

Consolidated Financial Review for Six Months Ended December 31, 2007



Company name: Lasertec Corporation (URL <http://www.Lasertec.co.jp/>)
 Stock exchange listing: Jasadq Securities Exchange, Inc.
 Code number: 6920
 Telephone number: (045) 544-4111
 Representative Director: Yaichiro Watakabe, President
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 Board of Directors Meeting: February 20, 2008

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)	%
Dec. 31, 2007	6,621	(17.0)	1,802	(7.6)	1,809	(7.5)
Dec. 31, 2006	7,975	10.6	1,950	12.1	1,957	12.0
June 30, 2007	15,874	—	3,895	—	3,895	—

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
Dec. 31, 2007	1,119	(4.6)	97.09	85.99
Dec. 31, 2006	1,173	6.5	100.68	100.48
June 30, 2007	2,375	—	203.84	194.26

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
Dec. 31, 2007	20,778	12,887	61.8	1,120.62
Dec. 31, 2006	16,484	11,788	71.5	1,011.51
June 30, 2007	21,840	13,048	59.5	1,115.18

(3) Consolidated cash flow 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, 2007	947	81	(1,227)	3,902
Dec. 31, 2006	(779)	(52)	(461)	4,287
June 30, 2007	990	(6,966)	4,512	4,129

2. Dividends

	Annual dividend per share			Dividend payment	Dividend payout ratio	The ratio of dividend to shareholders' equity
		Interim period	Term end			
	(yen)	(yen)	(yen)	(Millions of 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	50.00	0.00	50.00	—	30.2	—

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
Annual	14,000	3,000	3,000	1,900	165.32

4. Others

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

Consolidated subsidiaries: 2 companies Non-consolidated 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, 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)

December 31, 2007 11,785,800 shares December 31, 2006 11,785,800 shares

June 30, 2007 11,785,800 shares

Number of treasury stocks at end of period

December 31, 2007 331,123 shares December 31, 2006 131,059 shares

June 30, 2007 131,078 shares

(For Reference)

Financial Review for the Year Ended December 31, 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)	%
Dec. 31, 2007	6,250	(19.2)	1,537	(19.0)	1,558	(18.3)
Dec. 31, 2006	7,736	10.3	1,897	15.4	1,907	15.5
June 30, 2007	15,443	—	3,804	—	3,816	—

	Net income		Net income per share
	(Millions of yen)	%	(Yen)
Dec. 31, 2007	958	(15.9)	83.08
Dec. 31, 2006	1,139	9.6	97.77
June 30, 2007	2,323	—	199.42

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
Dec. 31, 2007	20,214	12,357	60.9	1,074.34
Dec. 31, 2006	16,053	11,415	71.1	979.43
June 30, 2007	21,426	12,642	58.8	1,080.39

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
Annual	13,360	2,780	2,805	1,770	154.07

(Appendix)

I. Results of Operations

(1) Analysis on Results of Operations

① Outline of this interim period (interim period ended December 2007)

In the world economic environment during this interim period, serious concern about downturn in economy spread due to sub-prime loan issue and so on, and the semiconductor industry that is the major market for this company also showed tendency to restrain capital investment due to drastic price deterioration of memory devices and such. Capital investment on equipments related to the most advanced lithography, which is closely related to the main products of this company, was also restrained to some extent. On the other hand, FPD industry is showing some signs of recovery with increase of panel demands along with progress in inventory cutback and order situation of this company has been recovering.

Under such circumstances, this company has been striving for shorter lead-time and acceptance period under the growth strategy based on the development of new technologies and products that meet customer needs. As a result of these efforts, the consolidated net sales for this interim period amounted to 6,621 million yen (17.0% decrease from the same period of the last term).

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

Semiconductor related systems

4,266 million yen (132.9% up from the same period of the last term)

FPD related systems

1,571 million yen (69.8% down from the same period of the last term)

Laser microscopes

231 million yen (35.9% down from the same period of the last term)

With regard to the consolidated profits, the ordinary income amounted to 1,809 million yen (7.5% down from the same period of the last term) and the net income amounted to 1,119 million yen (4.6% down from the same period of the last term).

