

Consolidated Financial Review for the Year Ended June 30, 2007



Company name: Lasertec Corporation (U R L <http://www.Lasertec.co.jp/>)
 Stock exchange listing: Jasdaq Securities Exchange, Inc.
 Code number: 6920
 Telephone number: (045) 544-4111
 Representative Director: Yaichiro Watakabe, President
 Inquiries: Shu Uchiyama, Director, Administrative Headquarter
 Date of General Shareholders' Meeting (as planned): September 27,2007
 Dividend Payable Date (as planned): September 28,2007

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 is discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2007	15,874	31.9	3,895	31.5	3,895	27.3
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	Return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	(Millions of yen)	%	(Yen)	(Yen)	%	%	%
June 30, 2007	2,375	26.0	203.84	194.26	19.7	20.8	24.5
June 30, 2006	1,884	56.5	162.25	161.67	18.4	21.8	24.6

(Notes)

Profit/loss on equity method: Year ended June 30, 2007: None Year ended June 30, 2006: None

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2007	21,840	13,048	59.5	1,115.18
June 30, 2006	15,560	11,067	71.1	949.96

(3) Consolidated cash flow position

(Millions of yen)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	June 30, 2007	990	(6,966)	4,512
June 30, 2006	3,325	(443)	(184)	5,570

2. Dividends

	Annual dividend per share			Dividend payment (Millions of yen)	Dividend payout ratio (%)	The ratio of dividend to shareholders' equity (%)
	(yen)	Interim period (yen)	Term end (yen)			
June 30, 2006	40.00	0.00	40.00	466	24.7	4.6
June 30, 2007	60.00	0.00	60.00	699	29.4	5.8
(Forecast) June 30, 2008	65.00	0.00	65.00	-	29.1	-

3 . Consolidated operating estimates for the year ending June 30, 2008

(7/1/07- 6/30/08)

	(Millions of yen)				(Yen)
	Net sales	Operating income	Ordinary income	Net income	Net income per share
Interim period	6,290	1,120	1,120	690	59.20
Annual	16,300	4,220	4,230	2,600	223.08

4. Others

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

Consolidated subsidiaries: 2 companies Nonconsolidated subsidiaries: None

Affiliated company using the equity method: None

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

Consolidation (Additions): None (Deletions): None

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

(3) Changes in accounting methods, in opening methods, according to preparation for consolidated financial statements.

Changed by revisions of Generally Accepted Accounting Principles, etc: None

Changed by the other factor: None

(4) Number of outstanding shares (Common stock) at end of period:

Number of outstanding shares at end of period (including treasury stock)

June 30, 2007 11,785,800 shares June 30, 2006 11,785,800 shares

Number of treasury stocks at end of period

June 30, 2007 131,078 shares June 30, 2006 135,045 shares

(For Reference) Financial Review for the Year Ended June 30,2007(Non-Consolidated)

1. Financial highlights

(1)Operating results

(Fractional amounts is discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2007	15,443	32.4	3,804	37.4	3,816	33.6
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)
June 30, 2007	2,323	32.4	199.42	190.05
June 30, 2006	1,755	56.3	151.11	150.57

(2)Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity Per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2007	21,426	12,642	58.8	1,080.39
June 30, 2006	15,212	10,743	70.6	922.11

2. Operating estimates for the year ending June 30, 2008 (7/1/07- 6/30/08)

(Millions of yen)

(Yen)

	Net sales	Operating income	Ordinary income	Net income	Estimated net income per share
Interim period	6,050	1,020	1,030	640	54.91
Annual	15,730	4,020	4,040	2,480	212.80

(Appendix)

I. Results of Operations

(1) Reporting on Results of Operations

Outline of this fiscal period (ended June 30, 2007)

In the global semiconductor industry that is the major market for this company group, vigorous capital investment has been executed sustained by worldwide demand for digital products. More specifically, capital investments on the equipments and utilities concerning most advanced lithography, which is closely related to the products of this company, have progressed steadily.

On the other hand, in the FPD industry, price deterioration of LCD panels due to oversupply has caused postponement and suspension of capital investment and this company has been facing severe order receiving situation.

Under such circumstances, this company group has been striving for shorter lead time and acceptance period under the growth strategy based on the development of new technologies and products. As a result of these efforts, the consolidated net sales amounted to 15,874 million yen (31.9% up from the last fiscal period).

