

Consolidated Financial Review for the Year Ended June 30, 2008



Company name: Lasertec Corporation (URL <http://www.Lasertec.co.jp/>)
 Stock exchange listing: Jasdaq Securities Exchange, Inc.
 Code number: 6920
 Telephone number: (045) 478-7111
 Representative Director: Yaichiro Watakabe, President
 Inquiries: Tetsuya Imai, General Manager Corporate Planning Office
 Date of General Shareholders' Meeting (as planned): September 26, 2008
 Dividend Payable Date (as planned): September 29, 2008

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

1. Consolidated financial highlights

(1) Consolidated operating results

(Fractional amounts is discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2008	14,136	(10.9)	3,100	(20.4)	3,156	(19.0)
June 30, 2007	15,874	31.9	3,895	31.5	3,895	27.3

	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, 2008	1,888	(20.5)	165.22	146.23	14.4	14.3	21.9
June 30, 2007	2,375	26.0	203.84	194.26	19.7	20.8	24.5

(Notes)

Profit/loss on equity method: Year ended June 30, 2008: None Year ended June 30, 2007: None

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2008	22,268	13,292	59.5	1,175.67
June 30, 2007	21,840	13,048	59.5	1,115.18

(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, 2008	643	(328)	(1,528)
June 30, 2007	990	(6,966)	4,512	4,129

2. Dividends

	Annual dividend per share			Dividend payment	Dividend payout ratio	The ratio of dividend to shareholders' equity
	Interim period	Term end				
	(yen)	(yen)	(yen)	(Millions of yen)	%	%
June 30, 2007	60.00	0.00	60.00	699	29.4	5.8
June 30, 2008	50.00	0.00	50.00	563	30.3	4.4
(Forecast) June30, 2009	45.00	0.00	45.00	—	29.8	—

3. Consolidated operating estimates for the year ending June 30, 2009

(7/1/08- 6/30/09)

	(Millions of yen)				(Yen)
	Net sales	Operating income	Ordinary income	Net income	Net income per share
Interim period	5,400	320	320	200	17.80
Annual	14,300	2,710	2,700	1,700	150.94

4. Others

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

Consolidated subsidiaries: 2 companies Nonconsolidated subsidiaries: None

Affiliated company using the equity method: None

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

Consolidation (Additions): None (Deletions): None

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

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

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

Changed by the other factor: None

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

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

June 30, 2008 11,785,800 shares June 30, 2007 11,785,800 shares

Number of treasury stocks at end of period

June 30, 2008 522,628 shares June 30, 2007 131,078 shares

(For Reference) Financial Review for the Year Ended June 30,2008(Non-Consolidated)

1. Financial highlights

(1)Operating results

(Fractional amounts is discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2008	13,665	(11.5)	2,887	(24.1)	2,890	(24.3)
June 30, 2007	15,443	32.4	3,804	37.4	3,816	33.6

	Net income		Net income Per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
June 30, 2008	1,718	(26.1)	150.32	133.04
June 30, 2007	2,323	32.4	199.42	190.05

(2)Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity Per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2008	21,705	12,797	58.7	1,131.74
June 30, 2007	21,426	12,642	58.8	1,080.39

2. Operating estimates for the year ending June 30, 2009 (7/1/08- 6/30/09)

(Millions of yen)

(Yen)

	Net sales	Operating income	Ordinary income	Net income	Estimated net income per share
Interim period	5,250	410	410	260	23.10
Annual	13,900	2,660	2,650	1,660	147.42

(Appendix)

I. Results of Operations

(1) Reporting on Results of Operations

① Outline of this fiscal period (ended June 30, 2008)

The world economic environment during this period faced serious concern about possible downturn in economy due to the sub-prime loan issue and such, and the semiconductor industry that is the major market for this company also showed tendency to restrain capital investment due to drastic price deterioration of memory devices and so on. For this reason, the order entry for semiconductor related systems was forced to experience low tone, however, the high level order backlog at the beginning of this period contributed to sales amount.

