

Consolidated Financial Results for Fiscal Year ended September 30, 2003

November 17, 2003

Company name : Hamamatsu Photonics

ID number : 6965

URL : www.hamamatsu.com

Representative : Teruo Hiruma, President and Chief Executive Officer

Meeting of the Board of Directors : Nov. 17, 2003

U.S. accounting standard : Not adopted

Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

1. Consolidated financial results for the fiscal year ended Sep. 30, 2003 (From Oct. 1, 2002 through Sep. 30, 2003)

(1) Consolidated operating results

Note : All amounts are rounding down to the nearest million yen

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Sep. 30, 2003	60,919	0.4	4,089	(30.4)	4,172	(33.3)
Fiscal year ended Sep. 30, 2002	60,656	(3.1)	5,876	(32.6)	6,251	(29.7)

	Net income		Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2003	1,622	(45.5)	23.09	21.13	3.2	3.7	6.8
Fiscal year ended Sep. 30, 2002	2,976	(15.1)	44.07	40.65	6.0	5.5	10.3

Notes: 1. Gain or (loss) on investments accounted for by equity method

Fiscal year ended Sep. 30, 2003 : 52 million yen

Fiscal year ended Sep. 30, 2002 : 27 million yen

2. Average number of shares outstanding

Fiscal year ended Sep. 30, 2003 : 67,627,334 shares

Fiscal year ended Sep. 30, 2002 : 67,550,864 shares

3. Changes in accounting method : None

4. Percentages shown in the list for Net sales, Operating income, Ordinary income and Net income represent an increase or decrease from corresponding period of previous fiscal year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended Sep. 30, 2003	112,269	51,009	45.4	758.92
Fiscal year ended Sep. 30, 2002	114,919	50,763	44.2	750.61

Notes: Number of shares outstanding at end of period

Fiscal year ended Sep., 30 2003 : 67,132,498 shares

Fiscal year ended Sep. 30, 2002 : 67,628,830 shares

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Sep. 30, 2003	9,468	(10,496)	(5,674)	16,650
Fiscal year ended Sep. 30, 2002	10,264	(8,967)	(2,675)	23,386

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries : 19

Non-consolidated subsidiaries accounted for by equity method : 0

Affiliates accounted for by equity method : 4

(5) Changes in scope of consolidation and application of equity method

Consolidation : (inclusion) 2 (exclusion) 0

Equity method : (inclusion) 0 (exclusion) 0

2. Forecast of consolidated results for the fiscal year ending Sep. 30, 2004 (From Oct. 1, 2003 through Sep. 30, 2004)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
6 months ending Mar. 31, 2004	32,600	2,000	200
Fiscal year ending Sep. 30, 2004	66,000	5,700	2,400

Reference : Projected net income per share for the fiscal year : Yen 35.75

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2003		As of Sep. 30, 2002		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets	52,620	46.9	58,151	50.6	(5,531)	(9.5)
Cash on hand and in banks	19,046		24,482		(5,435)	
Trade notes and accounts receivable	17,232		17,268		(36)	
Inventories	12,792		13,040		(247)	
Deferred income taxes	1,990		1,508		481	
Other	1,664		1,995		(330)	
Allowance for doubtful receivables	(106)		(143)		37	
Fixed assets	59,649	53.1	56,767	49.4	2,881	5.1
Tangible fixed assets	47,089	41.9	47,977	41.7	(888)	(1.9)
Buildings and structures	19,306		20,514		(1,207)	
Machinery and transportation equipment	9,560		9,281		279	
Furniture, fixtures and office equipment	3,760		3,729		31	
Land	13,243		12,884		359	
Construction in progress	1,217		1,567		(349)	
Intangible fixed assets	1,166	1.0	531	0.5	634	119.3
Investments and other assets	11,392	10.2	8,257	7.2	3,135	38.0
Investment securities	3,821		2,032		1,788	
Long-term loans	42		45		(3)	
Investment properties	2,870		1,182		1,688	
Deferred income taxes	3,517		3,968		(451)	
Other	1,158		1,045		113	
Allowance for doubtful receivables	(17)		(17)		(0)	
Total assets	112,269	100.0	114,919	100.0	(2,649)	(2.3)

