Consolidated Financial Results for the First Quarter Ended September 30, 2017 (Japanese GAAP)

October 30, 2017

Company name:	Lasertec Corporation
Stock exchange listing:	Tokyo Stock Exchange
Code:	6920
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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, 2017

(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, 2017	2,719	44.7	247	--	246	--	197	--
September 30, 2016	1,879	-	(74)	--	(74)	--	(46)	--

(Note) Comprehensive income: Three months ended September 30, 2017: 240 million yen [549.7%]
Three months ended September 30, 2016: 36 million yen [--%]

	Net income(loss) per share	Net income per share, fully diluted
Three months ended	Yen	Yen
September 30, 2017	4.38	4.38
September 30, 2016	(1.04)	--

(Notes) 1. The figures of percentage of change for the three-month period ended September 30, 2016, are not indicated above in light of retroactive changes due to the change in accounting policy.
2. Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures of "net income (loss) per share" and "net income per share, fully diluted" are calculated as if the stock split took place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2017	33,144	23,457	70.7	519.76
June 30, 2017	33,019	24,479	74.1	542.43

(Reference) Equity: September 30, 2017: 23,435 million yen June 30, 2017: 24,457 million yen

(Note) Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures of "net assets per share" are calculated as if the stock split took place at the beginning of the previous fiscal year.

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, 2017	--	0.00	--	28.00	28.00
Fiscal year ending June 30, 2018	--				
Fiscal year ending June 30, 2018 (Forecast)		12.00	--	18.00	30.00

(Notes) 1. Revision to forecast of dividends since the last announcement: No
2. Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures of dividends per share are calculated based on the number of issued shares after the stock split.

3. Forecast of consolidated financial results for the year ending June 30, 2018

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	10,600	22.2	2,600	(0.2)	2,600	(5.0)	1,950	1.6	43.25
Annual	21,000	21.5	5,000	2.0	5,000	0.7	3,800	7.5	84.28

(Notes) 1. Revision to forecast of financial results since the last announcement: No
2. In light of retroactive changes due to the change in accounting policy, the figures of percentage of change indicated above are calculated using the figures of retroactively changed financial results of the previous fiscal year.
3. Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures of net income per share are calculated as if the stock split took place at the beginning of the previous fiscal year.

※ 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 to the preparation of consolidated 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): Yes
(c) Changes in accounting estimates: None
(d) Restatement due to revision: None

(Note) For details, see "(4) Notes on consolidated financial statements (Changes in accounting policy)" on page 9 of the attached supplementary material.

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

(Shares)

(a) Number of issued shares at the end of the period (including treasury stock)	September 30, 2017	47,143,200	June 30, 2017	47,143,200
(b) Number of treasury stock at the end of the period	September 30, 2017	2,053,968	June 30, 2017	2,053,968
(c) Average number of shares during the period ended	September 30, 2017	45,089,232	September 30, 2016	45,089,600

(Note) Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures in "Number of issued shares (common stock)" above are calculated as if the stock split took place at the beginning of the previous fiscal year.

※ **This report of financial results is not subject to quarterly review.**

※ **Statement about proper use of forecast of financial results and other special notes**

The forecast of financial results provided in this report is based on information currently available to the company and on assumptions it has judged to be reasonable. 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, 2017, is summarized as follows. In the United States, the economy stayed on a growth path while employment and consumer spending continued improving. In Europe, steady growth continued in Germany, which had hitherto been a driving force of recovery, and clear signs of recovery were also seen in France, Italy, and Spain. While China saw its growth rate falling with the adoption of a more restrictive economic policy to facilitate transformation to sustainable growth, the economy of emerging countries was rebounding mainly in Asia.

As for the Japanese economy, consumer spending gradually improved while corporate earnings and capital expenditures kept on growing. However, the pace of salary increase lagged behind the rapid improvement of employment, and it posed a challenge to full-fledged recovery of the economy.