On the other hand, the FPD industry, having temporarily succeeded in the inventory adjustment of TFT panels, turned to vigorous capital investment at the latter half of this fiscal period and the order entry status of this company remarkably improved. However, due to lower level of backlog at the beginning of this fiscal period, the sales amount for FPD related systems resulted in lower level

Under such circumstances, this company group actively developed new technologies and new products that satisfy customer needs and strived for shorter lead-time and acceptance period. As a result of these efforts, the consolidated net sales for this fiscal period amounted to 14,136 million yen (10.9% decrease y/y).

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

Semiconductor related systems	7,882 million yen (75.0% increase y/y)
FPD related systems	4,399 million yen (53.3% decrease y/y)
Laser microscopes	804 million yen (5.6% decrease y/y)

With regard to the consolidated profits, the ordinary income amounted to 3,156 million yen (19.0% decrease y/y) and the current net income amounted to 1,888 million yen (20.5% decrease y/y).

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

* 3CCD Color Confocal Microscope	H1200/WIDE
* Mask Blanks Inspection Systems	M6640/M6641
* Patterned Wafer Warpage / Stress Inspection System	SK300
* TSV Etching Depth Inspection System	TSV300
* Phase Shift/Transmittance Measurement System	MPM193EX
* ArF Mask Review Station	MRS193EX
* Large Mask Inspection System	LI712
* Pellicle Inspection and Pellicle Mounting System	71PA/71PP
* Large Size Photomask Substrates/Blanks Inspection System	LB79
* LCD/TFT·Color Filter Repair System	RAGNAS Series

② Forecast for the next fiscal year ending June 30, 2009

There is a continued sense of uncertainty in the future of world economy and the semiconductor industry is expected to plan for capital investment more cautiously based on general concern about down turn in economy. On the other hand, FPD industry, especially among major manufactures, is expected to continue large-scale capital investment due to constant market growth in spite of the price deterioration of LCD panels. Under such circumstances, this company will make efforts on development of new products and reclaiming of new customers. For the semiconductor related products, development of new products that fits

in the strategies of customers will be driven forward, by reinforcing marketing functions. For the FPD related products, development and sales of new products that meets the requirement of the 10th generation mother glass will be implemented while pursuing further cost reduction and product differentiation.

In spite of these efforts, this company anticipates the following tight numbers; that are the consolidated business achievement for the full business term this year to be 14,300 million yen (1.2% increase y/y) as net sales, 2,700 million yen (14.4% decrease y/y) as ordinary income and 1,700 million yen (10.0% decrease y/y) as current net income.

(2) Reporting on Financial conditions

□ Asset, Liability and Net Asset

The total assets at the end of this consolidated fiscal period amounted to 22,268 million yen, an increment of 428 million yen from the last consolidated fiscal period. The main factors of the increment of total assets come not only from an increment of tangible fixed assets by 5,955 million yen due to factors, such as an increase of land by 3,730 million yen and of buildings and structures by 2,983 million yen for the acquirement of the new company premise but also from an increase of accounts receivable by 715 million yen and long-term accounts receivable by 653 million yen in spite of a decrease of cash and deposits by 7,073 million yen.

With regard to liability, the total liabilities at the end of this consolidated fiscal period amounted to 8,975 million yen, an increment of 183 million yen from last consolidated fiscal period. The main factors for the total liabilities are an increment of accounts payable-trade by 280 million yen and reserve for employees' retirement benefits by 62 million yen and others in current liabilities by 150 million yen and a decrease of accrued income taxes by 351 million yen.

The shareholders' equity at the end of this consolidated fiscal period amounted to 13,292 million yen, an increment of 364 million yen from the last consolidated fiscal period. This is due to recording of 1,888 million yen as net profit for this consolidated fiscal period, and also due to decrease of 699 million yen as a result of dividends from retained earnings and of 825 million yen by the purchase of treasury stock.

