

## Consolidated Financial Review for the Six Months Ended December 31, 2004

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: Jasdaq Securities Exchange, Inc.  
 Code number: 6920  
 Representative Director: Yaichiro Watakabe, President  
 Inquiries: Shu Uchiyama, Director, Corporate Planning Office  
 Board of Directors Meeting: February 23, 2005

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, 2004	4,034	55.4	681	-	687	655.0
Dec. 31, 2003	2,596	(6.7)	37	(80.2)	91	(55.4)
June 30, 2004	7,504	21.9	1,169	16.4	1,230	12.4

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
Dec. 31, 2004	419	949.0	72.66	72.53
Dec. 31, 2003	40	(73.1)	6.92	6.90
June 30, 2004	759	13.3	124.38	123.94

(Notes)

1. Profit/loss on equity method:

Six months ending December 31, 2004: None

Six months ending December 31, 2003: None

Year ended June 30, 2004: None

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

December 31, 2004 5,777,996 shares

December 31, 2003 5,779,340 shares

June 30, 2004 5,778,460 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, 2004	11,232	8,581	76.4	1,484.85
Dec. 31, 2003	8,765	7,678	87.6	1,328.93
June 30, 2004	10,789	8,407	77.9	1,448.03

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

Dec 31, 2004 5,779,420 shares Dec 31, 2003 5,777,720 shares June 30, 2004 5,777,420 shares

(3) Consolidated cash flows position

	(Millions of yen)			
	Cash flows from operating activities	Cash flows from Investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Dec. 31, 2004	(314)	93	(197)	2,203
Dec. 31, 2003	503	(140)	(184)	1,592
June 30, 2004	1,499	(92)	(185)	2,622

(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, 2005**

**(7/1/04- 6/30/05)**

	Net sales	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Annual	9,300	1,670	1,070

(N.b.) Estimated net income per share for the year ending June 30, 2005(annual): 178.12 yen

(Appendix)

## **I. Current status of the company group**

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

For developing and manufacturing semiconductor related systems and FPD related systems as well as laser microscopes, the company submitting 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, FPD and new material industries under the policy that "the company will satisfy needs with advanced technology." For the higher level needs in future, this company will continue to meet credence 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. 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. At the same time, this company simultaneously employs flexible profit sharing depending on performance while considering the necessity for reinforcement of the corporate structure based on retained earnings.

For further reinforcement of corporation condition and establishment of long-lasting management basis, the retained earnings will be effectively spent on R & D investment of new technologies 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. Based on this belief, this company lowered the number of shares of one unit from 1,000 shares to 100 shares, effective on April 1, 2004. This lowering of the number of shares of one unit has extensively increased the number of individual stockholders. Furthermore, this company believes that the activity of this company's stocks in the market is well kept. In addition, this company intends to appropriately respond to the necessity of the further lowering of the number of shares of one unit in the future, considering circumstantial shift of business results, stock market conditions and cost effectiveness and so on.

## **4. Management strategies and tasks to be worked on**

(1) This company thoroughly believes that customer always comes first and this company intends to attain customer's trust by developing new technologies and new products that meet customer needs, with aggressive investment in a short period time so that this company can maintain product superiority, business expansion and profit platform extension.

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

- Through R & D in collaboration with consortium and business enterprise, this company will make more efficient R & D investment.
  - In the FPD related system field, this company will satisfy needs for larger-sized mother glass for color filters and higher throughput, and differentiate our products from other competitive ones with respect to function while achieving further cost reduction. Furthermore, this company pursues shorter time period from delivery to final acceptance of products.
  - In the laser microscope field, this company increases the business by vigorously expanding the sales of entirely new laser microscope that is equipped with real color function strongly desired by the market and at the same time this company keeps developing higher resolution microscopy.
- (2) This company further reinforces sales & marketing capability and maintains close relationships with customers. Also, this company utilizes the marketing results for new product development and new business creation.
- (3) This company makes continuous efforts on streamlining of organization within the company, cost reduction, improvement of quality and reliability, and shortening of delivery times. Especially, the company tries to increase customer satisfaction in quality by operating quality management system.

