

Consolidated Financial Review for the Six Months Ended December 31, 2002

Company name: Lasertec Corporation
 Headquarter address: 4-10-4, Tsunashima-Higashi, Kohoku-Ku, Yokohama, Kanagawa
 223-8551, Japan
 Telephone number: (045) 544-4111
 Stock exchange listing: Japan Securities Dealers Association
 Code number: 6920
 Inquiries: Shu Uchiyama, Director, Corporate Planning Office
 Board of Directors Meeting: February 24, 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 are discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Dec. 31, 2002	2,784	(23.7)	192	(77.5)	203	(76.0)
Dec. 31, 2001	3,649	29.7	852	120.1	849	113.3
June 30, 2002	6,524		1,271		1,284	

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
Dec. 31, 2002	149	(67.1)	25.49	-
Dec. 31, 2001	452	112.3	77.22	-
June 30, 2002	713		121.78	-

(Notes)

1. Profit/loss on equity method:
 - Six months ending December 31, 2002: None
 - Six months ending December 31, 2001: None
 - Year ended June 30, 2002: None
2. Average number of shares of common stock during period:
 - December 31, 2002 5,845,566 shares
 - December 31, 2001 5,862,085 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)
Dec. 31, 2002	8,209	7,333	89.3	1,268.22
Dec. 31, 2001	8,381	7,348	87.7	1,253.60
June 30, 2002	8,661	7,589	87.6	1,295.46

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

Dec 31, 2002 5,782,220 shares Dec 31, 2001 5,861,620 shares June 30, 2002 5,858,620 shares

(3) Consolidated cash flows position

	Cash flows from operating activities	Cash flows from Investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Dec. 31, 2002	457	(200)	(358)	2,264
Dec. 31, 2001	(170)	(173)	(176)	1,625
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, 2003

(7/1/02- 6/30/03)

	Net sales	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Annual	6,190	1,030	620

(N.b.) Estimated net income per share for the year ending June 30, 2003 (annual): 107.22 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.

Though basically aiming at stable profit sharing, this company employs flexible profit sharing based on performance while considering the necessity of retained earnings for reinforcement of the financial condition.

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 R & D investment vigorous enough to shorten the development period of new technology so that a new product 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.

- In the LCD inspection system field, this company will satisfy needs including large-sized color filters and high throughput, and establish new inspection techniques, which put this company in advantageous position apart from the rest. 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.

III. Financial achievement

1. Outline of the first half term (December 31, 2002)

The semiconductor industry, the main sales target of this company group, is now on an upward trend thanks to continuous inventory adjustment performed since the beginning of the last year. However, the market did not reach full recovery because of inactive final demands, which implies that this company is still surrounded by severe conditions. The LCD panel industry, however, still remains strong because of considerable capital investment on the 5th generation especially overseas.

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 in the semiconductor field and LCD large-sized photomask inspection system in the LCD field, the final consolidated sales in the first half term amounted to 2,784 million yen (23.7 % down from the same term of the previous year).

The sales for each product line were:

Semiconductor inspection systems

1,479 million yen (23.7 % down from the same term of the previous year),

LCD inspection systems

662 million yen (37.8 % down from the same term of the previous year)

Laser microscopes

405 million yen (0.4 % down from the same term of the previous year)

As for consolidated profits, the ordinary income amounted to 203 million yen (76.0 % down from the same term of the previous year) and the net income amounted to 149 million yen (67.1 % down from the same term of the previous year).

The followings are new products we have developed and announced in the first half term. 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 year ended (June 30, 2003)

The capital investment in the semiconductor industry is expected to be still low. In the LCD panel industry, however, the capital investment on the 5th generation is expected to remain firm. Under these circumstances this company will make continuous efforts on development of new technology and products. This company will meet demands for the most advanced systems as well as offer products helping cost reduction at customers' side in the semiconductor industry. In the LCD market, this company will aggressively execute cost reduction so that we can offer cost-competitive products in the market. At the same time, this company tries to develop new markets. With regard to the consolidated performance of the current fiscal year, this company would like to alter the expected performance from the plan announced at the beginning of this fiscal year, as follows.

