

Consolidated Financial Review for the Six Months Ended December 31, 2003

Company name: Lasertec Corporation
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 223-8551, Japan
 Telephone number: (045) 544-4111
 Stock exchange listing: Japan Securities Dealers Association
 Code number: 6920
 Representative Director: Yaichiro Watakabe, President
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 Board of Directors Meeting: February 24, 2004

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, 2003	2,596	(6.7)	37	(80.2)	91	(55.4)
Dec. 31, 2002	2,784	(23.7)	192	(77.5)	203	(76.0)
June 30, 2003	6,156	(5.6)	1,005	(20.9)	1,094	(14.8)

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
Dec. 31, 2003	40	(73.1)	6.92	6.90
Dec. 31, 2002	149	(67.1)	25.49	-
June 30, 2003	670	(6.0)	110.26	-

(Notes)

1. Profit/loss on equity method:

Six months ending December 31, 2003: None

Six months ending December 31, 2002: None

Year ended June 30, 2003: None

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

December 31, 2003 5,779,340 shares

December 31, 2002 5,845,566 shares

June 30, 2003 5,813,820 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, 2003	8,765	7,678	87.6	1,328.93
Dec. 31, 2002	8,209	7,333	89.3	1,268.22
June 30, 2003	9,579	7,849	81.9	1,352.59

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

Dec 31, 2003 5,777,720 shares Dec 31, 2002 5,782,220 shares June 30, 2003 5,781,020 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, 2003	503	(140)	(184)	1,592
Dec. 31, 2002	457	(200)	(358)	2,264
June 30, 2003	(541)	(33)	(361)	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): None (Deletions): None

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

2. Consolidated operating estimates for the year ending June 30, 2004

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

	Net sales	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Annual	7,120	1,155	670

(N.b.) Estimated net income per share for the year ending June 30, 2004(annual): 110.81 yen

(Appendix)

I. Current status of the company group

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

For developing and manufacturing semiconductor related 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.

* We change signage for "semiconductor inspection systems" to "semiconductor related systems" and for "LCD inspection systems" to "FPD related systems", respectively, starting with this financial review. FPD is an abbreviation for Flat Panel Display.

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." To meet higher level needs, this company will continue supplying products that satisfy the requirement represented in the industry's roadmap with advanced multiple technologies of optical, precision equipment, and electronics fields. This is the basic management

policy of this company.

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

2. Basic policy for profit sharing

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

However, this company simultaneously employs flexible profit sharing depending on performance while considering the necessity for reinforcement of the corporate structure based on retained earnings.

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

3. Concept and policy regarding the reduction in size of the Stock Trading Unit

This company believes it is very important to capture individual financial assets into the capital market. Based on this belief, this company resolved, at the board meeting held on February 9th 2004, to lower the investment unit from 1,000 shares to 100 shares. This company thinks this lowering of the investment unit is a very useful measure in enhancing convenience of individual stockholders and liquidity of the stocks of this company.

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 mask blanks and bare wafers, 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 color filters and higher throughput, and differentiate our products from other competitive ones with respect to function while achieving further cost reduction. Furthermore, this company aims to respond to rapid market expansion coming in very near future by shortening the lead time of large size mask inspection systems that require high inspection ability.
- In the laser microscope field, this company increases the business by vigorously expanding the sales of entirely new confocal microscope that is equipped with real color function long desired by the market.

(2) This company reinforces sales & marketing capability, aggressively seeks new customers and maintains close relationships with customers. Also, this company pursues shorter time range between delivery and final acceptance of the products.

(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 senior auditor attend a monthly meeting held by a representative from each department and employees in charge of products so that everyone can understand the current business situations

and share business information. Furthermore, at a management meeting that has been held twice a month, all board members actively exchange opinions on various issues regarding management. 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 year.

This company has three auditors including two outside auditors. The auditors are expected to attend board meetings, managing director's meetings, monthly meetings, and other meetings so that they can closely audit execution of operation by board members.

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

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

III. Financial achievement

1. Outline of the Interim Period (July 1, 2003 to December 31, 2003)

In the global semiconductor industry that is the major market for this company, US and EU markets are somewhat wary, however, the semiconductor market in Japan and other Asian nations is registering tones of recovery in its capital investment, especially on reinforcement of semiconductor process in production line. Despite this trend, the capital investment on next generation lithography, such as F2 and EUV, is being postponed because the survival of the current ArF exposure light source is becoming obvious. This postponement of technology transition resulted in order decrease because the main products of this company are primarily aimed at the next generation lithography technology.