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2003		As of Sep. 30, 2002		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Liabilities						
Current liabilities	24,135	21.5	25,383	22.1	(1,247)	(4.9)
Trade notes and accounts payable	8,349		7,798		551	
Short-term bank loans and current portion of long-term debt	6,174		7,322		(1,147)	
Current portion of convertible debentures	308		415		(107)	
Income taxes payable	815		1,188		(373)	
Accrued product warranty expenses	17		102		(84)	
Accrued bonuses	2,128		2,109		18	
Notes payable - construction	2,918		2,397		521	
Other	3,423		4,050		(626)	
Long-term liabilities	36,661	32.7	38,315	33.3	(1,654)	(4.3)
Convertible debentures	19,110		19,456		(346)	
Long-term bank loans	6,846		9,360		(2,513)	
Deferred income taxes	71		78		(7)	
Allowance for employees' retirement and severance benefits	9,327		8,547		780	
Allowance for retirement benefits for directors and corporate auditors	1,303		868		434	
Other	3		4		(1)	
Total liabilities	60,797	54.2	63,699	55.4	(2,902)	(4.6)
Minority interests in consolidated subsidiaries	462	0.4	456	0.4	5	1.3
Shareholders' equity						
Common stock	-	-	15,700	13.7	-	-
Additional paid-in capital	-	-	15,415	13.4	-	-
Retained earnings	-	-	20,365	17.7	-	-
Unrealized loss on securities, net of tax	-	-	(9)	(0.0)	-	-
Adjustment arising from translation of accounts of foreign subsidiaries	-	-	(706)	(0.6)	-	-
Less treasury stock, at cost	-	-	(3)	(0.0)	-	-
Total shareholders' equity	-	-	50,763	44.2	-	-
Common stock	15,925	14.2	-	-	-	-
Capital surplus	15,675	14.0	-	-	-	-
Retained earnings	21,247	18.9	-	-	-	-
Unrealized loss on securities, net of tax	712	0.6	-	-	-	-
Adjustment arising from translation of accounts of foreign subsidiaries	(1,157)	(1.0)	-	-	-	-
Less treasury stock, at cost	(1,394)	(1.3)	-	-	-	-
Total shareholders' equity	51,009	45.4	-	-	-	-
Total liabilities and shareholders' equity	112,269	100.0	114,919	100.0	(2,649)	(2.3)

Consolidated Financial Statements

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30,2003		Fiscal year ended Sep. 30,2002		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Net sales	60,919	100.0	60,656	100.0	262	0.4
Cost of sales	30,933	50.8	30,217	49.8	715	2.4
Gross profit	29,985	49.2	30,439	50.2	(453)	(1.5)
Selling, general and administrative expenses	25,896	42.5	24,562	40.5	1,333	5.4
Operating income	4,089	6.7	5,876	9.7	(1,786)	(30.4)
Non-operating income	739	1.2	887	1.5	(147)	(16.6)
Interest and dividend income	84		114		(29)	
Rental income on fixed assets	150		157		(6)	
Rental income on investment property	264		257		6	
Gain on investments accounted for by the equity method	52		27		24	
Foreign exchange gain	-		172		(172)	
Other	188		158		29	
Non-operating expenses	657	1.1	511	0.9	145	28.4
Interest expenses	333		396		(62)	
Expenses for investment property	213		115		98	
Foreign exchange loss	83		-		83	
Other	27		0		26	
Ordinary income	4,172	6.8	6,251	10.3	(2,079)	(33.3)
Extraordinary income	81	0.2	4	0.0	76	1,646.2
Gain on sales of fixed assets	37		4		33	
Subsidy income	22		-		22	
Reversal of allowance for doubtful receivables	15		-		15	
Other	6		-		6	
Extraordinary loss	593	1.0	966	1.6	(373)	(38.6)
Loss on sales and disposal of fixed assets	146		226		(80)	
Advanced depreciation of fixed assets	21		-		21	
Loss on revaluation of fixed assets	27		-		27	
Loss on revaluation of marketable securities	32		365		(332)	
Provision of retirement benefit for directors and corporate auditors for prior years	364		364		(0)	
Other	1		10		(9)	
Income before income taxes and minority interests	3,660	6.0	5,289	8.7	(1,629)	(30.8)
Income taxes	2,613	4.3	3,249	5.3	(636)	(19.6)
Deferred income taxes	(570)	(1.0)	(926)	(1.5)	356	38.5
Minority interests in consolidated subsidiaries	(5)	(0.0)	(9)	(0.0)	4	41.1
Net income	1,622	2.7	2,976	4.9	(1,354)	(45.5)

