

## Consolidated Financial Results for the Six Months ended March 31, 2004

May 17, 2004

Company name : Hamamatsu Photonics K.K.

ID number : 6965

URL : www.hamamatsu.com

Representative : Teruo Hiruma, President and Chief Executive Officer

Interim Board of Directors Meeting : May 17, 2004

U.S. accounting standard : Not adopted

Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

### 1. Consolidated financial results for the six months ended Mar. 31, 2004 (From Oct. 1, 2003 through Mar. 31, 2004)

#### (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	%
Six months ended Mar. 31, 2004	34,068	8.4	4,319	61.7	4,391	57.0
Six months ended Mar. 31, 2003	31,423	2.6	2,672	(18.6)	2,797	(23.3)
Fiscal year ended Sep. 30, 2003	60,919		4,089		4,172	

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Six months ended Mar. 31, 2004	2,122	76.5	32.06	29.04
Six months ended Mar. 31, 2003	1,202	(24.8)	17.75	16.45
Fiscal year ended Sep. 30, 2003	1,622		23.09	21.13

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

Six months ended Mar. 31, 2004 : 48 million yen

Six months ended Mar. 31, 2003 : 28 million yen

2. Average number of shares outstanding

Six months ended Mar. 31, 2004 : 66,184,827 shares

Six months ended Mar. 31, 2003 : 67,743,151 shares

3. Changes in accounting method : Yes

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.

Six months ended Mar. 31, 2004 : 48 million yen

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

Six months ended Mar. 31, 2004 : 66,184,827 shares

Six months ended Mar. 31, 2003 : 67,743,151 shares

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

#### (2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Six months ended Mar. 31, 2004	112,533	50,497	44.9	765.21
Six months ended Mar. 31, 2003	116,516	52,112	44.7	767.96
Fiscal year ended Sep. 30, 2003	112,269	51,009	45.4	758.92

Notes: Number of shares outstanding at end of period

Six months ended Mar. 31, 2004 : 65,991,718 shares

Six months ended Mar. 31, 2003 : 67,858,945 shares

Six months ended Mar. 31, 2004 : 65,991,718 shares

Fiscal year ended Sep. 30, 2003 : 67,132,498 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
Six months ended Mar. 31, 2004	6,701	(2,086)	(3,210)	17,956
Six months ended Mar. 31, 2003	6,117	(6,615)	(1,240)	21,642
Fiscal year ended Sep. 30, 2003	9,468	(10,496)	(5,674)	16,650

#### (4) Scope of consolidation and application of equity method

Consolidated subsidiaries : 21

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 result 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
Fiscal year ending Sep. 30, 2004	69,100	8,100	3,500

Reference : Projected net income per share for the fiscal year : Yen 53.04

## Summary of Consolidated Performance for the First Half of this Fiscal Year:

### I. Business Performance

#### (1) Summary of the first half:

During the first half of the fiscal year, the Japanese economy continued to be tight, although corporate income started to improve and capital investment shifted onto a slow recovery track, there was little sign of a robust increase in employment or salaries. Accordingly, personal spending remained lackluster. The U.S. economy, on the other hand, showed a steady recovery based largely upon improvement in corporate profitability. Generally, European and Asian economies trended toward recovery.

Against this background, the Company strived to boost revenue and income by translating our continuously increasing knowledge and technology base into new applications and markets that seek to serve our customers with enhanced value in our products.

The first half of this fiscal year ended with net sales of JPY 34,068 million, ordinary income JPY 4,391 million and net income JPY 2,122 million. Net sales were up by JPY2,644 million, which is 8.4% from one year before. Ordinary income and net income increased by 57.0% for JPY1,594 million, and by 76.5% for JPY 919 million.

#### (2) Segment Information (sales amounts include inter-segment transaction)

##### 1. Sales by Business Sector

###### a. Opto-Electronic Devices:

Photomultiplier Tubes (PMTs) recorded a steady gain in analytical instruments, measurement and academic research fields as well as in PET (Positron Emission Tomography) medical instruments.