On the other hand, this company enjoyed order increase in FPD related tools under the strong wave of continuous and vigorous capital investment toward 5th and 6th generation production processes.

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. However, the consolidated net sale at the interim period amounted to 2,596 million yen (6.7% down from interim period last fiscal year) due to the delay of new production line start-up at customer sites.

The sales for each product line were:

Semiconductor related systems

822 million yen (44.4% down from interim period last fiscal year)

FPD related systems

1,188 million yen (79.2% up from interim period last fiscal year)

Laser Microscopes

322 million yen (20.6% down from interim period last fiscal year)

As for consolidated profits, the ordinary income amounted to 91 million yen (55.4 % down from interim period last fiscal year) and the net income amounted to 40 million yen (73.1 % down from interim period last fiscal year).

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

Wafer Inspection/Review System	M350H
Mask Process Monitoring System	M2351
Real Color Confocal Microscope	OPTELICS C130

2. Forecast for the fiscal year ending June 30, 2004

The semiconductor industry is expected to more clearly postpone the investment on the most advanced lithography, which continuously affects the sales activity of this company. At the same time, the FPD industry is expected to continuously provide very active order placing atmosphere.

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 competitor products by applying new technologies. Furthermore, this company intends to shorten acceptance period by raising the level of engineers for installation at the delivery site and service afterwards. As a result, this company expects, as the consolidated performance of this fiscal year, sales amounting to 7,120 million yen (15.7 % up from last fiscal year), ordinary income amounting to 1,155 million yen (5.5 % up from last fiscal year) and net income amounting to 670 million yen (same amount as the one for the last fiscal year).

The cash dividend is to be kept at 30 yen per share, which will result in a non-consolidated payout ratio of 28.4 %.

3. Financial conditions

Cash flows in the Interim Period (July 1, 2003 to December 31, 2003)

With regard to cash and cash equivalent on the consolidated basis (called “fund”) at the interim period (July 1, 2003 to December 31, 2003), the balance of the fund amounted to 1,592 million, an increase of 160 million compared to the balance at the end of the last fiscal year though there was some increase in inventory assets.

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

(Cash flows from operating activities)

The fund gained for operating activities during this interim period was 503 million yen (10.1 % increase from the interim period last fiscal year). This is mainly because the total amount of excess factors including the decrease of account receivable by 1,500 million yen exceeded the total amount of decrease factor including 442 million yen for increase of inventory assets and 427 million yen payment for corporate income tax.

(Cash flows from investing activities)

The fund used for financing activities was 140 million yen (30.0 % down from the interim period of last fiscal year). This was mainly attributed to payout of 183 million yen for obtaining tangible fixed asset in relation to obtaining adjoining land to the head quarter building of this company.

(Cash flows from financing activities)

The fund used for financing activities was 184 million yen (48.7% down from the interim period of last fiscal year). This was mainly attributed to and payment of dividends that amounted to 173 million yen.

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

	Year ended June 2001	Year ended June 2002	Year ended June 2003	Interim Period ended December 2003
Equity ratio	78.4%	87.6%	81.9%	87.6%
Equity ratio on market price basis	155.9%	172.5%	138.8%	210.9%
Years for debt redemption	-	-	-	-
Interest coverage ratio	102,092.2%	63,153.5%	-	70,567.2%

(Note)

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

Equity ratio: Shareholder's equity / Liabilities + Stockholder's equity

Equity ratio on market price basis: Total amount of share value at market price / Liabilities + Stockholder's equity

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;	2002	%	2003	%	June 30,2003	%
(Assets)						
Current assets						
Cash and deposits	2,064,455		1,441,721		1,181,065	
Notes and accounts receivable – trade	1,715,924		1,763,356		3,265,498	
Marketable securities	600,160		600,342		700,125	
Inventories	1,713,368		2,951,821		2,511,370	
Deferred tax assets	86,475		123,758		157,250	
Others	79,439		93,693		103,690	
Allowance for doubtful accounts	(1,352)		(1,861)		(3,329)	
Total current assets	<u>6,258,470</u>	76.2	<u>6,972,832</u>	79.6	<u>7,915,671</u>	82.6
Long-term assets						
Tangible fixed assets						
Land	397,934		565,371		394,470	
Others	407,758		348,030		380,430	
Total tangible fixed assets	<u>805,692</u>		<u>913,402</u>		<u>774,900</u>	
Intangible fixed assets	10,727		3,572		6,500	
Investments and other assets						
Investment securities	696,535		440,838		440,367	
Deferred tax assets	129,880		125,177		132,992	
Others	307,732		309,255		309,074	
Total Investments and other assets	<u>1,134,148</u>		<u>875,272</u>		<u>882,434</u>	
Total long-term assets	<u>1,950,568</u>	23.8	<u>1,792,246</u>	20.4	<u>1,663,835</u>	17.4
Total assets	<u>8,209,039</u>	100.0	<u>8,765,079</u>	100.0	<u>9,579,507</u>	100.0

