.

7. Improvement and operation status of internal administrative structure

This company decided on a policy to disclose appropriate company information in timely manner, which would be of great interest to investors in connection with investors' decision and activity and this company has been working on this adequate disclosure activity.

This company established a company regulation, "Administrative provision on insider information", in the aim to prevent occurrence of unlawful insider trading and to thoroughly conduct information management and to disclose appropriate company information in timely manner, so that this

company complies with the timely disclosure provisions and the related provisions of the JASDAQ securities exchange.

The official responsible for general internal information management (a director in charge of corporate planning) works on monitoring and gathering company information that should be timely and appropriately disclosed, from each division, department and overseas affiliate. Also, the same official receives information reports from officials responsible for internal information management (every department manager) and decides whether the said information falls into category for timely and appropriate disclosure or not, and if necessary, submits the matter to presidents approval or submits the matter to management meeting or board meeting, and swiftly disclose the information after obtaining resolution of the meetings.

III. Financial achievement

1. Outline of this interim period (ended December 31, 2006)

In the global semiconductor industry that is the major market for this company group, the solid market expansion for digital home appliances represented by digital cameras, DVD recorders, flat panel TV's and new type portable music players, and progressive market expansion of PC's and mobile phones in the developing countries such as BRICs, have led to active capital investment. Accordingly, the investment activity on tools related to the leading edge lithography that is closely related to the major products of this company has made a solid progress.

On the other hand, in the FPD industry, under significant panel price deterioration and subsequent worry for excess supply of large size panels, capital investments on equipments related to large size glass substrate are either postponed or reexamined. Difficult order receiving situation continued, accordingly.

Under such circumstances, this company has been developing new technologies and new products that satisfy customer needs and has been striving for shorter lead time and acceptance period. As a result of these efforts, the consolidated net sales for this interim period amounted to 7,975 million yen (10.6% up from the interim period last fiscal year).

The sales for each product line were:

Semiconductor related systems

1,831 million yen (7.0 % down from the interim period last fiscal year)

FPD related systems

5,200 million yen (17.9 % up from the interim period last fiscal year)

Laser microscopes

361 million yen (2.1 % up from the interim period last fiscal year)

With regard to the consolidated profits, the ordinary income amounted to 1,957 million yen (12.0 % up from the interim period last fiscal year) and the net income amounted to 1,173 million yen (6.5 % up from the interim period last fiscal year).

The main new products this company announced during this interim period, which satisfies the

customer needs for the next generation, are as follows,

Middle / Large Photomask Inspection Systems	LI34 / LI44
A pellicle inspection and pellicle mounting system for 51MD	51PA
EUVL Mask Substrates / Blanks Inspection System	M7360
Photomask Inspection Systems	MATRICS Series

2. Forecast for the fiscal year ending June 30, 2007

The semiconductor industry is expected to continuously invest on the tools related to the leading edge lithography and this company expects continuous and steady order receiving. At the same time, though, the FPD industry may continue to suffer severe environment in a short-term. However, in the interim period, restart of substantial size of investment is expected.

Under these circumstances, this company will make continuous efforts on aggressive development of new products and pioneering new customers. With regard to semiconductor related systems, this company explores new customer needs and develops new applications. With regard to FPD related systems, this company pursues further cost reduction of the products and seeks greater differentiation against competitor products by applying new technologies.

Furthermore, this company expects further sales and profit increase by shortening the acceptance period.

With regard to the consolidated business achievement of this fiscal period, this company plans to achieve the consolidated net sales 16,200 million yen (34.6% up from the previous fiscal period), the ordinary income 3,890 million yen (27.1 % up from the previous fiscal period) and the net income 2,390 million yen (26.8% up from the previous fiscal period).

3. Financial conditions

Cash flows for this interim period (ended December 31, 2006)

With regard to cash and cash equivalent on the consolidated basis (called "fund") for this interim period (ended December 31, 2006), the balance of the fund amounted to 4,287 million yen, decrease of 1,282 million yen compared to the balance at the end of the last fiscal period, due to decrease factors such as increase of accounts receivable and payment of corporation taxes, though there were increase factors such as decrease of inventory assets and increase of accounts payable, in addition to interim net income before taxes.