Consolidated Financial Statements

Consolidated Statements of Retained Earnings

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30,2003		Fiscal year ended Sep. 30,2002	
Beginning balance		-		18,117
Increase in retained earnings				
Exclusion of the affiliates accounted for by the equity method	-	-	6	6
Decrease in retained earnings				
Cash dividends	-	-	675	
Bonuses to directors and corporate auditors	-	-	58	
Employees' bonus and welfare fund	-	-	2	735
Net income		-		2,976
Ending balance		-		20,365
Capital surplus				
Beginning balance	15,415	15,415	-	-
Increase in capital surplus				
Conversion of convertible debentures	224		-	-
Gain on sales of treasury stock	35	260	-	-
Ending balance		15,675		-
Retained earnings				
Beginning balance	20,365	20,365	-	-
Increase in retained earnings				
Net income	1,622	1,622	-	-
Decrease in retained earnings				
Cash dividends	678		-	-
Bonuses to directors and corporate auditors	58		-	-
Employees' bonus and welfare fund	4	741	-	-
Ending balance		21,247		-

Consolidated Financial Statements
Consolidated Statements of Cash Flow

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30,2003	Fiscal year ended Sep. 30,2002
Cash flows from operating activities		
Income before income taxes and minority interests	3,660	5,289
Depreciation	7,112	6,590
Amortisation of consolidation adjustments	44	44
Increase (decrease) in allowance for doubtful accounts	(29)	53
Increase (decrease) in allowance for bonuses	12	112
Increase in allowance for retirement and severance benefits	780	383
Increase in allowance for retirement benefit for directors and corporate auditors	350	430
Interest and dividend income	(84)	(114)
Interest expense	333	396
Foreign exchange (gain) loss	(29)	25
(Gain) loss on investments accounted for by the equity method	(52)	(27)
Loss on disposal of fixed assets	107	179
(Gain) loss on sales of fixed assets	1	42
Loss on revaluation of marketable securities	32	365
(Increase) decrease in receivables, trade	(99)	113
(Increase) decrease in inventories	78	169
Increase (decrease) in payables, trade	791	(465)
Payment of bonuses to directors and corporate auditors	(59)	(60)
Other	(272)	192
Subtotal	12,677	13,723
Interest and dividend received	88	122
Interest expense paid	(311)	(407)
Income taxes paid	(2,985)	(3,174)
Net cash provided by operating activities	9,468	10,264
Cash flows from investing activities		
(Increase) decrease in time deposits	(1,299)	1,585
Payments for acquisition of property, plant and equipment	(5,770)	(9,515)
Proceeds from sales of property, plant and equipment	124	85
Payments for acquisition of intangible fixed assets	(275)	(230)
Payments for purchases of investment securities	(566)	(59)
Payments for acquisition of subsidiaries' stock with change of consolidation	(706)	-
Payments for acquisition of investment property	(1,877)	(748)
Other	(124)	(85)
Net cash used in investing activities	(10,496)	(8,967)
Cash flows from financing activities		
Increase (decrease) in short-term debt	(141)	(1,032)
Proceeds from long-term debt	49	2,135
Payment of long-term debt	(3,532)	(3,160)
Payments for acquisition of treasury stock	(1,387)	-
Dividends paid by the parent company	(678)	(675)
Other	15	57
Net cash provided by (used in) financing activities	(5,674)	(2,675)
Effect of exchange rate changes on cash and cash equivalents	(37)	81
Net increase (decrease) in cash and cash equivalents	(6,740)	(1,296)
Cash and cash equivalents at beginning of period	23,386	24,682
Cash and cash equivalents held by newly consolidated subsidiary	4	-
Cash and cash equivalents at end of period	16,650	23,386

Segment Information

Business Segment

Fiscal year ended Sep. 30, 2003

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	50,173	10,044	701	60,919	-	60,919
Intersegment	680	11	-	691	(691)	-
Total net sales	50,853	10,055	701	61,610	(691)	60,919
Operating expenses	38,095	10,062	851	49,009	7,819	56,829
Operating income	12,758	(6)	(150)	12,601	(8,511)	4,089
Assets	66,043	16,025	1,800	83,869	28,399	112,269
Depreciation	4,988	883	91	5,962	960	6,923
Capital expenditures	5,134	602	59	5,795	745	6,541

