



Consolidated Financial Results for the Second Quarter Ended December 31, 2016 (Japanese GAAP)

January 31, 2017

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 Stock exchange listing: Tokyo Stock Exchange
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 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, 2016

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended December 31, 2016	8,810	31.6	2,699	107.0	2,762	111.7	1,938	107.5
December 31, 2015	6,693	8.3	1,304	(25.5)	1,305	(26.5)	934	(21.0)

(Note) Comprehensive income: Six months ended December 31, 2016: 2,171 million yen [174.4%]

Six months ended December 31, 2015: 791 million yen [(39.1%)]

	Net income per share	Net income per share, fully diluted
	Yen	Yen
Six months ended December 31, 2016	86.00	85.92
December 31, 2015	41.44	41.41

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2016	28,252	22,830	80.7	1,011.71
June 30, 2016	25,870	21,808	84.2	966.38

(Reference) Equity: December 31, 2016: 22,808 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	--	0.00			
Fiscal year ending June 30, 2017 (Forecast)			--	47.00	47.00

(Note) Revision to forecast of dividends since the last announcement: Yes

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		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	16,600	8.6	4,250	(4.0)	4,250	(7.1)	3,000	(7.1)	133.07

(Note) Revision to forecast of financial results since the last announcement: Yes

※ 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)	December 31, 2016	23,571,600	June 30, 2016	23,571,600
(b) Number of treasury stock at the end of the period	December 31, 2016	1,026,934	June 30, 2016	1,026,800
(c) Average number of shares during the period ended	December 31, 2016	22,544,707	December 31, 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. Lasertec will make a presentation of financial results to analysts and institutional investors on February 2, 2017. The presentation material provided at this meeting will be available on Lasertec's website.

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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, 2016, is summarized as follows. In the United States, where economy kept steadily growing, business sentiment improved further amid rising expectations for expansive fiscal policy since the election of Mr. Trump for president, and the stock market rallied and the US dollar rose. In Europe, a gradual recovery prevailed overall with Brexit having limited impact. On the other hand, in China and many emerging economies, the pace of economic growth continued to slow down.

The Japanese economy had a gradual recovery during this period, but consumer spending remained sluggish. However, with the trend of foreign exchange rates being reversed and the depreciation of yen rapidly progressing since November 2016, expectations for increased profits among exporting companies became high.

In the semiconductor industry, which is our primary market, the prices of both DRAM and NAND memory chips rose and capital investments began in earnest, especially in 3D-NAND. Major foundries continued to make large investments in cutting-edge technologies for the introduction of 10nm node and further scaling.

As for our other business areas, in the flat panel display (FPD) industry, capital investments expanded in China while manufacturers began making a shift from liquid crystal display (LCD) to organic light emitting diode (OLED).

Under the circumstances, our consolidated net sales in the six-month period ended December 31, 2016, was 8,810 million yen, up 31.6% from the same period of the previous year.

Looking at consolidated net sales by product segment, semiconductor-related products accounted for 6,497 million yen (up 30.6% from the same period of the previous year), other products for 882 million yen (up 42.2%), and services for 1,431 million yen (up 30.3%).

As for consolidated income for this period, we recorded an operating profit of 2,699 million yen (up 107.0% from the same period of the previous year), an ordinary profit of 2,762 million yen (up 111.7%), and a 1,938 million yen net profit attributable to owners of parent (up 107.5%).

(2) Information concerning financial position

① Financial position

Total assets at the end of the period amounted to 28,252 million yen, up 2,382 million yen from the end of the previous fiscal year. This is mainly due to a 3,431 million yen increase in notes and accounts receivable-trade and a 216 million yen increase in other current assets whereas cash and deposits decreased by 1,948 million yen.

Liabilities at the end of the period amounted to 5,422 million yen, up 1,360 million yen from the end of the previous fiscal year. This is mainly due to a 1,156 million yen increase in advances received, a 137 million yen increase in notes and accounts payable-trade and a 81 million yen increase in income taxes payable whereas provision for directors' bonuses decreased by 67 million yen.

Net assets, which consist of shareholders' equity, accumulated other comprehensive income, and subscription right to shares, amounted to 22,830 million yen with a capital-asset ratio of 80.7%.

② Cash flows

Cash and cash equivalents at the end of the period amounted to 6,013 million yen, down 1,953 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.