The total net assets adding revaluation on other securities and foreign currency translation adjustment and share subscription rights amounted to 13,292 million yen and the equity ratio became 59.5%.

□ Cash flows for this Period (ended June 30, 2008)

With regard to cash and cash equivalent on the consolidated basis (called "fund") for this period (ended June 30, 2008) the balance of the fund amounted to 2,855 million yen, decrease of 1,274 million yen compared to the balance at the end of the last fiscal period.

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

(Cash flows from operating activities)

The fund gained for operating activities during the current period was 643 million yen (35.0% down from the last consolidated fiscal period). This is mainly because the total amount of decrease factors including the depreciation of 244 million yen besides the income before taxes of 3,091 million yen exceeded the total amount of excess factor including increase of accounts receivables of 733 million yen, increase by inventories of 267 million yen and payment of corporate income taxes of 1,744 million yen .

(Cash flows from investing activities)

The fund used from investing activities was 328 million yen (95.3% down from the last consolidated fiscal period). This was mainly because an decrease of 6,922 million acquiring tangible fixed assets exceeded

increase of the proceed of 5,900 million yen of the refund of time deposit and of the proceed of 495 million of selling investment securities.

(Cash flows from financing activities)

The fund gained for financing activities was 1,528 million yen (4,512 million yen gained in the last consolidated fiscal period). This was mainly due to payment for procurement of the treasury stock of 829 million yen and dividend payment of 699 million yen.

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

	Year ended June 2005	Year ended June 2006	Year ended June 2007	Year ended June 2008
Equity ratio	75.0%	71.1%	59.5%	59.5%
Equity ratio on market price basis	144.7%	214.1%	157.4%	67.4%
Years for debt redemption	—	—	—	—
Interest coverage ratio	286.2	5,363.4	11,302.1	1,722.77

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

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

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

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

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

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

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

(3) Basic policy about profit sharing, and dividend for this period and the next period

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

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

It is the policy of this company that earning retention will be effectively utilized for investment on R&D for new technologies and new products, for facility investment in relation to business expansion and for recruitment of excellent human resources, so that further reinforcement of business structure and establishment of management base with long-term stability will be accomplished.

Under such policy mentioned above, the end-of-term dividend of ¥50 per share is planned. The consolidated dividend payout ratio, meanwhile, is expected to become 30.3%.

With regard to dividend for the next fiscal period, we would like to set the end-of-term dividend at ¥45 per share, considering the prospect on operating performance in the next fiscal period and the consolidate payout ratio is expected to become 29.8%, accordingly.

2. Current status of the company group

The business of this company group includes development, manufacturing, sales and servicing of semiconductor related systems and FPD related systems as well as laser microscopes. The responsibility of each business lies as follows.

For developing and manufacturing semiconductor related systems and FPD related systems as well as laser microscopes, the company submitting consolidated financial statements (called "this company") takes the responsibility.

With regard to sales, this company takes the responsibility in the Japan and Asian markets. In the North American market and the EU market, Lasertec U. S. A. Inc., a consolidated subsidiary of this company, takes the responsibility.

With regard to servicing, this company takes the responsibility in the Japan and Asian (excluding Korea) regions. Lasertec U. S. A. Inc., a consolidated subsidiary of this company, is in charge in the North American and EU regions, and Lasertec Korea Corporation, the other consolidated subsidiary of this company, is in charge in the Korean region.

This company has only two consolidated subsidiaries. Thus the illustration of the relationship between this company and them is omitted.

3. Management Policies

(1) Basic policy for the company management

Since its establishment, this company has supplied various inspection and measurement systems in the semiconductor, FPD and new material industries under the policy that "the company will satisfy needs with the most advanced technology." For the higher level needs in future, this company will continue to meet trust of our customers with multiple technologies of optics, precision mechanical engineering and electronics. This is the basic management policy of this company.