The Micro-focus X-ray Source continued to build a good reputation for quality and stability as a light source for non-destructive testing. A sales jump was supported largely by recovery of capital investment in the domestic semiconductor market. Increased production of optical pick-up components for PC's and Audio-Video appliances was fueled by a high consumer demand of these products; as a result our UV Spot Light Source was successful in penetrating the market as a UV cure bonding tool.

Silicon Photodiodes for X-ray CT scanners continued steady growth, and our CCD Image Sensor started to catch on in the dental imaging market because of its high sensitivity and response to lower X-ray dosage in addition to the growing preference of film-less digital imaging. Optical LANs in automobiles are now more common somewhat as a result of our Photo IC. The Photo IC can also be used for a sun-sensor and a steering wheel sensor.

Net sales for this sector were JPY 27,928 million, up by 6.5% over last year and operating profit JPY 8,132 million, up by 18.3%.

###### b. Imaging and Measurement Instruments:

OEM business began to sprout for Digital Camera in Europe and the U.S. A strong recovery of Failure Analysis Instruments for IC testing also helped increase the sales of this sector. Other contributors were the X-ray Line Sensor for food inspection and Photonic Multi-channel Analyzer for LED screening process.

Net sales amounted to JPY 6,189 million, up by 19.5% and operating profit to JPY 1,086 million, up by 3,257% over last year respectively.

###### c. Others:

Net sales for the first half of this fiscal year were JPY 328 million, down by 13.0% and operating loss JPY 75 million, up by 26.5% respectively over last year.

##### 2. Sales by Region

Capital investment has been restored in the industrial sectors at home (Japan). As a result the semiconductor market for our IC Failure Analysis Instruments increased; and our Micro-focus X-ray source for non-destructive testing sold well. In the medical field, Silicon Photodiodes for X-ray CT scanner and CCD image sensor for dental diagnosis applications increased. PMTs sales grew in the academic research market. Total domestic sales were JPY 30,330 million, up by 10.7% over one year before, operating profit JPY 8,110 million, up by 30.8% compared with corresponding period one year before.

In North America, sales were down by 5.0% from one year before to JPY 7,334 million and operating profit JPY 44 million, up from a loss of JPY 138 million. Although PMTs grew in PET (Positron Emission Tomography) instruments, Silicon Photodiodes sales for non-destructive testing and for X-ray CT scanners decreased. The Yen/US Dollar currency exchange rate moved toward a higher Yen, which had an adverse effect on sales totals in Yen.

Europe had an increase in IC Failure Analysis Instruments for the semicon industry. Opto-semiconductors sales associated with medical applications increased, and these increases resulted in net sales of JPY 5,929 million, up by 16.9% over last year and operating profit of JPY 820 million, up by 40.5% from one year before.

In other part of the world, net sales ended with JPY 452 million, up by 54.6% over last year and operating profit JPY 35 million, down by 4.8% from one year before.

### (3) Projection for the year

It is expected that the Japanese economy will continue to recover slowly, however, there are still uncertainties in this recovery such as the effect of prolonged regional conflicts in the world and stagnant personal spending.

We recognize the economy will not improve without setbacks. In the light of the first half's better than expected result and strong booking for the second half, the consolidated projection for the year is now revised for the second time. Net sales are projected for JPY 69,100 million, up by 13.4% from last year and ordinary income JPY 8,100 million, up by 94.1% and net income JPY 3,500 million, up by 115.7% from one year before.