Sales will amount to 6,190 million yen,

Ordinary income will amount to 1,030 million yen, and

Net income will amount to 620 million yen.

Cash dividend in the current fiscal year is expected to be 30 yen per share, which results in a non-consolidated payout ratio of 28.9 %.

IV. Financial conditions

Cash flows in the first half term (December 31, 2002)

In the first half term, the factors as described below caused decrease in the cash and cash equivalent on the consolidated basis (called "fund") by 101 million yen, compared to that at the end of the previous consolidated fiscal year. Consequently the balance of the fund amounted to 2,264 million yen at the end of the first half term.

(Cash flows from operating activities)

The fund from operating activities in the first half term was positive 457 million yen (negative 170 million yen in the same term of the previous year). It is mainly because the total amount of excess factors including 259 million yen for net profits before tax adjustment and others (66.7% down from the same term of the previous year) and 866 million yen for decrease of accounts receivable exceeds the total amount of deficiency factors including 279 million yen for increase of inventory assets and 268 million yen for decrease of advances received.

(Cash flows from investing activities)

The fund from investing activities in the first half term was negative 200 million yen (negative 173 million yen in the same term of the previous year). This was mainly attributed to acquisition of securities.

(Cash flows from financing activities)

The fund from financing activities in the first half term was negative 358 million yen (negative 176 million yen in the same term of the previous year). It is mainly attributed to payment of dividends (175 million yen) and payback (182 million yen).

Consolidated balance sheets

(In thousands of yen)

Years ended December 31;	2001	%	2002	%	June 30,2002	%
(Assets)						
Current assets						
Cash and deposits	1,327,829		2,064,455		2,165,605	
Notes and accounts receivable – trade	3,211,467		1,715,924		2,582,544	
Marketable securities	400,140		600,160		619,496	
Inventories	1,766,779		1,713,368		1,433,866	
Deferred income taxes	71,974		86,475		60,801	
Other current assets	34,172		79,439		151,139	
Allowance for doubtful receivables	(7,469)		(1,352)		(6,428)	
Total current assets	<u>6,804,894</u>	81.2	<u>6,258,470</u>	76.2	<u>7,007,025</u>	80.9
Long-term assets						
Tangible fixed assets	896,458		805,692		845,361	
Intangible fixed assets	25,203		10,727		16,909	
Investments and other assets						
Investment securities	166,582		696,535		389,343	
Deferred income taxes	117,134		129,880		118,958	
Other assets	372,466		307,732		284,907	
Allowance for doubtful receivables	(1,008)		-		(1,008)	
Total Investments and other assets	<u>655,175</u>		<u>1,134,148</u>		<u>792,201</u>	
Total long-term assets	<u>1,576,837</u>	18.8	<u>1,950,568</u>	23.8	<u>1,654,471</u>	19.1
Total assets	<u>8,381,732</u>	100.0	<u>8,209,039</u>	100.0	<u>8,661,496</u>	100.0

LASERTEC CORP.

(In thousands of yen)

Years ended December 31;	2001	%	2002	%	June 30,2002	%
(Liabilities)						
Current liabilities						
Accounts payable – trade	139,836		346,249		193,704	
Accrued income taxes	262,977		127,155		77,859	
Other current liabilities	459,413		219,071		623,811	
Total current liabilities	<u>862,227</u>	10.3	<u>692,476</u>	8.4	<u>895,375</u>	10.3
Long-term liabilities						
Deferred income taxes	1,583		263		1,015	
Reserve for employees' retirement benefits	84,453		82,524		78,340	
Reserve for directors' retirement benefits	85,287		100,611		97,139	
Total long-term liabilities	<u>171,324</u>	2.0	<u>183,399</u>	2.3	<u>176,495</u>	2.1
Total liabilities	<u>1,033,552</u>	12.3	<u>875,876</u>	10.7	<u>1,071,870</u>	12.4
(Shareholders' equity)						
Capital stock	931,000	11.1	-	-	931,000	10.7
Additional paid-in capital	1,080,360	12.9	-	-	1,080,360	12.5
Consolidated retained earnings	5,419,717	64.7	-	-	5,680,819	65.6
Revaluation on other securities	1,276	0.0	-	-	1,767	0.0
Foreign currency translation adjustments	7,799	0.1	-	-	(4,359)	(0.0)
Less treasury stock, at cost	(91,972)	(1.1)	-	-	(99,961)	(1.2)
	<u>7,348,179</u>	87.7	<u>-</u>	<u>-</u>	<u>7,589,626</u>	87.6
Capital stock	-	-	931,000	11.3	-	-
Capital surplus	-	-	1,080,360	13.1	-	-
Retained earnings	-	-	5,621,321	68.5	-	-
Revaluation on other securities	-	-	(12,781)	(0.2)	-	-
Foreign currency translation adjustments	-	-	(3,838)	(0.0)	-	-
Less treasury stock, at cost	-	-	(282,897)	(3.4)	-	-
Total shareholders' equity	<u>-</u>	-	<u>7,333,163</u>	89.3	<u>-</u>	-
Total liabilities and shareholders' equity	<u>8,381,732</u>	100.0	<u>8,209,039</u>	100.0	<u>8,661,496</u>	100.0

