Consolidated Financial Results for the Third Quarter Ended March 31, 2018 (Japanese GAAP)

April 27, 2018

Company name:	Lasertec Corporation
Stock exchange listing:	Tokyo Stock Exchange
Code:	6920
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Date of filing the securities report:	May 11, 2018
Date of starting dividend payout:	--
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 nine months ended March 31, 2018

(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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2018	15,735	34.3	4,585	23.8	4,514	20.3	3,358	27.0
March 31, 2017	11,712	-	3,703	--	3,752	--	2,645	--

(Note) Comprehensive income: Nine months ended March 31, 2018: 3,427 million yen [14.8%]
Nine months ended March 31, 2017: 2,985 million yen [--%]

	Net income per share	Net income per share, fully diluted
Nine months ended	Yen	Yen
March 31, 2018	74.48	74.42
March 31, 2017	58.66	58.61

(Notes) 1. The figures of percentage of change for the nine-month period ended March 31, 2017, 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
March 31, 2018	36,240	26,102	72.0	578.44
June 30, 2017	33,019	24,479	74.1	542.43

(Reference) Equity: March 31, 2018: 26,081 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
① Changes in accounting policy due to revision of accounting standards: None
② Changes in accounting policy other than ①: Yes
③ Changes in accounting estimates: None
④ 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)

① Number of issued shares at the end of the period (including treasury stock)	March 31, 2018	47,143,200	June 30, 2017	47,143,200
② Number of treasury stock at the end of the period	March 31, 2018	2,054,078	June 30, 2017	2,053,968
③ Average number of shares during the period ended	March 31, 2018	45,089,219	March 31, 2017	45,089,388

(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 by certified public accountants.**

※ **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 nine-month period ended March 31, 2018, is summarized as follows. Steady growth continued in the United States and Europe where both consumer spending and corporate earnings remained strong. China increased its export and maintained stable growth while the emerging economies and resource-exporting countries stayed on a recovery path. There were concerns, however, that the protectionist policy of the United States and geopolitical risks in the Korean Peninsula and in the Middle East might cause the economic growth to slow down.

As for the Japanese economy, gradual recovery continued throughout the period, with companies making strong earnings results, with capital expenditures increasing, and with the condition of employment and wages showing more robust improvement, despite concerns about the stronger yen's negative effect on corporate earnings.

In the semiconductor industry, which constitutes our primary market, the price of NAND chips reverted to a usual trend of gradual decline over time, but the price of DRAM chips kept rising, which led to an overall growth of the memory market. The rest of the semiconductor market also had a continued growth, and aggressive capital expenditures were made.

The status of the other business areas where we operate is as follows: In the flat panel display (FPD) industry, capital expenditures for the production of large-sized TV panels continued in China, but the investment in organic LED panels for smartphones was slowing down in Korea.

Under these circumstances, our consolidated net sales in the nine-month period ended March 31, 2018, was 15,735 million yen, up 34.3% from the same period of the previous year.

By product segment, semiconductor-related products accounted for 11,387 million yen (up 41.0% from the same period of the previous year), other products for 1,548 million yen (up 1.0%), and services for 2,799 million yen (up 33.1%).

As for consolidated income for this period, we recorded an operating profit of 4,585 million yen (up 23.8% from the same period of the previous year), an ordinary profit of 4,514 million yen (up 20.3%), and a 3,358 million yen net profit attributable to owners of parent (up 27.0%).

(2) Information concerning financial position

① Financial position

Total assets at the end of the period amounted to 36,240 million yen, up 3,221 million yen from the end of the previous fiscal year. This is mainly due to a 2,169 million yen increase in work in process, a 1,259 million yen increase in other current assets, and a 824 million yen increase in raw materials and supplies whereas notes and accounts receivable-trade decreased by 1,319 million yen.

Liabilities at the end of the period amounted to 10,137 million yen, up 1,597 million yen from the end of the previous fiscal year. This is mainly due to a 1,859 million yen increase in advances received whereas income taxes payable decreased by 345 million yen.

Net assets, which consist of shareholders' equity, accumulated other comprehensive income, and subscription right to shares, amounted to 26,102 million yen with a capital-asset ratio of 72.0%.

② Cash flows

Cash and cash equivalents at the end of the period amounted to 9,490 million yen, down 246 million yen from the end of the previous fiscal year. Following is the status of cash flows and their contributing factors during the nine-month period.