## **5. Basic policy for corporate governance and current actions taken for it**

### **(1) Basic policy for corporate governance**

This company believes that a business enterprise fundamentally has to grow in such a way to increase its value (financial conditions and quality) continuously, and that only such growth can improve a sense of satisfaction in stockholders and a sense of accomplishment in employees. Especially to improve company value under recent circumstances where business environment surrounding companies are rapidly changing, this company thinks it essential to establish a flexible management system that can respond to rapidly changing conditions as well as corporate governance that secures the management with emphasis on stockholders.

### **(2) Current actions taken for corporate governance**

This company employs auditing system. The Board consists of ten directors including one outside director. It is organized with enough number of members to make prompt management judgment, and held every month to inform and decide important issues within the company. All board members and the senior auditor attend a monthly meeting held by representatives from each department and employees in charge of products so that everyone can understand the

current business situations and share business information.

Furthermore, this company newly created a council that is a decision-making body for important management items in October last year and this council is being held twice a month. This creation of the new council speeds up the decision-making of important management items and enhances communications and reciprocal observations among board members. In addition, this company strengthens cooperation between internal auditing office and board of auditors in the aim to pursue realization of more effective internal auditing, starting this fiscal period.

The board of auditors constitutes of three outside auditors and the three auditors actively attend management meetings, monthly meetings and other meetings in addition to board meetings so that they can closely audit execution of operation by board members.

It is noted that neither outside director nor outside auditor has any interest in business and such of this company.

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

### III. Financial achievement

#### 1. Outline of the Interim Period (July 1, 2004 to December 31, 2004)

In the global semiconductor industry that is the major market for this company, capital investment movement somewhat lost momentum because the expansion of the market of digital home appliances represented by DVD recorder, digital camera and flat TV, slowed down. However, the industry, after seeing that the extent of the slow down is not so big and the recovery will come soon, continued capital investment on the most advanced lithography field that is closely related to the main products of this company.

On the other hand, the FPD industry reviewed the capital investment for 7<sup>th</sup> Generation at the beginning of this interim period and capital investment was temporarily frozen. However, at the latter half of this interim period, all the FPD companies decided on their own strategy and concrete capital investment on 5<sup>th</sup> Generation and 6<sup>th</sup> Generation re-started and this company enjoyed solid order receiving.

Under such circumstances, this company has been developing new technologies and new products that satisfy customer needs and has been striving for shorter lead time and acceptance period.

As a result of these efforts, the consolidated sales amounted to 4,034 million yen (55.4% up from the interim period last year).

The sales for each product line were:

Semiconductor related systems

883 million yen (7.5 % up from the interim period in the last year)

FPD related systems

2.346 million yen (97.6 % up from the interim period in the last year)

Laser microscopes

378 million yen (17.4 % up from the interim period in the last year)

With regard to the consolidated profits, the ordinary income amounted to 687 million yen (655.0 % up from the interim period in the last year) and the net interim income amounted to 419 million yen (949.0 % up from the interim period in the last year).

The main new product this company announced during this interim period, which satisfies the customer needs for the next generation, is as the following,

Photomask / Reticle Defect Inspection System MD2500ADI

## 2. Forecast for the fiscal year ending June 30, 2005

The semiconductor industry is expected to continuously invest on the equipments related to the most advanced lithography. At the same time, the FPD industry is in an atmosphere that steady capital investment movement continues expectantly.

Under these circumstances, this company will make continuous efforts on development of new applications and speedup of new product development. With regard to semiconductor related systems, this company explores new customer needs and develops new applications. With regard to FPD related systems, this company pursues further cost down of the products and seeks greater differentiation against competing products by applying new technologies. Furthermore, this company pursues shorter acceptance period by promoting local product assembling nearby overseas delivery destination area and reinforcing service structure including increase of service engineers.

As a result of the above efforts, the following consolidated operating performance for this year is anticipated; the consolidated net sales 9,300 million yen (23.9% up from the last fiscal year), the ordinary income 1,670 million yen (35.8% up from the last fiscal year) and the net income 1,070 million yen (40.9% up from the last fiscal year).