When the sales amounts are viewed by product category, the sales for each product line are as follows:

Semiconductor related systems

4,503 million yen (25.1 % up from the last fiscal period)

FPD related systems

9,430 million yen (38.2 % up from the last fiscal period)

Laser microscopes

852 million yen (37.7 % up from the last fiscal period)

With regard to the consolidated profits, the ordinary income amounted to 3,895 million yen (27.3 % up from the last fiscal period) and the net income amounted to 2,375 million yen (26.0 % up from the last fiscal period).

The main new products this company announced during this fiscal 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
LCD Large Photomask In-Process Repair System	LR51
For Color Film Repair	CR Series CR-IC

Forecast for the next fiscal year ending June 30, 2008

The semiconductor industry is expected to keep enjoying expansion of demand for digital home appliances and continuously invest on the tools related to the leading edge lithography and this company expects continuous and steady order receiving. On the other hand, some firms in the FPD industry have resumed capital investment and order receiving is gradually recovering.

Under these circumstances, this company will make continuous efforts on development of new products and pioneering of new customers. For the semiconductor related products, new needs will be pioneered and new applications will be developed, simultaneously. For the FPD related products, this company pursues further cost reduction for production and seeks greater differentiation against competing 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 the next fiscal period, this company plans to achieve the consolidated net sales of 16,300 million yen (2.7% up from the previous fiscal period), the ordinary income of 4,230 million yen (8.6 % up from the previous fiscal period) and the net income of 2,600 million yen (9.5 % up from the previous fiscal period).

(2) Reporting on Financial conditions

Asset, Liability and Net Asset

This company issued a first corporate bond worth 5,000 million yen with new convertible bond reservation right without warranty, 130% call option clause attached, and stock payment date being February 13th 2007, in the aim to appropriate the payment to funds for the acquirement of land and building for R&D Center / Headquarter.

The total assets at the end of this consolidated fiscal period amounted to 21,840 million yen, an increment of 6,279 million yen from the last consolidated fiscal period. The main factors of the increment of total assets come not only from an increment of current assets by 5,544 million yen due to factors ,such as an increase of cash and deposits by 4,461 million yen, an increase of account receivable by 2,577 million yen originating to increase of net sales, and a decrease of inventory assets by 1,611 million yen, but also from an increment of tangible fixed assets by 773 million yen as a result of partial payment of 760 million for the acquirement of the new company premise.

With regard to liability, the total liabilities at the end of this consolidated fiscal period amounted to 8,792 million yen, an increment of 4,299 million yen from last consolidated fiscal period. The main factors for the total liabilities are an increment of long-term liabilities by 5,000 million yen due to issuance of the convertible bond and a decrease of advances received by 1,045 million yen.

The shareholders' equity at the end of this consolidated fiscal period amounted to 12,928 million yen, an increment of 1,914 million yen from the last consolidated fiscal period. This is due to recording of 2,375 million yen as net profit for this consolidated fiscal period, and also due to decrease of 466 million yen as a result of dividends from retained earnings.

The total net assets adding revaluation on other securities and foreign currency translation adjustment and share subscription rights amounted to 13,068 million yen and the equity ratio became 59.5%.

Cash flows for this Period (ended June 30, 2007)

With regard to cash and cash equivalent on the consolidated basis (called "fund") for this period (ended June 30, 2007) the balance of the fund amounted to 4,129 million yen, decrease of 1,440 million yen compared to the balance at the end of the last fiscal period.

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

(Cash flows from operating activities)

The fund gained for operating activities during the current period was 990 million yen (70.2% down from the last consolidated fiscal period). This is mainly because the total amount of excess factors including the decrease of inventory assets besides the income before taxes of 3,891 million yen exceeded the total amount of decrease factor including increase of accounts receivables of 2,570 million yen, decrease by 1,050 million yen of advances received and payment of corporate income taxes of 1,397 million yen.

(Cash flows from investing activities)

The fund used from investing activities was 6,966 million yen (1,472.2% up from the last consolidated fiscal period). This was mainly due to payment of 5,902 million yen for time deposit and payment of 888 million yen for acquiring tangible fixed assets.

(Cash flows from financing activities)

The fund gained for financing activities was 4,512 million yen (184 million yen used in the last consolidated fiscal period). This was mainly due to income of 4,974 million yen from issuance of the convertible bonds reservation right without warranty and dividend payment of 466 million yen.

