Consolidated Financial Results for the First Quarter Ended September 30, 2016 (Japanese GAAP)

October 31, 2016

Company name: Lasertec Corporation
Stock exchange listing: Tokyo Stock Exchange
Code: 6920
URL: http://www.lasertec.co.jp/
Representative: Osamu Okabayashi
Representative Director and President
Contact for inquiries: Shu Uchiyama
Managing Director and Chief Administrative Officer
Phone: +81-45-478-7111

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Preparation of supplementary materials for financial results: Yes
Financial results briefing: No

(Figures less than a million yen are rounded down.)

1. Consolidated financial results for the three months ended September 30, 2016

(1) Consolidated operating results

(The percentage figures indicate changes from the previous fiscal year.)

	Net sales		Operating income(loss)		Ordinary income(loss)		Net income (loss) attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2016	1,874	8.9	(77)	--	(75)	--	(46)	--
September 30, 2015	1,722	(1.4)	(345)	--	(352)	--	(245)	--

(Note) Comprehensive income: Three months ended September 30, 2016: 36 million yen [--%]
Three months ended September 30, 2015: (461) million yen [--%]

	Net income (loss) per share	Net income per share, fully diluted
Three months ended	Yen	Yen
September 30, 2016	(2.08)	--
September 30, 2015	(10.88)	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2016	24,558	20,695	84.2	917.02
June 30, 2016	25,870	21,808	84.2	966.38

(Reference) Equity: September 30, 2016: 20,674 million yen June 30, 2016: 21,786 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2016	--	0.00	--	51.00	51.00
Fiscal year ending June 30, 2017	--				
Fiscal year ending June 30, 2017 (Forecast)		0.00	--	42.00	42.00

(Note) Revision to forecast of dividends since the last announcement: None

3. Forecast of consolidated financial results for the year ending June 30, 2017

(The percentage figures indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First 2Qs	8,700	30.0	2,200	68.7	2,200	68.6	1,550	65.9	68.75
Annual	17,100	11.8	3,700	(16.4)	3,700	(19.1)	2,650	(17.9)	117.54

(Note) Revision to forecast of financial results since the last announcement: None

※ Notes

(1) Significant changes of subsidiaries during the period (changes of specified subsidiaries accompanying changes in the scope of consolidation): None

Number of subsidiaries added to consolidation: None (Company names: --),
Number of subsidiaries excluded from consolidation: None (Company names: --)

(2) Application of special accounting procedures for compiling quarterly financial statements: None

(3) Changes in accounting policy, changes or restatement of accounting estimates
(a) Changes in accounting policy due to revision of accounting standards: None
(b) Changes in accounting policy other than (a): None
(c) Changes in accounting estimates: None
(d) Restatement due to revision: None

(4) Number of issued shares (common stock):

(Shares)

(a) Number of issued shares at the end of the period (including treasury stock)	September 30, 2016	23,571,600	June 30, 2016	23,571,600
(b) Number of treasury stock at the end of the period	September 30, 2016	1,026.800	June 30, 2016	1,026,800
(c) Average number of shares during the period ended	September 30, 2016	22,544,800	September 30, 2015	22,544,800

※ Disclosure regarding the status of auditing of this report

This summary of financial results and its related materials are not subject to auditing under the Financial Instruments and Exchange Act of Japan. As of the date of this report, auditing of the consolidated financial statements based on the Financial Instruments and Exchange Act has not been completed.

※ Cautionary statement for proper use of forecast of financial results and other special notes

The forecast of financial results provided in this summary and its related materials is based on information available to the management at the time of announcement and on assumptions it has judged to be reasonable. Lasertec makes no guarantees about achieving the forecast provided herein. Actual results may differ materially from the forecast due to various factors.

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1. Qualitative information concerning this quarterly report

(1) Information concerning operating results

The status of the global economy during the three-month period ended September 30, 2016, is summarized as follows. Employment and consumer spending remained robust in the United States while a gradual recovery continued in Europe as a whole. China and emerging economies showed sporadic signs of recovery but the overall trend continued to indicate a slowdown in the pace of growth. Due to heightening political risks in various countries, as exemplified by the UK's decision to leave the EU, together with geopolitical risks in some regions, uncertainty increased in the prospect of the global economy.

