

Consolidated Financial Review for the Year Ended June 30, 2001

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: Osamu Mito, Director, General Affairs Division
 Board of Directors Meeting: August 27, 2001

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, 2001	6,550	37.0	1,389	82.3	1,410	89.1
June 30, 2000	4,781	6.4	762	14.5	745	11.5

	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, 2001	812	93.1	138.67	-	12.0	17.0	21.5
June 30, 2000	421	50.5	71.83	-	6.8	10.2	15.6

(Notes)

- Profit/loss on equity method:
 - Year ended June 30, 2001: None
 - Year ended June 30, 2000: None
- Average number of shares of common stock during period:
 - June 30, 2001 5,862,339 shares
 - June 30, 2000 5,861,902 shares
- Changes in accounting methods: None
- 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, 2001	9,025	7,078	78.5	1,207.57
June 30, 2000	7,556	6,426	85.0	1,096.14

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

June 30, 2001 5,862,020 shares June 30, 2000 5,862,620 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, 2001	979	(173)	(120)	2,128
June 30, 2000	(326)	(70)	(87)	1,431

(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): 1 company (Deletions): None

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

2. Consolidated operating estimates for the year ending June 30, 2002

(7/1/01- 6/30/02)

(Millions of yen)

	Net sales	Ordinary income	Net income
Interim period	3,711	850	492
Annual	6,645	1,276	733

(N.b.) 1. Estimated net income per share for the year ending June 30, 2002 (annual): 125.18 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 a policy to "satisfy needs with advanced technology." To satisfy higher level needs, this company will continue supplying products according to the industry's roadmap with advanced complex technology of optical, precision equipment, and electronics fields. This is the basic management policy of this company.

In the medium term, this company will enforce main three product lines: semiconductor inspection systems, LCD inspection systems, and laser microscopes. Especially this company regards the semiconductor inspection system field as a key for business expansion, and intends to devote more energy there through an active challenge for fine processing.

2. Basic policy for profit sharing

As a basic policy, this company aims at stable profit sharing among stockholders while enforcing the financial condition of the corporation and attaining higher performance.

Though basically aiming at stable profit sharing, this company decides flexible profit sharing based on performance in consideration of necessity of retained earnings for enforcement of the financial condition.

For further enforcement 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 products, capital investment for streamlining, and recruitment of hopeful staff.

3. Management strategies and tasks to be tackled

(1) This company develops new technology and new products according to various needs of the state-of-the art technology. Besides, this company makes R & D investment 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 as well as enforce financial basis.

- In the semiconductor inspection system field, this company plans to provide new products according to market needs, such as inspection systems for mask blanks, and phase shift mask inspection systems that are indispensable for super-resolution lithography.
- In the LCD inspection system field, this company will satisfy needs including large-sized color filters and high throughput, and increase the proportion of large-sized mask inspection systems requiring high detecting sensibility.
- In the laser microscope field, this company is now ahead in the high definition technology with blue laser diodes. The next step is to apply laser microscopes to the line inspection market by supporting automation.

(2) This company will extend sales channels and upgrade service infrastructure so that it can establish a financial basis unaffected by area variation.

(3) This company makes continuous efforts on streamlining of sections within the company, cost reduction, quality improvement, and shortening of delivery times. Especially, the company promotes electronic process to facilitate exchange of technology information with customers.

III. Financial achievement

1. Outline of this fiscal year (June 30, 2001)

First, capital investment in the semiconductor industry kept as firm as the previous fiscal year. However, inventory adjustment of personal computers and other digital equipment has adversely affected the semiconductor market since last autumn, which rapidly depressed capital investment in the last part of the term. Though there is still a continuous trend towards capital investment in advanced technology and new generation process, the whole capital investment shows a considerable drop. The LCD panel industry has also the same depressed trend.

In spite of these circumstances, this company has succeeded in keeping stable order and sales during this fiscal year by shortening development time of new technology and products, and focusing a development target on advanced processes. In addition to the accomplishment of new products including the mask blanks inspection system, the final consolidated sales amounted to a record high, 6,550 million yen (37% up over the previous year).

The sales for each product line were:

Semiconductor inspection systems

4,124 million yen (47.4 % up over the previous year),

LCD inspection systems

1,138 million yen (42.6 % up over the previous year)

Laser microscopes

968 million yen (11.1 % up over the previous year)

As for profits, the ordinary income amounted to 1,410 million yen (89.1 % over the previous year) and the net income amounted to 812 million yen (93.1 % over the previous year).