In the medium term, this company will strengthen the main three product lines: semiconductor related systems, FPD related systems, and laser microscopes. Especially, this company regards needs for accelerated pursuit of finer processing in the semiconductor related systems, and needs for more sophisticated inspection and repair process in the FPD related systems, as the key elements for business expansion. Consequently, this company intends to devote more energy to the fulfillment of these needs.

(2) Management index to be targeted

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

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

(3) Management strategies and tasks to be worked on

This company promotes and accelerates development of new technologies and new products that match the strategies of customers besides pioneering new business fields by aggressively utilizing the new R&D center and reinforcing sales & marketing activity. At the same time, this company aims to become a highly profitable company with continuous growth based on product development of one step ahead, by reinforcing the

relationship with already existing, trusted customers and also by vigorously expanding customer development activities.

- In the semiconductor related product field, performance of the already existing products will be improved in accelerated manner in the aim to secure competitiveness in the market. Also, expansion of business field and creation of new markets will be promoted by the development of entirely new products, which enable this company to provide products that is in accordance with customers' strategies in a timely manner.
- Through R & D in collaboration with universities, consortiums and business enterprises, this company will pursue more efficient R & D investment to accomplish more accelerated development.
- In the FPD related system field, this company will satisfy needs for larger-sized mother glass for color filters and TFT's with higher throughput and such, and will differentiate our products from other competitive ones with respect to function such as improved sensitivity and so on while achieving further cost reduction and shorter acceptance period.
- In the laser microscope field, this company will further reinforces collaboration with other companies and develop new applications that meets market demands. This company will also pioneer new customers and reinforce sales promotion activities having in view the global market.

Please be informed that this company started delivering microscope products based on the OEM agreement with Carl Zeiss MicroImaging GmbH that has been leading the global optics field, starting in June 2008. This company will reinforce this business relationship in order to strengthen operation basis of microscope business.

This company pursues maneuverable and high quality management by speeding up managerial decision making and reinforcing supervisory function. Also, this company builds up structure of clearer responsibility and authority, and promotes delegation of authority so that speedy and sharp management can be implemented.

This company pursues reinforcement of company structure by making internal control function and quality assurance system satisfactory while enhancing awareness of compliance within this company. In addition, this company introduces contractual mission critical system (ERP package software) in order to implement higher business efficiency and at the same time reinforces vigorous recruitment activities and human resource development from the midterm/long-term viewpoint.

(4) Improvement and operation status of internal administrative structure

This item is described in the chapter titled [Fundamental policy regarding internal control system and its development status] as part of the report regarding the corporate governance, which is under requirement for submission by the provision 8.3 in the regulation for securities listing and the provision 10.3 in the regulation for timely disclosure, and therefore this item is omitted in this chapter to avoid duplication.

Consolidated balance sheets

(In thousands of yen)

Years ended June 30;	2007	%	2008	%	Increase (Decrease)
(Assets)					
Current assets					
Cash and deposits	9,930,830		2,857,125		
Notes and accounts receivable – trade	4,358,933		5,074,310		
Marketable securities	300,508		—		
Inventories	3,833,953		4,093,254		
Deferred tax assets	226,036		326,976		
Others	187,129		539,518		
Allowance for doubtful accounts	(5,017)		(5,345)		
Total current assets	18,832,374	86.2	12,885,839	57.9	(5,946,535)
Long-term assets					
Tangible fixed assets					
Buildings and structures	453,207		3,284,557		
Machinery, vehicles and delivery equipments	34,663		73,124		
Tools, furniture and fixtures	187,061		301,992		
Land	581,721		4,312,487		
Construction in progress	760,000		—		
Total tangible fixed assets	2,016,653	9.3	7,972,161	35.8	5,955,508
Intangible fixed assets	1,861	0.0	1,823	0.0	(37)
Investments and other assets					
Investment securities	549,426		182,983		
Long-term accounts receivable	—		653,440		
Long-term guarantee deposits	203,761		195,555		
Deferred tax assets	209,649		334,632		
Others	26,816		42,186		
Total Investments and other assets	989,654	4.5	1,408,798	6.3	419,144
Total long-term assets	3,008,169	13.8	9,382,783	42.1	6,374,614
Total assets	21,840,543	100.0	22,268,622	100.0	428,078

