Consolidated Financial Results for the Second Quarter Ended December 31, 2017 (Japanese GAAP)

February 5, 2018

Company name:	Lasertec Corporation
Stock exchange listing:	Tokyo Stock Exchange
Code:	6920
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Date of starting dividend payout:	March 5, 2018
Preparation of supplementary materials for financial results:	Yes
Financial results briefing:	Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the six months ended December 31, 2017

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2017	10,451	20.5	3,277	25.8	3,293	20.3	2,415	25.9
December 31, 2016	8,676	-	2,606	--	2,736	--	1,919	--

(Note) Comprehensive income: Six months ended December 31, 2017: 2,589 million yen [19.2%]
Six months ended December 31, 2016: 2,171 million yen [--%]

	Net income per share	Net income per share, fully diluted
Six months ended	Yen	Yen
December 31, 2017	53.58	53.53
December 31, 2016	42.57	42.54

(Notes) 1. The figures of percentage of change for the six-month period ended December 31, 2016, are not indicated above because 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 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
December 31, 2017	34,802	25,806	74.1	571.87
June 30, 2017	33,019	24,479	74.1	542.43

(Reference) Equity: December 31, 2017: 25,785 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	--	12.00			
Fiscal year ending June 30, 2018 (Forecast)			--	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
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. Because 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.

※ 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 in accounting estimates, and restatement
(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)	December 31, 2017	47,143,200	June 30, 2017	47,143,200
(b) Number of treasury stock at the end of the period	December 31, 2017	2,053,968	June 30, 2017	2,053,968
(c) Average number of shares during the period ended	December 31, 2017	45,089,232	December 31, 2016	45,089,415

(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.

Lasertec will hold a financial results briefing for analysts and institutional investors on February 7, 2018. The presentation materials provided at this briefing will be made available on our website.

Contents of Supplementary Material

1. Qualitative information concerning this quarterly report ……2
(1) Information concerning operating results……2
(2) Information concerning financial position……2
(3) Information concerning forecast of consolidated financial results ……3

2. Consolidated financial statements and notes ……4
(1) Consolidated balance sheet ……4
(2) Consolidated statement of income and consolidated statement of comprehensive income……6
Consolidated statement of income
First six months of the fiscal year……6
Consolidated statement of comprehensive income
First six months of the fiscal year……7
(3) Consolidated statement of cash flows ……8
(4) Notes on consolidated financial statements……9
(Note on going concern)……9
(Note on significant changes in the amount of shareholders' equity)……9
(Application of special accounting procedures to the preparation of consolidated financial statements) ……9
(Changes in accounting policy) ……9

3. Supplementary information…… 10
(1) Production by category…… 10
(2) Orders and backlog by category…… 10
(3) Sales by category …… 10

1. Qualitative information concerning this quarterly report

(1) Information concerning operating results

The status of the global economy during the six-month period ended December 31, 2017, is summarized as follows. Steady expansion continued in the United States and Europe while China's economy remained stable throughout the period despite the existence of lingering concerns about geopolitical risks in some regions and the risk of monetary policy change in some countries. Due partly to a ripple effect from the situation above, the emerging economies and resource-exporting nations regained momentum for growth.

As for the Japanese economy, gradual recovery continued throughout the period, with corporations making strong earnings results and with capital expenditures, employment and wages, and consumer spending showing more robust improvement.

In the semiconductor industry, which constitutes our primary market, large capital expenditures were made particularly for expanding the production of memory devices to meet strong demand. In China, domestic and foreign-capital device manufacturers had a number of investment plans to build plants there.

In our other business areas, capital expenditures for the production of organic light-emitting diode (OLED) panels and large-sized TV panels increased in the flat panel display (FPD) industry.

Under these circumstances, our consolidated net sales in the six-month period ended December 31, 2017, was 10,451 million yen, up 20.5% from the same period of the previous year.

By product segment, semiconductor-related products accounted for 7,321 million yen (up 13.9% from the same period of the previous year), other products for 1,276 million yen (up 44.7%), and services for 1,854 million yen (up 35.5%).

As for consolidated income for this period, we recorded an operating profit of 3,277 million yen (up 25.8% from the same period of the previous year), an ordinary profit of 3,293 million yen (up 20.3%), and a 2,415 million yen net profit attributable to owners of parent (up 25.9%).

(2) Information concerning financial position

① Financial position

Total assets at the end of the period amounted to 34,802 million yen, up 1,783 million yen from the end of the previous fiscal year. This is mainly due to a 1,670 million yen increase in cash and cash equivalents, a 1,179 million yen increase in work in process, a 875 million yen increase in other current assets, and a 470 million yen increase in raw materials and supplies whereas notes and accounts receivable-trade decreased by 2,561 million yen.