Net cash provided by operating activities amounted to 2,244 million yen (whereas 542 million yen was used in the same period of the previous year). This is mainly because the sum of cash receipt, such as 4,514 million yen income before income taxes, a 1,918 million yen increase in advances received, and a 1,293 million yen decrease in notes and accounts receivable-trade, exceeded the sum of cash payment, such as a 3,002 million yen increase in inventories, 1,578 million yen spent for income taxes paid, and a net cash payment of 1,179 million yen due to changes in "other" assets and liabilities.

Net cash used in investing activities amounted to 574 million yen (up 60.5% from the same period of the

previous year). This is mainly due to 455 million yen used for purchase of intangible assets and 119 million yen used for purchase of property, plant and equipment.

Net cash used in financing activities amounted to 1,805 million yen (up 56.8% from the same period of the previous year). This is mainly due to 1,803 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 March 31, 2018)
Assets		
Current assets		
Cash and deposits	9,805,620	9,560,656
Notes and accounts receivable-trade	5,425,336	4,105,396
Work in process	6,540,058	8,709,805
Raw materials and supplies	1,260,612	2,085,270
Deferred tax assets	720,179	860,867
Other	1,693,510	2,953,375
Allowance for doubtful accounts	(6,054)	(6,271)
Total current assets	25,439,264	28,269,100
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,889,385	1,891,860
Machinery, equipment and vehicles, net	104,482	183,113
Tools, furniture and fixtures, net	418,268	241,161
Leased assets, net	2,420	1,430
Land	4,254,773	4,254,773
Construction in progress	7,257	18,246
Total property, plant and equipment	6,676,588	6,590,585
Intangible assets	173,163	555,366
Investments and other assets		
Investment securities	583,522	715,353
Deferred tax assets	100,602	57,900
Other	46,254	52,427
Allowance for doubtful accounts	(179)	(162)
Total investments and other assets	730,199	825,518
Total noncurrent assets	7,579,952	7,971,470
Total assets	33,019,216	36,240,571

(In thousands of yen)

	Previous (As of June 30, 2017)	Current (As of March 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	1,627,714	1,617,659
Income taxes payable	863,312	517,417
Advances received	4,301,398	6,160,652
Provision for bonuses	--	246,561
Provision for directors' bonuses	209,000	157,900
Provision for product warranties	288,821	304,185
Other	1,038,708	822,787
Total current liabilities	8,328,956	9,827,163
Noncurrent liabilities		
Net defined benefit liability	187,690	222,613
Other	23,224	87,797
Total noncurrent liabilities	210,914	310,411
Total liabilities	8,539,870	10,137,574
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	23,202,683	24,757,261
Treasury stock	(976,494)	(976,969)
Total shareholders' equity	24,237,548	25,791,652
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	295,176	387,049
Foreign currency translation adjustment	(74,878)	(97,203)
Total accumulated other comprehensive income	220,298	289,845
Subscription rights to shares	21,498	21,498
Total net assets	24,479,345	26,102,996
Total liabilities and net assets	33,019,216	36,240,571

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

(Consolidated statement of income)

(First nine months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2016 thru March 31, 2017)	Current (July 1, 2017 thru March 31, 2018)
Net sales	11,712,918	15,735,419
Cost of sales	4,819,207	6,585,966
Gross profit	6,893,711	9,149,452
Selling, general and administrative expenses	3,189,914	4,563,753
Operating income	3,703,797	4,585,699
Non-operating income		
Interest income	2,076	3,635
Dividend income	3,541	4,829
Rent income on non-current assets	1,338	1,469
Foreign exchange gains	49,739	--
Other	1,204	6,696
Total non-operating income	57,901	16,630
Non-operating expenses		
Interest expenses	139	--
Foreign exchange losses	--	86,962
Loss on retirement of non-current assets	9,491	238
Other	0	554
Total non-operating expenses	9,631	87,755
Ordinary income	3,752,067	4,514,574
Income before income taxes	3,752,067	4,514,574
Income taxes-current	1,128,329	1,296,664
Income taxes-deferred	(21,362)	(140,237)
Total income taxes	1,106,966	1,156,426
Net income	2,645,100	3,358,147
Net income attributable to owners of parent	2,645,100	3,358,147

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

(In thousands of yen)