With regard to the stock dividend, this company plans to distribute 40 yen per share, which is 5 yen per share increase from the last year. As a result, the dividend pay-out ratio for this fiscal year will amount to 22.6%.

### 3. Financial conditions

Cash flows in the Interim Period (July 1, 2004 to December 31, 2004)

With regard to cash and cash equivalent on the consolidated basis (called “fund”) at the interim period (July 1, 2004 to December 31, 2004), the balance of the fund amounted to 2,203 million yen, decrease of 419 million compared to the balance at the end of the last fiscal year, though there was gain by profit before taxes and increase of advances received.

Cash flows at the current consolidated Interim Period and their causes are described below.

(Cash flows from operating activities)

The fund used for operating activities during this interim period was 314 million yen (gain of 503 million yen in the interim period last fiscal year). This is mainly because the amount of decrease factor including 992 million yen for increase of inventory assets and 661 million yen payment for corporate income taxes exceeded the total amount of increase factor including 661 million yen of profit before taxes and 570 million yen increase of advances received.

(Cash flows from investing activities)

The gain through investing activities was 93 million yen (use of 140 million yen in the interim period of last fiscal year). This was mainly because 300 million yen of the proceeds from sales of marketable securities exceeded the payments for acquisition of tangible fixed assets and marketable securities.

(Cash flows from financing activities)

The fund used for financing activities was 197 million yen (7.3% up from the interim period of last fiscal year). This mainly attributed to payment of dividends that amounted to 202 million yen.

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

	Year ended June 2002	Year ended June 2003	Year ended June 2004	Interim Period ended December 2004
Equity ratio	87.6%	81.9%	77.9%	76.4%
Equity ratio on market price basis	172.5%	138.8%	199.2%	144.1%
Years for debt redemption	-	-	-	-
Interest coverage ratio	63,153.5%	-	122,997.6%	-

(Note)

1. Each index is calculated from financial data on the consolidated basis as follows.

Equity ratio: Shareholder's equity / Total assets

Equity ratio on market price basis: Total amount of share value at market price / Total assets

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

2. The total amount of share value at market price is calculated by multiplying the closing share price of the company at the end of the period by the number of outstanding shares at the end of the period (after deduction of the number of equities).

3. Cash flows from operating activities correspond to the cash flows shown in the consolidated statement of cash flows, and interest payment corresponds to the interest payment shown in the consolidated statement of cash flows.

## Consolidated balance sheets

(In thousands of yen)

Years ended December 31;	2003	%	2004	%	June 30,2004	%
<b>(Assets)</b>						
<b>Current assets</b>						
Cash and deposits	1,441,721		2,102,968		2,522,595	
Notes and accounts receivable – trade	1,763,356		2,608,934		2,508,214	
Marketable securities	600,342		100,260		400,145	
Inventories	2,951,821		4,053,296		3,067,173	
Deferred tax assets	123,758		237,025		308,262	
Others	93,693		136,329		149,415	
Allowance for doubtful accounts	(1,861)		(2,625)		(2,585)	
Total current assets	<u>6,972,832</u>	79.6	<u>9,236,188</u>	82.2	<u>8,953,221</u>	83.0
<b>Long-term assets</b>						
Tangible fixed assets						
Land	565,371		581,721		581,721	
Others	348,030		527,061		475,156	
Total tangible fixed assets	<u>913,402</u>		<u>1,108,782</u>		<u>1,056,877</u>	
Intangible fixed assets	3,572		1,821		1,814	
Investments and other assets						
Investment securities	440,838		437,463		341,130	
Deferred tax assets	125,177		143,200		134,134	
Others	309,255		305,204		302,547	
Total Investments and other assets	<u>875,272</u>		<u>885,867</u>		<u>777,812</u>	
Total long-term assets	<u>1,792,246</u>	20.4	<u>1,996,471</u>	17.8	<u>1,836,505</u>	17.0
<b>Total assets</b>	<u>8,765,079</u>	100.0	<u>11,232,660</u>	100.0	<u>10,789,726</u>	100.0