The Japanese economy saw a period of sluggish growth, despite solid performance in employment and corporate earnings, due to slow recovery in consumer spending and lackluster performance in capital investment. With the value of yen being appreciated since the beginning of 2016, concerns were rising about the future performance of corporate earnings.

In the semiconductor industry, which is our primary market, the spot prices for memory chips started rising as demand outpaced supply, and major foundries had good earnings results. In this background, expectations were high that chip makers increase their capital investment.

As for our other business areas, the flat panel display (FPD) industry saw its business environment improving as the correction of oversupply progressed while production at old facilities was discontinued and manufacturers shifted toward the production of organic LED panels.

Under the circumstances, our consolidated net sales in the three-month period ended September 30, 2016, was 1,874 million yen, up 8.9% from the same period of the previous year.

Looking at the consolidated net sales by product segment, semiconductor-related products accounted for 1,237 million yen (up 33.9% from the same period of the previous year), other products for 108 million yen (down 56.1%), and services for 528 million yen (down 4.0%).

As for consolidated income for this quarterly period, we recorded an operating loss of 77 million yen (an operating loss of 345 million yen in the same period of the previous year), an ordinary loss of 75 million yen (an ordinary loss of 352 million yen in the same period of the previous year), and a 46 million yen net loss attributable to owners of parent (a 245 million yen net loss attributable to owners of parent in the same period of the previous year).

(2) Information concerning financial position

① Financial position

Total assets at the end of the quarter amounted to 24,558 million yen, down 1,311 million yen from the end of the previous fiscal year. This is mainly due to a 1,977 million yen decrease in notes and accounts receivable-trade whereas work in process increased by 761 million yen.

Liabilities at the end of the quarter amounted to 3,863 million yen, down 198 million yen from the end of the previous fiscal year. This is mainly due to a 794 million yen decrease in income taxes payable, a 181 million yen decrease in notes and accounts payable-trade and a 160 million yen decrease in provision for directors' bonuses whereas advances received increased by 711 million yen and provision for bonuses increased by 161 million yen.

Net assets, which consist of shareholders' equity, accumulated other comprehensive income, and subscription right to shares, amounted to 20,695 million yen with a capital-asset ratio of 84.2%.

② Cash flows

Cash and cash equivalents at the end of the quarter amounted to 7,472 million yen, down 495 million yen from the end of the previous fiscal year. Following is the status of cash flows and their contributing factors during the three-month period.

From operating activities, 726 million yen was generated (337 million yen was used in the same period of the previous year). This is mainly because the sum of cash receipt, such as a 1,977 million yen decrease in notes and accounts receivable-trade, a 712 million yen increase in advances received and a 161 million

yen increase in provision for bonuses, exceeded the sum of cash payment, such as 828 million yen spent for income taxes paid, a 712 million yen increase in inventories and a 434 million yen decrease in accounts payable-trade.

For investing activities, 69 million yen was used (up 94.0% from the same period of the previous year). This is mainly due to 54 million yen used for purchase of property, plant and equipment.

For financing activities, 1,150 million yen was used (up 10.9% from the same period of the previous year). This is mainly due to 1,149 million yen used for cash dividends paid.

(3) Information concerning forecast of consolidated financial results

We make no revision to our forecast of operating results for the year ending June 30, 2017, which we announced on August 5, 2016.