	Previous (July 1, 2016 thru March 31, 2017)	Current (July 1, 2017 thru March 31, 2018)
Net income	2,645,100	3,358,147
Other comprehensive income		
Valuation difference on available-for-sale securities	227,930	91,873
Foreign currency translation adjustment	112,400	(22,325)
Total other comprehensive income	340,331	69,547
Comprehensive income	2,985,431	3,427,695
Comprehensive income attributable to owners of parent	2,985,431	3,427,695
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2016 thru March 31, 2017)	Current (July 1, 2017 thru March 31, 2018)
Cash flows from operating activities		
Income before income taxes	3,752,067	4,514,574
Depreciation and amortization	259,206	395,456
Loss on retirement of property, plant and equipment	9,491	238
Increase (decrease) in allowance for doubtful accounts	3,745	230
Increase (decrease) in provision for bonuses	288,663	246,561
Increase (decrease) in provision for directors' bonuses	(29,900)	(51,100)
Increase (decrease) in provision for product warranties	772	16,243
Increase (decrease) in net defined benefit liability	9,289	34,909
Interest and dividend income	(5,670)	(8,465)
Interest expenses	139	--
Foreign exchange losses (gains)	38,993	43,029
Decrease (increase) in notes and accounts receivable-trade	(2,735,426)	1,293,112
Decrease (increase) in inventories	(1,981,814)	(3,002,347)
Decrease (increase) in long-term accounts receivable-other	73,334	--
Increase (decrease) in accounts payable-trade	(7,255)	(407,902)
Increase (decrease) in advances received	1,619,345	1,918,450
Other, net	(299,066)	(1,179,775)
Subtotal	995,915	3,813,217
Interest and dividend income received	5,988	8,869
Interest expenses paid	(139)	--
Income taxes paid	(1,543,906)	(1,578,051)
Net cash provided by (used in) operating activities	(542,142)	2,244,034
Cash flows from investing activities		
Payments into time deposits	(134,470)	(69,930)
Proceeds from withdrawal of time deposits	134,470	69,930
Purchase of property, plant and equipment	(220,524)	(119,473)
Purchase of intangible assets	(137,612)	(455,245)
Net cash provided by (used in) investing activities	(358,136)	(574,718)
Cash flows from financing activities		
Cash dividends paid	(1,149,784)	(1,803,569)
Other, net	(1,201)	(1,543)
Net cash provided by (used in) financing activities	(1,150,986)	(1,805,113)
Effect of exchange rate change on cash and cash equivalents	41,391	(110,425)
Net increase (decrease) in cash and cash equivalents	(2,009,873)	(246,223)
Cash and cash equivalents at beginning of period	7,967,900	9,736,950
Cash and cash equivalents at end of period	5,958,026	9,490,726

(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 nine 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 nine-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 nine months of the fiscal year is as follows.

(In thousands of yen)

	(July 1, 2017 thru March 31, 2018)		
Category	Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	12,638,010	14,729,276	16.5
Other products	2,000,005	2,215,038	10.8
Subtotal	14,638,016	16,944,314	15.8
Services	2,185,031	2,799,472	28.1
Total	16,823,047	19,743,787	17.4

(Notes)
1. Numbers shown above are based on sales prices.
2. Consumption taxes are not included.

(2) Orders and backlog by category

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

(In thousands of yen)

	(July 1, 2017 thru March 31, 2018)					
Category	Orders Previous	Orders Current	Year-on-year increase (%)	Backlog Previous	Backlog Current	Year-on-year increase (%)
Finished goods						
Semiconductor-related products	17,227,178	30,140,573	75.0	17,361,821	33,891,032	95.2
Other products	1,381,182	3,347,665	142.4	1,408,399	4,369,088	210.2
Subtotal	18,608,360	33,488,239	80.0	18,770,220	38,260,120	103.8
Services	2,317,545	2,975,967	28.4	653,977	721,806	10.4
Total	20,925,906	36,464,206	74.3	19,424,197	38,981,927	100.7

(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 not included.

(3) Sales by category

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

(In thousands of yen)

	(July 1, 2017 thru March 31, 2018)		
Category	Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	8,075,363	11,387,338	41.0
Other products	1,533,733	1,548,608	1.0
Subtotal	9,609,096	12,935,947	34.6
Services	2,103,822	2,799,472	33.1
Total	11,712,918	15,735,419	34.3

(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 not included.