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

	Year ended June 2004	Year ended June 2005	Year ended June 2006	Year ended June 2007
Equity ratio	77.9%	75.0%	71.1%	59.5%
Equity ratio on market price basis	199.2%	144.7%	214.1%	157.4%
Years for debt redemption	-	-	-	-
Interest coverage ratio	1,229.8	286.2	5,363.4	11,302.1

Equity Ratio: Total shareholders' equity plus total revaluation / Total assets

Equity ratio on market price basis: Net value of shares at market price / Total assets

Years for debt redemption: Liabilities with interest / Cash flows from operating activities

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

(Note 1) Each index is calculated with consolidated financial values.

(Note 2) Net value of shares at market price is calculated with number of issued shares eliminating own shares.

(Note 3) Cash flows from operating activities correspond to the account shown in the "Consolidated statement of cash flows"

(3) Basic policy of profit-sharing and dividend for this period and the next period

This company has been making it a basic policy about profit sharing to stably return profit to shareholders and at the same time this company employs flexible profit sharing depending on business achievement. Now this

company has decided to make aggressive effort on profit sharing having dividend payout ratio of 30 % in sight from this fiscal period, in order to respond more to shareholders patronage. This company, hereafter, continues to follow the policy of profit sharing more flexible and reflecting more business achievement by further reinforcing company constitution and further improving business achievement.

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, in order to further reinforce company constitution and to establish business base of long-lasting stability.

Under the policy described above, dividend at the end of this financial period will be set at 60 yen per share. As a result of this dividend, consolidated dividend payout becomes 29.4%.

With regard to dividend for the next financial period, the dividend at the end of the next financial period is planned to be 65 yen per share. Accordingly, consolidated dividend payout is estimated to be 29.1%.

2. 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.

With regard to 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.

With regard to 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.

3. 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) Management strategies and tasks to be worked on

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 provide 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 pursue more efficient R & D investment to accomplish more accelerated development.
- In the FPD related system field, this company will satisfy needs for larger-sized mother glass for color filters and higher throughput, and differentiate our products from other competitive ones with respect to function while achieving further cost reduction and shorter acceptance period.
- In the laser microscope field, this company will actively develop new applications in the aim to satisfy market needs. This company will also promote sales vigorously not only in the domestic market but also in overseas market.

In order to further reinforce decision and supervisory functions of management, this company introduces an operating officer system so that agile and high quality management activity is driven. Also, in order to speed up decision making within the company, this company builds up structure of clearer responsibility and authority, and promotes delegation of authority, so that speedy and sharp management can be pursued.

In addition to enhancing awareness of compliance and developing efficient internal control functions, this company continues efforts for reinforcing company structure such as quality control system and so on. Also, this company refurbishes ERP system in order to promote efficiency of business operation and reinforces vigorous recruitment activities and human resource development from the midterm viewpoint.

(3) 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 president's approval or submits the matter to management meeting or board meeting, and swiftly disclose the information after obtaining resolution of the meetings.

Consolidated balance sheets

(In thousands of yen)

Years ended June 30;	2006	%	2007	%	Increase (Decrease)
(Assets)					
Current assets					
Cash and deposits	5,469,810		9,930,830		4,461,019
Notes and accounts receivable – trade	1,781,684		4,358,933		2,577,248
Marketable securities	100,457		300,508		200,051
Inventories	5,445,352		3,833,953		(1,611,398)
Deferred tax assets	159,459		226,036		66,577
Others	332,919		187,129		(145,789)
Allowance for doubtful accounts	(2,111)		(5,017)		(2,905)
Total current assets	<u>13,287,572</u>	85.4	<u>18,832,374</u>	86.2	<u>5,544,802</u>
Long-term assets					
Tangible fixed assets					
Buildings and structures	503,241		453,207		(50,033)
Machinery, vehicles and delivery equipments	28,154		34,663		6,509
Tools, furniture and fixtures	128,803		187,061		58,257
Land	581,721		581,721		-
Construction in progress	1,242		760,000		758,757
Total tangible fixed assets	<u>1,243,162</u>	8.0	<u>2,016,653</u>	9.3	<u>773,490</u>
Intangible fixed assets	1,846	0.0	1,861	0.0	14
Investments and other assets					
Investment securities	590,813		549,426		(41,386)
Long-term guarantee deposits	203,977		203,761		(216)
Deferred tax assets	114,819		209,649		94,830
Others	118,424		26,816		(91,608)
Total Investments and other assets	<u>1,028,035</u>	6.6	<u>989,654</u>	4.5	<u>(38,381)</u>
Total long-term assets	<u>2,273,045</u>	14.6	<u>3,008,169</u>	13.8	<u>735,124</u>
Total assets	<u>15,560,617</u>	100.0	<u>21,840,543</u>	100.0	<u>6,279,926</u>