(In thousands of yen)

Years ended December 31;	2002	%	2003	%	June 30,2003	%
(Liabilities)						
Current liabilities						
Accounts payable – trade	346,249		352,202		335,867	
Accrued income taxes	127,155		15,852		426,801	
Advances received	51,037		318,567		506,858	
Others	168,033		175,027		258,058	
Total current liabilities	<u>692,476</u>	8.4	<u>861,650</u>	9.8	<u>1,527,586</u>	16.0
Long-term liabilities						
Deferred tax liabilities	263		-		-	
Reserve for employees' retirement benefits	82,524		91,234		89,314	
Reserve for directors' retirement benefits	100,611		133,988		113,486	
Total long-term liabilities	<u>183,399</u>	2.3	<u>225,222</u>	2.6	<u>202,800</u>	2.1
Total liabilities	<u>875,876</u>	10.7	<u>1,086,873</u>	12.4	<u>1,730,386</u>	18.1
(Shareholders' equity)						
Capital stock	931,000	11.3	931,000	10.6	931,000	9.7
Capital surplus	1,080,360	13.1	1,080,360	12.3	1,080,360	11.3
Retained earnings	5,621,321	68.5	5,979,941	68.2	6,143,097	64.1
Revaluation on other securities	(12,781)	(0.2)	6,618	0.1	(16,076)	(0.2)
Foreign currency translation adjustments	(3,838)	(0.0)	(23,669)	(0.2)	(3,837)	(0.0)
Less treasury stock, at cost	(282,897)	(3.4)	(296,044)	(3.4)	(285,423)	(3.0)
Total shareholders' equity	<u>7,333,163</u>	89.3	<u>7,678,205</u>	87.6	<u>7,849,120</u>	81.9
Total liabilities and shareholders' equity	<u>8,209,039</u>	100.0	<u>8,765,079</u>	100.0	<u>9,579,507</u>	100.0

Consolidated statements of income

(In thousands of yen)

Years ended December 31;	2002	%	2003	%	June 30,2003	%
Net sales	2,784,582	100.0	2,596,705	100.0	6,156,222	100.0
Cost of sales	1,533,245	55.1	1,707,298	65.7	3,239,851	52.6
Gross profit	1,251,336	44.9	889,406	34.3	2,916,371	47.4
Selling, general and administrative expenses	1,059,179	38.0	851,454	32.8	1,911,291	31.1
Operating income	192,157	6.9	37,952	1.5	1,005,079	16.3
Non-operating income						
Interest and dividend income	6,369		3,658		12,579	
Gain on sales of investment securities	-		7,021		-	
Exchange gain	5,839		-		4,814	
Income from contract development	-		43,700		72,090	
Others	1,035		382		2,872	
Total non-operating income	13,244	0.5	54,762	2.1	92,356	1.5
Non-operating expenses						
Interest expenses	618		713		828	
Loss on sales of marketable securities	17		-		18	
Exchange loss	-		678		-	
Others	799		279		2,195	
Total non-operating expenses	1,435	0.1	1,671	0.1	3,043	0.0
Ordinary income	203,967	7.3	91,043	3.5	1,094,392	17.8
Extraordinary income						
Gain on sales of fixed assets	-		299		4,724	
Gain on cancellation of insurance	63,322		-		63,322	
Reversal of allowance for doubtful receivables	5,203		1,459		3,226	
Total extraordinary income	68,526	2.5	1,759	0.0	71,273	1.2
Extraordinary losses						
Loss on disposal of fixed assets	5,655		1,509		24,947	
Loss on devaluation of investment securities	7,204		-		9,043	
Premium severance pay for early retirement	-		10,000		-	
Total extraordinary losses	12,859	0.5	11,509	0.4	33,991	0.6
Income before income taxes	259,633	9.3	81,292	3.1	1,131,675	18.4
Corporate, inhabitant and enterprise taxes	137,462	4.9	16,814	0.7	560,265	9.1
Deferred income taxes	(26,888)	(1.0)	24,454	0.9	(99,426)	(1.6)
Net income	149,060	5.4	40,024	1.5	670,836	10.9