The followings are the main products we have developed and announced newly in this term. Each one corresponds to the client needs of next generation.

- * Blue Laser Microscope (Digital Type) VL2000D
- * Automatic Photomask Reticle Inspection System (DUV) MD3000

2. Forecast for the year (June 30, 2002)

Though capital investment in the semiconductor industry is expected to be still low, the industry's roadmap aims at acceleration of technological innovation.

This company will make continuous efforts on development of new technology and products. Nevertheless, that severe market condition around the semiconductor industry will cause sales to decrease compared to this fiscal year. In the LCD industry, on the other hand, this company will still have much inquiry, which is expected to cover the drop of sales in the semiconductor market.

The expected consolidated performance of the next fiscal year is as follows.

Sales will amount to 6,645 million yen,

Ordinary income will amount to 1,276 million yen, and

Net income will amount to 733 million yen.

Total cash dividend in the next fiscal year is expected to be 30 yen per share, which results in a non-consolidated payout ratio of 22.1 %.

Consolidated balance sheets

(In thousands of yen)

Years ended June 30;	2000	%	2001	%	Increase (Decrease)
Current assets					
Cash and deposits	833,521		1,631,601		798,079
Notes and accounts receivable - trade	2,900,795		2,950,915		50,119
Marketable securities	747,840		499,446		(248,393)
Inventories	1,540,424		2,142,174		601,750
Deferred tax assets	52,462		111,137		58,675
Others	72,199		50,124		(22,074)
Allowance for doubtful accounts	(14,439)		(9,963)		4,475
Total current assets	6,132,804	81.2	7,375,436	81.7	1,242,632
Long-term assets					
Tangible fixed assets					
Buildings and structures	211,815		247,246		35,431
Machinery, vehicles and delivery equipments	43,066		38,959		(4,106)
Tools, furniture and fixtures	220,660		223,763		3,103
Land	230,602		301,437		70,835
Construction in progress	-		80,030		80,030
	706,144	9.3	891,437	9.9	185,293
Intangible fixed assets	57,120	0.8	33,298	0.4	(23,822)
Investments and other assets					
Investment securities	178,435		194,951		16,515
Long-term prepaid expenses	10,235		14,576		4,340
Long-term guarantee deposits	204,927		203,474		(1,453)
Investment trusts in goods	100,000		101,684		1,684
Deferred tax assets	101,571		153,030		51,459
Others	48,787		58,375		9,588
Allowance for doubtful accounts	(1,329)		(1,009)		319
	642,628	8.5	725,083	8.0	82,454
Total long-term assets	1,405,893	18.6	1,649,819	18.3	243,925
Foreign currency translation adjustment	17,326	0.2	-	0.0	(17,326)
Total assets	7,556,024	100.0	9,025,255	100.0	1,469,231

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(In thousands of yen)

Years ended June 30;	2000	%	2001	%	Increase (Decrease)
Current liabilities					
Accounts payable - trade	304,496		427,475		122,979
Accrued income taxes	320,948		509,102		188,153
Reserve for bonuses	42,500		85,396		42,896
Others	221,118		633,055		411,937
Total current liabilities	<u>889,063</u>	11.8	<u>1,655,030</u>	18.3	<u>765,966</u>
Long-term liabilities					
Reserve for employees' retirement benefits	-		94,818		94,818
Reserve for retirement allowances	76,770		-		(76,770)
Reserve for directors' retirement benefits	163,003		194,630		31,626
Others	913		2,006		1,093
Total long-term liabilities	<u>240,686</u>	3.2	<u>289,449</u>	3.2	<u>48,762</u>
Total liabilities	<u>1,129,750</u>	15.0	<u>1,946,485</u>	21.5	<u>816,734</u>
Shareholders' equity					
Capital stock	931,000	12.3	931,000	10.3	-
Additional paid-in capital	1,080,360	14.3	1,080,360	12.0	-
Consolidated retained earnings	4,505,507	59.6	5,178,036	57.4	672,529
Revaluation on other securities	-	-	(18,545)	(0.2)	(18,545)
Foreign currency translation adjustment	-	-	(18)	0.0	(18)
	<u>6,516,867</u>	86.2	<u>7,170,833</u>	79.5	<u>653,966</u>
Treasury stock, at cost	(90,593)	(1.2)	(92,062)	(1.0)	(1,469)
Total shareholders' equity	<u>6,426,273</u>	85.0	<u>7,078,770</u>	78.5	<u>652,496</u>
Total liabilities and shareholders' equity	<u>7,556,024</u>	100.0	<u>9,025,255</u>	100.0	<u>1,469,231</u>