Consolidated statements of income

(In thousands of yen)

Years ended December 31;	2001	%	2002	%	June 30,2002	%
Net sales	3,649,916	100.0	2,784,582	100.0	6,524,578	100.0
Cost of sales	1,912,306	52.4	1,533,245	55.1	3,405,972	52.2
Gross profit	1,737,610	47.6	1,251,336	44.9	3,118,605	47.8
Selling, general and administrative expenses	884,901	24.2	1,059,179	38.0	1,847,222	28.3
Operating income	852,709	23.4	192,157	6.9	1,271,382	19.5
Non-operating income						
Interest and dividend income	3,643		6,369		7,126	
Exchange gain	-		5,839		13,580	
Others	799		1,035		1,411	
Total non-operating income	4,442	0.1	13,244	0.5	22,118	0.3
Non-operating expenses						
Interest expenses	1,018		618		1,792	
Loss on sales of marketable securities	2,557		17		2,557	
Exchange loss	4,085		-		-	
Others	28		799		4,392	
Total non-operating expenses	7,690	0.2	1,435	0.1	8,742	0.1
Ordinary income	849,461	23.3	203,967	7.3	1,284,758	19.7
Extraordinary income						
Gain on sales of fixed assets	323		-		308	
Gain on cancellation of insurance	-		63,322		-	
Reversal of allowance for doubtful receivables	2,495		5,203		3,536	
Total extraordinary income	2,818	0.1	68,526	2.5	3,845	0.1
Extraordinary losses						
Loss on disposal of fixed assets	9,876		5,655		25,341	
Loss on devaluation of investment securities	62,366		7,204		69,771	
Total extraordinary losses	72,242	2.0	12,859	0.5	95,112	1.5
Income before income taxes	780,038	21.4	259,633	9.3	1,193,491	18.3
Corporate, inhabitant and enterprise taxes	267,056	7.3	137,462	4.9	410,749	6.3
Deferred income taxes	60,266	1.7	(26,888)	(1.0)	98,922	1.1
Net income	452,716	12.4	149,060	5.4	713,818	10.9

Consolidated statements of retained earnings

(In thousands of yen)

Years ended December 31;	2001	2002	June 30,2002
Consolidated retained earnings, beginning of period	5,178,036	-	5,178,036
Decrease in consolidated retained earnings			
Dividends	175,860	-	175,860
Directors' bonuses	35,175	-	35,175
	<u>211,035</u>	<u>-</u>	<u>211,035</u>
Net income	452,716	-	713,818
Consolidated retained earnings, end of period	<u>5,419,717</u>	<u>-</u>	<u>5,680,819</u>
(Capital surplus)			
Capital surplus brought forward			
Additional paid-in capital brought forward	-	1,080,360	-
Capital surplus balance	<u>-</u>	<u>1,080,360</u>	<u>-</u>
(Retained earnings)			
Retained earnings brought forward			
Consolidated retained earnings brought forward	-	5,680,819	-
Increase of retained earnings			
Net income	-	149,060	-
Decrease of retained earnings			
Dividends	-	175,758	-
Directors' bonuses	-	32,800	-
Retained earnings balance	<u>-</u>	<u>5,621,321</u>	<u>-</u>