Cash flows for this consolidated interim period and their causes are described below.

(Cash flows from operating activities)

The fund used for operating activities amounted to 779 million yen (2,619 million yen gain for the interim period of the last fiscal year). This is mainly because the fund decrease factors such as increase of accounts receivable amounting to 2,624 million yen and corporation taxes payment

amounting to 847 million yen, surmounted fund increase factors such as net income before taxes for this interim period amounting to 1,955 million yen and decrease of inventory assets amounting to 288 million yen. .

(Cash flows from investing activities)

The fund used for investing activities amounted to 52 million yen (84.9% down from the interim period for the last fiscal year). This is mainly because the payment of 51 million yen for the purchase of tangible fixed assets.

(Cash flows from financing activities)

The fund used for financing activities amounted to 461 million yen (117.0% up from the interim period for the last fiscal year). This is mainly due to payment of 466 million yen as dividends.

Listed below are the consolidated management indexes of the company's financial conditions.

	Year ended June 2004	Year ended June 2005	Year ended June 2006	Interim Period ended December 2006
Equity ratio	77.9%	75.0%	71.1%	71.5%
Equity ratio on market price basis	199.2%	144.7%	214.1%	206.4%
Years for debt redemption	-	-	-	-
Interest coverage ratio	122,977.6%	28,621.0%	536,335.6%	-

(Note)

1. Each index is calculated from financial data on the consolidated basis as follows.

Equity ratio: Shareholder's equity / Total assets

Equity ratio on market price basis: Total amount of share value at market price / Total assets

Interest coverage ratio: Cash flows from operating activities / Interest payment

2. The total amount of share value at market price is calculated by multiplying the closing share price of the company at the end of the period by the number of outstanding shares at the end of the period (after deduction of the number of equities).

3. Cash flows from operating activities correspond to the cash flows shown in the consolidated statement of cash flows, and interest payment corresponds to the interest payment shown in the consolidated statement of cash flows. Furthermore, the interest coverage ratio for this interim period is not listed because the cash flows from operating activities ended in minus for this consolidated interim period.

Consolidated balance sheets

(In thousands of yen)

Years ended December 31;	2005	%	2006	%	June 30,2006	%
(Assets)						
Current assets						
Cash and deposits	4,833,192		4,189,202		5,469,810	
Notes and accounts receivable – trade	3,394,289		4,409,875		1,781,684	
Marketable securities	100,382		200,276		100,457	
Inventories	3,230,522		5,160,287		5,445,352	
Deferred tax assets	136,085		144,937		159,459	
Others	102,090		311,048		332,919	
Allowance for doubtful accounts	(3,324)		(4,649)		(2,111)	
Total current assets	11,793,239	84.1	14,410,978	87.4	13,287,572	85.4
Long-term assets						
Tangible fixed assets						
Land	581,721		581,721		581,721	
Others	618,343		643,109		661,441	
Total tangible fixed assets	1,200,064		1,224,830		1,243,162	
Intangible fixed assets	1,842		1,855		1,846	
Investments and other assets						
Investment securities	603,567		480,696		590,813	
Deferred tax assets	100,071		139,932		114,819	
Others	321,191		226,201		322,402	
Total Investments and other assets	1,024,830		846,829		1,028,035	
Total long-term assets	2,226,738	15.9	2,073,515	12.6	2,273,045	14.6
Total assets	14,019,977	100.0	16,484,493	100.0	15,560,617	100.0

(In thousands of yen)

