

Consolidated Financial Review for the Year Ended June 30, 2003

Company name: Lasertec Corporation
 Headquarter address: 4-10-4, Tsunashima-Higashi, Kohoku-Ku, Yokohama, Kanagawa
 223-8551, Japan
 Telephone number: (045) 544-4111
 (U R L <http://www.Lasertec.co.jp/>)
 Stock exchange listing: Japan Securities Dealers Association
 Code number: 6920
 Representative Director: Kenichi Kosugi, President
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 Board of Directors Meeting: August 25, 2003

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, 2003	6,156	(5.6)	1,005	(20.9)	1,094	(14.8)
June 30, 2002	6,524	(0.4)	1,271	(8.5)	1,284	(8.9)

	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, 2003	670	(6.0)	110.26	-	8.7	12.0	17.8
June 30, 2002	713	(12.2)	121.78	-	9.7	14.5	19.7

(Notes)

1. Profit/loss on equity method:
 - Year ended June 30, 2003: None
 - Year ended June 30, 2002: None
2. Average number of shares of common stock during period:
 - June 30, 2003 5,813,820 shares
 - June 30, 2002 5,861,473 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)
June 30, 2003	9,579	7,849	81.9	1,352.59
June 30, 2002	8,661	7,589	87.6	1,295.46

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

June 30, 2003 5,781,020 shares June 30, 2002 5,858,620 shares

(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, 2003	(541)	(33)	(361)	1,431
June 30, 2002	1,131	(703)	(184)	2,366

(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, 2004

(7/1/03- 6/30/04)

(Millions of yen)

	Net sales	Ordinary income	Net income
Interim period	3,030	290	160
Annual	7,500	1,440	815

(N.b.) 1. Estimated net income per share for the year ending June 30, 2003 (annual): 135.90 yen

(Appendix)

I. Current status of the company group

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

For developing and manufacturing semiconductor and LCD inspection 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 them 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, LCD, and new material industries under the policy that "the company will satisfy needs with advanced technology." To meet higher level needs, this company will continue supplying products that satisfy the requirement represented in the industry's roadmap with advanced multiple technologies of optical, precision equipment, and electronics fields. This is the basic management policy of this company.

In the interim term, this company will strengthen the main three product lines: semiconductor inspection systems, LCD inspection systems, and laser microscopes. Especially, this company regards needs for finer processing in the semiconductor inspection systems and needs for more

sophisticated inspection in the LCD inspection systems as a key 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.

However, 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 corporation condition and establishment of long-lasting management basis, the retained earnings will be effectively spent on R & D investment of new technology and new products, capital investment for expanding business, and recruitment of highly capable staff.

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. This company also understands lowering an investment unit is an effective strategy that increases the number of individual stockholders.

To accomplish this strategy, this company should fully consider future market trends and costs required for change of an investment unit while providing more IR activities for investors. As a result of total consideration from viewpoints of stockholders' benefits, this company has reached the conclusion that it will lower an investment unit in future. The details and schedule are not determined yet.

4. Management strategies and tasks to be worked on

(1) This company develops new technology and new products aiming to meet various needs of the state-of-the art technology. Besides, this company makes aggressive investments on development of unique new technologies so that our products can attain an advantageous position. As a result, this company can improve its business growth as well as strengthen financial basis.

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

- Through R & D in collaboration with consortium and business enterprise, this company will make more efficient R & D investment.
- In the LCD inspection system field, this company will satisfy needs for larger-sized color filters and higher throughput, and differentiate our products from other competitive ones with respect to function while achieving further cost reduction. Furthermore, this company aims to establish more solid position by increasing the market share of large-sized mask inspection systems requiring high detecting sensitivity.
- In the laser microscope field, this company is now ahead in the lineup expansion of application-oriented products. The new urgent step for the company is to develop cost effective instruments that are eagerly desired in the market to further expand its product filed.

(2) This company has extended sales channels and upgraded service infrastructure in the global market so that it can establish a financial basis unaffected by area variation. In the current half term, this company stops the expansion of service bases for the time being and tries to reinforce each service base.

(3) This company makes continuous efforts on streamlining of organization within the company, cost reduction, improvement of quality and reliability, and shortening of delivery times. Especially, the company tries to increase customer satisfaction in quality by operating quality management system.

