

Trias Company Memo 09-Feb-2010

(Securities Code: 6920 / JASDAQ) Lasertec Corporation
Summary of Business Results Meeting
for the Second Quarter of Fiscal Year ending June 30, 2010

On February 3, 2010, Lasertec Corporation (hereinafter Lasertec or the Company) held its Business Results Meeting for the 2Q ended December 31, 2009. The following is a summary of the meeting:

[Attendees of the Meeting]

Osamu Okabayashi, President; Shu Uchiyama, Director; Takeaki Tsukasaki, General Manager, Treasury & Accounting; Hiroshi Asai, General Manager, Corporate Planning

The following is a summary of the presentation by President Okabayashi:

[Outline of 2Q Results]

Consolidated sales was ¥3.6 billion in the 2Q accumulated (6 months ended in December 2009, or the 1st Half of the June 2010 term), a decline of 18% year-on-year, while posting an operating loss of ¥80 million (versus a 1H loss of ¥247 million). The results outperformed the Company's original forecast of a ¥230 million loss, buoyed by robust sales growth in semiconductor-related systems and reductions in fixed costs. Orders rose by 61% y/y, driven primarily by a recovery in chipmaker investment in finer pattern technologies. Operating cash flow, meanwhile turned positive.



(Table 1) 6-Month Sales and Orders Trend by Product

Consolidated (¥ Million)	6 months ended Dec-08			6 months ended Dec-09					
	Order	Sales	Order backlog	Order	y/y chg	Sales	y/y chg	Order backlog	y/y chg
Semi related systems	1,025	1,197	1,543	2,433	137%	1,905	59%	2,042	32%
FPD related systems	635	2,559	5,269	704	11%	1,079	-58%	3,191	-39%
Laser microscope	224	234	167	211	-6%	154	-34%	103	-38%
Services	537	478	145	551	3%	520	9%	143	-1%
Total	2,421	4,469	7,124	3,900	61%	3,660	-18%	5,481	-23%

Having revamped Lasertec's product development program in July 2009, the Company rolled out and aggressively marketed an array of new products under an R&D policy that prioritizes: 1) upgrading products in existing businesses; 2) expanding into domains peripheral to existing businesses; and 3) developing new businesses. As for the first priority, the Company launched the X700 Series photomask inspection system to be used in the fabrication of semiconductor devices Of 45nm or more.

This Memo is for reference purposes only and is not intended as a solicitation for investment. The contents contained herein are prepared based on reliable information that already exists in the public domain. The Company, however, does not guarantee complete accuracy. Any opinion or information contained in the Memo is relevant as of the day of the Information Meeting and/or Company Visit, although the views and/or facts may be altered without prior notification. Final investment decisions shall be made by investors themselves based solely on their own judgment and responsibility.

Its second priority was represented by PROMOHAZE, a system to remove haze or chemical agents on photomasks. For the third priority, Lasertec unveiled a desktop system that measures the distribution of photovoltaic conversion efficiency.

[Semiconductor Market Outlook and FY Earnings Forecast]

The leading semiconductor makers have already begun stepping up investment in finer pattern technologies. A similar trend is taking shape for memory makers: While investment in DRAMs slowed to a crawl even before the collapse of Lehman Brothers in 2008, funding has picked up as memory prices and utilization rates have both risen since last year (although investment in new production capacity remains modest). As for the flat-panel industry, factory utilization rates are also on the rise. Still, the timing of large-scale investment for next-generation LDCs, which are likely to be made in China, remains uncertain. The energy- and environment-related industries, which include solar cell makers, are also investing, and while there may be some differences between firms, they are certain to increase spending over the next few years.

Given this situation, Lasertec will continue its focus on semiconductor-related systems for use in finer pattern technologies and other products. The Company thus aims to achieve an 88% increase in orders and a 5% gain in sales for the full term ending June 2010. As for sales by region, Korea is expected to post the greatest growth. In addition, Lasertec sees no change in its original earnings target for the full term (which projects an operating profit of ¥430 million).