Years ended December 31;	2005	%	2006	%	June 30,2006	%
(Liabilities)						
Current liabilities						
Accounts payable – trade	513,224		598,956		507,926	
Accrued income taxes	608,219		805,368		866,219	
Advances received	1,929,854		2,175,879		2,170,870	
Reserve for directors' bonus	-		108,214		116,300	
Reserve for product warranties	95,842		144,422		78,750	
Others	412,627		630,335		533,727	
Total current liabilities	<u>3,559,769</u>	25.4	<u>4,463,176</u>	27.1	<u>4,273,793</u>	27.5
Long-term liabilities						
Accounts payable - long term	77,400		77,400		77,400	
Reserve for employees' retirement benefits	121,127		154,986		141,600	
Total long-term liabilities	<u>198,527</u>	1.4	<u>232,386</u>	1.4	<u>219,000</u>	1.4
Total liabilities	<u>3,758,296</u>	26.8	<u>4,695,562</u>	28.5	<u>4,492,794</u>	28.9
(Equity)						
Capital stock	931,000	6.6	931,000	5.6	931,000	6.0
Capital surplus	1,080,360	7.7	1,080,360	6.5	1,080,360	6.9
Retained earnings	8,396,476	59.9	9,883,771	60.0	9,177,025	59.0
Less treasury stock, at cost	(204,418)	(1.5)	(168,794)	(1.0)	(173,899)	(1.1)
Revaluation on other securities	49,419	0.4	41,072	0.3	47,308	0.3
Foreign currency translation adjustment	8,843	0.1	21,521	0.1	6,029	0.0
Total equity	<u>10,261,680</u>	73.2	<u>11,788,930</u>	71.5	<u>11,067,823</u>	71.1
Total liabilities and equity	<u>14,019,977</u>	100.0	<u>16,484,493</u>	100.0	<u>15,560,617</u>	100.0

Consolidated statements of income

(In thousands of yen)

Years ended December 31;	2005	%	2006	%	June 30,2006	%
Net sales	7,209,159	100.0	7,975,434	100.0	12,033,090	100.0
Cost of sales	4,070,225	56.5	4,320,131	54.2	6,153,367	51.1
Gross profit	3,138,933	43.5	3,655,302	45.8	5,879,722	48.9
Selling, general and administrative expenses	1,398,998	19.4	1,705,242	21.4	2,916,574	24.3
Operating income	1,739,935	24.1	1,950,059	24.4	2,963,148	24.6
Non-operating income						
Interest income	2,030		5,642		4,554	
Dividend income	4,399		1,258		9,741	
Exchange gain	1,800		-		8,248	
Income from contract development	-		-		70,302	
Others	575		714		7,245	
Total non-operating income	8,805	0.1	7,615	0.1	100,091	0.8
Non-operating expenses						
Interest expenses	507		79		620	
Loss on sales of investment securities	810		-		810	
Exchange losses	-		445		-	
Others	668		100		1,008	
Total non-operating expenses	1,986	0.0	624	0.0	2,438	0.0
Ordinary income	1,746,753	24.2	1,957,050	24.5	3,060,801	25.4
Extraordinary income						
Gain on sales of fixed assets	1,010		-		1,039	
Reversal of allowance for doubtful receivables	341		-		1,556	
Total extraordinary income	1,351	0.0	-	-	2,595	0.0
Extraordinary losses						
Loss on disposal of fixed assets	9,167		1,067		11,986	
Loss on devaluation on investment securities	-		-		9,218	
Total extraordinary losses	9,167	0.1	1,067	0.0	21,205	0.1
Income before income taxes	1,738,937	24.1	1,955,982	24.5	3,042,191	25.3
Corporate, inhabitant and enterprise taxes	589,175	8.2	788,084	9.9	1,144,706	9.5
Deferred income taxes	47,797	0.6	(5,249)	(0.1)	12,777	0.1
Net income	1,101,965	15.3	1,173,147	14.7	1,884,708	15.7

Consolidated statement of changes in equity

(In thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Revaluation on other securities	Foreign currency transaction adjustment	Total equity
2006/6/30	931,000	1,080,360	9,177,025	(173,899)	47,308	6,029	11,067,823
Changes							
Dividends	-	-	(466,030)	-	-	-	(466,030)
Net income	-	-	1,173,147	-	-	-	1,173,147
Purchase of treasury stock	-	-	-	(46)	-	-	(46)
Sales of treasury stock	-	-	(371)	5,151	-	-	4,780
Others (net)	-	-	-	-	(6,235)	15,492	9,256
Total changes	-	-	706,745	5,105	(6,235)	15,492	721,107
2006/12/31	931,000	1,080,360	9,883,771	(168,794)	41,072	21,521	11,788,930
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Revaluation on other securities	Foreign currency transaction adjustment	Total equity
2005/6/30	931,000	1,080,360	7,659,706	(286,722)	8,178	(10,251)	9,382,270
Changes							
Dividends	-	-	(289,071)	-	-	-	(289,071)
Net income	-	-	1,884,708	-	-	-	1,884,708
Directors' Bonuses	-	-	(70,300)	-	-	-	(70,300)
Purchase of treasury stock	-	-	-	(355)	-	-	(355)
Sales of treasury stock	-	-	(8,018)	113,178	-	-	105,160
Others (net)	-	-	-	-	39,130	16,280	55,410
Total changes	-	-	1,517,318	112,823	39,130	16,280	1,685,552
2006/6/30	931,000	1,080,360	9,177,025	(173,899)	47,308	6,029	11,067,823