(In thousands of yen)

Years ended June 30;	2007	%	2008	%	Increase (Decrease)
(Liabilities)					
Current liabilities					
Accounts payable – trade	307,569		588,253		
Accrued income taxes	1,132,231		781,171		
Advances received	1,124,881		1,136,718		
Reserve for director's bonus	135,600		116,600		
Reserve for product warranties	157,879		191,302		
Others	692,551		843,300		
Total current liabilities	3,550,713	16.3	3,657,346	16.4	106,633
Long-term liabilities					
Convertible bonds with warrant	5,000,000		5,000,000		
Accounts payable for long-term	77,400		60,400		
Deferred tax liabilities	887		1,787		
Reserve for employees' retirement benefits	163,436		226,360		
Others	—		30,000		
Total long-term liabilities	5,241,723	24.0	5,318,548	23.9	76,825
Total liabilities	8,792,436	40.3	8,975,895	40.3	183,458
(Net Assets)					
Shareholders' equity					
Capital stock	931,000	4.3	931,000	4.2	—
Capital surplus	1,080,360	4.9	1,080,360	4.9	—
Retained earnings	11,086,041	50.8	12,275,248	55.1	1,189,207
Less treasury stock, at cost	(168,848)	(0.8)	(993,865)	(4.5)	(825,017)
Total shareholders' equity	12,928,552	59.2	13,292,743	59.7	364,190
Revaluation					
Revaluation on other securities	33,091	0.1	(5,469)	(0.0)	(38,560)
Foreign currency translation adjustment	35,545	0.2	(45,463)	(0.2)	(81,009)
Total revaluation	68,636	0.3	(50,933)	(0.2)	(119,569)
Share subscription rights	50,917	0.2	50,917	0.2	—
Total net Assets	13,048,106	59.7	13,292,727	59.7	244,620
Total liabilities and net assets	21,840,543	100.0	22,268,622	100.0	428,078

Consolidated statements of income

(In thousands of yen)

Years ended June 30;	2007	%	2008	%	Increase (Decrease)
Net sales	15,874,024	100.0	14,136,761	100.0	(1,737,263)
Cost of sales	8,614,003	54.3	7,120,180	50.4	(1,493,823)
Gross profit	7,260,021	45.7	7,016,580	49.6	(243,440)
Selling, general and administrative expenses	3,364,721	21.2	3,916,386	27.7	551,665
Operating income	3,895,300	24.5	3,100,194	21.9	(795,106)
Non-operating income					
Interest income	28,876		40,060		
Dividend income	1,936		1,752		
Income from sales of investment securities	2,785		2,188		
Exchange gain	—		15,593		
Others	2,168		11,254		
Total non-operating income	35,766	0.2	70,848	0.5	35,082
Non-operating expenses					
Interest expenses	87		373		
Bond issue cost	25,860		—		
Loss on sales of investment securities	—		9,925		
Exchange loss	9,869		—		
Fee for purchasing treasury stock	—		4,334		
Others	73		28		
Total non-operating expenses	35,891	0.2	14,661	0.1	(21,229)
Ordinary income	3,895,175	24.5	3,156,381	22.3	(738,793)
Extraordinary income					
Subsidy granted from Yokohama City	—		726,000		
Total extraordinary income	—	—	726,000	5.2	726,000
Extraordinary loss					
Loss on disposal of fixed assets	3,729		26,034		
Loss on deduction of carrying amounts of fixed assets	—		726,000		
Loss on relocation of head office	—		38,721		
Total extraordinary losses	3,729	0.0	790,755	5.6	787,026
Income before income taxes	3,891,446	24.5	3,091,626	21.9	(799,820)
Corporate, inhabitant and enterprise taxes	1,664,659		1,406,194		
Deferred income taxes	(148,631)		(203,059)		(312,893)
Net income	2,375,417	15.0	1,888,491	13.4	(486,926)