(In thousands of yen)						
Years ended December 31;	2003	%	2004	%	June 30,2004	%
<b>(Liabilities)</b>						
<b>Current liabilities</b>						
Accounts payable – trade	352,202		367,860		376,131	
Accrued income taxes	15,852		191,391		558,763	
Advances received	318,567		1,453,442		885,713	
Reserve for product warranties	-		28,200		-	
Others	175,027		346,116		316,677	
Total current liabilities	861,650	9.8	2,387,011	21.3	2,137,285	19.8
<b>Long-term liabilities</b>						
Reserve for employees' retirement benefits	91,234		100,578		94,689	
Reserve for directors' retirement benefits	133,988		163,477		150,588	
Total long-term liabilities	225,222	2.6	264,056	2.3	245,278	2.3
<b>Total liabilities</b>	1,086,873	12.4	2,651,067	23.6	2,382,564	22.1
<b>(Shareholders' equity)</b>						
<b>Capital stock</b>	931,000	10.6	931,000	8.3	931,000	8.6
<b>Capital surplus</b>	1,080,360	12.3	1,080,360	9.6	1,080,360	10.0
<b>Retained earnings</b>	5,979,941	68.2	6,875,945	61.2	6,699,904	62.1
<b>Revaluation on other securities</b>	6,618	0.1	11,170	0.1	13,545	0.1
<b>Foreign currency translation adjustments</b>	(23,669)	(0.2)	(25,016)	(0.2)	(20,637)	(0.2)
<b>Less treasury stock, at cost</b>	(296,044)	(3.4)	(291,866)	(2.6)	(297,010)	(2.7)
<b>Total shareholders' equity</b>	7,678,205	87.6	8,581,592	76.4	8,407,162	77.9
<b>Total liabilities and shareholders' equity</b>	8,765,079	100.0	11,232,660	100.0	10,789,726	100.0

## Consolidated statements of income

(In thousands of yen)

Years ended December 31;	2003	%	2004	%	June 30,2004	%
<b>Net sales</b>	2,596,705	100.0	4,034,421	100.0	7,504,158	100.0
<b>Cost of sales</b>	1,707,298	65.7	2,292,195	56.8	4,499,893	60.0
Gross profit	889,406	34.3	1,742,226	43.2	3,004,265	40.0
<b>Selling, general and administrative expenses</b>	851,454	32.8	1,061,105	26.3	1,834,586	24.4
Operating income	37,952	1.5	681,120	16.9	1,169,679	15.6
<b>Non-operating income</b>						
Interest income	2,373		1,123		3,600	
Dividend income	1,285		1,610		19,473	
Gain on sales of investment securities	7,021		-		7,021	
Income from contract development	43,700		5,226		43,700	
Others	382		373		575	
Total non-operating income	54,762	2.1	8,333	0.2	74,370	1.0
<b>Non-operating expenses</b>						
Interest expenses	713		685		1,219	
Loss on sales of investment securities	-		-		8,650	
Exchange loss	678		1,410		3,718	
Others	279		11		410	
Total non-operating expenses	1,671	0.1	2,107	0.1	13,998	0.2
Ordinary income	91,043	3.5	687,346	17.0	1,230,051	16.4
<b>Extraordinary income</b>						
Gain on sales of fixed assets	299		-		299	
Reversal of allowance for doubtful receivables	1,459		-		738	
Total extraordinary income	1,759	0.0	-	-	1,038	0.0
<b>Extraordinary losses</b>						
Loss on disposal of fixed assets	1,509		15,678		10,701	
Loss on devaluation of investment securities	-		-		13,231	
Product warranty cost	-		9,700		-	
Premium severance pay for early retirement	10,000		-		10,000	
Total extraordinary losses	11,509	0.4	25,378	0.6	33,932	0.4
Income before income taxes	81,292	3.1	661,967	16.4	1,197,157	16.0
Corporate, inhabitant and enterprise taxes	16,814	0.7	179,692	4.5	610,675	8.2
Deferred income taxes	24,454	0.9	62,410	1.5	(173,505)	(2.3)
Net income	40,024	1.5	419,864	10.4	759,987	10.1

## Consolidated statements of retained earnings

(In thousands of yen)