Consolidated statement of income

(In thousands of yen)

Years ended June 30;	2000	%	2001	%	Increase (Decrease)
Net sales	4,781,522	100.0	6,550,273	100.0	1,768,750
Cost of sales	2,591,514	54.2	3,456,027	52.8	864,512
Gross profit	2,190,008	45.8	3,094,246	47.2	904,237
Selling, general and administrative expenses	1,427,937	29.9	1,704,745	26.0	276,808
Operating income	762,070	15.9	1,389,500	21.2	627,429
Non-operating income					
Interest and dividend income	8,691		8,820		128
Gain on sales of marketable securities	6,530		-		(6,530)
Exchange gain	-		13,243		13,243
Others	2,024		1,428		(595)
	17,246	0.4	23,492	0.3	6,246
Non-operating expenses					
Interest expenses	952		959		6
Loss on devaluation of investment securities	22,831		-		(22,831)
Exchange loss	9,508		-		(9,508)
Others	188		1,476		1,287
	33,481	0.7	2,435	0.0	(31,045)
Ordinary income	745,836	15.6	1,410,558	21.5	664,721
Extraordinary income					
Gain on sales of fixed assets	124		39		(85)
Reversal of allowance for doubtful accounts	88		4,795		4,707
	213	0.0	4,835	0.1	4,622
Extraordinary loss					
Loss on disposal of fixed assets	946		8,729		7,782
Discrepancy resulting from change in retirement benefit accounting standards	-		20,600		20,600
Provision for directors' retirement benefits	25,985		-		(25,985)
	26,931	0.6	29,330	0.4	2,398
Income before income taxes	719,117	15.0	1,386,063	21.2	666,945
Corporate, inhabitant and enterprise taxes	347,194	7.2	667,459	10.0	320,265
Deferred income taxes	(49,117)	(1.0)	(94,352)	(1.3)	(45,234)
Net income	421,041	8.8	812,956	12.4	391,914

Consolidated statement of retained earnings

(In thousands of yen)

Years ended June 30;	2000	2001	Increase (Decrease)
Consolidated retained earnings, beginning of period	4,090,392	4,505,507	415,114
Adjustment for tax effect in prior years	102,358	-	(102,358)
Decrease in consolidated retained earnings	108,285	140,427	32,142
Dividends	87,930	117,252	29,322
Directors' bonuses	20,355	23,175	2,820
Net income	421,041	812,956	391,914
Consolidated retained earnings, end of period	4,505,507	5,178,036	672,529

Consolidated statement of cash flow

(In thousands of yen)

Years ended June 30;	2000	2001
Cash flow from operating activities		
Income before income taxes	719,117	1,386,063
Depreciation and amortization	174,796	149,357
Decrease in allowance for doubtful accounts	(88)	(4,795)
Increase in reserve for bonuses	5,632	42,896
Increase in employees' retirement benefits	-	18,048
Increase in reserve for retirement allowances	6,125	-
Increase in reserve for directors' retirement benefits	55,864	31,626
Interest and dividend income	(8,691)	(8,820)
Loss on sales of marketable securities	(6,530)	-
Interest expenses	952	959
Exchange loss (gain)	4,962	(6,629)
Loss on devaluation of investment securities	22,831	-
Loss on sales of tangible fixed assets	(124)	(39)
Loss on disposal of tangible fixed assets	946	8,729
Increase in notes and accounts receivable-trade	(463,405)	(47,570)
Increase in inventory	(469,062)	(593,388)
Increase in accounts payable-trade	37,970	122,979
Decrease in consumption tax payable	(14,554)	-
Increase in advance received	64,299	176,333
Directors' bonuses	(20,355)	(23,175)
Others	(79,095)	199,147
	32,590	1,451,721
Interest and dividends received	8,666	8,871
Interest paid	(952)	(959)
Income taxes paid	(366,490)	(480,505)
	326,184	979,128
Cash flow from investment activities		
Payments for time deposits	-	(2,889)
Payments for purchase of marketable securities	(81,234)	-
Proceeds from sales of marketable securities	234,259	-
Payments for acquisition of tangible fixed assets	(229,622)	(273,678)
Proceeds from sales of tangible fixed assets	4,947	2,524
Proceeds from sales of investment securities	-	100,000
Proceeds from collection of loans	900	900
Others	-	(518)
	(70,749)	(173,661)