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

This company employs auditing system. The Board consists of nine directors including one outside director. It is organized with enough number of members to make prompt management judgment, and held every month to decide important issues within the company. All board members and senior auditor attend a monthly meeting held by a representative from each department and

employees in charge of products so that everyone can understand the current business situations and share business information. Furthermore, at a management meeting that has been held twice a month since October 2002, all board members actively exchange opinions on various issues regarding management.

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

One of the outside auditors (part-time) is a lawyer, which means that this company considers highly of law-abiding operation.

Furthermore, this company regularly consults opinion from the auditing corporation in charge of this company to help solve various issues on internal control and compliance.

III. Financial achievement

1. Outline of the year ending June 30, 2003

(1) Outline of the year ending June 30, 2003

The semiconductor industry, the main sales target of this company group, showed a temporary upward trend last year thanks to inventory adjustment. However, slowdown in the U.S. economy, the war in Iraq, and prevalence of SARS prevented uncertain outlook for the worldwide demands from being cleared, and restrained capital investment. As a result, this company was still surrounded by severe conditions. Nevertheless, there was a continuous trend to make capital investment on advanced technology and new generation processes. In the LCD panel industry, there were considerable capital investments on the 5th generation equipment.

Under these circumstances, this company has promoted development of new products to satisfy needs for state-of-the-art technologies. Thanks to the introduction of new products including the mask substrates/blanks inspection system and phase-shift measurement systems in the semiconductor field and LCD large-sized photomask inspection system in the LCD field, the final consolidated net sale in the year amounted to 6,156 million yen as a result of acceptance delay of some tools (5.6 % down from the previous term).

The sales for each product line were:

Semiconductor inspection systems

3,329 million yen (2.6 % down from the previous term),

LCD inspection systems

1,447 million yen (22.4% down from the previous term)

Laser microscopes

853 million yen (10.8% up from the previous term)

As for consolidated profits, the ordinary income amounted to 1,094 million yen (14.8 % down from the previous term) and the net income amounted to 670 million yen (6.0 % down from the previous term).

According to the basic policy for profit sharing as described above, cash dividend in the current fiscal year is expected to be 30 yen per share, which will result in a non-consolidated payout ratio of 28.0 %.

The followings are new products we have developed and announced in the current year. They are designed to satisfy customer needs of the next generation.

Mask substrates/blanks inspection system	M2350
Photomask/reticle defect inspection system	MD2500

(2) Forecast for the next fiscal year ending June 30, 2004

Though the capital investment in the semiconductor industry is expected to be still low, the industry's roadmap represents requirements for further technological innovation and cost reduction. Under these circumstances this company will make continuous efforts on development of new technology and products. This company intends to increase both income and profit by meeting demands for the most advanced systems in the semiconductor industry, and by being engaged in activities to win orders in the cost-competitive market of the LCD industry while making much use of our advantageous position in technology field.

With regard to the consolidated performance of the next fiscal year, this company expects sales amounting to 7,500 million yen, ordinary income amounting to 1,440 million yen, and net income amounting to 815 million yen.

The cash dividend in the next fiscal year is expected to be 30 yen per share, which will result in a non-consolidated payout ratio of 22.5.

2. Financial conditions

Cash flows in the year ending June 30, 2003

In the current consolidated fiscal year, considerable increase of inventory assets and increase of account receivables caused decrease in the cash and cash equivalent on the consolidated basis (called "fund") by 934 million yen, compared to that at the end of the previous consolidated fiscal year. Consequently the balance of the fund amounted to 1,431 million yen at the end of the current consolidated fiscal year.

Cash flows in the current consolidated fiscal year and their causes are described below.

(Cash flows from operating activities)

The fund used for operating activities was 541 million yen (positive 1,131 million yen in the previous consolidated fiscal year). This is mainly because the total amount of decrease factor including 1,067 million yen for increase of inventory assets and 682 million yen for increase of account receivables exceeded the total amount of excess factors including 1,131 million yen for net income before tax adjustment and others (5.2% down from the previous consolidated fiscal year).

(Cash flows from investing activities)

The fund used for investing activities was 33 million yen (95.2% down from the previous consolidated fiscal year). This was mainly attributed to sale of securities, acquisition of investment securities, and acquisition of tangible fixed assets.

(Cash flows from financing activities)

The fund used for financing activities was 361 million yen (95.9% up from the previous consolidated fiscal year). This was mainly attributed to payback and payment of dividends.