Years ended December 31;	2003	2004	June 30,2004
<b>(Capital surplus)</b>			
Capital surplus at beginning of period	1,080,360	1,080,360	1,080,360
Capital surplus at end of period	1,080,360	1,080,360	1,080,360
<b>(Retained earnings)</b>			
Retained earnings at beginning of period	6,143,097	6,699,904	6,143,097
Increase of retained earnings			
Net income	40,024	419,864	759,987
Decrease of retained earnings			
Dividends	173,430	202,209	173,430
Officers' bonuses	29,750	41,250	29,750
Loss on sales of treasury stock	-	364	-
Total decrease of retained earnings	203,180	243,823	203,180
Retained earnings at end of period	5,979,941	6,875,945	6,699,904

## Consolidated statement of cash flows

(In thousands of yen)

	2003 (July 1,2003 ~ Dec31,2003)	2004 (July 1,2004 ~ Dec31,2004)	June 30,2004 (July 1,2003 ~ Jun 30,2004)
<b>Cash flows from operating activities</b>			
Income before income taxes	81,292	661,967	1,197,157
Depreciation and amortization	48,275	45,723	97,541
Increase • (Decrease) in allowance for doubtful receivables	(1,467)	39	(743)
Increase in reserve for product warranties	-	28,200	-
Increase in reserve for employees' retirement benefits	2,265	5,616	5,570
Increase in reserve for directors' retirement benefits	20,502	12,888	37,102
Interest and dividend income	(3,658)	(2,733)	(23,073)
Loss • (gain) on sales of investment securities	(7,021)	-	1,628
Interest expenses	713	685	1,219
Exchange loss	1,018	2,846	15,584
Loss on devaluation of investment securities	-	-	13,231
Loss on sales of tangible fixed assets	(299)	-	(299)
Loss on disposal of tangible fixed assets	1,509	15,678	10,701
(Increase) • Decrease in notes and accounts receivable-trade	1,500,737	(100,337)	756,280
Increase in inventory	(442,761)	(992,594)	(557,608)
Increase in accounts payable-trade	16,334	(8,271)	40,263
Increase • (Decrease) in other payable	(65,009)	26,650	37,607
(Increase) • Decrease in advances received	(183,482)	570,631	383,169
Officers' bonuses	(29,750)	(41,250)	(29,750)
Others	(10,914)	(8,721)	(10,510)
	928,283	217,019	1,975,071
Interest and dividends received	3,321	2,280	22,807
Interest paid	(713)	(685)	(1,219)
Income taxes paid	(427,579)	(532,754)	(497,069)
Net cash (used in) provided by operating activities	503,312	(314,140)	1,499,591
<b>Cash flows from investing activities</b>			
Payments for purchase of marketable securities	-	-	(299,955)
Proceeds from sales of marketable securities	-	300,000	449,935
Payments for acquisition of tangible fixed assets	(183,140)	(107,665)	(380,568)
Proceeds from sales of tangible fixed assets	1,078	5,220	7,101
Payments for purchase of investment securities	(100,000)	(100,000)	(301,905)
Proceeds from sales of investment securities	145,334	-	436,684
Others	(3,794)	(3,958)	(3,971)
Net cash used in investing activities	(140,521)	93,597	(92,679)
<b>Cash flows from financing activities</b>			
Payments for purchase of treasury stock	(10,621)	-	(11,587)
Proceeds from sales of treasury stock	-	4,780	-
Dividends paid	(173,430)	(202,209)	(173,430)
Net cash used in financial activities	(184,051)	(197,429)	(185,017)
Translation difference in cash and cash equivalents	(18,203)	(1,582)	(30,629)
Increase (decrease) in cash and cash equivalents	160,535	(419,555)	1,191,264
Cash and cash equivalents at beginning of period	1,431,518	2,622,783	1,431,518
Cash and cash equivalents at end of period	1,592,054	2,203,228	2,622,783

## Production, orders and sales

### 1. Production

(In thousands of yen)

Years ended December 31;	2004	
		Year-on-year comparison (%)
Finished goods		
Semiconductor related systems	1,060,542	64.7
FPD related systems	3,251,258	214.3
Confocal Scanning Laser Microscopes	338,192	102.7
	4,649,993	133.4
Services	425,735	161.0
Total	5,075,729	135.3