Liabilities at the end of the period amounted to 8,995 million yen, up 455 million yen from the end of the previous fiscal year. This is mainly due to a 919 million yen increase in advances received whereas accounts payable-trade decreased by 365 million yen and provision for directors' bonuses decreased by 96 million yen.

Net assets, which consist of shareholders' equity, accumulated other comprehensive income, and subscription right to shares, amounted to 25,806 million yen with a capital-asset ratio of 74.1%.

② Cash flows

Cash and cash equivalents at the end of the period amounted to 11,401 million yen, up 1,664 million yen from the end of the previous fiscal year. Following is the status of cash flows and their contributing factors during the six-month period.

Net cash provided by operating activities amounted to 3,083 million yen (whereas 689 million yen was used in the same period of the previous year). This is mainly because the sum of cash receipt, such as 3,293 million yen income before income taxes, a 2,572 million yen decrease in notes and accounts receivable-trade and a 918 million yen increase in advances received, exceeded the sum of cash payment, such as a 1,639 million yen increase in inventories, a net cash payment of 1,042 million yen due to changes in "other" assets and liabilities, 784 million yen spent for income taxes paid and a 397 million yen decrease in accounts payable-trade.

Net cash used in investing activities amounted to 181 million yen (down 12.8% from the same period of the previous year). This is mainly due to 104 million yen used for purchase of intangible assets and 76

million yen used for purchase of property, plant and equipment.

Net cash used in financing activities amounted to 1,263 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 December 31, 2017)
Assets		
Current assets		
Cash and deposits	9,805,620	11,475,816
Notes and accounts receivable-trade	5,425,336	2,863,513
Work in process	6,540,058	7,719,203
Raw materials and supplies	1,260,612	1,730,950
Deferred tax assets	720,179	768,481
Other	1,693,510	2,568,535
Allowance for doubtful accounts	(6,054)	(4,421)
Total current assets	25,439,264	27,122,078
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,889,385	1,869,241
Machinery, equipment and vehicles, net	104,482	83,735
Tools, furniture and fixtures, net	418,268	306,958
Leased assets, net	2,420	1,760
Land	4,254,773	4,254,773
Construction in progress	7,257	2,274
Total property, plant and equipment	6,676,588	6,518,743
Intangible assets	173,163	286,300
Investments and other assets		
Investment securities	583,522	768,456
Deferred tax assets	100,602	50,154
Other	46,254	56,765
Allowance for doubtful accounts	(179)	(162)
Total investments and other assets	730,199	875,213
Total noncurrent assets	7,579,952	7,680,257
Total assets	33,019,216	34,802,336

(In thousands of yen)

	Previous (As of June 30, 2017)	Current (As of December 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	1,627,714	1,262,513
Income taxes payable	863,312	933,155
Advances received	4,301,398	5,221,209
Provision for directors' bonuses	209,000	112,900
Provision for product warranties	288,821	310,339
Other	1,038,708	951,607
Total current liabilities	8,328,956	8,791,725
Noncurrent liabilities		
Net defined benefit liability	187,690	181,630
Other	23,224	22,324
Total noncurrent liabilities	210,914	203,955
Total liabilities	8,539,870	8,995,681
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	23,202,683	24,355,998
Treasury stock	(976,494)	(976,494)
Total shareholders' equity	24,237,548	25,390,864
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	295,176	424,057
Foreign currency translation adjustment	(74,878)	(29,765)
Total accumulated other comprehensive income	220,298	394,292
Subscription rights to shares	21,498	21,498
Total net assets	24,479,345	25,806,655
Total liabilities and net assets	33,019,216	34,802,336

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

(Consolidated statement of income)

(First six months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2016 thru December 31, 2016)	Current (July 1, 2017 thru December 31, 2017)
Net sales	8,676,113	10,451,784
Cost of sales	3,653,173	4,418,108
Gross profit	5,022,939	6,033,676
Selling, general and administrative expenses	2,416,832	2,756,367
Operating income	2,606,107	3,277,309
Non-operating income		
Interest income	1,039	1,955
Dividend income	3,541	4,829
Rent income on non-current assets	886	975
Foreign exchange gains	134,184	3,950
Other	845	5,065
Total non-operating income	140,497	16,775
Non-operating expenses		
Interest expenses	139	--
Loss on retirement of non-current assets	9,491	172
Other	0	373
Total non-operating expenses	9,631	546
Ordinary income	2,736,972	3,293,538
Income before income taxes	2,736,972	3,293,538
Income taxes-current	989,747	930,116
Income taxes-deferred	(172,292)	(52,391)
Total income taxes	817,455	877,724
Net income	1,919,517	2,415,813
Net income attributable to owners of parent	1,919,517	2,415,813