(In thousands of yen)

Years ended June 30;	2006	%	2007	%	Increase (Decrease)
(Liabilities)					
Current liabilities					
Accounts payable – trade	507,926		307,569		(200,356)
Accrued income taxes	866,219		1,132,231		266,011
Advances received	2,170,870		1,124,881		(1,045,988)
Reserve for director's bonus	116,300		135,600		19,300
Reserve for product warranties	78,750		157,879		79,128
Others	533,727		692,551		158,824
Total current liabilities	4,273,793	27.5	3,550,713	16.3	(723,080)
Long-term liabilities					
Convertible bonds with warrant	-		5,000,000		5,000,000
Accounts payable for long-term	77,400		77,400		-
Deferred tax liabilities	-		887		887
Reserve for employees' retirement benefits	141,600		163,436		21,835
Total long-term liabilities	219,000	1.4	5,241,723	24.0	5,022,723
Total liabilities	4,492,794	28.9	8,792,436	40.3	4,299,642
(Net Assets)					
Shareholders' equity					
Capital stock	931,000	6.0	931,000	4.3	-
Capital surplus	1,080,360	6.9	1,080,360	5.0	-
Retained earnings	9,177,025	59.0	11,086,041	50.7	1,909,015
Less treasury stock, at cost	(173,899)	(1.1)	(168,848)	(0.8)	5,051
Total shareholders' equity	11,014,485	70.8	12,928,552	59.2	1,914,067
Revaluation					
Revaluation on other securities	47,308	0.3	33,091	0.1	(14,217)
Foreign currency translation adjustment	6,029	0.0	35,545	0.2	29,516
Total revaluation	53,337	0.3	68,636	0.3	15,298
Share subscription rights	-	-	50,917	0.2	50,917
Total net Assets	11,067,823	71.1	13,068,106	59.7	1,980,283
Total liabilities and net assets	15,560,617	100.0	21,840,543	100.0	6,279,926

Consolidated statements of income

(In thousands of yen)

Years ended June 30;	2006	%	2007	%	Increase (Decrease)
Net sales	12,033,090	100.0	15,874,024	100.0	3,840,934
Cost of sales	6,153,367	51.1	8,614,003	54.3	2,460,636
Gross profit	5,879,722	48.9	7,260,021	45.7	1,380,298
Selling, general and administrative expenses	2,916,574	24.3	3,364,721	21.2	448,146
Operating income	2,963,148	24.6	3,895,300	24.5	932,151
Non-operating income					
Interest income	4,554		28,876		24,321
Dividend income	9,741		1,936		(7,804)
Income from sales of investment securities	-		2,785		2,785
Exchange gain	8,248		-		(8,248)
Income from contract development	70,302		-		(70,302)
Others	7,245		2,168		(5,076)
Total non-operating income	100,091	0.8	35,766	0.2	(64,324)
Non-operating expenses					
Interest expenses	620		87		(532)
Bond issue cost	-		25,860		25,860
Loss on sales of investment securities	810		-		(810)
Exchange loss	-		9,869		9,869
Others	1,008		73		(935)
Total non-operating expenses	2,438	0.0	35,891	0.2	33,452
Ordinary income	3,060,801	25.4	3,895,175	24.5	834,374
Extraordinary income					
Gain on sales of fixed assets	1,039		-		(1,039)
Reversal of allowance for doubtful accounts	1,556		-		(1,556)
Total extraordinary income	2,595	0.0	-	-	(2,595)
Extraordinary loss					
Loss on disposal of fixed assets	11,986		3,729		(8,257)
Loss on devaluation on investment securities	9,218		-		(9,218)
Total extraordinary losses	21,205	0.1	3,729	0.0	(17,476)
Income before income taxes	3,042,191	25.3	3,891,446	24.5	849,254
Corporate, inhabitant and enterprise taxes	1,144,706	9.5	1,664,659	10.5	519,953
Deferred income taxes	12,777	0.1	(148,631)	(1.0)	(161,408)
Net income	1,884,708	15.7	2,375,417	15.0	490,709