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(In thousands of yen)

Years ended June 30;	2000	2001
Cash flow from financing activities		
Dividends paid	(87,930)	(117,252)
Others	375	(3,027)
	(87,554)	(120,280)
Translation difference in cash and cash equivalents	(5,343)	11,609
Increase (decrease) in cash and cash equivalents	(489,831)	696,796
Cash and cash equivalents at beginning of period	1,921,194	1,431,362
Cash and cash equivalents at end of period	1,431,362	2,128,158

Production, orders and sales

1. Production

June 30; Thousands of yen	2001	
		Year-on-year comparison (%)
Finished goods		
Semiconductor Inspection System	4,771,508	139.6
Color-Filter Inspection System	1,470,827	144.7
Confocal Scanning Laser Microscopes	757,540	78.6
	6,999,880	129.7
Services	319,221	101.9
	7,319,101	128.1

(Notes)

2. Orders

(In thousands of yen, with fractional amounts discarded)

June 30; Thousands of yen	2001			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor Inspection System	4,740,572	115.9	2,612,912	130.8
Color-Filter Inspection System	1,738,148	143.6	1,242,400	193.3
Confocal Scanning Laser Microscopes	955,317	100.3	119,730	89.9
	7,434,038	118.9	3,975,059	143.3
Services	367,836	115.6	110,323	178.7
	7,801,875	118.7	4,085,383	144.1

(Notes)

3. Sales

(In thousands of yen, with fractional amounts discarded)

June 30; Thousands of yen	2001	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor Inspection System	4,124,143	147.4
Color-Filter Inspection System	1,138,248	142.6
Confocal Scanning Laser Microscopes	968,660	111.1
	6,231,051	139.4
Services	319,221	101.9
	6,550,273	137.0

Financial Review for the Year Ended June 30, 2001 (Non-Consolidated)

Company name: Lasertec Corporation
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 Inquiries: Osamu Mito, Director, General Affairs Division
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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 is discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2001	6,289	36.7	1,365	97.2	1,407	107.8
June 30, 2000	4,601	3.9	692	4.3	678	0.8

	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, 2001	816	114.5	138.49	-	12.0	17.0	22.4
June 30, 2000	380	33.5	64.57	-	6.1	9.2	14.7

(Notes)

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

June 30, 2001 5,892,900 shares

June 30, 2000 5,892,900 shares

2. Changes in accounting methods: None

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

(2) Dividends

	Annual dividend per share			Dividend payment (Millions of yen)	Dividend payout ratio %	The ratio of dividend to shareholders' equity %
	(yen)	Interim period (yen)	Term end (yen)			
June 30, 2001	30.00	0.00	30.00	175	21.5	2.5
June 30, 2000	20.00	0.00	20.00	117	30.8	1.8

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2001	8,993	7,119	79.2	1,208.70
June 30, 2000	7,573	6,461	85.3	1,096.55

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

June 30, 2001	5,892,900 shares
June 30, 2000	5,892,900 shares

2. Operating estimates for the year ending June 30, 2002 (7/1/01- 6/30/02)

	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	3,650	887	514	0.00	-	-
Annual	6,500	1,377	794	-	30.00	30.00

(N.b.) 1. Estimated net income per share (annual): 134.77 yen

Balance sheet

(In thousands of yen)

Years ended June 30;	2000	%	2001	%	Year-on-year change
Current assets					
Cash and deposits	786,354		1,340,437		554,083
Notes receivable - trade	427,094		566,167		139,073
Accounts receivable - trade	2,477,652		2,545,321		67,669
Marketable securities	747,840		499,446		(248,393)
Treasury stock	857		2,326		1,469
Raw materials	94,150		166,389		72,238
Work in process	1,398,766		1,951,286		552,519
Supplies	6,565		3,998		(2,566)
Deferred tax assets	47,761		96,422		48,660
Others	68,056		58,313		(9,743)
Allowance for doubtful accounts	(14,528)		(12,583)		1,944
Total current assets	6,040,571	79.8	7,217,527	80.3	1,176,955
Long-term assets					
Tangible fixed assets					
Buildings	200,856		235,487		34,631
Structures	10,959		9,372		(1,586)
Machinery and equipments	14,382		11,472		(2,909)
Vehicles and delivery equipments	16,077		14,722		(1,355)
Tools, furniture and fixtures	216,001		196,786		(19,214)
Vessels	2,838		1,665		(1,172)
Land	230,602		301,437		70,835
Construction in progress	-		80,030		80,030
	691,716	9.1	850,974	9.5	159,257
Intangible fixed assets					
Software	54,717		31,052		(23,665)
Telephone subscription rights	2,403		2,129		(273)
	57,120	0.7	33,181	0.3	(23,938)
Total long-term assets	1,533,058	20.2	1,776,125	19.7	243,067

LASERTEC CORP.