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

(In thousands of yen)

	Previous (July 1, 2016 thru December 31, 2016)	Current (July 1, 2017 thru December 31, 2017)
Net income	1,919,517	2,415,813
Other comprehensive income		
Valuation difference on available-for-sale securities	140,734	128,880
Foreign currency translation adjustment	111,648	45,113
Total other comprehensive income	252,383	173,994
Comprehensive income	2,171,901	2,589,807
Comprehensive income attributable to owners of parent	2,171,901	2,589,807
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2016 thru December 31, 2016)	Current (July 1, 2017 thru December 31, 2017)
Cash flows from operating activities		
Income before income taxes	2,736,972	3,293,538
Depreciation and amortization	170,329	242,922
Loss on retirement of property, plant and equipment	9,491	172
Increase (decrease) in allowance for doubtful accounts	4,581	(1,702)
Increase (decrease) in provision for directors' bonuses	(67,400)	(96,100)
Increase (decrease) in provision for product warranties	24,384	21,496
Increase (decrease) in net defined benefit liability	(12,498)	(7,083)
Interest and dividend income	(4,634)	(6,784)
Interest expenses	139	--
Foreign exchange losses (gains)	4,024	2,960
Decrease (increase) in notes and accounts receivable-trade	(3,400,870)	2,572,475
Decrease (increase) in inventories	(196,423)	(1,639,727)
Increase (decrease) in accounts payable-trade	(173,030)	(397,504)
Increase (decrease) in advances received	1,105,096	918,843
Other, net	24,378	(1,042,129)
Subtotal	224,541	3,861,376
Interest and dividend income received	4,942	6,759
Interest expenses paid	(139)	--
Income taxes paid	(919,080)	(784,193)
Net cash provided by (used in) operating activities	(689,736)	3,083,943
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	(72,509)	(76,723)
Purchase of intangible assets	(135,822)	(104,945)
Net cash provided by (used in) investing activities	(208,331)	(181,669)
Cash flows from financing activities		
Cash dividends paid	(1,149,784)	(1,262,498)
Other, net	(871)	(712)
Net cash provided by (used in) financing activities	(1,150,656)	(1,263,211)
Effect of exchange rate change on cash and cash equivalents	94,822	25,463
Net increase (decrease) in cash and cash equivalents	(1,953,901)	1,664,526
Cash and cash equivalents at beginning of period	7,967,900	9,736,950
Cash and cash equivalents at end of period	6,013,998	11,401,476

(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. At the start of the first quarterly period of this fiscal year, we 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 six 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 six-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 six months of the fiscal year is as follows.

(In thousands of yen)

	(July 1, 2017 thru December 31, 2017)		
Category	Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	6,497,186	9,821,294	51.2
Other products	882,414	1,187,120	34.5
Subtotal	7,379,600	11,008,414	49.2
Services	1,431,305	1,854,214	29.5
Total	8,810,905	12,862,628	46.0

(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 six months of the fiscal year are as follows.

(In thousands of yen)

	(July 1, 2017 thru December 31, 2017)					
Category	Orders Previous	Orders Current	Year-on-year increase (%)	Backlog Previous	Backlog Current	Year-on-year increase (%)
Finished goods						
Semiconductor-related products	9,350,269	23,820,604	154.8	11,135,100	31,636,959	184.1
Other products	1,205,013	2,335,921	93.9	1,883,833	3,629,824	92.7
Subtotal	10,555,283	26,156,526	147.8	13,018,934	35,266,783	170.9
Services	1,587,081	1,959,852	23.5	658,525	650,950	(1.2)
Total	12,142,364	28,116,378	131.6	13,677,460	35,917,733	162.6

(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, at the start of the first quarterly period of this fiscal year, we 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 six months of the fiscal year are as follows.

(In thousands of yen)

	(July 1, 2017 thru December 31, 2017)		
Category	Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	6,425,174	7,321,442	13.9
Other products	882,129	1,276,128	44.7
Subtotal	7,307,304	8,597,571	17.7
Services	1,368,809	1,854,213	35.5
Total	8,676,113	10,451,784	20.5

(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, at the start of the first quarterly period of this fiscal year, we 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.