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

	Year ended June 2000	Year ended June 2001	Year ended June 2002	Year ended June 2003
Equity ratio	85.0%	78.4%	87.6%	81.9%
Equity ratio on market price basis	197.9%	155.9%	172.5%	138.8%
Years for debt redemption	-	-	-	-
Interest coverage ratio	-	102,092.2%	63,153.5%	-

(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.

Consolidated balance sheets

(In thousands of yen)

Years ended June 30;	2002	%	2003	%	Increase (Decrease)
(Assets)					
Current assets					
Cash and deposits	2,165,605		1,181,065		(984,540)
Notes and accounts receivable - trade	2,582,544		3,265,498		682,954
Marketable securities	619,496		700,125		80,629
Inventories	1,433,866		2,511,370		1,077,503
Deferred tax assets	60,801		157,250		96,449
Others	151,139		103,690		(47,449)
Allowance for doubtful accounts	(6,428)		(3,329)		3,099
Total current assets	<u>7,007,025</u>	80.9	<u>7,915,671</u>	82.6	<u>908,646</u>
Long-term assets					
Tangible fixed assets					
Buildings and structures	217,164		168,705		(48,458)
Machinery, vehicles and delivery equipments	38,437		28,667		(9,769)
Tools, furniture and fixtures	191,826		156,727		(35,098)
Land	397,934		394,470		(3,464)
Construction in progress	-		26,330		26,330
	<u>845,361</u>	9.8	<u>774,900</u>	8.1	<u>(70,460)</u>
Intangible fixed assets	16,909	0.2	6,500	0.1	(10,408)
Investments and other assets					
Investment securities	389,343		440,367		51,024
Long-term prepaid expenses	22,001		21,225		(776)
Long-term guarantee deposits	197,267		193,677		(3,590)
Deferred tax assets	118,958		132,992		14,033
Others	65,637		94,171		28,534
Allowance for doubtful accounts	(1,008)		-		1,008
	<u>792,201</u>	9.1	<u>882,434</u>	9.2	<u>90,233</u>
Total long-term assets	<u>1,654,471</u>	19.1	<u>1,663,835</u>	17.4	<u>9,364</u>
Total assets	<u>8,661,496</u>	100.0	<u>9,579,507</u>	100.0	<u>918,010</u>

(In thousands of yen)

Years ended June 30;	2002	%	2003	%	Increase (Decrease)
(Liabilities)					
Current liabilities					
Accounts payable - trade	193,704		335,867		142,163
Accrued income taxes	77,859		426,801		348,941
Advances received	319,236		506,858		187,621
Others	304,575		258,058		(46,516)
Total current liabilities	895,375	10.3	1,527,586	16.0	632,210
Long-term liabilities					
Deferred tax liabilities	1,015		-		(1,015)
Reserve for employees' retirement benefits	78,340		89,314		10,974
Reserve for directors' retirement benefits	97,139		113,486		16,347
Total long-term liabilities	176,495	2.1	202,800	2.1	26,305
Total liabilities	1,071,870	12.4	1,730,386	18.1	658,516
(Shareholders' equity)					
Capital stock	931,000	10.7	-	-	(931,000)
Additional paid-in capital	1,080,360	12.5	-	-	(1,080,360)
Consolidated retained earnings	5,680,819	65.6	-	-	(5,680,819)
Revaluation on other securities	1,767	0.0	-	-	(1,767)
Foreign currency translation adjustment	(4,359)	(0.0)	-	-	4,359
Less treasury stock, at cost	(99,961)	(1.2)	-	-	99,961
	7,589,626	87.6	-	-	(7,589,626)
Capital stock	-	-	931,000	9.7	931,000
Capital surplus	-	-	1,080,360	11.3	1,080,360
Retained earnings	-	-	6,143,097	64.1	6,143,097
Revaluation on other securities	-	-	(16,076)	(0.2)	(16,076)
Foreign currency translation adjustment	-	-	(3,837)	(0.0)	(3,837)
Less treasury stock, at cost	-	-	(285,423)	(3.0)	(285,423)
Total shareholders' equity	-	-	7,849,120	81.9	7,849,120
Total liabilities and shareholders' equity	8,661,496	100.0	9,579,507	100.0	918,010

Consolidated statements of income

(In thousands of yen)