For operating activities, 627 million yen was used (whereas 1,275 million yen was generated in the same period of the previous year). This is mainly because the sum of cash payment, such as a 3,385 million yen increase in notes and accounts receivable-trade, 942 million yen spent for income taxes paid and a 199 million yen increase in inventories, exceeded the sum of cash receipt, such as a 2,762 million yen income before income taxes and a 1,150 million yen increase in advances received.

For investing activities, 209 million yen was used (up 279.7% from the same period of the previous year). This is mainly due to 136 million yen used for purchase of intangible assets and 72 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 have revised our forecast of operating results for the full year ending June 30, 2017, announced on August 5, 2016. Please refer to “Revision to Forecast of Consolidated Operating Results and Dividends,” which we released today (January 31, 2017), for details.

2. Statement concerning “Notes” on the summary

- (1) Significant changes of subsidiaries during the period
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)
We adopted the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 dated March 28, 2016) from the first quarter of the fiscal year ending June 30, 2017.

3. Consolidated Financial Statements**(1) Consolidated balance sheet**

	(In thousands of yen)	
	Previous (As of June 30, 2016)	Current (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	8,030,620	6,081,758
Notes and accounts receivable-trade	3,613,133	7,044,359
Work in process	4,392,408	4,594,885
Raw materials and supplies	1,224,751	1,251,483
Deferred tax assets	776,831	906,927
Other	765,855	982,161
Allowance for doubtful accounts	(3,752)	(8,400)
Total current assets	18,799,848	20,853,176
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,828,786	1,777,182
Machinery, equipment and vehicles, net	4,417	9,375
Tools, furniture and fixtures, net	417,630	322,365
Leased assets, net	3,740	3,080
Land	4,254,773	4,254,773
Construction in progress	14,453	174,514
Total property, plant and equipment	6,523,802	6,541,291
Intangible assets	48,717	161,653
Investments and other assets		
Investment securities	324,967	522,819
Long-term accounts receivable-other	73,334	73,334
Deferred tax assets	60,501	53,331
Other	39,097	47,321
Allowance for doubtful accounts	(195)	(179)
Total investments and other assets	497,704	696,626
Total noncurrent assets	7,070,225	7,399,571
Total assets	25,870,073	28,252,748

	(In thousands of yen)	
	Previous	Current
	(As of June 30, 2016)	(As of December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	909,233	1,047,179
Income taxes payable	880,398	961,434
Advances received	1,071,163	2,227,362
Provision for directors' bonuses	160,000	92,600
Provision for product warranties	196,380	224,605
Other	622,306	660,654
Total current liabilities	3,839,482	5,213,836
Noncurrent liabilities		
Net defined benefit liability	196,484	184,695
Other	25,810	24,015
Total noncurrent liabilities	222,295	208,710
Total liabilities	4,061,777	5,422,547
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	20,804,057	21,593,045
Treasury stock	(976,139)	(976,351)
Total shareholders' equity	21,839,277	22,628,053
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	112,137	252,872
Foreign currency translation adjustment	(164,617)	(72,223)
Total accumulated other comprehensive income	(52,479)	180,648
Subscription rights to shares	21,498	21,498
Total net assets	21,808,296	22,830,200
Total liabilities and net assets	25,870,073	28,252,748

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

(Consolidated statement of income)

	(In thousands of yen)	
	Previous (July 1, 2015 thru December 31, 2015)	Current (July 1, 2016 thru December 31, 2016)
Net sales	6,693,798	8,810,905
Cost of sales	3,251,808	3,667,173
Gross profit	3,441,990	5,143,732
Selling, general and administrative expenses	2,137,807	2,444,482
Operating income	1,304,183	2,699,249
Non-operating income		
Interest income	954	1,093
Dividends income	3,708	3,541
Rent income on non-current assets	797	886
Foreign exchange gains	--	66,440
Other	1,785	869
Total non-operating income	7,245	72,831
Non-operating expenses		
Interest expenses	--	139
Loss on valuation of golf club membership	3,600	--
Foreign exchange losses	2,682	--
Loss on retirement of non-current assets	--	9,491
Other	0	0
Total non-operating expenses	6,282	9,631
Ordinary income	1,305,146	2,762,449
Income before income taxes	1,305,146	2,762,449
Income taxes-current	400,956	996,650
Income taxes-deferred	(30,108)	(172,973)
Total income taxes	370,847	823,676
Net income	934,298	1,938,772
Net income attributable to owners of parent	934,298	1,938,772