Consolidated statement of shareholders' equity

(In thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
2005/6/30	931,000	1,080,360	7,659,706	(286,722)	9,384,343
Changes					
Dividends	-	-	(289,071)	-	(289,071)
Net income	-	-	1,884,708	-	1,884,708
Officers' bonuses	-	-	(70,300)	-	(70,300)
Purchase of treasury stock	-	-	-	(355)	(355)
Sales of treasury stock	-	-	(8,018)	113,178	105,160
Others (net)	-	-	-	-	-
Total changes	-	-	1,517,318	112,823	1,630,141
2006/6/30	931,000	1,080,360	9,177,025	(173,899)	11,014,485

	Revaluation			Total net assets
	Revaluation on other securities	Foreign currency transaction adjustment	Total revaluation	
2005/6/30	8,178	(10,251)	(2,072)	9,382,270
Changes				
Dividends	-	-	-	(289,071)
Net Income	-	-	-	1,884,708
Officers' bonuses	-	-	-	(70,300)
Purchase of treasury stock	-	-	-	(355)
Sales of treasury stock	-	-	-	105,160
Others (net)	39,130	16,280	55,410	55,410
Total changes	39,130	16,280	55,410	1,685,552
2006/6/30	47,308	6,029	53,337	11,067,823

(In thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
2006/6/30	931,000	1,080,360	9,177,025	(173,899)	11,014,485
Changes					
Dividends	-	-	(466,030)	-	(466,030)
Net income	-	-	2,375,417	-	2,375,417
Purchase of treasury stock	-	-	-	(100)	(100)
Sales of treasury stock	-	-	(371)	5,151	4,780
Others (net)	-	-	-	-	-
Total changes	-	-	1,909,015	5,051	1,914,067
2007/6/30	931,000	1,080,360	11,086,041	(168,848)	12,928,552

	Revaluation			Share subscription rights	Total net assets
	Revaluation on other securities	Foreign currency transaction adjustment	Total revaluation		
2006/6/30	47,308	6,029	53,337	-	11,067,823
Changes					
Dividends	-	-	-	-	(466,030)
Net Income	-	-	-	-	2,375,417
Purchase of treasury stock	-	-	-	-	(100)
Sales of treasury stock	-	-	-	-	4,780
Others (net)	(14,217)	29,516	15,298	50,917	66,216
Total changes	(14,217)	29,516	15,298	50,917	1,980,283
2007/6/30	33,091	35,545	68,636	50,917	13,048,106

Consolidated statement of cash flows

(In thousands of yen)

Years ended June 30;	2006	2007
Cash flows from operating activities		
Income before income taxes	3,042,191	3,891,446
Depreciation and amortization	110,810	121,602
Increase (decrease) in allowance for doubtful accounts	(1,548)	2,905
Increase in directors' bonus	116,300	19,300
Increase in reserve for product warranties	28,170	78,374
Increase in employees' retirement benefits	5,754	20,353
Increase(decrease) in reserve for directors' retirement benefits	(176,536)	-
Stock-based compensation	-	50,917
Interest and dividend income	(14,295)	(30,812)
Gain on sales of investment securities	-	(2,785)
Interest expenses	620	87
Bond issue cost	-	25,860
Exchange gain	(1,813)	(3,364)
Loss on sales of investment securities	810	-
Loss on devaluation of investment securities	9,218	-
Gain on sales of tangible fixed assets	(1,039)	-
Loss on disposal of tangible fixed assets	11,986	3,729
Decrease (increase) in notes and accounts receivable-trade	1,882,238	(2,570,962)
Decrease(increase) in inventory	(1,593,542)	1,616,906
Decrease in accounts payable-trade	(129,064)	(200,356)
Increase (decrease) in advances received	808,800	(1,050,222)
Officers' bonuses	(70,300)	-
Others	(50,446)	393,948
	<u>3,978,315</u>	<u>2,366,929</u>
Interest and dividends received	13,145	20,635
Interest paid	(620)	(87)
Income taxes paid	(664,921)	(1,397,223)
Net cash provided by operating activities	<u>3,325,918</u>	<u>990,253</u>
Cash flows from investment activities		
Payments for making time deposits	-	(5,902,059)
Payments for purchase of securities	-	(99,970)
Payments for purchase of tangible fixed assets	(139,638)	(888,434)
Proceeds from sales of tangible fixed assets	5,133	3,134
Payments for purchase of investment securities	(402,384)	(100,000)
Proceeds from sales of investment securities	99,190	20,652
Others	(5,396)	278
Net cash used in investing activities	<u>(443,096)</u>	<u>(6,966,398)</u>