The main new products this company announced during the current interim period, which satisfies the customer needs for the next generation, are as follows,

* 3CCD Real Color Confocal Microscope	H1200
* Mask Blanks Inspection Systems	M6640/M6641
* Patterned Wafer Warpage / Stress Inspection System	SK300
* TSV Etching Depth Inspection System	TSV300

② Forecast for the full business term (ending June 2008)

There is a sense of uncertainty in the future of world economy and semiconductor industry is expected to restrain some of its capital investment based on general concern about down turn in economy. On the other hand, FPD industry will gradually restore its capital investment pace and order situation of this company is

expected to recover.

Under these circumstances, this company will make efforts on development of new products and reclaiming of new customers. For the semiconductor related products, new customer needs will be reclaimed and new applications will be developed, simultaneously. For the FPD related products, the product for the next generation will be vigorously developed and at the same time, further cost reduction in production will be pursued and clearer differentiation against competing products will be sought.

As a result of these efforts, this company expects the consolidated business achievement for the full business term this year to be 14,000 million yen (11.8% down from the term last year) as net sales, 3,000 million yen (23.0% down from the term last year) as ordinary income and 1,900 million yen (20.0% down from the term last year) as current net income.

(2) Reporting on Financial conditions

① Asset, Liability and Net Asset

The total assets at the end of this consolidated interim period amounted to 20,776 million yen, a decrement of 1,063 million yen from the last consolidated fiscal period. The main factors of the decrement of assets come from a decrease of notes and accounts receivable-trade by 1,112 million yen.

With regard to liability, the total liabilities at the end of this consolidated interim period amounted to 7,890 million yen, a decrement of 901 million yen from last consolidated fiscal period. The main factors for the total liabilities are a decrement of accrued income tax by 564 million yen and a decrease of advances received by 289 million yen.

The shareholders' equity at the end of this consolidated interim period amounted to 12,823 million yen, a decrement of 104 million yen from the last consolidated fiscal period. This is due to recording of 1,119 million yen as net profit for this consolidated interim period, and also due to decrease of 699 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 12,887 million yen and the equity ratio became 61.8%.

② Cash flows for this Interim Period (ended December 31, 2007)

With regard to cash and cash equivalent on the consolidated basis (called "fund") for this interim period (ended December 31, 2007) the balance of the fund amounted to 3,902 million yen, decrease of 227 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 947 million yen (779 million yen used in the last consolidated interim period). This is mainly because the total amount of excess factors including the decrease of inventory assets besides the income before taxes of 1,810 million yen and decrease of accounts receivables of 1,105 million yen exceeded the total amount of decrease factor including decrease by 286 million yen of advances received, the increase of inventory assets of 345 million yen, and payment of corporate income taxes of 1,186 million yen.

(Cash flows from investing activities)

The fund gained from investing activities was 81 million yen (52 million yen used in the last consolidated interim period). This was mainly because the total amount of excess factors including the proceeds of 100 million yen from sales of marketable securities and the proceeds of 194 million yen from sales of investment securities exceeded the total amount of decrease factor including payment of 126 million yen for purchase of investment securities.

(Cash flows from financing activities)

The fund used for financing activities was 1,227 million yen (166% up from the last consolidated interim period). This was mainly due to dividend payment of 699 million yen and payment of 527 million yen for acquiring treasury stocks.

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

	Year ended June 2005	Year ended June 2006	Year ended June 2007	Year ended December 2007
Equity ratio	75.0%	71.1%	59.5%	61.8%
Equity ratio on market price basis	144.7%	214.1%	157.4%	105.0%
Years for debt redemption	—	—	—	—
Interest coverage ratio	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"

Interest payment corresponds to the account of interest payment in the "Statement of cash flows."

Note that no interest coverage ratio is provided for this interim period because of no interest payment during the relevant interim consolidated period.

(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, with regard to dividend for the next financial period, the dividend at the end of the next financial period is planned to be 50 yen per share. Accordingly, consolidated dividend payout ratio is estimated to be 30.2%.

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 interim consolidated financial statements (called "this company") takes the responsibility.

With regard to sales, this company takes the responsibility in the Japan, Asian markets. In the North American market and the EU 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, and Asian (excluding Korea), markets. Lasertec U. S. A. Inc., a consolidated subsidiary of this company, is in charge in the North American and EU regions, 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 trust 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 index to be targeted

This company group considers that continued improvement of corporate value reflects the intrinsically ideal situation for corporation and this company aims to further enhance satisfaction of all the stakeholders including shareholders by such improvement of corporate value.