Years ended June 30;	2002	%	2003	%	Increase (Decrease)
Net sales	6,524,578	100.0	6,156,222	100.0	(368,355)
Cost of sales	3,405,972	52.2	3,239,851	52.6	(166,121)
Gross profit	3,118,605	47.8	2,916,371	47.4	(202,234)
Selling, general and administrative expenses	1,847,222	28.3	1,911,291	31.1	64,069
Operating income	1,271,382	19.5	1,005,079	16.3	(266,303)
Non-operating income					
Interest income	6,354		12,049		5,694
Dividend income	772		529		(242)
Exchange gain	13,580		4,814		(8,765)
Income from contract development	-		72,090		72,090
Others	1,411		2,872		1,460
Total non-operating income	22,118	0.3	92,356	1.5	(70,237)
Non-operating expenses					
Interest expenses	1,792		828		(963)
Loss on sales of marketable securities	2,557		18		(2,539)
Commission paid on purchase of treasury stock	-		629		629
Others	4,392		1,566		(2,826)
Total non-operating expenses	8,742	0.1	3,043	0.0	(5,699)
Ordinary income	1,284,758	19.7	1,094,392	17.8	(190,365)
Extraordinary income					
Gain on sales of fixed assets	308		4,724		4,415
Gain on cancellation of insurance	-		63,322		63,322
Reversal of allowance for doubtful accounts	3,536		3,226		(310)
Total extraordinary income	3,845	0.1	71,273	1.2	67,427
Extraordinary loss					
Loss on disposal of fixed assets	25,341		24,947		(393)
Loss on devaluation on investment securities	69,771		9,043		(60,727)
Total extraordinary losses	95,112	1.5	33,991	0.6	(61,121)
Income before income taxes	1,193,491	18.3	1,131,675	18.4	(61,816)
Corporate, inhabitant and enterprise taxes	410,749	6.3	560,265	9.1	149,515
Deferred income taxes	68,922	1.1	(99,426)	(1.6)	(168,349)
Net income	713,818	10.9	670,836	10.9	(42,982)

Consolidated statement of retained earnings

(In thousands of yen)

Years ended June 30;	2002	2003	Increase (Decrease)
Consolidated retained earnings at beginning of period	5,178,036	-	(5,178,036)
Decrease in consolidated retained earnings			
1 Dividends	175,860	-	(175,860)
2 Officers' bonuses	35,175	-	(35,175)
	<u>211,035</u>	<u>-</u>	<u>(211,035)</u>
Net income	713,818	-	(713,818)
Consolidated retained earnings at end of period	<u>5,680,819</u>	<u>-</u>	<u>(5,680,819)</u>
Capital surplus			
Capital surplus at beginning of period			
Additional paid-in capital at beginning of period	-	1,080,360	1,080,360
Capital surplus at end of period	<u>-</u>	<u>1,080,360</u>	<u>1,080,360</u>
Retained earnings			
Retained earnings at beginning of period			
Consolidated retained earnings at beginning of period	-	5,680,819	5,680,819
Increase of retained earnings			
Net income	-	670,836	670,836
Decrease of retained earnings			
1 Dividends	-	175,758	175,758
2 Officers' bonuses	-	32,800	32,800
Total decrease of retained earnings	<u>-</u>	<u>208,558</u>	<u>208,558</u>
Retained earnings at end of period	<u>-</u>	<u>6,143,097</u>	<u>6,143,097</u>

Consolidated statement of cash flows

(In thousands of yen)

Years ended June 30;	2001	2002
Cash flows from operating activities		
Income before income taxes	1,193,491	1,131,675
Depreciation and amortization	136,500	116,709
Decrease in allowance for doubtful accounts	(3,536)	(4,107)
Decrease in reserve for bonuses	(85,396)	-
Increase (decrease) in employees' retirement benefits	(16,472)	10,961
Increase (decrease) in reserve for directors' retirement benefits	(97,491)	16,347
Interest and dividend income	(7,126)	(12,579)
Loss on sales of marketable securities	2,557	18
Interest expenses	1,792	828
Exchange loss (gain)	20,227	(1,932)
Loss on devaluation of investment securities	69,771	9,043
Loss on sales of tangible fixed assets	(308)	(4,724)
Loss on disposal of tangible fixed assets	25,341	24,947
Gain on cancellation of insurance	-	(63,322)
Decrease (increase) in notes and accounts receivable-trade	348,757	(682,721)
Decrease (increase) in inventory	707,666	(1,067,223)
Increase (decrease) in accounts payable-trade	(233,681)	142,163
Increase in advance received	75,607	187,528
Officers' bonuses	(35,175)	(32,800)
Others	(133,742)	(114,234)
	1,968,782	(343,421)
Interest and dividends received	6,611	11,898
Interest paid	(1,792)	(828)
Income taxes paid	(841,635)	(209,152)
Net cash (used in) provided by operating activities	1,131,966	(541,504)
Cash flows from investment activities		
Proceeds from maturity of time deposit	2,997	-
Payments for purchase of marketable securities	(509,671)	(299,673)
Proceeds from sales of marketable securities	109,008	718,587
Payments for purchase of tangible fixed assets	(86,415)	(65,620)
Proceeds from sales of tangible fixed assets	25,948	14,922
Payments for purchase of investment securities	(250,105)	(437,027)
Proceeds from collection of loans	700	500
Payments for insurance	-	(97,687)
Proceeds from cancellation of insurance	-	131,510
Others	4,096	1,014
Net cash used in investing activities	(703,441)	(33,474)