2. Statement concerning “Notes” on the summary

(1) Significant changes of subsidiaries during the cumulative quarter
None

(2) Application of special accounting procedures to the preparation of consolidated financial statements
None

(3) Additional information
(Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets)
Starting this quarterly period, we adopt the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 dated March 28, 2016)

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(In thousands of yen)

	Previous (As of June 30, 2016)	Current (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	8,030,620	7,536,263
Notes and accounts receivable-trade	3,613,133	1,635,793
Work in process	4,392,408	5,153,695
Raw materials and supplies	1,224,751	1,176,275
Deferred tax assets	776,831	798,751
Other	765,855	1,052,144
Allowance for doubtful accounts	(3,752)	(2,316)
Total current assets	18,799,848	17,350,607
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,828,786	1,799,045
Machinery, equipment and vehicles, net	4,417	3,753
Tools, furniture and fixtures, net	417,630	369,804
Leased assets, net	3,740	3,410
Land	4,254,773	4,254,773
Construction in progress	14,453	18,394
Total property, plant and equipment	6,523,802	6,449,183
Intangible assets	48,717	117,274
Investments and other assets		
Investment securities	324,967	440,684
Long-term accounts receivable-other	73,334	73,334
Deferred tax assets	60,501	81,209
Other	39,097	46,510
Allowance for doubtful accounts	(195)	(195)
Total investments and other assets	497,704	641,542
Total noncurrent assets	7,070,225	7,207,999
Total assets	25,870,073	24,558,607

(In thousands of yen)

	Previous (As of June 30, 2016)	Current (As of September 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	909,233	727,767
Income taxes payable	880,398	85,645
Advances received	1,071,163	1,782,866
Provision for bonuses	--	161,289
Provision for directors' bonuses	160,000	--
Provision for product warranties	196,380	173,164
Other	622,306	705,791
Total current liabilities	3,839,482	3,636,525
Noncurrent liabilities		
Net defined benefit liability	196,484	203,259
Other	25,810	23,316
Total noncurrent liabilities	222,295	226,575
Total liabilities	4,061,777	3,863,101
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	20,804,057	19,607,290
Treasury stock	(976,139)	(976,139)
Total shareholders' equity	21,839,277	20,642,510
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	112,137	195,632
Foreign currency translation adjustment	(164,617)	(164,135)
Total accumulated other comprehensive income	(52,479)	31,496
Subscription rights to shares	21,498	21,498
Total net assets	21,808,296	20,695,505
Total liabilities and net assets	25,870,073	24,558,607

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(In thousands of yen)

	Previous (July 1, 2015 thru September 30, 2015)	Current (July 1, 2016 thru September 30, 2016)
Net sales	1,722,152	1,874,667
Cost of sales	1,044,026	970,523
Gross profit	678,125	904,143
Selling, general and administrative expenses	1,023,868	981,532
Operating income (loss)	(345,743)	(77,388)
Non-operating income		
Interest income	544	475
Rent income on non-current assets	405	433
Foreign exchange gains	--	10,757
Other	1,480	264
Total non-operating income	2,430	11,930
Non-operating expenses		
Interest expenses	--	139
Loss on valuation of golf club membership	3,000	--
Foreign exchange losses	6,267	--
Loss on retirement of non-current assets	--	9,489
Other	0	--
Total non-operating expenses	9,267	9,629
Ordinary income (loss)	(352,579)	(75,087)
Income (loss) before income taxes	(352,579)	(75,087)
Income taxes-current	23,632	48,605
Income taxes-deferred	(131,005)	(76,711)
Total income taxes	(107,372)	(28,105)
Net income (loss)	(245,207)	(46,981)
Net income (loss) attributable to owners of parent	(245,207)	(46,981)

(Consolidated statement of comprehensive income)

(In thousands of yen)

	Previous (July 1, 2015 thru September 30, 2015)	Current (July 1, 2016 thru September 30, 2016)
Net income (loss)	(245,207)	(46,981)
Other comprehensive income		
Valuation difference on available-for-sale securities	(163,165)	83,494
Foreign currency translation adjustment	(53,620)	481
Total other comprehensive income	(216,785)	83,976
Comprehensive income	(461,993)	36,994
Comprehensive income attributable to owners of the parent	(461,993)	36,994
Comprehensive income attributable to non-controlling interests	--	--