Consolidated statement of shareholders' equity

(In thousands of yen)

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

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

(In thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
2007/6/30	931,000	1,080,360	11,086,041	(168,848)	12,928,552
Changes					
Dividends	—	—	(699,283)	—	(699,283)
Net income	—	—	1,888,491	—	1,888,491
Purchase of treasury stock	—	—	—	(825,017)	(825,017)
Others (net)	—	—	—	—	—
Total changes	—	—	1,189,207	(825,017)	364,190
2008/6/30	931,000	1,080,360	12,275,248	(993,865)	13,292,743

	Revaluation			Share subscription rights	Total net assets
	Revaluation on other securities	Foreign currency transaction adjustment	Total revaluation		
2007/6/30	33,091	35,545	68,636	50,917	13,048,106
Changes					
Dividends	—	—	—	—	(699,283)
Net Income	—	—	—	—	1,888,491
Purchase of treasury stock	—	—	—	—	(825,017)
Others (net)	(38,560)	(81,009)	(119,569)	—	(119,569)
Total changes	(38,560)	(81,009)	(119,569)	—	244,620
2008/6/30	(5,469)	(45,463)	(50,933)	50,917	13,292,727

Consolidated statement of cash flows

(In thousands of yen)

Years ended June 30;	2007	2008
Cash flows from operating activities		
Income before income taxes	3,891,446	3,091,626
Depreciation and amortization	121,602	244,148
Increase in allowance for doubtful accounts	2,905	492
Increase(decrease) in directors' bonus	19,300	(19,000)
Increase in reserve for product warranties	78,374	35,310
Increase in employees' retirement benefits	20,353	64,223
Stock-based compensation	50,917	—
Interest and dividend income	(30,812)	(41,812)
Gain on sales of investment securities	(2,785)	(2,188)
Interest expenses	87	373
Bond issue cost	25,860	—
Exchange loss(gain)	(3,364)	4,191
Loss on sales of investment securities	—	9,925
Loss on disposal of tangible fixed assets	3,729	26,034
Gain on subsidy granted from Yokohama City	—	(72,560)
Loss on deduction of carrying amounts of fixed assets	—	726,000
Increase in long-term accounts receivable	—	(653,440)
Increase in notes and accounts receivable-trade	(2,570,962)	(733,127)
Decrease(increase) in inventory	1,616,906	(267,232)
Increase(decrease) in accounts payable-trade	(200,356)	280,683
Increase (decrease) in advances received	(1,050,222)	18,221
Others	393,948	(372,208)
	2,366,929	2,339,661
Interest and dividends received	20,635	48,769
Interest paid	(87)	(373)
Income taxes paid	(1,397,223)	(1,744,781)
Net cash provided by operating activities	990,253	643,275
Cash flows from investment activities		
Payments for making time deposits	(5,902,059)	(52)
Proceeds from maturity of time deposits	—	5,900,000
Payments for purchase of securities	(99,970)	—
Proceeds from sales of securities	—	199,979
Payments for purchase of tangible fixed assets	(888,434)	(6,922,917)
Proceeds from sales of tangible fixed assets	3,134	16,864
Payments for purchase of investment securities	(100,000)	(201,676)
Proceeds from sales of investment securities	20,652	495,482
Proceeds from maturity of insurance	—	104,219
Proceeds from subsidy granted from Yokohama City	—	72,560
Others	278	7,075
Net cash used in investing activities	(6,966,398)	(328,465)

(In thousands of yen)