(Consolidated statement of comprehensive income)

	(In thousands of yen)	
	Previous (July 1, 2015 thru December 31, 2015)	Current (July 1, 2016 thru December 31, 2016)
Net income	934,298	1,938,772
Other comprehensive income		
Valuation difference on available-for-sale securities	(99,016)	140,734
Foreign currency translation adjustment	(43,687)	92,393
Total other comprehensive income	(142,704)	233,128
Comprehensive income	791,594	2,171,901
Comprehensive income attributable to owners of parent	791,594	2,171,901
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2015 thru December 31, 2015)	Current (July 1, 2016 thru December 31, 2016)
Cash flows from operating activities		
Income before income taxes	1,305,146	2,762,449
Depreciation and amortization	111,307	170,513
Increase (decrease) in allowance for doubtful accounts	(382)	4,582
Increase (decrease) in provision for director's bonuses	(99,643)	(67,400)
Increase (decrease) in provision for product warranties	(41,705)	23,731
Increase (decrease) in net defined benefit liability	15,711	(12,104)
Interest and dividends income	(4,663)	(4,634)
Interest expenses	--	139
Foreign exchange losses (gains)	(816)	22,869
Loss on valuation of golf club memberships	3,600	--
Decrease (increase) in notes and accounts receivable-trade	747,105	(3,385,531)
Decrease (increase) in inventories	(205,715)	(199,006)
Increase (decrease) in notes and accounts payable-trade	(284,817)	(182,531)
Increase (decrease) in advances received	724,491	1,150,351
Other, net	(7,540)	26,004
Subtotal	2,262,080	309,434
Interest and dividends income received	4,692	4,942
Interest expenses paid	--	(139)
Income taxes paid	(990,975)	(942,220)
Net cash provided by (used in) operating activities	1,275,796	(627,983)
Cash flows from investment activities		
Payments into time deposits	--	(67,760)
Proceeds from withdrawal of time deposits	--	67,760
Purchase of property, plant and equipment	(41,617)	(72,517)
Purchase of intangible assets	(13,510)	(136,822)
Net cash provided by (used in) investment activities	(55,127)	(209,339)
Cash flows from financing activities		
Cash dividends paid	(1,037,060)	(1,149,784)
Other, net	(660)	(871)
Net cash provided by (used in) financing activities	(1,037,720)	(1,150,656)
Effect of exchange rate change on cash and cash equivalents	(48,156)	34,077
Net increase (decrease) in cash and cash equivalents	134,792	(1,953,901)
Cash and cash equivalents at beginning of period	6,537,289	7,967,900
Cash and cash equivalents at end of period	6,672,081	6,013,998

(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 six months of the fiscal year is as follows.

(In thousands of yen)			
(July 1, 2016 thru December 31, 2016)			
Category	Previous	Current	Year-on-year comparison (%)
Finished goods			
Semiconductor-related products	5,706,536	6,574,312	15.2
Other products	1,830,609	1,113,253	(39.2)
Subtotal	7,537,146	7,687,565	2.0
Services	1,098,534	1,431,305	30.3
Total	8,635,680	9,118,871	5.6

(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, 2016 thru December 31, 2016)						
Category	Orders Previous	Orders Current	Year-on-year comparison (%)	Backlog Previous	Backlog Current	Year-on-year comparison (%)
Finished goods						
Semiconductor-related products	4,748,182	9,422,281	98.4	7,191,818	11,135,100	54.8
Other products	1,100,207	1,205,298	9.6	2,881,815	1,883,833	(34.6)
Subtotal	5,848,389	10,627,579	81.7	10,073,634	13,018,934	29.2
Services	1,042,894	1,649,577	58.2	317,162	658,525	107.6
Total	6,891,283	12,277,156	78.2	10,390,797	13,677,460	31.6

(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 six months of the fiscal year are as follows.

(In thousands of yen)			
(July 1, 2016 thru December 31, 2016)			
Category	Previous	Current	Year-on-year comparison (%)
Finished goods			
Semiconductor-related products	4,974,874	6,497,186	30.6
Other products	620,389	882,414	42.2
Subtotal	5,595,264	7,379,600	31.9
Services	1,098,534	1,431,305	30.3
Total	6,693,798	8,810,905	31.6

(Note) Consumption taxes are excluded.