Consolidated statements of retained earnings

(In thousands of yen)

Years ended December 31;	2002	2003	June 30,2003
(Capital surplus)			
Capital surplus at beginning of period	-	1,080,360	-
Additional paid-in capital at beginning of period	1,080,360	-	1,080,360
Capital surplus at end of period	1,080,360	1,080,360	1,080,360
(Retained earnings)			
Retained earnings at beginning of period	-	6,143,097	-
Consolidated retained earnings at beginning of period	5,680,819	-	5,680,819
Increase of retained earnings			
Net income	149,060	40,024	670,836
Decrease of retained earnings			
Dividends	175,758	173,430	175,758
Officers' bonuses	32,800	29,750	32,800
Total decrease of retained earnings	208,558	203,180	208,558
Retained earnings at end of period	5,621,321	5,979,941	6,143,097

Consolidated statement of cash flows

(In thousands of yen)

	2002 (July 1,2002 ~ Dec31,2002)	2003 (July 1,2003 ~ Dec31,2003)	June 30,2003 (July 1,2002 ~ Jun 30,2003)
Cash flows from operating activities			
Income before income taxes	259,633	81,292	1,131,675
Depreciation and amortization	58,299	48,275	116,709
Decrease in allowance for doubtful receivables	(6,083)	(1,467)	(4,107)
Increase in reserve for employees' retirement benefits	4,176	2,265	10,961
Increase in reserve for directors' retirement benefits	3,472	20,502	16,347
Interest and dividend income	(6,369)	(3,658)	(12,579)
Gain on sales of investment securities	-	(7,021)	-
Loss on sales of marketable securities	17	-	18
Interest expenses	618	713	828
Exchange loss • (gain)	(1,025)	1,018	(1,932)
Loss on devaluation of investment securities	7,204	-	9,043
Loss on sales of tangible fixed assets	-	(299)	(4,724)
Loss on disposal of tangible fixed assets	5,655	1,509	24,947
Gain on cancellation of insurance	(63,322)	-	(63,322)
(Increase) • Decrease in notes and accounts receivable-trade	866,772	1,500,737	(682,721)
Increase in inventory	(279,436)	(442,761)	(1,067,223)
Increase in accounts payable-trade	152,545	16,334	142,163
Increase • (Decrease) in other payable	(57,790)	(65,009)	10,013
Decrease in consumption tax payable	(60,995)	-	(60,995)
(Increase) • Decrease in advances received	(268,324)	(183,482)	187,528
Officers' bonuses	(32,800)	(29,750)	(32,800)
Others	(49,436)	(10,914)	(63,251)
	532,810	928,283	(343,421)
Interest and dividends received	5,870	3,321	11,898
Interest paid	(618)	(713)	(828)
Income taxes paid	(80,876)	(427,579)	(209,152)
Net cash (used in) provided by operating activities	457,186	503,312	(541,504)
Cash flows from investing activities			
Payments for purchase of marketable securities	(199,847)	-	(299,673)
Proceeds from sales of marketable securities	319,069	-	718,587
Payments for acquisition of tangible fixed assets	(21,518)	(183,140)	(65,620)
Proceeds from sales of tangible fixed assets	-	1,078	14,922
Payments for security deposit	-	(4,796)	-
Proceeds from refund of security deposit	-	1,002	-
Payments for purchase of investment securities	(337,027)	(100,000)	(437,027)
Proceeds from sales of investment securities	-	145,334	-
Proceeds from collection of loans	-	-	500
Payments for insurance	(94,130)	-	(97,687)
Proceeds from cancellation of insurance	131,510	-	131,510
Others	1,200	-	1,014
Net cash used in investing activities	(200,743)	(140,521)	(33,474)

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Cash flows from financing activities

Payments for purchase of treasury stock	(182,936)	(10,621)	(185,462)
Dividends paid	(175,758)	(173,430)	(175,758)
Net cash used in financial activities	<u>(358,694)</u>	<u>(184,051)</u>	<u>(361,220)</u>
Translation difference in cash and cash equivalents	1,129	(18,203)	1,708
Increase (decrease) in cash and cash equivalents	<u>(101,121)</u>	<u>160,535</u>	<u>(934,490)</u>
Cash and cash equivalents at beginning of period	2,366,009	1,431,518	2,366,009
Cash and cash equivalents at end of period	<u>2,264,887</u>	<u>1,592,054</u>	<u>1,431,518</u>