In semiconductor and LCD industries that this company group is involved with, speed of technical innovation is very fast and continued investment on development is consistently needed. This company set the operating income rate at 20% or higher in order to build solid financial ground while continuing investment for further growth.

(3) 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 phase shift mask inspection systems and so on that are indispensable for ultra-high resolution lithography, in addition to mask blanks inspection systems that comply with higher quality demand for blanks.
- 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 and to attain new customers more vigorously.

② 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.

③ This company pursues reinforcement of systems for compliance ,internal control and quality assurance. In addition, procurement / accounting information system is thoroughly refurbished to improve operation efficiency and vigorous recruitment activities and human resource development are reinforced from the viewpoint of midterm business plan.

Consolidated balance sheets

(In thousands of yen)

Years ended December 31;	2006	%	2007	%	June 30,2007	%
(Assets)						
Current assets						
Cash and deposits	4,189,202		9,702,945		9,930,830	
Notes and accounts receivable – trade	4,409,875		3,246,654		4,358,933	
Marketable securities	200,276		201,038		300,508	
Inventories	5,160,287		4,176,130		3,833,953	
Deferred tax assets	144,937		142,413		226,036	
Others	311,048		359,484		187,129	
Allowance for doubtful accounts	(4,649)		(3,958)		(5,017)	
Total current assets	14,410,978	87.4	17,824,708	85.8	18,832,374	86.2
Long-term assets						
Tangible fixed assets						
Land	581,721		581,721		581,721	
Others	643,109		1,451,736		1,434,932	
Total tangible fixed assets	1,224,830	7.4	2,033,458	9.8	2,016,653	9.3
Intangible fixed assets	1,855	0.0	1,847	0.0	1,861	0.0
Investments and other assets						
Investment securities	480,696		441,273		549,426	
Deferred tax assets	139,932		246,554		209,649	
Others	226,201		230,164		230,577	
Total Investments and other assets	846,829	5.2	917,991	4.4	989,654	4.5
Total long-term assets	2,073,515	12.6	2,953,297	14.2	3,008,169	13.8
Total assets	16,484,493	100.0	20,778,005	100.0	21,840,543	100.0

(In thousands of yen)

Years ended December 31;	2006	%	2007	%	June 30,2007	%
(Liabilities)						
Current liabilities						
Accounts payable – trade	598,956		493,997		307,569	
Accrued income taxes	805,368		567,264		1,132,231	
Advances received	2,175,879		835,200		1,124,881	
Reserve for directors' bonus	108,214		57,485		135,600	
Reserve for product warranties	144,422		127,555		157,879	
Others	630,335		553,592		692,551	
Total current liabilities	4,463,176	27.1	2,635,096	12.7	3,550,713	16.3
Long-term liabilities						
Convertible bonds with warrant	—		5,000,000		5,000,000	
Accounts payable - long term	77,400		60,400		77,400	
Reserve for employees' retirement benefits	154,986		193,974		163,436	
Others	—		1,164		887	
Total long-term liabilities	232,386	1.4	5,255,538	25.3	5,241,723	24.0
Total liabilities	4,695,562	28.5	7,890,635	38.0	8,792,436	40.3
(Net Assets)						
Shareholders' equity						
Capital stock	931,000	5.6	931,000	4.5	931,000	4.3
Capital surplus	1,080,360	6.5	1,080,360	5.2	1,080,360	4.9
Retained earnings	9,883,771	60.0	11,506,329	55.3	11,086,041	50.8
Less treasury stock, at cost	(168,794)	(1.0)	(693,960)	(3.3)	(168,848)	(0.8)
Total shareholders' equity	11,726,336	71.1	12,823,728	61.7	12,928,552	59.2
Revaluation						
Revaluation on other securities	41,072	0.3	13,974	0.1	33,091	0.1
Foreign currency translation adjustment	21,521	0.1	(1,250)	(0.0)	35,545	0.2
Total revaluation	62,594	0.4	12,724	0.1	68,636	0.3
Share subscription rights	—	—	50,917	0.2	50,917	0.2
Total net assets	11,788,930	71.5	12,887,370	62.0	13,048,106	59.7
Total liabilities and net assets	16,484,493	100.0	20,778,005	100.0	21,840,543	100.0

Consolidated statements of income

(In thousands of yen)