Years ended June 30;	2007	2008
Cash flows from financing activities		
Proceeds from issuing convertible bonds with warrant	4,974,139	—
Payments for purchase of treasury stock	(100)	(829,351)
Proceeds from sales of treasury stock	4,780	—
Dividends paid	(466,030)	(699,283)
Net cash gained(used) in financial activities	4,512,788	(1,528,635)
Translation difference in cash and cash equivalents	22,686	(60,277)
Decrease in cash and cash equivalents	(1,440,669)	(1,274,102)
Cash and cash equivalents at beginning of period	5,570,268	4,129,599
Cash and cash equivalents at end of period	4,129,599	2,855,496

Production, orders and sales

1. Production

(in thousands of yen)		
Year ended June 30;	2008	
	Year-on-year comparison (%)	
Finished goods		
Semiconductor related systems	6,814,068	109.3
FPD related systems	3,706,958	66.3
Confocal Scanning Laser Microscopes	1,014,970	124.4
	11,535,996	91.3
Services	1,049,483	96.5
Total	12,585,480	91.7

(Notes)

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

2. Orders

(In thousands of yen)				
Year ended June 30;	2008			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor related systems	2,911,662	31.7	1,715,615	25.7
FPD related systems	7,170,423	219.5	7,193,539	162.6
Confocal Scanning Laser Microscopes	923,513	115.2	177,592	301.3
	11,005,599	83.0	9,086,746	81.4
Services	1,048,961	100.6	85,926	99.4
Total	12,054,561	84.3	9,172,672	81.5

(Notes)

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

3. Sales

(In thousands of yen)

Year ended June 30;	2008	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor related systems	7,882,825	175.0
FPD related systems	4,399,596	46.7
Confocal Scanning Laser Microscopes	804,857	94.4
	<hr/> 13,087,278	<hr/> 88.5
Services	1,049,483	96.5
	<hr/>	<hr/>
Total	14,136,761	89.1

(Notes)

Amounts exclude consumption taxes.

Balance sheets

(In thousands of yen)

Years ended June 30;	2007	%	2008	%	Year-on-year change
(Assets)					
Current assets					
Cash and deposits	9,544,673		1,785,610		
Notes receivable - trade	854,175		202,424		
Accounts receivable - trade	3,481,835		5,403,236		
Marketable securities	300,508		—		
Raw materials	251,998		371,322		
Work in process	3,553,998		3,683,121		
Supplies	2,480		1,695		
Advance payments	42,075		94,139		
Prepaid expenses	21,487		27,181		
Deferred tax assets	216,313		315,605		
Consumption taxes receivable	—		245,132		
Others	110,530		149,115		
Allowance for doubtful accounts	(4,338)		(5,747)		
Total current assets	18,375,737	85.8	12,272,838	56.5	(6,102,899)
Long-term assets					
Tangible fixed assets					
Buildings	441,958		3,237,894		
Structures	5,731		43,052		
Machinery and equipments	18,804		73,124		
Vehicles and delivery equipments	15,858		0		
Tools, furniture and fixtures	180,255		296,185		
Land	581,721		4,312,487		
Construction in progress	760,000		—		
Total tangible fixed assets	2,004,329	9.3	7,962,744	36.7	5,958,414
Intangible fixed assets					
Telephone subscription rights	1,700		1,700		
Total intangible fixed assets	1,700	0.0	1,700	0.0	—

(In thousands of yen)

Years ended June 30;	2007	%	2008	%	Year-on-year Change
Investments and other assets					
Investment securities	549,426		182,983		
Investment in affiliated companies	81,139		81,139		
Long-term accounts receivable	—		653,440		
Long-term guarantee deposits	178,955		175,464		
Deferred tax assets	208,633		332,910		
Others	26,816		42,186		
Total investments and other assets	1,044,972	4.9	1,468,123	6.8	423,151
Total long-term assets	3,051,002	14.2	9,432,568	43.5	6,381,565
Total assets	21,426,740	100.0	21,705,406	100.0	278,666

(In thousands of yen)