Consolidated statement of cash flows

(In thousands of yen)

	2005 (July 1,2005 ~ Dec31,2005)	2006 (July 1,2006 ~ Dec31,2006)	June 30,2006 (July 1,2005 ~ June 30,2006)
Cash flows from operating activities			
Income before income taxes	1,738,937	1,955,982	3,042,191
Depreciation and amortization	49,370	55,460	110,810
Increase (decrease) in allowance for doubtful receivables	(335)	2,538	(1,548)
Increase (decrease) in reserve for directors' bonus	-	(8,086)	116,300
Increase in reserve for product warranties	45,262	65,307	28,170
Increase(decrease) in reserve for employees' retirement benefits	(14,444)	12,511	5,754
Increase (decrease) in reserve for directors' retirement benefits	(176,536)	-	(176,536)
Interest and dividend income	(6,429)	(6,901)	(14,295)
Loss on sales of investment securities	810	-	810
Interest expenses	507	79	620
Exchange gain	(418)	(1,835)	(1,813)
Loss on devaluation of investment securities	-	-	9,218
Gain on sales of tangible fixed assets	(1,010)	-	(1,039)
Loss on disposal of tangible fixed assets	9,167	1,067	11,986
Decrease(increase) in notes and accounts receivable-trade	270,289	(2,624,627)	1,882,238
Decrease(increase) in inventory	620,962	288,248	(1,593,542)
Increase(decrease) in accounts payable-trade	(123,765)	91,030	(129,064)
Increase in accounts payable-consumption tax	-	61,266	-
Increase in advances received	566,027	2,863	808,800
Directors' bonuses	(70,300)	-	(70,300)
Others	68,466	166,055	(50,446)
	2,976,562	60,961	3,978,315
Interest and dividends received	5,316	6,718	13,145
Interest paid	(507)	(79)	(620)
Income taxes paid	(361,690)	(847,363)	(664,921)
Net cash provided by (used in) operating activities	2,619,680	(779,762)	3,325,918
Cash flows from investing activities			
Payments for fixed time deposits	-	(1,923)	-
Payments for acquisition of tangible fixed assets	(45,531)	(51,024)	(139,638)
Proceeds from sales of tangible fixed assets	1,467	-	5,133
Payments for purchase of investment securities	(402,384)	-	(402,384)
Proceeds from sales of investment securities	99,190	-	99,190
Others	(459)	280	(5,396)
Net cash provided by (used in) investing activities	(347,719)	(52,667)	(443,096)
Cash flows from financing activities			
Payments for purchase of treasury stock	-	(46)	(355)
Proceeds from sales of treasury stock	76,480	4,780	105,160
Dividends paid	(289,071)	(466,030)	(289,071)
Net cash used in financial activities	(212,591)	(461,296)	(184,266)
Translation difference in cash and cash equivalents	14,573	11,344	12,081
Increase (decrease) in cash and cash equivalents	2,073,943	(1,282,382)	2,710,637
Cash and cash equivalents at beginning of period	2,859,630	5,570,268	2,859,630
Cash and cash equivalents at end of period	4,933,574	4,287,886	5,570,268

Production, orders and sales

1. Production

(in thousands of yen)

Year ended December 31;	2006	
	Year-on-year comparison (%)	
Finished goods		
Semiconductor related systems	2,446,027	116.9
FPD related systems	4,170,392	114.9
Confocal Scanning Laser Microscopes	468,441	132.4
	7,084,860	116.6
Services	582,324	122.0
Total	7,667,184	117.0

(Notes)

1. Amounts are shown in sales prices.
2. Amounts exclude consumption taxes.

2. Orders

(In thousands of yen)