#### Forecast of Consolidated Financial Results for the fiscal year ending Sep. 30, 2004 (From Oct. 1, 2003 through Sep. 30, 2004)

(Millions of Japanese Yen)

	Original forecast (A)	Revised forecast (B)	Difference (B - A)	Differential ratio (%)	Result in previous fiscal year
Sales	67,300	69,100	1,800	2.7%	60,919
Operating income	6,700	7,900	1,200	17.9%	4,089
Ordinary income	6,900	8,100	1,200	17.4%	4,172
Net income	2,900	3,500	600	20.7%	1,622

#### Forecast of non-consolidated result for the fiscal year ending Sep. 30, 2004 (From Oct. 1, 2003 through Sep. 30, 2004)

(Millions of Japanese Yen)

	Original forecast (A)	Revised forecast (B)	Difference (B - A)	Differential ratio (%)	Result in previous fiscal year
Sales	59,300	60,700	1,400	2.4%	53,295
Operating income	5,100	6,300	1,200	23.5%	3,393
Ordinary income	6,000	7,100	1,100	18.3%	4,050
Net income	3,350	4,000	650	19.4%	1,801

## II. Financial Condition

### Summary of cash flow position during the first half:

Cash flow generated from operating activities was JPY 6,701 million, up by JPY 583 million from last year. Income before income tax and increases in accounts payable and depreciation account for the major part of this increase while accounts receivable also contributed.

Investing activities used JPY 2,086 million. Compared with last year, acquisition of property, plant and equipment remained at the same level. The maturity of time deposits and no substantial payments for subsidiaries' stock made a lower cash outlay for the half than one year before by JPY 4,528 million.

Financial activities spent JPY 3,210 million, up from JPY 1,970 million. The main factor was an increased purchase of treasury stocks.

The balance of cash and its equivalents at March 31, 2004 stood at JPY 17,956 million, up from JPY 1,306 million at the end of March 2003.

## Interim Consolidated Financial Statements

### Interim Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of March 31, 2004		As of March 31, 2003		As of September 30, 2003	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets</b>	53,667	47.7	57,255	49.1	52,620	46.9
Cash on hand and in banks	18,334		24,014		19,046	
Trade notes and accounts receivable	18,976		17,209		17,232	
Inventories	12,611		13,000		12,792	
Deferred income taxes	2,340		1,873		1,990	
Other	1,485		1,279		1,664	
Allowance for doubtful receivables	(80)		(123)		(106)	
<b>Fixed assets</b>	58,866	52.3	59,261	50.9	59,649	53.1
<b>Tangible fixed assets</b>	48,241	42.9	47,685	40.9	47,089	41.9
Buildings and structures	19,968		19,971		19,306	
Machinery and transportation equipment	9,201		9,130		9,560	
Furniture, fixtures and office equipment	4,269		3,920		3,760	
Land	13,487		13,264		13,243	
Construction in progress	1,314		1,399		1,217	
<b>Intangible fixed assets</b>	1,116	1.0	1,277	1.1	1,166	1.0
<b>Investments and other assets</b>	9,508	8.4	10,298	8.9	11,392	10.2
Investment securities	4,037		2,421		3,821	
Investment properties	486		2,325		2,870	
Deferred income taxes	3,837		4,387		3,517	
Other	1,163		1,180		1,200	
Allowance for doubtful receivables	(17)		(16)		(17)	
<b>Total assets</b>	<b>112,533</b>	<b>100.0</b>	<b>116,516</b>	<b>100.0</b>	<b>112,269</b>	<b>100.0</b>