Years ended June 30;	2007	%	2008	%	Year-on-year Change
(Liabilities)					
Current liabilities					
Accounts payable - trade	309,893		589,062		
Accounts payable - other	535,755		727,072		
Accrued expenses	129,676		57,009		
Accrued income taxes	1,120,354		765,202		
Advances received	1,078,154		1,099,278		
Deposit received	87,961		94,211		
Reserve for directors' bonus	135,600		116,600		
Reserve for product warranties	116,838		150,781		
Others	34,526		—		
Total current liabilities	3,548,760	16.6	3,600,118	16.6	51,357
Long-term liabilities					
Convertible bonds with warrant	5,000,000		5,000,000		
Account payable for long-term	77,400		60,400		
Reserve for employees' retirement benefits	157,907		216,907		
Others	—		30,000		
Total long-term liabilities	5,235,307	24.4	5,307,307	24.4	72,000
Total liabilities	8,784,067	41.0	8,907,426	41.0	123,358
(Net Assets)					
Capital stock	931,000	4.4	931,000	4.3	—
Capital surplus					
Additional paid-in capital	1,080,360		1,080,360		
Total capital surplus	1,080,360	5.0	1,080,360	5.0	—
Revenue reserves					
Revenue reserves	159,038		159,038		
Voluntary reserve	7,712,000		9,212,000		
Retained earnings carry forward	2,845,113		2,364,000		
Total revenue reserves	10,716,151	50.0	11,735,038	54.1	1,018,886
Less Treasury Stock	(168,848)	(0.8)	(993,865)	(4.6)	(825,017)
Total shareholders' equity	12,558,663	58.6	12,752,532	58.8	193,869
Revaluation on other securities					
	33,091	0.2	(5,469)	(0.0)	(38,560)
Share subscription rights					
	50,917	0.2	50,917	0.2	—
Total net assets	12,642,672	59.0	12,797,980	59.0	155,308
Total liabilities and net assets	21,426,740	100.0	21,705,406	100.0	278,666

Statements of income

(In thousands of yen)

Years ended June 30;	2007	%	2008	%	Year-on-year Change
Net sales	15,443,448	100.0	13,665,093	100.0	(1,778,354)
Cost of sales	8,508,360	55.1	7,066,288	51.7	(1,442,072)
Gross profit	6,935,087	44.9	6,598,805	48.3	(336,281)
Selling, general and administrative expenses	3,130,821	20.3	3,710,960	27.2	580,138
Operating income	3,804,266	24.6	2,887,845	21.1	(916,420)
Non-operating income					
Interest income	15,799		22,319		
Interest income from securities	1,460		1,446		
Dividend income	1,936		1,752		
Income from sale of investment securities	2,785		2,188		
Exchange gain	12,652		—		
Return from matured insurance	—		4,918		
Others	3,895		7,996		
Total non-operating income	38,530	0.3	40,622	0.3	2,091
Non-operating expenses					
Interest expenses	87		373		
Bond issue cost	25,860		—		
Loss on sale of investment securities	—		9,925		
Exchange loss	—		23,251		
Fee for purchasing treasury stock	—		4,334		
Others	73		28		
Total non-operating expenses	26,021	0.2	37,912	0.2	11,891
Ordinary income	3,816,775	24.7	2,890,555	21.2	(926,220)
Extraordinary income					
Subsidy granted from Yokohama City	—		726,000		
Total extraordinary income	—	—	726,000	5.3	726,000
Extraordinary losses					
Loss on disposal of fixed assets	3,539		26,034		
Loss on deduction of carrying amounts of fixed assets	—		726,000		
Loss on relocation of head office	—		38,721		
Total extraordinary losses	3,539	0.0	790,755	5.8	787,215
Income before income taxes	3,813,235	24.7	2,825,799	20.7	(987,436)
Corporate, inhabitant and enterprise taxes	1,637,083		1,305,158		
Deferred income taxes	(147,779)		(197,528)		(381,673)
Net income	2,323,931	15.0	1,718,169	12.6	(605,762)