(Notes)

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

### 2. Orders

(In thousands of yen)

Years ended December 31;	2004			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor related systems	2,546,047	225.3	2,551,169	145.1
FPD related systems	3,105,653	105.3	6,856,724	153.8
Confocal Scanning Laser Microscopes	344,029	89.9	139,820	84.7
	5,995,731	134.3	9,547,713	149.6
Services	396,306	146.9	134,767	214.2
Total	6,392,038	135.0	9,682,481	150.2

(Notes)

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

**3. Sales**

(In thousands of yen)

Years ended December 31;	2004	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor related systems	883,468	107.5
FPD related systems	2,346,999	197.6
Confocal Scanning Laser Microscopes	378,217	117.4
	3,608,686	154.7
Services	425,735	161.1
Total	4,034,421	155.4

*(Notes)*

Amounts exclude consumption taxes.

## Financial Review for the Six Months Ended December 31, 2004(Non-Consolidated)

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: Jasdaq Securities Exchange, Inc.  
 Code number: 6920  
 Representative Director: Yaichiro Watakabe, President  
 Inquiries: Shu Uchiyama, Director, Corporate Planning Office  
 Board of Directors Meeting: February 23, 2005

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, 2004	3,861	52.3	603	968.9	608	894.8
Dec. 31, 2003	2,535	(2.1)	56	(49.5)	61	(47.3)
June 30, 2004	7,444	26.7	1,212	31.4	1,247	24.1

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
Dec. 31, 2004	369	-	63.97	63.85
Dec. 31, 2003	20	(78.1)	3.59	3.57
June 30, 2004	760	22.7	124.39	123.95

*(Notes)*

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

December 31, 2004 5,777,996 shares  
 December 31, 2003 5,779,340 shares  
 June 30, 2004 5,778,460 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	
	Interim period	Term end
	(yen)	(yen)
Dec. 31, 2004	0.00	-
Dec. 31, 2003	0.00	-
June 30, 2004	-	35.00

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
Dec. 31, 2004	11,041	8,448	76.5	1,461.76
Dec. 31, 2003	8,635	7,574	87.7	1,310.94
June 30, 2004	10,618	8,319	78.3	1,432.86

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

Dec 31, 2004 5,779,420 shares

Dec 31, 2003 5,777,720 shares

June 30, 2004 5,777,420 shares

2. Number of treasury stocks at end of period

Dec 31, 2004 113,480 shares

Dec 31, 2003 115,180 shares

June 30, 2004 115,480 shares

**2. Operating estimates for the year ending June 30, 2005 (7/1/04- 6/30/05)**

	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	9,030	1,590	1,020	40.00	40.00

(N.b.) Estimated net income per share (annual): 169.50 yen

## Balance sheet

(In thousands of yen)

Years ended December 31;	2003	%	2004	%	June 30,2004	%
<b>(Assets)</b>						
<b>Current assets</b>						
Cash and deposits	1,307,836		1,979,349		2,392,216	
Notes receivable - trade	470,147		311,769		605,364	
Accounts receivable - trade	1,269,222		2,264,003		1,971,280	
Marketable securities	600,342		100,260		400,145	
Inventories	2,936,571		4,014,807		3,001,881	
Deferred tax assets	112,261		182,814		229,098	
Others	87,613		133,992		121,900	
Allowance for doubtful accounts	(1,739)		(2,577)		(2,580)	
Total current assets	6,782,255	78.5	8,984,420	81.4	8,719,307	82.1
<b>Long-term assets</b>						
Tangible fixed assets						
Land	565,371		581,721		581,721	
Others	336,878		520,699		465,917	
Total tangible fixed assets	902,249		1,102,420		1,047,638	
Intangible fixed assets	3,463		1,700		1,700	
Investments and other assets						
Investment securities	521,978		518,603		422,269	
Deferred tax assets	124,188		141,330		133,157	
Others	301,455		292,656		294,440	
Total Investments and other assets	947,622		952,590		849,867	
Total long-term assets	1,853,335	21.5	2,056,711	18.6	1,899,206	17.9
<b>Total assets</b>	<b>8,635,591</b>	<b>100.0</b>	<b>11,041,131</b>	<b>100.0</b>	<b>10,618,513</b>	<b>100.0</b>