(In thousands of yen)

Years ended June 30;	2006	2007
Cash flows from financing activities		
Proceeds from issuing convertible bonds with warrant	-	4,974,139
Payments for purchase of treasury stock	(355)	(100)
Proceeds from sales of treasury stock	105,160	4,780
Dividends paid	(289,071)	(466,030)
Net cash gained(used) in financial activities	(184,266)	4,512,788
Translation difference in cash and cash equivalents	12,081	22,686
Increase (decrease) in cash and cash equivalents	2,710,637	(1,440,669)
Cash and cash equivalents at beginning of period	2,859,630	5,570,268
Cash and cash equivalents at end of period	5,570,268	4,129,599

Production, orders and sales

1. Production

(in thousands of yen)		
Year ended June 30;	2007	
	Year-on-year comparison (%)	
Finished goods		
Semiconductor related systems	6,233,400	140.3
FPD related systems	5,592,896	62.4
Confocal Scanning Laser Microscopes	815,744	129.2
	12,642,041	90.1
Services	1,087,513	110.2
Total	13,729,554	91.4

(Notes)

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

2. Orders

(In thousands of yen)				
Year ended June 30;	2007			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor related systems	9,186,624	232.7	6,686,777	333.7
FPD related systems	3,266,780	31.2	4,422,712	41.8
Confocal Scanning Laser Microscopes	801,342	127.5	58,935	53.6
	13,254,747	88.0	11,168,425	87.9
Services	1,042,196	113.8	86,447	65.6
Total	14,296,943	89.5	11,254,872	87.7

(Notes)

1. Amounts are shown in sales prices.
2. Amounts include adjustments of cancellation, changes and etc.
3. Amounts exclude consumption taxes.

3. Sales

(In thousands of yen)

Year ended June 30;	2007	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor related systems	4,503,841	125.1
FPD related systems	9,430,244	138.2
Confocal Scanning Laser Microscopes	852,426	137.7
	<hr/> 14,786,511	<hr/> 133.9
Services	1,087,513	110.2
	<hr/>	<hr/>
Total	15,874,024	131.9

(Notes)

Amounts exclude consumption taxes.

Balance sheets

(In thousands of yen)

Years ended June 30;	2006	%	2007	%	Year-on-year change
(Assets)					
Current assets					
Cash and deposits	5,188,434		9,544,673		4,356,239
Notes receivable - trade	110,422		854,175		743,753
Accounts receivable - trade	1,618,254		3,481,835		1,863,581
Marketable securities	100,457		300,508		200,051
Raw materials	207,008		251,998		44,990
Work in process	5,195,331		3,553,998		(1,641,333)
Supplies	2,276		2,480		203
Deferred tax assets	155,426		216,313		60,886
Advances received	207,088		-		(207,088)
Others	116,741		174,093		57,351
Allowance for doubtful accounts	(1,931)		(4,338)		(2,407)
Total current assets	12,899,508	84.8	18,375,737	85.8	5,476,229
Long-term assets					
Tangible fixed assets					
Buildings	486,804		441,958		(44,846)
Structures	7,307		5,731		(1,575)
Machinery and equipments	20,739		18,804		(1,935)
Vehicles and delivery equipments	7,414		15,858		8,444
Tools, furniture and fixtures	122,571		180,255		57,684
Land	581,721		581,721		-
Construction in progress	1,242		760,000		758,757
Total tangible fixed assets	1,227,800	8.1	2,004,329	9.3	776,528
Intangible fixed assets					
Telephone subscription rights	1,700		1,700		-
Total intangible fixed assets	1,700	0.0	1,700	0.0	-

(In thousands of yen)

Years ended June 30;	2006	%	2007	%	Year-on-year Change
Investments and other assets					
Investment securities	590,813		549,426		(41,386)
Investment in affiliated companies	81,139		81,139		-
Long-term guarantee deposits	181,418		178,955		(2,462)
Deferred tax assets	112,139		208,633		96,494
Others	118,424		26,816		(91,608)
Total investments and other assets	1,083,935	7.1	1,044,972	4.9	(38,963)
Total long-term assets	2,313,436	15.2	3,051,002	14.2	737,565
Total assets	15,212,945	100.0	21,426,740	100.0	6,213,794