## Interim Consolidated Financial Statements

### Interim Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of March 31, 2004		As of March 31, 2003		As of September 30, 2003	
	Amount	%	Amount	%	Amount	%
<b>Liabilities</b>						
<b>Current liabilities</b>	28,566	25.4	27,432	23.5	24,135	21.5
Trade notes and accounts payable	10,080		8,467		8,349	
Short-term bank loans and current portion of long-term debt	9,335		8,748		6,174	
Current portion of convertible debentures	196		57		308	
Income taxes payable	1,991		1,814		815	
Accrued product warranty expenses	7		34		17	
Accrued bonuses	2,053		1,905		2,128	
Notes payable - construction	1,150		1,937		2,918	
Other	3,753		4,466		3,423	
<b>Long-term liabilities</b>	32,871	29.2	36,531	31.4	36,661	32.7
Convertible debentures	19,107		19,423		19,110	
Long-term bank loans	2,798		7,046		6,846	
Allowance for employees' retirement and severance benefits	9,644		8,895		9,327	
Allowance for retirement benefits for directors and corporate auditors	1,251		1,085		1,303	
Other	71		80		74	
<b>Total liabilities</b>	<b>61,438</b>	<b>54.6</b>	<b>63,963</b>	<b>54.9</b>	<b>60,797</b>	<b>54.2</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>597</b>	<b>0.5</b>	<b>440</b>	<b>0.4</b>	<b>462</b>	<b>0.4</b>
Common stock	15,982	14.2	15,895	13.6	15,925	14.2
Capital surplus	15,733	14.0	15,647	13.4	15,675	14.0
Retained earnings	23,013	20.5	21,170	18.2	21,247	18.9
Unrealized loss on securities, net of tax	825	0.7	(22)	(0.0)	712	0.6
Adjustment arising from translation of accounts of foreign subsidiaries	(1,367)	(1.2)	(567)	(0.5)	(1,157)	(1.0)
Less treasury stock, at cost	(3,689)	(3.3)	(10)	(0.0)	(1,394)	(1.3)
<b>Total shareholders' equity</b>	<b>50,497</b>	<b>44.9</b>	<b>52,112</b>	<b>44.7</b>	<b>51,009</b>	<b>45.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>112,533</b>	<b>100.0</b>	<b>116,516</b>	<b>100.0</b>	<b>112,269</b>	<b>100.0</b>

## Interim Consolidated Financial Statements

### Interim Consolidated Income Statements

(Millions of Japanese Yen)

	Six months ended March 31, 2004		Six months ended March 31, 2003		Fiscal year ended September 30, 2003	
	Amount	%	Amount	%	Amount	%
<b>Net sales</b>	34,068	100.0	31,423	100.0	60,919	100.0
<b>Cost of sales</b>	16,575	48.7	15,836	50.4	30,933	50.8
<b>Gross profit</b>	17,492	51.3	15,587	49.6	29,985	49.2
<b>Selling, general and administrative expenses</b>	13,172	38.6	12,915	41.1	25,896	42.5
<b>Operating income</b>	4,319	12.7	2,672	8.5	4,089	6.7
<b>Non-operating income</b>	344	1.0	386	1.2	739	1.2
Interest and dividend income	25		45		84	
Rental income on fixed assets	83		85		150	
Rental income on investment property	144		129		264	
Gain on investments accounted for by the equity method	48		28		52	
Other	42		98		188	
<b>Non-operating expenses</b>	273	0.8	262	0.8	657	1.1
Interest expenses	158		174		333	
Expenses for investment property	59		54		213	
Foreign exchange loss	30		15		83	
Other	25		17		27	
<b>Ordinary income</b>	4,391	12.9	2,797	8.9	4,172	6.8
<b>Extraordinary income</b>	25	0.1	40	0.1	81	0.2
<b>Extraordinary loss</b>	964	2.9	477	1.5	593	1.0
Loss on sales and disposal of fixed assets	42		107		146	
Loss from discontinued operations of subsidiary	817		-		-	
Expenses for preparation for establishment of graduate university	105		-		-	
Loss on revaluation of marketable securities	-		187		32	
Provision of retirement benefit for directors and corporate auditors for prior years	-		182		364	
Other	-		1		50	
<b>Income before income taxes and minority interests</b>	3,452	10.1	2,359	7.5	3,660	6.0
Income taxes	2,108	6.2	1,936	6.2	2,613	4.3
Deferred income taxes	(771)	(2.3)	(771)	(2.5)	(570)	(1.0)
Minority interests in consolidated subsidiaries	(6)	(0.0)	(8)	(0.0)	(5)	(0.0)
<b>Net income</b>	2,122	6.2	1,202	3.8	1,622	2.7