Years ended December 31;	2006	%	2007	%	June 30,2007	%
Net sales	7,975,434	100.0	6,621,848	100.0	15,874,024	100.0
Cost of sales	4,320,131	54.2	2,941,900	44.4	8,614,003	54.3
Gross profit	3,655,302	45.8	3,679,947	55.6	7,260,021	45.7
Selling, general and administrative expenses	1,705,242	21.4	1,877,365	28.4	3,364,721	21.2
Operating income	1,950,059	24.4	1,802,581	27.2	3,895,300	24.5
Non-operating income						
Interest income	5,642		23,221		28,876	
Dividend income	1,258		791		1,936	
Income from sales of investment securities	—		—		2,785	
Return from matured insurance	—		4,918		—	
Others	714		1,384		2,168	
Total non-operating income	7,615	0.1	30,315	0.5	35,766	0.2
Non-operating expenses						
Interest expenses	79		—		87	
Loss on sales of investment securities	—		7,392		—	
Exchange losses	445		13,124		9,869	
Fee for purchasing treasury stock	—		2,798		—	
Bond issue cost	—		—		25,860	
Others	100		0		73	
Total non-operating expenses	624	0.0	23,314	0.4	35,891	0.2
Ordinary income	1,957,050	24.5	1,809,582	27.3	3,895,175	24.5
Extraordinary income						
Reversal of allowance for doubtful receivables	—		997		—	
Total extraordinary income	—	—	997	0.0	—	—
Extraordinary losses						
Loss on disposal of fixed assets	1,067		391		3,729	
Total extraordinary losses	1,067	0.0	391	0.0	3,729	0.0
Income before income taxes	1,955,982	24.5	1,810,189	27.3	3,891,446	24.5
Corporate, inhabitant and enterprise taxes	788,084	9.9	632,885	9.5	1,664,659	10.5
Deferred income taxes	(5,249)	(0.1)	57,732	0.9	(148,631)	(1.0)
Net income	1,173,147	14.7	1,119,571	16.9	2,375,417	15.0

Consolidated statement of changes in equity

(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	—	—	1,173,147	—	1,173,147
Purchase of treasury stock	—	—	—	(46)	(46)
Sales of treasury stock	—	—	(371)	5,151	4,780
Others (net)	—	—	—	—	—
Total changes	—	—	706,745	5,105	711,851
2006/12/31	931,000	1,080,360	9,883,771	(168,794)	11,726,336

	Revaluation			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	—	—	—	1,173,147
Purchase of treasury stock	—	—	—	(46)
Sales of treasury stock	—	—	—	4,780
Others (net)	(6,235)	15,492	9,256	9,256
Total changes	(6,235)	15,492	9,256	721,107
2006/12/31	41,072	21,521	62,594	11,788,930

(In thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
2007/6/30	931,000	1,080,360	11,086,041	(168,848)	12,928,552
Changes					
Dividends	—	—	(699,283)	—	(699,283)
Net income	—	—	1,119,571	—	1,119,571
Purchase of treasury stock	—	—	—	(525,111)	(525,111)
Others (net)	—	—	—	—	—
Total changes	—	—	420,288	(525,111)	(104,823)
2007/12/31	931,000	1,080,360	11,506,329	(693,960)	12,823,728

	Revaluation			Share subscription rights	Total net assets
	Revaluation on other securities	Foreign currency transaction adjustment	Total revaluation		
2007/6/30	33,091	35,545	68,636	50,917	13,048,106
Changes					
Dividends	—	—	—	—	(699,283)
Net Income	—	—	—	—	1,119,571
Purchase of treasury stock	—	—	—	—	(525,111)
Others (net)	(19,116)	(36,795)	(55,912)	—	(55,912)
Total changes	(19,116)	(36,795)	(55,912)	—	(160,736)
2007/12/31	13,974	(1,250)	12,724	50,917	12,887,370

(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)