Year ended December 31;	2006			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor related systems	4,801,923	265.7	4,974,535	332.4
FPD related systems	1,209,573	20.4	6,595,202	78.0
Confocal Scanning Laser Microscopes	459,299	134.4	208,138	234.4
	6,470,796	80.0	11,777,876	117.3
Services	555,133	163.3	104,573	159.5
Total	7,025,930	83.4	11,882,449	117.6

(Notes)

1. Amounts are shown in sales prices.
2. Amounts exclude consumption taxes.

3. Sales

(In thousands of yen)

Year ended December 31;	2006	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor related systems	1,831,381	93.0
FPD related systems	5,200,547	117.9
Confocal Scanning Laser Microscopes	361,181	102.1
	7,393,109	109.8
Services	582,324	122.0
Total	7,975,434	110.6

(Notes)

Amounts are shown in sales prices.

Financial Review for the Six Months Ended December 31, 2006(Non-Consolidated)

Company name: Lasertec Corporation
 Headquarter address: 4-10-4, Tsunashima-Higashi, Kohoku-Ku, Yokohama, Kanagawa
 223-8551, Japan
 Telephone number: (045) 544-4111
 Stock exchange listing: Jasadq Securities Exchange, Inc.
 Code number: 6920
 Representative Director: Yaichiro Watakabe, President
 Inquiries: Shu Uchiyama, Director, Corporate Planning Office
 Board of Directors Meeting: February 21, 2007

For reference only: The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

1. Financial highlights

(1) Operating results

(Fractional amounts are discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Dec. 31, 2006	7,736	10.3	1,897	15.4	1,907	15.5
Dec. 31, 2005	7,011	81.6	1,644	172.7	1,652	171.3
June 30, 2006	11,663	21.9	2,769	55.6	2,857	59.1

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
Dec. 31, 2006	1,139	9.6	97.77	97.57
Dec. 31, 2005	1,039	181.3	179.41	178.76
June 30, 2006	1,755	56.3	151.11	150.57

(Notes)

1. Average number of shares of common stock during period:

December 31, 2006 11,651,638 shares
 December 31, 2005 5,795,147 shares
 June 30, 2006 11,615,755 shares

2. Changes in accounting methods: None

3. The percentages shown next to net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
Dec. 31, 2006	16,053	11,415	71.1	979.43
Dec. 31, 2005	13,662	10,001	73.2	1,720.44
June 30, 2006	15,212	10,743	70.6	922.11

(Notes)

1. Number of outstanding shares at end of period:

Dec 31, 2006	11,654,741 shares
Dec 31, 2005	5,813,420 shares
June 30, 2006	11,650,755 shares

2. Number of treasury stocks at end of period

Dec 31, 2006	131,059 shares
Dec 31, 2005	79,480 shares
June 30, 2006	135,045 shares

2. Operating estimates for the year ending June 30, 2007 (7/1/06- 6/30/07)

	Net sales	Ordinary income	Net income
Annual	(Millions of yen) 15,820	(Millions of yen) 3,800	(Millions of yen) 2,320

(N.b.) Estimated net income per share (annual): 199.11yen

3. Dividends

	Annual dividends per share (yen)		
	Interim period	Term end	
June. 30, 2006 (result)	-	40.00	40.00
June 30, 2007 (projection)	-	40.00	40.00

Balance sheet

(In thousands of yen)

Years ended December 31;	2005	%	2006	%	June 30,2006	%
(Assets)						
Current assets						
Cash and deposits	4,472,085		3,829,604		5,188,434	
Notes receivable - trade	198,167		716,899		110,422	
Accounts receivable - trade	3,213,961		3,626,142		1,618,254	
Marketable securities	100,382		200,276		100,457	
Inventories	3,193,129		5,132,673		5,197,607	
Deferred tax assets	112,284		141,070		155,426	
Others	93,681		296,749		530,837	
Allowance for doubtful accounts	(3,416)		(4,462)		(1,931)	
Total current assets	11,380,275	83.3	13,938,954	86.8	12,899,508	84.8
Long-term assets						
Tangible fixed assets						
Land	581,721		581,721		581,721	
Others	612,299		629,974		646,077	
Total tangible fixed assets	1,194,020		1,211,696		1,227,800	
Intangible fixed assets	1,700		1,700		1,700	
Investments and other assets						
Investment securities	684,707		561,836		671,952	
Deferred tax assets	97,226		137,142		112,139	
Others	304,139		202,323		299,843	
Total Investments and other assets	1,086,073		901,301		1,083,935	
Total long-term assets	2,281,794	16.7	2,114,698	13.2	2,313,436	15.2
Total assets	13,662,069	100.0	16,053,652	100.0	15,212,945	100.0