## Interim Consolidated Financial Statements

### Interim Consolidated Statements of Retained Earnings

(Millions of Japanese Yen)

	Six months ended March 31,2004		Six months ended March 31,2003		Fiscal year ended September 30,2003	
<b>Capital surplus</b>						
<b>Beginning balance</b>		15,675	15,415	15,415	15,415	15,415
<b>Increase in capital surplus</b>						
Conversion of convertible debentures	57		195		224	
Gain on sales of treasury stock	-	57	35	231	35	260
<b>Ending balance</b>		15,733		15,647		15,675
<b>Retained earnings</b>						
<b>Beginning balance</b>		21,247	20,365	20,365	20,365	20,365
<b>Increase in retained earnings</b>						
Net income	2,122		1,202		1,622	
Increase due to change in holding ratio	40	2,163	-	1,202	-	1,622
<b>Decrease in retained earnings</b>						
Cash dividends	336		338		678	
Bonuses to directors and corporate auditors	59		58		58	
Employees' bonus and welfare fund	1	396	1	397	4	741
<b>Ending balance</b>		23,013		21,170		21,247

**Interim Consolidated Financial Statements**  
Interim Consolidated Statements of Cash Flow

(Millions of Japanese Yen)

	Six months ended March 31,2004	Six months ended March 31,2003	Fiscal year ended September 30,2003
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	3,452	2,359	3,660
Depreciation	3,437	3,275	7,112
Amortisation of consolidation adjustments	22	21	44
Increase (decrease) in allowance for doubtful accounts	(22)	(19)	(29)
Increase (decrease) in allowance for bonuses	(75)	(210)	12
Increase in allowance for retirement and severance benefits	316	347	780
Increase in allowance for retirement benefit for directors and corporate auditors	(51)	149	350
Interest and dividend income	(25)	(45)	(84)
Interest expense	158	174	333
Foreign exchange (gain) loss	(43)	40	(29)
(Gain) loss on investments accounted for by the equity method	(48)	(28)	(52)
Loss on disposal of properties	41	69	107
(Gain) loss on sales of properties	(3)	7	1
Loss on revaluation of marketable securities	-	187	32
(Increase) decrease in receivables, trade	(1,864)	163	(99)
(Increase) decrease in inventories	51	50	78
Increase (decrease) in payables, trade	1,883	597	791
Payment of bonuses to directors and corporate auditors	(61)	(59)	(59)
Other	570	483	(272)
<b>Subtotal</b>	<b>7,738</b>	<b>7,564</b>	<b>12,677</b>
Interest and dividend received	25	48	88
Interest expense paid	(129)	(172)	(311)
Income taxes paid	(932)	(1,323)	(2,985)
<b>Net cash provided by operating activities</b>	<b>6,701</b>	<b>6,117</b>	<b>9,468</b>
<b>Cash flows from investing activities</b>			
(Increase) decrease in time deposits	2,000	(1,311)	(1,299)
Payments for acquisition of property, plant and equipment	(3,985)	(3,662)	(5,770)
Proceeds from sales of property, plant and equipment	12	101	124
Payments for acquisition of intangible fixed assets	(95)	(190)	(275)
Payments for purchases of investment securities	(7)	(566)	(566)
Acquisition of subsidiaries' stock with change in consolidation scope	-	(706)	(706)
Other	(11)	(279)	(2,001)
<b>Net cash used in investing activities</b>	<b>(2,086)</b>	<b>(6,615)</b>	<b>(10,496)</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term debt	395	(698)	(141)
Proceeds from long-term debt	20	19	49
Payment of long-term debt	(1,196)	(214)	(3,532)
Acquisition of treasury stock	(2,295)	-	(1,387)
Dividends paid by the parent company	(336)	(338)	(678)
Other	201	(10)	15
<b>Net cash provided by (used in) financing activities</b>	<b>(3,210)</b>	<b>(1,240)</b>	<b>(5,674)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(97)</b>	<b>(9)</b>	<b>(37)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,306</b>	<b>(1,748)</b>	<b>(6,740)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>16,650</b>	<b>23,386</b>	<b>23,386</b>
<b>Cash and cash equivalents held by newly consolidated subsidiary</b>	<b>-</b>	<b>4</b>	<b>4</b>
<b>Cash and cash equivalents at end of period</b>	<b>17,956</b>	<b>21,642</b>	<b>16,650</b>