	2006 (July 1,2006~ Dec 31,2006)	2007 (July 1,2007~ Dec 31,2007)	June 30,2007 (July 1,2006~ June 30,2007)
Cash flows from operating activities			
Income before income taxes	1,955,982	1,810,189	3,891,446
Depreciation and amortization	55,460	69,541	121,602
Increase (decrease) in allowance for doubtful receivables	2,538	(997)	2,905
Increase (decrease) in reserve for directors' bonus	(8,086)	(78,115)	19,300
Increase (decrease) in reserve for product warranties	65,307	(29,303)	78,374
Increase in reserve for employees' retirement benefits	12,511	31,019	20,353
Stock-based compensation	—	—	50,917
Interest and dividend income	(6,901)	(24,012)	(30,812)
Loss on sales of investment securities	—	—	(2,785)
Interest expenses	79	—	87
Bond issue cost	—	—	25,860
Exchange loss(gain)	(1,835)	1,981	(3,364)
Loss on devaluation of investment securities	—	7,392	—
Loss on disposal of tangible fixed assets	1,067	391	3,729
Decrease(increase) in notes and accounts receivable-trade	(2,624,627)	1,105,307	(2,570,962)
Decrease(increase) in inventory	288,248	(345,406)	1,616,906
Increase(decrease) in accounts payable-trade	91,030	186,428	(200,356)
Increase(decrease) in accounts payable-consumption tax	61,266	(31,170)	34,526
Increase(decrease) in advances received	2,863	(286,226)	(1,050,222)
Others	166,055	(295,619)	359,422
	60,961	2,121,399	2,366,929
Interest and dividends received	6,718	12,168	20,635
Interest paid	(79)	—	(87)
Income taxes paid	(847,363)	(1,186,036)	(1,397,223)
Net cash provided by (used in) operating activities	(779,762)	947,531	990,253
Cash flows from investing activities			
Payments for fixed time deposits	(1,923)	(63)	(5,902,059)
Payments for purchase of securities	—	—	(99,970)
Proceeds from sales of securities	—	100,000	—
Payments for acquisition of tangible fixed assets	(51,024)	(86,576)	(888,434)
Proceeds from sales of tangible fixed assets	—	—	3,134
Payments for purchase of investment securities	—	(126,329)	(100,000)
Proceeds from sales of investment securities	—	194,820	20,652
Others	280	—	278
Net cash provided by (used in) investing activities	(52,667)	81,850	(6,966,398)
Cash flows from financing activities			
Proceeds from issuing convertible bonds with warrant	—	—	4,974,139
Payments for purchase of treasury stock	(46)	(527,910)	(100)
Proceeds from sales of treasury stock	4,780	—	4,780
Dividends paid	(466,030)	(699,283)	(466,030)
Net cash used in financial activities	(461,296)	(1,227,193)	4,512,788
Translation difference in cash and cash equivalents	11,344	(29,688)	22,686
Decrease in cash and cash equivalents	(1,282,382)	(227,499)	(1,440,669)
Cash and cash equivalents at beginning of period	5,570,268	4,129,599	5,570,268
Cash and cash equivalents at end of period	4,287,886	3,902,099	4,129,599

Production, orders and sales

1. Production

(in thousands of yen)

Year ended December 31;	2007	
		Year-on-year comparison (%)
Finished goods		
Semiconductor related systems	4,053,468	165.7
FPD related systems	1,726,991	41.4
Confocal Scanning Laser Microscopes	603,359	128.8
	6,383,819	90.1
Services	553,060	95.0
Total	6,936,879	90.5

(Notes)

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

2. Orders

(In thousands of yen)

Year ended December 31;	2007			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor related systems	1,499,352	31.2	3,919,997	78.8
FPD related systems	1,612,216	133.3	4,463,764	67.7
Confocal Scanning Laser Microscopes	347,008	75.6	174,453	83.8
	3,458,577	53.5	8,558,214	72.7
Services	598,909	107.9	132,296	126.5
Total	4,057,486	57.8	8,690,511	73.1

(Notes)

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

3. Sales

(In thousands of yen)

Year ended December 31;	2007	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor related systems	4,266,132	233.0
FPD related systems	1,571,164	30.2
Confocal Scanning Laser Microscopes	231,491	64.1
	6,068,788	82.1
Services	553,060	95.0
Total	6,621,848	83.0

(Notes)

Amounts are shown in sales prices.