Consolidated statement of cash flows

(In thousands of yen)

	2001 (July 1,2001 ~ Dec31,2001)	2002 (July 1,2002 ~ Dec31,2002)	June 30,2002 (July 1,2001 ~ Jun 30,2002)
Cash flows from operating activities			
Income before income taxes	780,038	259,633	1,193,491
Depreciation and amortization	66,857	58,299	136,500
Decrease in allowance for doubtful receivables	(2,494)	(6,083)	(3,536)
Increase • (Decrease) in reserve for bonuses	(85,396)	-	(85,369)
Increase • (Decrease) in reserve for employees' retirement benefits	(10,359)	4,176	(16,472)
Increase • (Decrease) in reserve for directors' retirement benefits	(109,342)	3,472	(97,491)
Interest and dividend income	(3,643)	(6,369)	(7,126)
Loss on sales of marketable securities	2,557	17	2,557
Interest expenses	1,018	618	1,792
Exchange loss • (gain)	(40,241)	(1,025)	20,227
Loss on devaluation of investment securities	62,366	7,204	69,771
Loss on sales of tangible fixed assets	(323)	-	(308)
Loss on disposal of tangible fixed assets	9,876	5,655	25,341
Gain on cancellation of insurance	-	(63,322)	-
(Increase) • Decrease in notes and accounts receivable-trade	(232,057)	866,772	348,757
(Increase) • Decrease in inventory	376,908	(279,436)	707,666
Increase • (Decrease) in accounts payable-trade	(287,769)	152,545	(233,681)
Decrease in other payable	(194,417)	(57,790)	(121,592)
Increase in consumption tax payable	31,250	(60,995)	60,995
(Increase) • Decrease in advances received	(9,372)	(268,324)	75,607
Directors' bonuses	(35,175)	(32,800)	(35,175)
Others	10,796	(49,436)	(73,144)
	340,449	532,810	1,968,782
Interest and dividends received	3,006	5,870	6,611
Interest paid	(1,018)	(618)	(1,792)
Income taxes paid	(513,280)	(80,876)	(841,635)
Net cash (used in) provided by operating activities	(170,842)	457,186	1,131,966
Cash flows from investing activities			
Payments for purchase of marketable securities	(210,753)	(199,847)	(509,671)
Proceeds from sales of marketable securities	109,008	319,069	109,008
Payments for acquisition of tangible fixed assets	(80,611)	(21,518)	(86,415)
Proceeds from sales of investment securities	-	(337,027)	(250,105)
Payments for insurance	-	(94,130)	-
Proceeds from cancellation of insurance	-	131,510	-
Others	8,696	1,200	33,741
Net cash used in investing activities	(173,659)	(200,743)	(703,441)
Cash flows from financing activities			
Payments for purchase of treasury stock	(2,454)	(182,936)	(10,443)
Proceeds from sales of treasury stock	1,894	-	1,894
Dividends paid	(175,860)	(175,758)	(175,860)
Net cash (used in) provided by financial activities	(176,420)	(358,694)	(184,409)
Translation difference in cash and cash equivalents	17,899	1,129	(6,264)
Increase (decrease) in cash and cash equivalents	(503,022)	(101,121)	237,850
Cash and cash equivalents at beginning of period	2,128,158	2,366,009	2,128,158
Cash and cash equivalents at end of period	1,625,136	2,264,887	2,366,009

Production, orders and sales

1. Production

(In thousands of yen)

Years ended December 31;	2002	
		Year-on-year comparison (%)
Finished goods		
Semiconductor Inspection System	1,383,601	84.4
Color-Filter Inspection System	966,470	132.8
Confocal Scanning Laser Microscopes	392,762	124.5
	2,742,833	102.2
Services	236,520	99.9
Total	2,979,354	102.0

(Notes)

1. Amounts are show in sales price basis.
2. Amounts exclude consumption taxes.

2. Orders

(In thousands of yen)