## Segment Information

### Business Segment

Six months ended March 31, 2004

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	27,564	6,175	328	34,068	-	34,068
Intersegment	364	14	-	379	(379)	-
Total net sales	27,928	6,189	328	34,447	(379)	34,068
Operating expenses	19,796	5,103	404	25,303	4,444	29,748
Operating income(loss)	8,132	1,086	(75)	9,143	(4,823)	4,319

Six months ended March 31, 2003

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	25,873	5,172	378	31,423	-	31,423
Intersegment	359	6	-	366	(366)	-
Total net sales	26,233	5,178	378	31,790	(366)	31,423
Operating expenses	19,358	5,146	437	24,942	3,808	28,751
Operating income(loss)	6,874	32	(59)	6,847	(4,174)	2,672

Fiscal year ended September 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(loss)	12,758	(6)	(150)	12,601	(8,511)	4,089

#### 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 (X-ray 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 4,661 million yen, 4,010 million yen and 8,214 million yen for the six months ended Mar. 31, 2004, 2003 and the fiscal year ended Sep. 30, 2003, respectively.

## Segment Information

### Geographical Segment

Six months ended March 31, 2004

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	20,936	6,983	5,909	238	34,068	-	34,068
Intersegment	9,394	350	19	214	9,979	(9,979)	-
Total net sales	30,330	7,334	5,929	452	44,047	(9,979)	34,068
Operating expenses	22,219	7,290	5,108	417	35,035	(5,287)	29,748
Operating income(loss)	8,110	44	820	35	9,011	(4,691)	4,319

Six months ended March 31, 2003

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	19,005	7,254	5,046	116	31,423	-	31,423
Intersegment	8,382	468	24	176	9,051	(9,051)	-
Total net sales	27,388	7,723	5,070	292	40,475	(9,051)	31,423
Operating expenses	21,185	7,861	4,486	255	33,789	(5,038)	28,751
Operating income(loss)	6,202	(138)	583	37	6,685	(4,013)	2,672

Fiscal year ended September 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(loss)	11,409	(244)	1,100	85	12,351	(8,261)	4,089

#### Notes :

- The countries or areas are classified based on the geographical proximity.
- Major countries and areas which belong to each classification:  
 North America : The United States  
 Europe : Germany, France, U.K.  
 Other : China
- Operating expenses in elimination or corporate which can not be allocated to each business segment were 4,661 million yen, 4,010 million yen and 8,214 million yen for the six months ended Mar. 31, 2004, 2003 and the fiscal year ended Sep. 30, 2003, respectively.

## Segment Information

### Overseas sales

Six months ended March 31,2004

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	7,289	5,893	3,839	161	17,184
Consolidated net sales	-	-	-	-	34,068
Ratio of overseas sales to consolidated net sales	21.40%	17.30%	11.27%	0.47%	50.44%

Six months ended March 31,2003

(Millions of Japanese Yen)

	North America	Europe	Other	Consolidated total
Overseas sales	8,101	5,032	3,184	16,318
Consolidated net sales	-	-	-	31,423
Ratio of overseas sales to consolidated net sales	25.78%	16.02%	10.13%	51.93%

Fiscal year ended September 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%

#### 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 :The United States  
Europe : Germany, France, U.K.  
Asia : Israel, China, Korea, Taiwan  
Other : Australia
3. Change in classification  
Asia is divided from Other from this period since sales in Asia exceeded 10% of consolidated total.  
Sales in Asia included in Other for the six months ended March 31, 2003 were 3,014 million yen.