(3)Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2015 thru September 30, 2015)	Current (July 1, 2016 thru September 30, 2016)
Cash flows from operating activities		
Income (loss) before income taxes	(352,579)	(75,087)
Depreciation and amortization	54,071	83,994
Increase (decrease) in allowance for doubtful accounts	(161)	(1,450)
Increase (decrease) in provision for bonuses	140,505	161,289
Increase (decrease) in provision for director's bonuses	(151,000)	(160,000)
Increase (decrease) in provision for product warranties	(45,668)	(22,338)
Increase (decrease) in net defined benefit liability	20,613	6,682
Interest and dividends income	(544)	(475)
Interest expenses	--	139
Foreign exchange losses (gains)	(1,355)	(279)
Loss on valuation of golf club memberships	3,000	--
Decrease (increase) in notes and accounts receivable-trade	331,062	1,977,513
Decrease (increase) in inventories	(555,273)	(712,576)
Increase (decrease) in notes and accounts payable-trade	(239,513)	(434,345)
Increase (decrease) in advances received	1,437,366	712,473
Other, net	(115,226)	18,538
Subtotal	525,296	1,554,078
Interest and dividends income received	583	818
Interest expenses paid	--	(139)
Income taxes paid	(863,537)	(828,437)
Net cash provided by (used in) operating activities	(337,657)	726,319
Cash flows from investment activities		
Payments into time deposits	--	(64,190)
Proceeds from withdrawal of time deposits	--	64,190
Purchase of property, plant and equipment	(28,365)	(54,269)
Purchase of intangible assets	(7,510)	(15,315)
Net cash provided by (used in) investment activities	(35,875)	(69,584)
Cash flows from financing activities		
Cash dividends paid	(1,037,060)	(1,149,784)
Other, net	(330)	(330)
Net cash provided by (used in) financing activities	(1,037,390)	(1,150,114)
Effect of exchange rate change on cash and cash equivalents	(60,032)	(2,446)
Net increase (decrease) in cash and cash equivalents	(1,470,956)	(495,826)
Cash and cash equivalents at beginning of period	6,537,289	7,967,900
Cash and cash equivalents at end of period	5,066,332	7,472,073

(4) Notes on consolidated financial statements

(Note on going concern)

None

(Note on significant changes in the amount of shareholders' equity)

None

4. Supplementary information

(1) Production by category

Production by category for the first three months of the fiscal year is as follows.

(In thousands of yen)

	(July 1, 2016 thru September 30, 2016)		
Category	Previous	Current	Year-on-year comparison (%)
Finished goods			
Semiconductor-related products	1,791,117	2,950,377	64.7
Other products	1,063,987	504,095	(52.6)
Subtotal	2,855,105	3,454,473	21.0
Services	550,637	528,651	(4.0)
Total	3,405,742	3,983,124	17.0

(Notes)
1. Numbers shown above are based on sales prices.
2. Consumption taxes are excluded.

(2) Orders by category

Orders and backlog by category for the first three months of the fiscal year are as follows.

(In thousands of yen)

	(July 1, 2016 thru September 30, 2016)					
Category	Orders Previous	Orders Current	Year-on-year comparison (%)	Backlog Previous	Backlog Current	Year-on-year comparison (%)
Finished goods						
Semiconductor-related products	2,389,683	1,969,510	(17.6)	8,884,380	8,942,324	0.7
Other products	527,882	881,138	66.9	2,682,180	2,333,264	(13.0)
Subtotal	2,917,565	2,850,649	(2.3)	11,566,560	11,275,588	(2.5)
Services	461,956	456,379	(1.2)	284,122	367,982	29.5
Total	3,379,522	3,307,028	(2.1)	11,850,682	11,643,571	(1.7)

(Notes)
1. Numbers shown above are based on sales prices.
2. Numbers reflect adjustment for cancellation and other changes.
3. Consumption taxes are excluded.

(3) Sales by category

Sales by category for the first three months of the fiscal year are as follows.

(In thousands of yen)

	(July 1, 2016 thru September 30, 2016)		
Category	Previous	Current	Year-on-year comparison (%)
Finished goods			
Semiconductor-related products	923,814	1,237,191	33.9
Other products	247,700	108,824	(56.1)
Subtotal	1,171,514	1,346,015	14.9
Services	550,637	528,651	(4.0)
Total	1,722,152	1,874,667	8.9

(Note) Consumption taxes are excluded.