Years ended December 31;	2002			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor Inspection System	1,006,897	101.1	1,547,305	92.7
Color-Filter Inspection System	1,443,110	252.1	2,185,780	291.7
Confocal Scanning Laser Microscopes	447,124	106.5	189,588	143.4
	2,897,131	145.7	3,922,673	153.8
Services	189,032	78.9	91,033	80.4
Total	3,086,164	138.5	4,013,706	150.7

(Notes)

1. Amounts are show in sales price basis.
2. Amounts exclude consumption taxes.

3. Sales

(In thousands of yen)

Years ended December 31;	2002	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor Inspection System	1,479,336	76.3
Color-Filter Inspection System	662,930	62.2
Confocal Scanning Laser Microscopes	405,796	99.6
	2,548,062	74.7
Services	236,520	99.9
Total	2,784,582	76.3

(Notes)

Amounts exclude consumption taxes.

Financial Review for the Six Months Ended December 31, 2002 (Non-Consolidated)

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 Code number: 6920
 Inquiries: Shu Uchiyama, Director, Corporate Planning Office
 Board of Directors Meeting: February 24, 2003

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

1. Financial highlights**(1) Operating results**

(Fractional amounts are discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Dec. 31, 2002	2,590	(26.5)	111	(86.8)	116	(86.3)
Dec. 31, 2001	3,526	26.2	844	86.1	851	83.2
June 30, 2002	6,348		1,297		1,280	

	Net income		Net income per share
	(Millions of yen)	%	(Yen)
Dec. 31, 2002	94	(79.0)	16.23
Dec. 31, 2001	451	78.0	77.10
June 30, 2002	708		120.94

(Notes)

- Average number of shares of common stock during period:

December 31, 2001	5,845,566 shares
December 31, 2000	5,862,085 shares
June 30, 2001	5,861,473 shares
- Changes in accounting methods: None
- The percentages for net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Dividends

	Annual dividend per share	
	Interim period	Term end
	(yen)	(yen)
Dec. 31, 2002	0.00	-
Dec. 31, 2001	0.00	-
June 30, 2002	-	30.00

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
Dec. 31, 2002	8,030	7,226	90.0	1,249.71
Dec. 31, 2001	8,277	7,287	88.0	1,243.30
June 30, 2002	8,559	7,537	88.1	1,286.52

(Notes) 1. Number of outstanding shares at end of period:

Dec 31, 2002 5,782,220 shares

Dec 31, 2001 5,861,620 shares

June 30, 2002 5,858,620 shares

2. Number of treasury stocks at end of period

2. Operating estimates for the year ending June 30, 2003 (7/1/02- 6/30/03)

	Net sales	Ordinary income	Net income	Annual dividend per share	
				End of period	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(yen)	(yen)
Annual	5,920	1,000	600	30.00	30.00

(N.b.) Estimated net income per share (annual): 103.76 yen

Balance sheet

(In thousands of yen)

Years ended December 31;	2001	%	2002	%	June 30,2001	%
(Assets)						
Current assets						
Cash and deposits	1,213,715		1,889,340		1,949,881	
Notes receivable - trade	727,538		239,233		542,846	
Accounts receivable - trade	2,489,007		1,458,256		2,143,073	
Marketable securities	400,140		600,160		619,496	
Inventories	1,747,278		1,697,607		1,419,825	
Deferred income taxes	53,191		64,465		40,980	
Other current assets	37,298		76,748		146,413	
Allowance for doubtful receivables	(8,058)		(1,697)		(6,734)	
Total current assets	6,660,110	80.5	6,024,113	75.0	6,855,782	80.1
Long-term assets						
Tangible fixed assets	860,394		785,507		817,985	
Intangible fixed assets	25,083		10,606		16,788	
Investments and other assets						
Investment securities	247,722		777,674		470,483	
Deferred income taxes	117,134		129,664		118,958	
Other assets	367,683		303,103		280,408	
Allowance for doubtful receivables	(1,008)		-		(1,008)	
Total Investments and other assets	731,532		1,210,442		868,842	
Total long-term assets	1,617,009	19.5	2,006,555	25.0	1,703,615	19.9
Total assets	8,277,120	100.0	8,030,669	100.0	8,559,398	100.0

LASERTEC CORP.

