

Hamamatsu Photonics K.K. and Consolidated Subsidiaries

Years ended September 30, 1999 and 2000

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)	
	1999	2000	1999	2000
Common stock:				
Beginning balance	¥12,112	¥13,220	\$112,148	\$122,407
Conversion of convertible debentures	1,108	1,415	10,259	13,102
Ending balance	<u>¥13,220</u>	<u>¥14,635</u>	<u>\$122,407</u>	<u>\$135,509</u>
Additional paid-in capital:				
Beginning balance	¥11,830	¥12,937	\$109,537	\$119,787
Proceeds in excess of common stock issued upon conversion of convertible debentures	1,107	1,414	10,250	13,093
Ending balance	<u>¥12,937</u>	<u>¥14,351</u>	<u>\$119,787</u>	<u>\$132,880</u>
Retained earnings:				
Beginning balance	¥12,823	¥13,323	\$118,731	\$123,361
Legal reserve	467	—	4,324	—
Cumulative effect of applying deferred income tax accounting	—	591	—	5,472
Net income	613	1,569	5,676	14,528
Cash dividends	(510)	(530)	(4,722)	(4,907)
Bonuses to directors and corporate auditors	(51)	(51)	(472)	(472)
Application of equity method	(19)	317	(176)	2,935
Others	0	(2)	0	(19)
Ending balance	<u>¥13,323</u>	<u>¥15,217</u>	<u>\$123,361</u>	<u>\$140,898</u>
Treasury stock, at cost:				
Beginning balance	¥0	¥1	\$0	\$9
Acquired (sold), net	1	0	9	0
Ending balance	<u>¥1</u>	<u>¥1</u>	<u>\$9</u>	<u>\$9</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hamamatsu Photonics K.K. and Consolidated Subsidiaries

Year ended September 30, 2000

	Millions of Japanese Yen	Thousands of U.S. Dollars (Note 1)
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 2,823	\$ 26,139
Depreciation	4,103	37,991
Amortisation of consolidation adjustments	(1)	(9)
Increase in allowance for doubtful accounts	51	472
Increase in allowance for bonuses	674	6,241
Increase in allowance for severance indemnities and pension plan	3,280	30,370
Interest and dividend income	(258)	(2,389)
Interest expense	379	3,509
Foreign exchange gain	(10)	(93)
Loss on investments accounted for by the equity method	125	1,157
Loss on disposal of properties	78	722
Loss on revaluation of marketable securities	92	852
Increase in receivables, trade	(4,598)	(42,574)
Increase in inventories	(1,316)	(12,185)
Increase in payables, trade	2,553	23,639
Payment of bonuses to directors and corporate auditors	(51)	(472)
Other	581	5,380
Subtotal	8,505	78,750
Interest and dividend received	265	2,453
Interest expense paid	(402)	(3,722)
Income taxes paid	(760)	(7,037)
Net cash provided by operating activities	7,608	70,444
Cash flows from investing activities:		
Decrease in time deposits	212	1,963
Payments for acquisition of property, plant and equipment	(8,973)	(83,083)
Proceeds from sales of property, plant and equipment	12	111
Payments for acquisition of intangible fixed assets	(325)	(3,009)
Payments for purchases of investment securities	(159)	(1,472)
Other	(17)	(158)
Net cash used in investing activities	(9,250)	(85,648)
Cash flows from financing activities:		
Decrease in short-term debt	(81)	(750)
Proceeds from long-term debt	6,315	58,472
Payment of long-term debt	(689)	(6,380)
Dividends paid by the Company	(526)	(4,870)
Dividends paid to minority interests in consolidated subsidiaries	(4)	(37)
Net cash provided by financing activities	5,015	46,435
Effect of exchange rate changes on cash and cash equivalents	(156)	(1,444)
Net increase in cash and cash equivalents	3,217	29,787
Cash and cash equivalents at beginning of year	9,971	92,324
Cash and cash equivalents at end of year	¥ 13,188	\$ 122,111

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