(In thousands of yen)

Years ended June 30;	2000	%	2001	%	Year-on-year change
Investments and other assets					
Investment securities	178,435		194,951		16,515
Investment in affiliated companies	52,729		81,139		28,410
Treasury stock	89,736		89,736		-
Long-term prepaid expenses	10,235		14,576		4,340
Long-term guarantee deposits	204,053		199,484		(4,568)
Investment trusts in goods	100,000		101,684		1,684
Deferred tax assets	101,571		153,030		51,459
Others	48,787		58,375		9,588
Allowance for doubtful accounts	(1,329)		(1,009)		319
	<u>784,220</u>	10.4	<u>891,969</u>	9.9	<u>107,748</u>
Total assets	<u>7,573,629</u>	100.0	<u>8,993,652</u>	100.0	<u>1,420,023</u>

LASERTEC CORP.

(In thousands of yen)

Years ended June 30;	2000	%	2001	%	Year-on-year change
Current liabilities					
Accounts payable - trade	304,496		425,269		120,773
Accounts payable - other	110,248		324,577		214,328
Accrued income taxes	314,323		494,535		180,212
Advances received	64,990		223,489		158,499
Reserve for bonuses	42,500		80,135		37,815
Others	35,428		37,297		1,868
	871,987	11.5	1,585,484	17.6	713,497
Long-term liabilities					
Reserve for employees' retirement benefits	-		94,523		94,523
Reserve for retirement allowances	76,770		-		(76,770)
Reserve for directors' retirement benefits	163,003		194,630		31,626
Total long-term liabilities	239,773	3.2	289,154	3.2	49,380
Total liabilities	1,111,761	14.7	1,874,638	20.8	762,877
Shareholders' equity					
Capital stock	931,000	12.3	931,000	10.4	-
Additional paid-in capital	1,080,360	14.3	1,080,360	12.0	-
Legal income reserves	123,891	1.6	137,934	1.5	14,042
Retained earnings					
Voluntary reserves - total	3,712,000		4,012,000		300,000
Special reserves	3,712,000		4,012,000		300,000
Unappropriated retained earnings, end of fiscal period	614,616		976,264		361,648
Net income for the period	380,501		816,118		(435,616)
	4,326,616	57.1	4,988,264	55.5	661,648
Revaluation on other securities	-		(18,545)		-
Total shareholders' equity	6,461,868	85.3	7,119,013	79.2	657,145
Total liabilities and shareholders' equity	7,573,629	100.0	8,993,652	100.0	1,420,023

Statement of income

(In thousands of yen)

Years ended June 30;	2000	%	2001	%	Year-on-year change
Net sales	4,601,070	100.0	6,289,693	100.0	1,688,623
Cost of sales	2,560,928	55.7	3,362,045	53.5	801,116
Gross profit	2,040,141	44.3	2,927,647	46.5	887,506
Selling, general and administrative expenses	1,347,809	29.3	1,562,401	24.8	214,591
Operating income	692,331	15.0	1,365,246	21.7	672,915
Non-operating income					
Interest and dividend income	8,246		8,198		(47)
Gain on sales of marketable securities	6,530		-		(6,530)
Exchange gain	-		34,774		34,774
Others	1,589		1,428		(160)
	16,366	0.4	44,401	0.7	28,035
Non-operating expenses					
Interest expenses	877		902		25
Loss on devaluation of investment securities	22,831		-		(22,831)
Exchange loss	6,719		-		(6,719)
Others	188		1,471		1,283
	30,616	0.7	2,374	0.0	(28,242)
Ordinary income	678,081	14.7	1,407,274	22.4	729,193
Extraordinary income					
Gain on sales of fixed assets	124		39		(85)
Reversal of allowance for doubtful accounts	-		2,264		2,263
	125	0.0	2,304	0.0	2,178
Extraordinary losses					
Loss on disposal of fixed assets	817		8,707		7,889
Provision for directors' retirement benefits	25,985		-		(25,985)
Gain resulting from change in retirement benefit accounting standards	-		20,600		20,600
	26,802	0.5	29,307	0.5	2,505
Income before income taxes	651,404	14.2	1,380,271	21.9	728,866
Corporate, inhabitant and enterprise taxes	317,877	6.9	651,017	10.3	333,140
Deferred income taxes	(46,974)	(1.0)	(86,864)	(1.4)	(39,890)
Net income	380,501	8.3	816,118	13.0	435,616
Retained earnings brought forward from previous period	131,756		160,146		28,390
Adjustment for tax effect in prior years	102,358		-		(102,358)
Unappropriated retained earnings, end of period	614,616		976,264		361,648