In the semiconductor industry, which constitutes our primary market, the demand for memory devices known as DRAM and 3D-NAND exceeded supply, and capital investments by memory makers were expanding. The current cycle of capital investment by the major Taiwanese foundry had already passed its peak, but other foundries and device makers in China were actively making investments. The overall market environment in this period, therefore, was good.

In the other areas of our business, capital expenditures continued to be made in the flat panel display (FPD) industry to introduce the production of organic light emitting diode (OLED) panels and Generation 10.5 large panels as well as to accelerate the production of FPD masks.

Under these circumstances, our consolidated net sales in the three-month period ended September 30, 2017, was 2,719 million yen, up 44.7% from the same period of the previous year.

Looking at consolidated net sales by product segment, semiconductor-related products accounted for 1,615 million yen (up 30.2% from the same period of the previous year), other products for 296 million yen (up 172.1%), and services for 807 million yen (up 52.4%).

As for consolidated income for this period, we recorded an operating profit of 247 million yen (whereas an operating loss of 74 million yen was recorded in the same period of the previous year), an ordinary profit of 246 million yen (an ordinary loss of 74 million yen in the same period of the previous year), and a 197 million yen net profit attributable to owners of parent (a 46 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 period amounted to 33,144 million yen, up 124 million yen from the end of the previous fiscal year. This is mainly due to a 1,202 million yen increase in work in process, a 675 million yen increase in cash and cash equivalents, a 522 million yen increase in other current assets, and a 254 million yen increase in raw materials and supplies whereas notes and accounts receivable-trade decreased by 2,475 million yen.

Liabilities at the end of the period amounted to 9,686 million yen, up 1,146 million yen from the end of the previous fiscal year. This is mainly due to a 2,406 million yen increase in advances received whereas income taxes payable decreased by 722 million yen and notes and accounts payable-trade decreased by 538 million yen.

Net assets, which consist of shareholders' equity, accumulated other comprehensive income, and subscription right to shares, amounted to 23,457 million yen with a capital-asset ratio of 70.7%.

② Cash flows

Cash and cash equivalents at the end of the period amounted to 10,412 million yen, up 675 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.

Net cash provided by operating activities amounted to 2,004 million yen (up 176.3% from the same period of the previous year). This is mainly because the sum of cash receipt, such as a 2,476 million yen decrease in notes and accounts receivable-trade and a 2,408 million yen increase in advances received, exceeded

the sum of cash payment, such as a 1,454 million yen increase in inventories, 685 million yen spent for income taxes paid and a 330 million yen decrease in notes and account payable-trade.

Net cash used in investing activities amounted to 86 million yen (up 24.4% from the same period of the previous year). This is mainly due to 45 million yen used for purchase of property, plant and equipment and 41 million yen used for purchase of intangible assets.

Net cash used in financing activities amounted to 1,262 million yen (up 9.8% from the same period of the previous year). This is mainly due to 1,262 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 full year ending June 30, 2018, which we announced on August 7, 2017.

2. Consolidated financial statements and notes

(1) Consolidated balance sheet

(In thousands of yen)

	Previous (As of June 30, 2017)	Current (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	9,805,620	10,481,260
Notes and accounts receivable-trade	5,425,336	2,949,839
Work in process	6,540,058	7,742,468
Raw materials and supplies	1,260,612	1,514,682
Deferred tax assets	720,179	713,499
Other	1,693,510	2,216,457
Allowance for doubtful accounts	(6,054)	(3,800)
Total current assets	25,439,264	25,614,407
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,889,385	1,876,890
Machinery, equipment and vehicles, net	104,482	94,109
Tools, furniture and fixtures, net	418,268	364,833
Leased assets, net	2,420	2,090
Land	4,254,773	4,254,773
Construction in progress	7,257	2,638
Total property, plant and equipment	6,676,588	6,595,336
Intangible assets	173,163	185,645
Investments and other assets		
Investment securities	583,522	629,780
Deferred tax assets	100,602	72,532
Other	46,254	46,489
Allowance for doubtful accounts	(179)	(179)
Total investments and other assets	730,199	748,622
Total noncurrent assets	7,579,952	7,529,604
Total assets	33,019,216	33,144,012

(In thousands of yen)