(Table 2) Forecast of Sales and Orders

Consolidated (¥ Million)	FY to Jun-09			FY (E) to Jun-2010					
	Order	Sales	Order backlog	Order	y/y chg	Sales	y/y chg	Order backlog	y/y chg
Semi related systems	2,638	2,839	1,514	5,530	110%	5,680	100%	1,364	-10%
FPD related systems	1,292	4,919	3,567	2,870	122%	2,600	-47%	3,837	8%
Laser microscope	467	599	46	550	18%	460	-23%	136	196%
Services	935	908	113	1,050	12%	960	6%	203	80%
Total	5,334	9,266	5,240	10,000	87%	9,700	5%	5,540	6%

[Q&A]

Q1: Assuming that a recovery in large masks for LCDs is crucial to a full-fledged recovery of Lasertec's business results, how can you sustain sales and earnings without a recovery in demand for your large mask inspection systems? And won't it be difficult to post operating profits of ¥3 billion, which was a peak high for the Company in the past?

A1: We believe that our sales target for this term is achievable due to our lineup of new semiconductor-related products. Capital investment for next generation LCDs will most likely be concentrated in China, and demand there for large photomasks will consequently increase. The Chinese government has already given several Chinese LCD makers approval to build 8G

This Memo is for reference purposes only and is not intended as a solicitation for investment. The contents contained herein are prepared based on reliable information that already exists in the public domain. The Company, however, does not guarantee complete accuracy. Any opinion or information contained in the Memo is relevant as of the day of the Information Meeting and/or Company Visit, although the views and/or facts may be altered without prior notification. Final investment decisions shall be made by investors themselves based solely on their own judgment and responsibility.

plants, while Lasertec is fielding inquiries for our 51MD (large mask inspection systems for 8G LCDs) from both Chinese and other panel makers. Nevertheless, a certain degree of uncertainty surrounds the details of Beijing's approval for those plants and the timing of their construction. The government's position on whether to allow Taiwanese and Korean mask makers into China is also unclear, as are the timing of such approval and related factors. The Company will therefore focus on its semiconductor-related business, rather than relying on LDCs, to improve its profits.

Q2: What is the ratio of semiconductor- to LCD-related sales?

A2: Photomask inspection systems accounted for some 70% of the ¥1.9 billion in semiconductor-related sales in the 1H, while another 20% was comprised of maskblanks inspection systems, and remaining from other products. For the ¥5.7 billion in semiconductor-related sales forecast for the entire fiscal year, some 60% of that will be generated from photomask inspection systems and some 30% from maskblanks inspection systems. As for LCD-related sales, some 90% of 1H sales of ¥1.1 billion came from color filter repair systems and the rest includes large-size mask inspection systems, solar battery systems and related products. For the ¥2.6 billion in LCD-related sales forecast for the entire fiscal year, some 80% will come from color filter repair systems.

Q3: What are the Company's new product development plans for the mid-term future?

A3: As semiconductor companies continue to invest a greater portion of capital on finer pattern technologies, we believe the growth potential for our advanced photomask inspection systems and haze removal systems will remain very good. We are also high on Extreme UltraViolet Lithography (EUVL) and 3D integrated circuits—Through Silicon Via (TSV), both of which are said to enter commercial production from 2013 and represent vast growth markets.

Q4: How large is the market for haze removal systems?

A4: The total market for photomask inspection systems is worth an estimated ¥20-30 billion, of which ¥10 billion consists of photomask makers and the rest by semiconductor device makers, with the latter being Lasertec's target market. While we expect to secure several billion in sales from the photomask inspection system related field, the market for haze removal systems is less clear. Our PROMHAZE unit is only in the demonstration phase at this time and, because haze generation differs by client and in frequency, it is difficult to predict the scope of demand for removal systems.

Q5: Is Lasertec concerned with regards to the maturity of corporate bonds, which were issued to raise money to meet new needs?