Fiscal year ended Sep. 30, 2002

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	48,169	11,764	722	60,656	-	60,656
Intersegment	613	38	-	652	(652)	-
Total net sales	48,783	11,803	722	61,309	(652)	60,656
Operating expenses	35,337	10,937	900	47,175	7,604	54,780
Operating income	13,445	865	(177)	14,133	(8,257)	5,876
Assets	65,828	16,743	2,442	85,013	29,905	114,919
Depreciation	4,318	939	95	5,353	1,145	6,499
Capital expenditures	6,818	1,497	10	8,326	325	8,651

Notes:

1. Business segments are classified based on the similarities of products, markets and so on.
2. Major products in each business segment ;

Opto-electronic devices	Photomultiplier Tubes, Imaging Devices and Light Sources (Image Intensifier, Microchannel Plate, Deuterium Lamp, UV Spot Light Source, Microfocus X-ray Source), Opto-semiconductors (Photo Diode, Infrared Detector, Image Sensor, Light Emitting Diode, Photo IC)
Imaging and measurement instruments	Image Processing and Measurement Systems (Special Purpose Video Camera, Image Processing System, Low-Level Light Image Acquisition System, Ultrafast Optical Measurement System, Image Processing and Analysis System for Optical Microscope, Nondestructive Inspection System)
Other	Photosensitizer R&D, Hotel operations

3. Operating expenses in elimination or corporate are principally basic research and corporate general and administrative expenses which can not be allocated to each business segment. The amounts of those expenses were 7,960 million yen and 8,214 million yen for the fiscal years ended Sep. 30, 2002 and 2003, respectively.
4. Corporate assets in elimination or corporate are principally parent company's cash on hand and in banks, long-term investment security and assets related to basic research departments. The amounts of those assets were 29,905 million yen and 28,399 million yen for the fiscal years ended Sep. 30, 2002 and 2003,
5. Depreciation expenses for long-term prepaid expenses were included in depreciation, and increases in long-term prepaid expenses were included in capital expenditures.

Segment Information
Geographical Segment

Fiscal year ended Sep. 30, 2003

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	37,725	13,194	9,844	155	60,919	-	60,919
Intersegment	16,350	762	39	482	17,634	(17,634)	-
Total net sales	54,075	13,957	9,883	637	78,554	(17,634)	60,919
Operating expenses	42,665	14,201	8,782	552	66,202	(9,372)	56,829
Operating income	11,409	(244)	1,100	85	12,351	(8,261)	4,089
Assets	74,346	7,690	6,352	1,125	89,515	22,754	112,269

Fiscal year ended Sep. 30, 2002

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	35,112	15,359	10,032	151	60,656	-	60,656
Intersegment	16,221	1,015	52	375	17,665	(17,665)	-
Total net sales	51,334	16,375	10,084	527	78,321	(17,665)	60,656
Operating expenses	39,369	15,946	8,922	467	64,705	(9,925)	54,780
Operating income	11,965	429	1,161	60	13,616	(7,740)	5,876
Assets	75,139	9,884	5,829	804	91,658	23,260	114,919

Notes :

1. The countries or areas are classified based on the geographical proximity.
2. Major countries and areas which belong to each classification:
North America : U.S.A.
Europe : Germany, France, U.K.
Other : China
3. Operating expenses in elimination or corporate which can not be allocated to each business segment were 7,960 million yen and 8,214 million yen for the fiscal years ended Sep. 30, 2002 and 2003, respectively.
4. Corporate assets in elimination or corporate were 29,905 million yen and 28,399 million yen for the fiscal years ended Sep. 30, 2002 and 2003, respectively.

Segment Information

Overseas sales

Fiscal year ended Sep. 30, 2003

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	14,713	9,792	6,842	330	31,678
Consolidated net sales	-	-	-	-	60,919
Ratio of overseas sales to consolidated net sales	24.15%	16.08%	11.23%	0.54%	52.00%

Fiscal year ended Sep. 30,2002

(Millions of Japanese Yen)

	North America	Europe	Other	Consolidated total
Overseas sales	16,025	9,908	6,062	31,996
Consolidated net sales	-	-	-	60,656
Ratio of overseas sales to consolidated net sales	26.42%	16.33%	10.00%	52.75%

Notes :

1. The countries or areas are classified based on the geographical proximity.
2. Major countries and areas which belong to each classification:
North America : U.S.A.
Europe : Germany, France, U.K.
Other : Israel, China, Korea, Taiwan