	Previous (As of June 30, 2017)	Current (As of September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,627,714	1,089,705
Income taxes payable	863,312	140,797
Advances received	4,301,398	6,707,811
Provision for bonuses	--	122,679
Provision for directors' bonuses	209,000	7,200
Provision for product warranties	288,821	254,165
Other	1,038,708	1,144,487
Total current liabilities	8,328,956	9,466,846
Noncurrent liabilities		
Net defined benefit liability	187,690	196,958
Other	23,224	23,020
Total noncurrent liabilities	210,914	219,978
Total liabilities	8,539,870	9,686,825
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	23,202,683	22,137,815
Treasury stock	(976,494)	(976,494)
Total shareholders' equity	24,237,548	23,172,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	295,176	327,413
Foreign currency translation adjustment	(74,878)	(64,406)
Total accumulated other comprehensive income	220,298	263,007
Subscription rights to shares	21,498	21,498
Total net assets	24,479,345	23,457,186
Total liabilities and net assets	33,019,216	33,144,012

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

(Consolidated statement of income)

(First three months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2016 thru September 30, 2016)	Current (July 1, 2017 thru September 30, 2017)
Net sales	1,879,391	2,719,622
Cost of sales	971,424	1,272,960
Gross profit	907,967	1,446,662
Selling, general and administrative expenses	982,181	1,199,434
Operating income (loss)	(74,213)	247,227
Non-operating income		
Interest income	476	934
Rent income on non-current assets	433	480
Foreign exchange gains	7,826	--
Commission fee	--	1,992
Other	265	322
Total non-operating income	9,002	3,729
Non-operating expenses		
Interest expenses	139	--
Foreign exchange losses	--	4,217
Loss on retirement of non-current assets	9,489	15
Other	--	186
Total non-operating expenses	9,629	4,418
Ordinary income (loss)	(74,840)	246,538
Income (loss) before income taxes	(74,840)	246,538
Income taxes-current	48,670	27,354
Income taxes-deferred	(76,686)	21,553
Total income taxes	(28,015)	48,908
Net income (loss)	(46,824)	197,630
Net income (loss) attributable to owners of parent	(46,824)	197,630

(Consolidated statement of comprehensive income)
(First three months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2016 thru September 30, 2016)	Current (July 1, 2017 thru September 30, 2017)
Net income (loss)	(46,824)	197,630
Other comprehensive income		
Valuation difference on available-for-sale securities	83,494	32,237
Foreign currency translation adjustment	324	10,471
Total other comprehensive income	83,819	42,709
Comprehensive income	36,994	240,339
Comprehensive income attributable to owners of parent	36,994	240,339
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2016 thru September 30, 2016)	Current (July 1, 2017 thru September 30, 2017)
Cash flows from operating activities		
Income (loss) before income taxes	(74,840)	246,538
Depreciation and amortization	84,001	118,567
Loss on retirement of property, plant and equipment	9,489	15
Increase (decrease) in allowance for doubtful accounts	(1,449)	(2,257)
Increase (decrease) in provision for bonuses	161,289	122,679
Increase (decrease) in provision for directors' bonuses	(160,000)	(201,800)
Increase (decrease) in provision for product warranties	(22,597)	(34,653)
Increase (decrease) in net defined benefit liability	6,670	9,193
Interest and dividends income	(475)	(934)
Interest expenses	139	--
Foreign exchange losses (gains)	(218)	(15,140)
Decrease (increase) in notes and accounts receivable-trade	1,978,804	2,476,949
Decrease (increase) in inventories	(712,776)	(1,454,363)
Increase (decrease) in notes and accounts payable-trade	(435,354)	(330,347)
Increase (decrease) in advances received	712,810	2,408,003
Other, net	7,821	(653,162)
Subtotal	1,553,314	2,689,288
Interest and dividends income received	818	940
Interest expenses paid	(139)	--
Income taxes paid	(828,438)	(685,535)
Net cash provided by (used in) operating activities	725,555	2,004,693
Cash flows from investing activities		
Payments into time deposits	(64,190)	--
Proceeds from withdrawal of time deposits	64,190	--
Purchase of property, plant and equipment	(54,270)	(45,478)
Purchase of intangible assets	(15,315)	(41,059)
Net cash provided by (used in) investing activities	(69,585)	(86,537)
Cash flows from financing activities		
Cash dividends paid	(1,149,784)	(1,262,498)
Other, net	(330)	(356)
Net cash provided by (used in) financing activities	(1,150,114)	(1,262,854)
Effect of exchange rate change on cash and cash equivalents	(1,681)	19,779
Net increase (decrease) in cash and cash equivalents	(495,826)	675,080
Cash and cash equivalents at beginning of period	7,967,900	9,736,950
Cash and cash equivalents at end of period	7,472,073	10,412,030