Balance sheet

(In thousands of yen)

Years ended December 31;	2006	%	2007	%	June 30,2007	%
(Assets)						
Current assets						
Cash and deposits	3,829,604		8,879,437		9,544,673	
Notes receivable - trade	716,899		392,684		854,175	
Accounts receivable - trade	3,626,142		3,107,463		3,481,835	
Marketable securities	200,276		201,038		300,508	
Inventories	5,132,673		4,152,439		3,808,477	
Deferred tax assets	141,070		137,839		216,313	
Others	296,749		347,012		174,093	
Allowance for doubtful accounts	(4,462)		(3,667)		(4,338)	
Total current assets	13,938,954	86.8	17,214,248	85.2	18,375,737	85.8
Long-term assets						
Tangible fixed assets						
Land	581,721		581,721		581,721	
Others	629,974		1,441,955		1,422,608	
Total tangible fixed assets	1,211,696		2,023,676		2,004,329	
Intangible fixed assets	1,700		1,700		1,700	
Investments and other assets						
Investment securities	561,836		522,412		630,566	
Deferred tax assets	137,142		244,889		208,633	
Others	202,323		207,506		205,772	
Total Investments and other assets	901,301		974,809		1,044,972	
Total long-term assets	2,114,698	13.2	3,000,186	14.8	3,051,002	14.2
Total assets	16,053,652	100.0	20,214,434	100.0	21,426,740	100.0

(In thousands of yen)

Years ended December 31;	2006	%	2007	%	June 30,2007	%
(Liabilities)						
Current liabilities						
Accounts payable – trade	598,956		493,997		309,893	
Accrued income taxes	791,659		539,912		1,120,354	
Advances received	2,133,066		781,366		1,078,154	
Reserve for directors' bonus	108,214		57,485		135,600	
Reserve for product warranties	97,908		85,408		116,838	
Others	692,317		653,879		787,920	
Total current liabilities	4,422,122	27.5	2,612,048	12.9	3,548,760	16.6
Long-term liabilities						
Convertible bonds with warrant	—		5,000,000		5,000,000	
Accounts payable – long term	77,400		60,400		77,400	
Reserve for employees' retirement benefits	139,051		184,739		157,907	
Total long-term liabilities	216,451	1.4	5,245,139	26.0	5,235,307	24.4
Total liabilities	4,638,574	28.9	7,857,187	38.9	8,784,067	41.0
(Net Assets)						
Shareholders' equity						
Capital stock	931,000	5.8	931,000	4.6	931,000	4.4
Capital surplus						
Additional paid-in capital	1,080,360		1,080,360		1,080,360	
Total capital surplus	1,080,360	6.7	1,080,360	5.3	1,080,360	5.0
Revenue reserves						
Revenue reserves	159,038		159,038		159,038	
Voluntary reserves	7,712,000		9,212,000		7,712,000	
Retained earnings	1,660,402		1,603,916		2,845,113	
Total revenue reserves	9,531,440	59.4	10,974,954	54.3	10,716,151	50.0
Less treasury stock	(168,794)	(1.0)	(693,960)	(3.4)	(168,848)	(0.8)
Total shareholders' equity	11,374,005	70.9	12,292,354	60.8	12,558,663	58.6
Revaluation						
Revaluated on other securities	41,072	0.2	13,974	0.1	33,091	0.2
Total revaluation	41,072	0.2	13,974	0.1	33,091	0.2
Share subscription rights						
	—		50,917	0.2	50,917	0.2
Total net assets	11,415,078	71.1	12,357,246	61.1	12,642,672	59.0
Total liabilities and net assets	16,053,652	100.0	20,214,434	100.0	21,426,740	100.0

Statements of income

(In thousands of yen)

Years ended December 31;	2006	%	2007	%	June 30,2007	%
Net sales	7,736,434	100.0	6,250,617	100.0	15,443,448	100.0
Cost of sales	4,243,943	54.9	2,925,164	46.8	8,508,360	55.1
Gross profit	3,492,490	45.1	3,325,453	53.2	6,935,087	44.9
Selling, general and administrative expenses	1,595,440	20.6	1,788,066	28.6	3,130,821	20.3
Operating income	1,897,049	24.5	1,537,387	24.6	3,804,266	24.6
Non-operating income	10,861	0.1	31,282	0.5	38,530	0.3
Non-operating expenses	179	0.0	10,190	0.2	26,021	0.2
Ordinary income	1,907,731	24.6	1,558,479	24.9	3,816,775	24.7
Extraordinary income	—	—	671	0.0	—	—
Extraordinary losses	1,067	0.0	391	0.0	3,539	0.0
Income before income taxes	1,906,664	24.6	1,558,759	24.9	3,813,235	24.7
Corporate, inhabitant and enterprise taxes	773,880	10.0	545,545	8.7	1,637,083	10.6
Deferred income taxes	(6,436)	(0.1)	55,127	0.9	(147,779)	(0.9)
Net income	1,139,220	14.7	958,086	15.3	2,323,931	15.0