Production, orders and sales

1. Production

(In thousands of yen)		
Years ended December 31;	2003	
	<u>Year-on-year comparison (%)</u>	
Finished goods		
Semiconductor related systems	1,640,409	118.6
FPD related systems	1,516,900	157.0
Confocal Scanning Laser Microscopes	329,268	83.8
	<u>3,486,578</u>	<u>127.1</u>
Services	264,352	111.8
Total	<u>3,750,930</u>	<u>125.9</u>

(Notes)

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

2. Orders

(In thousands of yen)				
Years ended December 31;	2003			
	Amount	Year-on-year comparison (%)	Outstanding	Year-on-year comparison (%)
Finished goods				
Semiconductor related systems	1,130,313	112.3	1,758,785	113.7
FPD related systems	2,950,740	204.5	4,459,170	204.0
Confocal Scanning Laser Microscopes	382,527	85.6	165,108	87.1
	<u>4,463,581</u>	<u>154.1</u>	<u>6,383,063</u>	<u>162.7</u>
Services	269,808	142.7	62,931	69.1
Total	<u>4,733,389</u>	<u>153.4</u>	<u>6,445,995</u>	<u>160.6</u>

(Notes)

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

3. Sales

(In thousands of yen)

Years ended December 31;	2003	
	Amount	Year-on-year comparison (%)
Finished goods		
Semiconductor related systems	822,015	55.6
FPD related systems	1,188,040	179.2
Confocal Scanning Laser Microscopes	322,296	79.4
	2,332,353	91.5
Services	264,352	111.8
Total	2,596,705	93.3

(Notes)

Amounts exclude consumption taxes.

Financial Review for the Six Months Ended December 31, 2003 (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: Japan Securities Dealers Association
 Code number: 6920
 Representative Director: Yaichiro Watakabe, President
 Inquiries: Shu Uchiyama, Director, Corporate Planning Office
 Board of Directors Meeting: February 24, 2004

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, 2003	2,535	(2.1)	56	(49.5)	61	(47.3)
Dec. 31, 2002	2,590	(26.5)	111	(86.8)	116	(86.3)
June 30, 2003	5,875	(7.4)	923	(28.8)	1,005	(21.4)

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
Dec. 31, 2003	20	(78.1)	3.59	3.57
Dec. 31, 2002	94	(79.0)	16.23	-
June 30, 2003	619	(12.7)	101.39	-

(Notes)

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

December 31, 2003 5,779,340 shares
 December 31, 2002 5,845,566 shares
 June 30, 2003 5,813,820 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, 2003	0.00	-
Dec. 31, 2002	0.00	-
June 30, 2003	-	30.00

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
Dec. 31, 2003	8,635	7,574	87.7	1,310.94
Dec. 31, 2002	8,030	7,226	90.0	1,249.71
June 30, 2003	9,417	7,744	82.2	1,334.51

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

Dec 31, 2003 5,777,720 shares

Dec 31, 2002 5,782,220 shares

June 30, 2003 5,781,020 shares

2. Number of treasury stocks at end of period

Dec 31, 2003 115,180 shares

Dec 31, 2002 110,680 shares

June 30, 2003 111,880 shares

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

	Net sales	Ordinary income	Net income	Annual dividend per share	
				End of period	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(yen)	(yen)
Annual	6,900	1,055	610	30.00	30.00

(N.b.) Estimated net income per share (annual): 100.42 yen

Balance sheet

(In thousands of yen)

Years ended December 31;	2002	%	2003	%	June 30,2003	%
(Assets)						
Current assets						
Cash and deposits	1,889,340		1,307,836		1,010,156	
Notes receivable - trade	239,233		470,147		341,480	
Accounts receivable - trade	1,458,256		1,269,222		2,919,023	
Marketable securities	600,160		600,342		700,125	
Inventories	1,697,607		2,936,571		2,491,046	
Deferred tax assets	64,465		112,261		141,691	
Others	76,748		87,613		93,664	
Allowance for doubtful accounts	(1,697)		(1,739)		(3,260)	
Total current assets	<u>6,024,113</u>	75.0	<u>6,782,255</u>	78.5	<u>7,693,928</u>	81.7
Long-term assets						
Tangible fixed assets						
Land	397,934		565,371		394,470	
Others	387,573		336,878		364,375	
Total tangible fixed assets	785,507		902,249		758,845	
Intangible fixed assets	10,606		3,463		6,378	
Investments and other assets						
Investment securities	777,674		521,978		521,507	
Deferred tax assets	129,664		124,188		132,198	
Others	303,103		301,455		304,429	
Total Investments and other assets	<u>1,210,442</u>		<u>947,622</u>		<u>958,135</u>	
Total long-term assets	<u>2,006,555</u>	25.0	<u>1,853,335</u>	21.5	<u>1,723,359</u>	18.3
Total assets	<u>8,030,669</u>	100.0	<u>8,635,591</u>	100.0	<u>9,417,288</u>	100.0