(In thousands of yen)

Years ended June 30;	2002	200
Cash flows from financing activities		
Payments for purchase of treasury stock	(10,443)	(185,462)
Dividends paid	(175,860)	(175,758)
Others	1,894	-
Net cash used in financial activities	(184,409)	(361,220)
Translation difference in cash and cash equivalents	(6,264)	1,708
Increase (decrease) in cash and cash equivalents	237,850	(934,490)
Cash and cash equivalents at beginning of period	2,128,158	2,366,009
Cash and cash equivalents at end of period	2,366,009	1,431,518

Production, orders and sales

1. Production (in thousands of yen)

Year ended June 30;	2003	
		Year-on-year comparison (%)
Finished goods		
Semiconductor Inspection System	3,389,856	122.3
Color-Filter Inspection System	2,632,537	172.2
Confocal Scanning Laser Microscopes	864,421	130.4
	6,886,815	138.8
Services	526,276	112.1
Total	7,413,091	136.5

(Notes)

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

2. Orders

(In thousands of yen)

Year ended June 30;	2003			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor Inspection System	2,759,787	97.7	1,450,487	71.8
Color-Filter Inspection System	2,738,350	134.9	2,696,470	191.8
Confocal Scanning Laser Microscopes	810,039	101.4	104,877	70.7
	6,308,176	111.6	4,251,834	119.0
Services	445,230	89.5	57,475	41.5
Total	6,753,407	109.8	4,309,310	116.1

(Notes)

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

3. Sales

(In thousands of yen)

Year ended June 30;	2003	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor Inspection System	3,329,043	97.4
Color-Filter Inspection System	1,447,480	77.6
Confocal Scanning Laser Microscopes	853,422	110.8
	5,629,946	93.0
Services	526,276	112.1
Total	6,156,222	94.4

Financial Review for the Year Ended June 30, 2003(Non-Consolidated)

Company name: Lasertec Corporation
 Headquarter address: 4-10-4, Tsunashima-Higashi, Kohoku-Ku, Yokohama, Kanagawa
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 (U R L <http://www.Lasertec.co.jp/>)
 Stock exchange listing: Japan Securities Dealers Association
 Code number: 6920
 Representative Director Kenichi Kosugi, President
 Inquiries: Shu Uchiyama, Director, Corporate Planning Office
 Board of Directors Meeting: August 25 2003

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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, 2003	5,875	(7.4)	923	(28.8)	1,005	(21.4)
June 30, 2002	6,348	0.9	1,297	(5.0)	1,280	(9.0)

	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, 2003	619	(12.7)	101.39	-	8.1	11.2	17.1
June 30, 2002	708	(13.1)	120.94	-	9.7	14.6	20.2

(Notes)

- Average number of shares of common stock during period:
 - June 30, 2003 5,813,820 shares
 - June 30, 2002 5,861,473 shares
- Changes in accounting methods: None
- The percentages shown next to net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Dividends

	Annual dividend per share			Dividend payment	Dividend payout ratio	The ratio of dividend to shareholders' equity
	(yen)	Interim period	Term end			
June 30, 2003	30.00	(yen) 0.00	(yen) 30.00	(Millions of yen) 173	% 28.0	% 2.2
June 30, 2002	30.00	(yen) 0.00	(yen) 30.00	(Millions of yen) 175	% 24.8	% 2.3

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2003	9,417	7,744	82.2	1,334.51
June 30, 2002	8,559	7,537	88.1	1,286.52