A5: Not at all. While there remains ¥4 billion in CBs on our balance sheet that will mature in December 2010, we have already secured an agreement with our main banks for a syndicated loan to refinance

This Memo is for reference purposes only and is not intended as a solicitation for investment. The contents contained herein are prepared based on reliable information that already exists in the public domain. The Company, however, does not guarantee complete accuracy. Any opinion or information contained in the Memo is relevant as of the day of the Information Meeting and/or Company Visit, although the views and/or facts may be altered without prior notification. Final investment decisions shall be made by investors themselves based solely on their own judgment and responsibility.

the paper.

Q6: When SICA61—the inspection system for silicon carbide (SiC) wafers, a new material for power semiconductor devices—contribute to your overall sales?

A6: Orders should be posted from this fiscal year, but the posting of sales may come later because we operate under the accounting rule that records sales on an acceptance basis.

Q7: Do you think the HDD-related market can be exploited?

A7: Despite fielding inquiries from customers, we do not offer inspection systems to check glass substrates used in hard disk drives because the barriers to market entry are not high, opening the likelihood of intense pricing competition. While we have some experience in testing chemical polishing agents, we are not devoting significant resources to exploiting it. Having said that, we intend to reevaluate the marketability of such new fields as nano in-print technology (or the technology that transfers the micro asperity of inscriptions of several tens to several hundred nanometers in dies to plastic material spread on HDD substrates).

(This concludes the summary of the Business Results Meeting)

Lasertec (Securities Code: 6920) Key Financial Data and Business Results (Consolidated)

Key Stock Indicators (Consolidated)			Key Financial Data (Consolidated)	
No. of Shares Issued	Dec. 09	11,785,800	Total Assets (¥million)	Jun. 09 19,867
No. of Treasury Stock	Dec. 09	522,727	Shareholders' Equity (¥million)	Jun. 09 11,922
Market Value (¥million)	Feb. 8, 2010	13,766	Interest-Bearing Debt (¥million)	Jun. 09 6,100
BPS (¥)	Jun. 09	1,058.5	Equity Ratio (%)	Jun. 09 60.0
ROE (%) ※1	Jun. 09	△ 5.2	Ratio of Interest-Bearing Debt (%) ※4	Jun. 09 51.2
ROA (%) ※2	Jun. 09	△ 3.1	Free Cash Flows (¥million) ※5	Jun. 09 △ 1,726
PER (times)	FY6/10 est.	65.8	※1 ROE=Current Net Income ÷ Averaged Shareholders' Equity of beginning of term and term end	
PCFR (times) ※3	Jun. 09	△ 76.5	※2 ROA=Current Net Income ÷ Averaged Total Assets of beginning of term and term end	
PBR (times)	Jun. 09	1.1	※3 PCFR=Market Value ÷ (Current Net Income+Depreciation)	
Share Price (¥)	Feb. 8, 2010	1,168	※4 Average Daily Volume=Average Daily Volume for previous 12months	
Unit Share (shares)	Feb. 8, 2010	100	※5 Ratio=Interest-Bearing Debts ÷ Shareholders' Equity	
Average Daily Volume (shares)	Feb. 8, 2010	30,508	※6 Free Cash Flows=Operating CF+Investment CF	

Consolidated (¥million)	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (¥)	Dividend per Share (¥)
FY6/06	12,033	2,963	3,060	1,884	162.3	40.00
FY6/07	15,874	3,895	3,895	2,375	203.8	60.00
FY6/08	14,136	3,100	3,156	1,888	165.2	50.00
FY6/09	9,266	△ 657	△ 659	△ 651	△ 57.8	15.00
FY6/10 2Q	3,660	△ 80	△ 61	△ 96	△ 8.5	-
FY6/10 est.	9,700	430	370	200	17.8	15.00

Note: FY6/10 est. is the Company's forecast announced on Feb. 1, 2010.

This Memo is for reference purposes only and is not intended as a solicitation for investment. The contents contained herein are prepared based on reliable information that already exists in the public domain. The Company, however, does not guarantee complete accuracy. Any opinion or information contained in the Memo is relevant as of the day of the Information Meeting and/or Company Visit, although the views and/or facts may be altered without prior notification. Final investment decisions shall be made by investors themselves based solely on their own judgment and responsibility.