(In thousands of yen)

Years ended December 31;	2001	%	2002	%	June 30,2002	%
(Liabilities)						
Current liabilities						
Accounts payable – trade	139,808		346,249		193,704	
Accrued income taxes	262,839		100,606		77,776	
Other current liabilities	417,782		176,738		576,494	
Total current liabilities	<u>820,430</u>	9.9	<u>623,594</u>	7.8	<u>847,974</u>	9.9
Long-term liabilities						
Reserve for employees' retirement benefits	83,591		80,342		77,030	
Reserve for directors' retirement benefits	85,287		100,611		97,139	
Total long-term liabilities	<u>168,879</u>	2.1	<u>180,953</u>	2.2	<u>174,170</u>	2.0
Total liabilities	<u>989,309</u>	12.0	<u>804,548</u>	10.0	<u>1,022,144</u>	11.9
(Shareholders' equity)						
Capital stock	931,000	11.2	-	-	931,000	10.9
Additional paid-in capital	1,080,360	13.1	-	-	1,080,360	12.6
Legal income reserves	159,038	1.9	-	-	159,038	1.9
Retained earnings						
Voluntary reserves – total	4,512,000		-	-	4,512,000	
Unappropriated retained earnings	696,109		-	-	953,050	
Total retained earnings	<u>5,208,109</u>	62.9	<u>-</u>	<u>-</u>	<u>5,465,050</u>	63.9
Revaluation on other securities	1,276	0.0	-	-	1,767	0.0
Less treasury stock, at cost	(91,972)	(1.1)	-	-	(99,961)	(1.2)
Total liabilities and shareholders' equity	<u>7,287,810</u>	88.0	<u>-</u>	<u>-</u>	<u>7,537,253</u>	88.1
Capital stock	-	-	931,000	11.6	-	-
Capital surplus						
Additional paid-in capital	-		1,080,360		-	
Total capital surplus	<u>-</u>	-	<u>1,080,360</u>	13.5	<u>-</u>	-
Retained earnings						
Income reserves	-		159,038		-	
Voluntary reserves	-		5,012,000		-	
Unappropriated retained earnings	-		339,402		-	
Total retained earnings	<u>-</u>	-	<u>5,510,440</u>	68.6	<u>-</u>	-
Revaluated on other securities	<u>-</u>		<u>(12,781)</u>	(0.2)	<u>-</u>	-
Less treasury stock, at cost	<u>-</u>	-	<u>(282,897)</u>	(3.5)	<u>-</u>	-
Total shareholders' equity	<u>7,277,120</u>	90.0	<u>7,226,121</u>	90.0	<u>7,537,253</u>	88.1
Total liabilities and shareholders' equity	<u>8,277,120</u>	100.0	<u>8,030,669</u>	100.0	<u>8,559,398</u>	100.0

Statements of income

(In thousands of yen)

Years ended December 31;	2001	%	2002	%	June 30,2003	%
Net sales	3,526,527	100.0	2,590,414	100.0	6,348,175	100.0
Cost of sales	1,860,119	52.7	1,483,668	57.3	3,313,895	52.2
Gross profit	1,666,407	47.3	1,106,745	42.7	3,034,279	47.8
Selling, general and administrative expenses	821,530	23.3	995,097	38.4	1,736,950	27.4
Operating income	844,877	24.0	111,647	4.3	1,297,329	20.4
Non-operating income	9,969	0.2	6,050	0.2	5,458	0.1
Non-operating expenses	3,592	0.1	1,435	0.0	22,720	0.3
Ordinary income	851,253	24.1	116,263	4.5	1,280,066	20.2
Extraordinary income	4,849	0.1	68,487	2.6	6,158	0.1
Extraordinary losses	72,242	2.0	10,912	0.4	94,210	1.5
Income before income taxes	783,860	22.2	173,837	6.7	1,192,015	18.8
Corporate, inhabitant and enterprise taxes	266,917	7.6	102,718	3.9	408,094	6.4
Deferred income taxes	64,959	1.8	(23,791)	(0.9)	74,995	1.2
Net income	451,983	12.8	94,910	3.7	708,924	11.2
Retained earnings brought forward from previous period	244,125		244,491		244,125	
Unappropriated retained earnings, end of six months period	696,109		339,402		953,050	