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

June 30, 2003	5,781,020 shares
June 30, 2002	5,858,620 shares

Number of treasury stocks at end of period

June 30, 2003	111,880 shares
June 30, 2002	34,280 shares

2. Operating estimates for the year ending June 30, 2004 (7/1/03- 6/30/04)

	Net sales	Ordinary income	Net income	Annual dividend per share		
				Interim period	End of period	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(yen)	(yen)	(yen)
Interim period	2,910	275	150	0.00	-	-
Annual	7,230	1,370	770	-	30.00	30.00

(N.b.) 1. Estimated net income per share (annual): 128.12 yen

Balance sheets

(In thousands of yen)

Years ended June 30;	2002	%	2003	%	Year-on-year change
(Assets)					
Current assets					
Cash and deposits	1,949,881		1,010,156		(939,725)
Notes receivable - trade	542,846		341,480		(201,365)
Accounts receivable - trade	2,143,073		2,919,023		775,950
Marketable securities	619,496		700,125		80,629
Investment trusts in goods	102,118		-		(102,118)
Raw materials	200,377		160,849		(39,528)
Work in process	1,216,239		2,327,686		1,111,446
Supplies	3,207		2,510		(697)
Deferred tax assets	40,980		141,691		100,711
Others	44,295		93,664		49,368
Allowance for doubtful accounts	(6,734)		(3,260)		3,474
Total current assets	<u>6,855,782</u>	80.1	<u>7,693,928</u>	81.7	<u>838,146</u>
Long-term assets					
Tangible fixed assets					
Buildings	207,065		160,844		(46,221)
Structures	8,030		6,714		(1,316)
Machinery and equipments	12,182		11,789		(392)
Vehicles and delivery equipments	16,272		12,066		(4,206)
Tools, furniture and fixtures	174,834		146,630		(28,203)
Vessels	1,665		-		(1,665)
Land	397,934		394,470		(3,464)
Construction in progress	-		26,330		26,330
	<u>817,985</u>	9.6	<u>758,845</u>	8.0	<u>(59,139)</u>
Intangible fixed assets					
Software	15,088		4,678		(10,409)
Telephone subscription rights	1,700		1,700		-
	<u>16,788</u>	0.2	<u>6,378</u>	0.1	<u>(10,409)</u>

(In thousands of yen)

Years ended June 30;	2002	%	2003	%	Year-on-year change
Investments and other assets					
Investment securities	389,343		440,367		51,024
Investment in affiliated companies	81,139		81,139		-
Long-term prepaid expenses	22,001		21,225		(776)
Long-term guarantee deposits	192,769		189,032		(3,736)
Deferred tax assets	118,958		132,198		13,239
Others	65,637		94,171		28,534
Allowance for doubtful accounts	(1,008)		-		1,008
	<u>868,842</u>	10.1	<u>958,135</u>	10.2	<u>89,292</u>
Total long-term assets	<u>1,703,615</u>	19.9	<u>1,723,359</u>	18.3	<u>19,743</u>
Total assets	<u>8,559,398</u>	100.0	<u>9,417,288</u>	100.0	<u>857,890</u>

(In thousands of yen)