(4) Notes on consolidated financial statements

(Note on going concern)

None

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

None

(Application of special accounting procedures to the preparation of consolidated financial statements)

None

(Changes in accounting policy)

(Change in the method of conversion for profits and losses of overseas consolidated subsidiaries)

Previously, we converted the values of profits and losses of each overseas consolidated subsidiary to Japanese yen using the spot rate of foreign currency exchange as of the date of account settlement by the overseas consolidated subsidiary. Starting this quarterly period, we have changed the method of conversion to the one using the average foreign exchange rate of the period.

This change, which is introduced because of the increased importance of our overseas subsidiaries, will make the effect of short-term foreign exchange fluctuations on income evenly distributed throughout the reporting period. As such, profits and losses generated during the period will be more properly reflected on the consolidated financial statements.

This change in accounting policy is retroactively applied. The figures on the consolidated financial statements of the first three months of the previous fiscal year and on those of the previous fiscal year reflect this retroactive change.

The effect of this change on income statements for the first three-month period of the previous fiscal year is insignificant, and so is the cumulative effect prior to the beginning of the previous fiscal year.

3. 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, 2017 thru September 30, 2017)		
Category	Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	2,950,377	4,424,850	50.0
Other products	504,095	533,927	5.9
Subtotal	3,454,473	4,958,777	43.5
Services	528,651	807,949	52.8
Total	3,983,124	5,766,726	44.8

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

(2) Orders and backlog 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, 2017 thru September 30, 2017)					
Category	Orders Previous	Orders Current	Year-on-year increase (%)	Backlog Previous	Backlog Current	Year-on-year increase (%)
Finished goods						
Semiconductor-related products	1,972,838	18,034,528	814.1	8,942,324	31,556,740	252.9
Other products	881,138	2,158,280	144.9	2,333,264	4,432,222	90.0
Subtotal	2,853,977	20,192,808	607.5	11,275,588	35,988,963	219.2
Services	457,776	908,312	98.4	367,982	645,675	75.5
Total	3,311,753	21,101,121	537.2	11,643,571	36,634,638	214.6

(Notes)
1. Numbers shown above are based on sales prices.
2. Orders reflect adjustment for cancellation and other changes.
   As stated in “Changes in accounting policy,” we previously converted the values of profits and losses of each overseas consolidated subsidiary to Japanese yen using the spot rate of foreign currency exchange as of the date of account settlement by the overseas consolidated subsidiary, but, starting this quarterly period, we have changed it to the one using the average foreign exchange rate of the period. This change is retroactively applied, and the figures for the previous period reflect this retroactive change.
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, 2017 thru September 30, 2017)		
Category	Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	1,240,519	1,615,585	30.2
Other products	108,824	296,088	172.1
Subtotal	1,349,343	1,911,673	41.7
Services	530,048	807,949	52.4
Total	1,879,391	2,719,622	44.7

(Notes)
1. As stated in “Changes in accounting policy,” we previously converted the values of profits and losses of each overseas consolidated subsidiary to Japanese yen using the spot rate of foreign currency exchange as of the date of account settlement by the overseas consolidated subsidiary, but, starting this quarterly period, we have changed it to the one using the average foreign exchange rate of the period. This change is retroactively applied, and the figures for the previous period reflect this retroactive change.
2. Consumption taxes are excluded.