(In thousands of yen)

Years ended December 31;	2005	%	2006	%	June 30,2006	%
(Liabilities)						
Current liabilities						
Accounts payable – trade	511,815		598,956		507,926	
Accrued income taxes	584,964		791,659		853,656	
Advances received	1,878,231		2,133,066		2,123,773	
Reserve for directors' bonus	-		108,214		116,300	
Reserve for product warranties	53,025		97,908		55,333	
Others	445,269		692,317		608,262	
Total current liabilities	<u>3,473,306</u>	25.4	<u>4,422,122</u>	27.5	<u>4,265,251</u>	28.0
Long-term liabilities						
Accounts payable – long term	77,400		77,400		77,400	
Reserve for employees' retirement benefits	109,716		139,051		126,903	
Total long-term liabilities	<u>187,116</u>	1.4	<u>216,451</u>	1.4	<u>204,303</u>	1.4
Total liabilities	<u>3,660,422</u>	26.8	<u>4,638,574</u>	28.9	<u>4,469,555</u>	29.4
(Equity)						
Capital stock	931,000	6.8	931,000	5.8	931,000	6.1
Capital surplus						
Additional paid-in capital	1,080,360		1,080,360		1,080,360	
Total capital surplus	<u>1,080,360</u>	7.9	<u>1,080,360</u>	6.7	<u>1,080,360</u>	7.1
Retained earnings						
Revenue reserves	159,038		159,038		159,038	
Voluntary reserves	6,612,000		7,712,000		6,612,000	
Unappropriated retained earnings	1,374,248		1,660,402		2,087,583	
Total retained earnings	<u>8,145,286</u>	59.6	<u>9,531,440</u>	59.4	<u>8,858,621</u>	58.2
Less treasury stock, at cost	<u>(204,418)</u>	(1.5)	<u>(168,794)</u>	(1.0)	<u>(173,899)</u>	(1.1)
Revaluated on other securities	<u>49,419</u>	0.4	<u>41,072</u>	0.2	<u>47,308</u>	0.3
Total equity	<u>10,001,646</u>	73.2	<u>11,415,078</u>	71.1	<u>10,743,390</u>	70.6
Total liabilities and equity	<u>13,662,069</u>	100.0	<u>16,053,652</u>	100.0	<u>15,212,945</u>	100.0

Statements of income

(In thousands of yen)

Years ended December 31;	2005	%	2006	%	June 30,2006	%
Net sales	7,011,400	100.0	7,736,434	100.0	11,663,426	100.0
Cost of sales	4,026,691	57.4	4,243,943	54.9	6,100,718	52.3
Gross profit	2,984,708	42.6	3,492,490	45.1	5,562,707	47.7
Selling, general and administrative expenses	1,340,259	19.1	1,595,440	20.6	2,793,242	24.0
Operating income	1,644,448	23.5	1,897,049	24.5	2,769,465	23.7
Non-operating income	9,810	0.1	10,861	0.1	90,136	0.8
Non-operating expenses	1,986	0.0	179	0.0	2,233	0.0
Ordinary income	1,652,272	23.6	1,907,731	24.6	2,857,367	24.5
Extraordinary income	187	0.0	-	-	1,672	0.0
Extraordinary losses	9,167	0.2	1,067	0.0	20,184	0.2
Income before income taxes	1,643,292	23.4	1,906,664	24.6	2,838,856	24.3
Corporate, inhabitant and enterprise taxes	566,802	8.1	773,880	10.0	1,103,465	9.5
Deferred income taxes	36,733	0.5	(6,436)	(0.1)	(19,895)	(0.2)
Net income	1,039,756	14.8	1,139,220	14.7	1,755,286	15.0