(In thousands of yen)

Years ended December 31;	2003	%	2004	%	June 30,2004	%
<b>(Liabilities)</b>						
<b>Current liabilities</b>						
Accounts payable – trade	352,202		367,860		376,131	
Accrued income taxes	8,336		187,558		550,885	
Advances received	309,430		1,394,728		824,331	
Reserve for product warranties	-		24,600		-	
Others	170,207		359,953		306,959	
Total current liabilities	840,178	9.7	2,334,700	21.2	2,058,308	19.4
<b>Long-term liabilities</b>						
Reserve for employees' retirement benefits	87,157		94,808		90,082	
Reserve for directors' retirement benefits	133,988		163,477		150,588	
Total long-term liabilities	221,145	2.6	258,285	2.3	240,671	2.3
<b>Total liabilities</b>	<b>1,061,323</b>	<b>12.3</b>	<b>2,592,985</b>	<b>23.5</b>	<b>2,298,979</b>	<b>21.7</b>
<b>(Shareholders' equity)</b>						
<b>Capital stock</b>	931,000	10.8	931,000	8.4	931,000	8.8
<b>Capital surplus</b>						
Additional paid-in capital	1,080,360		1,080,360		1,080,360	
Total capital surplus	1,080,360	12.5	1,080,360	9.8	1,080,360	10.1
<b>Retained earnings</b>						
Revenue reserves	159,038		159,038		159,038	
Voluntary reserves	5,412,000		5,912,000		5,412,000	
Unappropriated retained earnings for the term	281,295		646,444		1,020,601	
Total retained earnings	5,852,333	67.8	6,717,482	60.8	6,591,639	62.1
<b>Revaluated on other securities</b>	6,618	0.0	11,170	0.1	13,545	0.1
<b>Less treasury stock, at cost</b>	(296,044)	(3.4)	(291,866)	(2.6)	(297,010)	(2.8)
<b>Total shareholders' equity</b>	<b>7,574,267</b>	<b>87.7</b>	<b>8,448,145</b>	<b>76.5</b>	<b>8,319,533</b>	<b>78.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,635,591</b>	<b>100.0</b>	<b>11,041,131</b>	<b>100.0</b>	<b>10,618,513</b>	<b>100.0</b>

## Statements of income

(In thousands of yen)						
Years ended December 31;	2003	%	2004	%	June 30,2004	%
<b>Net sales</b>	2,535,026	100.0	3,861,405	100.0	7,444,471	100.0
<b>Cost of sales</b>	1,683,464	66.4	2,257,180	58.5	4,520,402	60.7
Gross profit	851,562	33.6	1,604,224	41.5	2,924,069	39.3
<b>Selling, general and administrative expenses</b>	795,140	31.4	1,001,152	25.9	1,711,367	23.3
Operating income	56,421	2.2	603,072	15.6	1,212,702	16.3
<b>Non-operating income</b>	53,758	2.1	8,091	0.2	76,104	1.0
<b>Non-operating expenses</b>	48,960	1.9	2,175	0.0	40,887	0.5
Ordinary income	61,219	2.4	608,988	15.8	1,247,918	16.8
<b>Extraordinary income</b>	1,820	0.1	2	0.0	980	0.0
<b>Extraordinary losses</b>	11,278	0.5	25,378	0.7	33,330	0.5
Income before income taxes	51,762	2.0	583,611	15.1	1,215,567	16.3
Corporate, inhabitant and enterprise taxes	8,807	0.3	174,231	4.5	563,790	7.6
Deferred income taxes	22,206	0.9	39,714	1.0	(108,277)	(1.5)
Net income	20,748	0.8	369,666	9.6	760,054	10.2
Retained earnings brought forward from previous period	260,546		277,141		260,546	
Loss on sales of treasury stock	-		364		-	
Unappropriated retained earnings, end of six months period	281,295		646,444		1,020,601	