Years ended June 30;	2002	%	2003	%	Year-on-year change
(Liabilities)					
Current liabilities					
Accounts payable - trade	193,704		335,867		142,163
Accounts payable - other	195,066		206,124		11,057
Accrued income taxes	77,776		426,722		348,946
Advances received	281,853		462,477		180,624
Others	99,574		41,898		(57,675)
Total current liabilities	847,974	9.9	1,473,090	15.7	625,116
Long-term liabilities					
Reserve for employees' retirement benefits	77,030		86,086		9,056
Reserve for directors' retirement benefits	97,139		113,486		16,347
Total long-term liabilities	174,170	2.0	199,573	2.1	25,403
Total liabilities	1,022,144	11.9	1,672,663	17.8	650,519
(Shareholders' equity)					
Capital stock					
Capital stock	931,000	10.9	-	-	(931,000)
Additional paid-in capital					
Additional paid-in capital	1,080,360	12.6	-	-	(1,080,360)
Legal income reserves					
Legal income reserves	159,038	1.9	-	-	(159,038)
Retained earnings					
Voluntary reserves - total	4,512,000		-		(4,512,000)
Unappropriated retained earnings for the term	953,050		-		(953,050)
Total retained earnings	5,465,050	63.9	-	-	(5,464,050)
Revaluation on other securities					
Revaluation on other securities	1,767	0.0	-	-	(1,767)
Less treasury stock, at cost					
Less treasury stock, at cost	(99,961)	(1.2)	-	-	99,961
Total shareholders' equity	7,537,253	88.1	-	-	(7,537,253)
Capital stock					
Capital stock	-	-	931,000	9.9	931,000
Capital surplus					
Additional paid-in capital	-		1,080,360		1,080,360
Total capital surplus	-		1,080,360	11.4	1,080,360
Retained earnings					
Revenue reserves	-		159,038		159,038
Voluntary reserve	-		5,012,000		5,012,000
Unappropriated retained earnings for the term	-		863,726		863,726
Total retained earnings	-	-	6,034,765	64.1	6,034,765
Revaluation on other securities					
Revaluation on other securities	-	-	(16,076)	(0.2)	(16,076)
Less treasury stock, at cost					
Less treasury stock, at cost	-	-	(285,423)	(3.0)	(285,423)
Total shareholders' equity	-	-	7,744,624	82.2	7,744,624
Total liabilities and shareholders' equity	8,559,398	100.0	9,417,288	100.0	857,890

Statements of income

(In thousands of yen)

Years ended June 30;	2002	%	2003	%	Year-on-year change
Net sales	6,348,175	100.0	5,875,582	100.0	(472,592)
Cost of sales	3,313,895	52.2	3,149,352	53.6	(164,543)
Gross profit	3,034,279	47.8	2,726,230	46.4	(308,048)
Selling, general and administrative expenses	1,736,950	27.4	1,803,112	30.7	66,162
Operating income	1,297,329	20.4	923,118	15.7	(374,211)
Non-operating income					
Interest and dividend income	4,052		10,459		6,407
Income from contract development	-		72,090		72,090
Others	1,405		2,544		1,138
Total non-operating income	5,458	0.1	85,093	1.4	79,635
Non-operating expenses					
Interest expenses	1,792		828		(963)
Loss on sales of marketable securities	2,557		18		(2,539)
Commission paid on purchase of treasury stock	-		629		629
Exchange loss	15,802		237		(15,564)
Others	2,568		786		(1,782)
Total non-operating expenses	22,720	0.3	2,500	0.0	(20,220)
Ordinary income	1,280,066	20.2	1,005,711	17.1	(274,354)
Extraordinary income					
Gain on sales of fixed assets	308		4,724		4,415
Gain on cancellation of insurance	-		63,322		63,322
Reversal of allowance for doubtful accounts	5,849		3,601		(2,248)
Total extraordinary income	6,158	0.1	71,648	1.2	65,489
Extraordinary losses					
Loss on disposal of fixed assets	24,439		22,831		(1,607)
Loss on devaluation on investment securities	69,771		9,043		(60,727)
Total extraordinary losses	94,210	1.5	31,874	0.5	(62,335)
Income before income taxes	1,192,015	18.8	1,045,485	17.8	(146,529)
Corporate, inhabitant and enterprise taxes	408,094	6.4	528,174	9.0	120,080
Deferred income taxes	74,995	1.2	(101,924)	(1.7)	(176,919)
Net income	708,924	11.2	619,235	10.5	(89,689)
Retained earnings brought forward from previous period	244,125		244,491		366
Unappropriated retained earnings for the term	953,050		863,726		(89,323)

Change in the Board of Directors (as of September 25, 2003)

1. Change of Representative Directors

Chairman of the Board	Kenichi Kosugi (current: President)
President	Yaichiro Watakabe (current: Senior Managing Director)

2. Change of Managing Directors

Senior Managing Director	Takehiko Hosokawa (current: Managing Director)
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(New)

Managing Director	Kazuhiro Yoshida (current: Director)
Managing Director	Haruhiko Kusunose (current: Director)

3. A candidate for a new Director

Director	Osamu Okabayashi (current: Deputy Director, Sales)
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[Attachment]

A candidate for a new Director (career summary)

April 1987	Joined Sumitomo Metal Industries, Ltd.
July 1991	Joined Agilent Technologies Inc.
July 2001	Joined Lasertec Corporation
January 2002	General Manager of Sales Department (current position)
January 2003	President of Lasertec Korea Corporation (current position)
July 2003	Deputy Director, Sales (current position)