(In thousands of yen)

Years ended June 30;	2006	%	2007	%	Year-on-year Change
(Liabilities)					
Current liabilities					
Accounts payable - trade	507,926		309,893		(198,032)
Accounts payable - other	449,904		535,755		85,850
Accrued income taxes	853,656		1,120,354		266,698
Advances received	2,123,773		1,078,154		(1,045,618)
Reserve for directors' bonus	116,300		135,600		19,300
Reserve for product warranties	55,333		116,838		61,505
Others	158,358		252,164		93,806
Total current liabilities	4,265,251	28.0	3,548,760	16.6	(716,490)
Long-term liabilities					
Convertible bonds with warrant	-		5,000,000		5,000,000
Account payable for long-term	77,400		77,400		-
Reserve for employees' retirement benefits	126,903		157,907		31,003
Total long-term liabilities	204,303	1.4	5,235,307	24.4	5,031,003
Total liabilities	4,469,555	29.4	8,784,067	41.0	4,314,512
(Net Assets)					
Capital stock	931,000	6.1	931,000	4.4	-
Capital surplus					
Additional paid-in capital	1,080,360		1,080,360		-
Total capital surplus	1,080,360	7.1	1,080,360	5.0	-
Revenue reserves					
Revenue reserves	159,038		159,038		-
Voluntary reserve	6,612,000		7,712,000		1,100,000
Retained earnings carry forward	2,087,583		2,845,113		757,529
Total revenue reserves	8,858,621	58.2	10,716,151	50.0	1,857,529
Less Treasury Stock	(173,899)	(1.1)	(168,848)	(0.8)	5,051
Total shareholders' equity	10,696,081	70.3	12,558,663	58.6	1,862,581
Revaluation on other securities	47,308	0.3	33,091	0.2	(14,217)
Share subscription rights	-	-	50,917	0.2	50,917
Total net assets	10,743,390	70.6	12,642,672	59.0	1,899,281
Total liabilities and net assets	15,212,945	100.0	21,426,740	100.0	6,213,794

Statements of income

(In thousands of yen)

Years ended June 30;	2006	%	2007	%	Year-on-year Change
Net sales	11,663,426	100.0	15,443,448	100.0	3,780,022
Cost of sales	6,100,718	52.3	8,508,360	55.1	2,407,642
Gross profit	5,562,707	47.7	6,935,087	44.9	1,372,379
Selling, general and administrative expenses	2,793,242	24.0	3,130,821	20.3	337,578
Operating income	2,769,465	23.7	3,804,266	24.6	1,034,800
Non-operating income					
Interest income	605		15,799		15,194
Interest income from securities	441		1,460		1,019
Dividend income	9,741		1,936		(7,804)
Income from sale of investment securities	-		2,785		2,785
Exchange gain	81		12,652		12,571
Income from contract development	70,302		-		(70,302)
Income from teaching management	1,800		1,800		-
Others	7,165		2,095		(5,069)
Total non-operating income	90,136	0.8	38,530	0.3	(51,605)
Non-operating expenses					
Interest expenses	507		87		(420)
Bond issue cost	-		25,860		25,860
Loss on sales of securities	810		-		(810)
Others	916		73		(843)
Total non-operating expenses	2,233	0.0	26,021	0.2	23,787
Ordinary income	2,857,367	24.5	3,816,775	24.7	959,407
Extraordinary income					
Reversal of allowance for doubtful accounts	1,672		-		(1,672)
Total extraordinary income	1,672	0.0	-	-	(1,672)
Extraordinary losses					
Loss on disposal of fixed assets	10,965		3,539		(7,426)
Loss on devaluation on investment securities	9,218		-		(9,218)
Total extraordinary losses	20,184	0.2	3,539	0.0	(16,644)
Income before income taxes	2,838,856	24.3	3,813,235	24.7	974,379
Corporate, inhabitant and enterprise taxes	1,103,465	9.5	1,637,083	10.6	533,617
Deferred income taxes	(19,895)	(0.2)	(147,779)	(0.9)	(127,884)
Net income	1,755,286	15.0	2,323,931	15.0	568,645