LASERTEC CORP.

(In thousands of yen)

Years ended December 31;	2002	%	2003	%	June 30,2003	%
(Liabilities)						
Current liabilities						
Accounts payable – trade	346,249		352,202		335,867	
Accrued income taxes	100,606		8,336		426,722	
Advances received	23,061		309,430		462,477	
Others	153,677		170,207		248,022	
Total current liabilities	<u>623,594</u>	7.8	<u>840,178</u>	9.7	<u>1,473,090</u>	15.7
Long-term liabilities						
Reserve for employees' retirement benefits	80,342		87,157		86,086	
Reserve for directors' retirement benefits	100,611		133,988		113,486	
Total long-term liabilities	<u>180,953</u>	2.2	<u>221,145</u>	2.6	<u>199,573</u>	2.1
Total liabilities	<u>804,548</u>	10.0	<u>1,061,323</u>	12.3	<u>1,672,663</u>	17.8
(Shareholders' equity)						
Capital stock	931,000	11.6	931,000	10.8	931,000	9.9
Capital surplus						
Additional paid-in capital	1,080,360		1,080,360		1,080,360	
Total capital surplus	<u>1,080,360</u>	13.5	<u>1,080,360</u>	12.5	<u>1,080,360</u>	11.4
Retained earnings						
Revenue reserves	159,038		159,038		159,038	
Voluntary reserves	5,012,000		5,412,000		5,012,000	
Unappropriated retained earnings for the term	339,402		281,295		863,726	
Total retained earnings	<u>5,510,440</u>	68.6	<u>5,852,333</u>	67.8	<u>6,034,765</u>	64.1
Revaluated on other securities	<u>(12,781)</u>	(0.2)	<u>6,618</u>	0.0	<u>(16,076)</u>	(0.2)
Less treasury stock, at cost	<u>(282,897)</u>	(3.5)	<u>(296,044)</u>	(3.4)	<u>(285,423)</u>	(3.0)
Total shareholders' equity	<u>7,226,121</u>	90.0	<u>7,574,267</u>	87.7	<u>7,744,624</u>	82.2
Total liabilities and shareholders' equity	<u>8,030,669</u>	100.0	<u>8,635,591</u>	100.0	<u>9,417,288</u>	100.0

Statements of income

(In thousands of yen)

Years ended December 31;	2002	%	2003	%	June 30,2003	%
Net sales	2,590,414	100.0	2,535,026	100.0	5,875,582	100.0
Cost of sales	1,483,668	57.3	1,683,464	66.4	3,149,352	53.6
Gross profit	1,106,745	42.7	851,562	33.6	2,726,230	46.4
Selling, general and administrative expenses	995,097	38.4	795,140	31.4	1,803,112	30.7
Operating income	111,647	4.3	56,421	2.2	923,118	15.7
Non-operating income	6,050	0.2	53,758	2.1	85,093	1.4
Non-operating expenses	1,435	0.0	48,960	1.9	2,500	0.0
Ordinary income	116,263	4.5	61,219	2.4	1,005,711	17.1
Extraordinary income	68,487	2.6	1,820	0.1	71,648	1.2
Extraordinary losses	10,912	0.4	11,278	0.5	31,874	0.5
Income before income taxes	173,837	6.7	51,762	2.0	1,045,485	17.8
Corporate, inhabitant and enterprise taxes	102,718	3.9	8,807	0.3	528,174	9.0
Deferred income taxes	(23,791)	(0.9)	22,206	0.9	(101,924)	(1.7)
Net income	94,910	3.7	20,748	0.8	619,235	10.5
Retained earnings brought forward from previous period	244,491		260,546		244,491	
Unappropriated retained earnings, end of six months period	339,402		281,295		863,726	