Changes in the board of director

II. Changes in the Board of Directors (scheduled for September 26, 2001)

1. Candidate for new representative director

Representative Director & Managing Director: Yaichiro Watakabe (currently, Managing Director)

2. Candidates for director (newly appointed)

Director & General Manager, Second Technical Department: Haruhiko Kusunose (currently, General Manager, Second Technical Department)

Director & General Manager, First Technical Department: Makoto Yonezawa (currently, General Manager, First Technical Department)

Director & Manager of Planning Office: Shu Uchiyama (currently, Manager, Planning Office)

3. Candidates for statutory auditors (newly appointed)

Outside Statutory Auditor (standing): Kazuyoshi Tanaka (formerly, Senior Managing Director, Tokyo Electron Ltd.; currently {from January 2001}, Advisor, Lasertec Corp.)

Outside Statutory Auditor: Takao Okita (formerly, Managing Director, Matsushita Communication Industrial Co., Ltd.)

Outside Statutory Auditor: Hiroshige Yamada (currently, Attorney-at-Law, Yamada Law & Patent Office)

(Note) The three candidates for statutory auditor (Messrs. Tanaka, Okita, and Yamada) possess the qualifications for outside statutory auditor that are provided for by Article 18-1 of the Law on Special Exemptions to the Commercial Code Relating to Statutory Auditors of Stock-issuing Corporations.

4. Retiring directors

Yasuko Uchiyama (currently, Director)

Taketoshi Kuroda (currently, Director)

Masakatsu Ohta (currently, Director)

(Note) Following retirement, the above directors are scheduled to become advisors of the Company.

5. Retiring statutory auditors

Tadao Ohshima (currently, Standing Statutory Auditor)

Kazuo Kimura (currently, Statutory Auditor)

Yoshiki Kobayashi (currently, Statutory Auditor)

(Attachment)

Profiles of Candidates for Director (New Appointments)

1. Haruhiko Kusunose (born October 26, 1958)

April 1982: Joined Tokyo Electron Ltd.

May 1987: Joined Furukawa Electric Co., Ltd.

November 1988: Joined Mitsubishi Electric Corp.

July 1995: Joined Lasertec Corp.

January 1998: Manager, Second Technical Department

March 2001: General Manager, Second Technical Department

2. Makoto Yonezawa (born June 28, 1958)

April 1981: Joined Nissan Jido Seigyo Ltd. (the present-day Lasertec Corp.)

March 1996: Manager, Second Technical Department

March 2001: General Manager, First Technical Department

3. Shu Uchiyama (born February 1, 1966)

April 1989: Joined Nikko Securities Co., Ltd.

August 1992: Joined Lasertec Corp.

July 1998: Manager, Planning Office

Profiles of Candidates for Statutory Auditor (New Appointments)

1. Kazuyoshi Tanaka (born October 20, 1943)

February 1970: Joined Tokyo Electron Ltd.

June 1987: Director, Tokyo Electron Ltd.

April 1995: Senior Managing Director, Tokyo Electron Ltd.

April 1996: President & Representative Director, Tokyo Electron FE Ltd.

January 2001: Advisor, Lasertec Corp.

2. Takao Okita (born April 14, 1941)

April 1965: Joined Matsushita Electric Industrial Co., Ltd.

September 1965: Seconded to Matsushita Communication Industrial Co., Ltd.

June 1995: Director & General Manager, Electronic Measuring Department, Matsushita Communication Industrial Co., Ltd.

April 1997: Managing Director, Matsushita Communication Industrial Co., Ltd.

June 2001: Retired from Matsushita Communication Industrial Co., Ltd.

3. Hiroshige Yamada (born August 29, 1951)

April 1975: Joined the Yamada Law & Patent Office

April 1990: Was registered as member of the bar