

## Consolidated Financial Results for the Fiscal Year ended September 30, 2004

November 15, 2004

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 : November 15, 2004

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, 2004 (From Oct. 1, 2003 through Sep. 30, 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	%
Fiscal year ended Sep. 30, 2004	70,466	15.7	9,688	136.9	9,999	139.7
Fiscal year ended Sep. 30, 2003	60,919	0.4	4,089	(30.4)	4,172	(33.3)

	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, 2004	4,652	186.8	69.86	63.25	9.1	8.6	14.2
Fiscal year ended Sep. 30, 2003	1,622	(45.5)	23.09	21.13	3.2	3.7	6.8

Notes: 1. Gain on investments accounted for by equity method

Fiscal year ended Sep. 30, 2004 : 100 million yen

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

2. Average number of shares outstanding (Consolidated)

Fiscal year ended Sep. 30, 2004 : 65,749,873 shares

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

3. Changes in accounting method : one ( in evaluation of foreign currency from closing date to average rate)

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
Sep. 30, 2004	119,045	50,966	42.8	783.30
Sep. 30, 2003	112,269	51,009	45.4	758.92

Notes: Number of shares outstanding at end of period (Consolidated)

Fiscal year ended Sep.30, 2004 : 64,989,991 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
Fiscal year ended Sep. 30, 2004	12,861	(4,526)	(2,045)	23,126
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 results for the fiscal year ending Sep. 30, 2005 (From Oct. 1, 2004 through Sep. 30, 2005)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Mar. 31, 2005	36,900	5,850	3,800
Fiscal year ending Sep. 30, 2005	73,700	11,100	7,200

Reference : Projected net income per share for the fiscal year : Yen 110.79

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2004		As of Sep. 30, 2003		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets</b>	60,934	51.2	52,620	46.9	8,314	15.8
Cash on hand and in banks	23,633		19,046		4,587	
Trade notes and accounts receivable	20,470		17,232		3,238	
Inventories	13,250		12,792		457	
Deferred income taxes	2,112		1,990		122	
Other	1,594		1,664		(69)	
Allowance for doubtful receivables	(127)		(106)		(21)	
<b>Fixed assets</b>	58,111	48.8	59,649	53.1	(1,537)	(2.6)
<b>Tangible fixed assets</b>	47,921	40.2	47,089	41.9	831	1.8
Buildings and structures	19,648		19,306		341	
Machinery and transportation equipment	8,888		9,560		(672)	
Furniture, fixtures and office equipment	4,399		3,760		639	
Land	13,424		13,243		180	
Construction in progress	1,560		1,217		343	
<b>Intangible fixed assets</b>	594	0.5	1,166	1.0	(572)	(49.0)
<b>Investments and other assets</b>	9,595	8.1	11,392	10.2	(1,797)	(15.8)
Investment securities	3,726		3,821		(95)	
Long-term loans	42		42		0	
Investment properties	442		2,870		(2,428)	
Deferred income taxes	4,341		3,517		824	
Other	1,059		1,158		(99)	
Allowance for doubtful receivables	(17)		(17)		0	
<b>Total assets</b>	119,045	100.0	112,269	100.0	6,776	6.0

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2004		As of Sep. 30, 2003		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
<b>Liabilities</b>						
<b>Current liabilities</b>	29,609	24.9	24,135	21.5	5,474	22.7
Trade notes and accounts payable	10,513		8,349		2,164	
Short-term bank loans and current portion of long-term debt	8,651		6,174		2,476	
Current portion of convertible debentures	-		308		(308)	
Income taxes payable	3,139		815		2,323	
Accrued product warranty expenses	-		17		(17)	
Accrued bonuses	2,128		2,128		0	
Notes payable - construction	530		2,918		(2,387)	
Other	4,645		3,423		1,222	
<b>Long-term liabilities</b>	37,866	31.8	36,661	32.7	1,204	3.3
Convertible debentures	19,107		19,110		(3)	
Long-term bank loans	7,333		6,846		487	
Deferred income taxes	76		71		5	
Allowance for employees' retirement and severance benefits	10,061		9,327		733	
Allowance for retirement benefits for directors and corporate auditors	1,284		1,303		(19)	
Other	2		3		(0)	
<b>Total liabilities</b>	67,476	56.7	60,797	54.2	6,679	11.0
<b>Minority interests in consolidated subsidiaries</b>	603	0.5	462	0.4	140	30.5
<b>Shareholders' equity</b>						
Common stock	16,076	13.5	15,925	14.2	151	1.0
Additional paid-in capital	15,827	13.3	15,675	14.0	151	1.0
Retained earnings	25,213	21.2	21,247	18.9	3,966	18.7
Unrealized loss on securities, net of tax	642	0.5	712	0.6	(70)	(9.9)
Adjustment arising from translation of accounts of foreign subsidiaries	(790)	(0.7)	(1,157)	(1.0)	367	(31.7)
Less treasury stock, at cost	(6,003)	(5.0)	(1,394)	(1.3)	(4,608)	330.5
<b>Total shareholders' equity</b>	50,966	42.8	51,009	45.4	(43)	(0.1)
<b>Total liabilities and shareholders' equity</b>	119,045	100.0	112,269	100.0	6,776	6.0

**Consolidated Financial Statements**  
Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30,2004		Fiscal year ended Sep. 30,2003		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
<b>Net sales</b>	70,466	100.0	60,919	100.0	9,547	15.7
<b>Cost of sales</b>	33,996	48.2	30,933	50.8	3,063	9.9
<b>Gross profit</b>	36,470	51.8	29,985	49.2	6,484	21.6
<b>Selling, general and administrative expenses</b>	26,781	38.1	25,896	42.5	885	3.4
Postage and delivery	681		592		88	
Advertising and promotion	885		650		235	
Product warranty expenses	-		11		(11)	
Allowance for Bad Debts	29		-		29	
Salary	6,810		6,590		220	
Provision of bonuses	664		665		(1)	
Provision of retirement benefit	348		327		20	
Provision of retirement benefit to directors	67		71		(3)	
Depreciation	1,053		1,151		(97)	
Commissions	1,894		1,883		10	
Research and development	8,771		8,737		34	
Other	5,575		5,214		360	
<b>Operating income</b>	9,688	13.7	4,089	6.7	5,598	136.9
<b>Non-operating income</b>	746	1.1	739	1.2	6	0.9
Interest and dividend income	67		84		(17)	
Rental income on fixed assets	146		150		(4)	
Rental income on investment property	285		264		21	
Gain on investments accounted for by the equity method	100		52		48	
Other	146		188		(41)	
<b>Non-operating expenses</b>	434	0.6	657	1.1	(222)	(33.8)
Interest expenses	263		333		(69)	
Expenses for investment property	110		213		(103)	
Foreign exchange loss	32		83		(50)	
Other	27		27		0	
<b>Ordinary income</b>	9,999	14.2	4,172	6.8	5,827	139.7
<b>Extraordinary income</b>	70	0.1	81	0.2	(11)	(13.6)
Gain on sales of fixed assets	70		37		32	
Subsidy income	-		22		(22)	
Reversal of allowance for doubtful receivables	-		15		(15)	
Other	-		6		(6)	
<b>Extraordinary loss</b>	1,975	2.8	593	1.0	1,382	232.9
Loss on sales and disposal of fixed assets	256		146		109	
Loss on revaluation of marketable securities	2		32		(30)	
Impairment of goodwill	514		-		514	
Loss on reorganization of subsidiary	481		-		481	
Expenses for preparation for establishment of graduate university	720		-		720	
Provision of retirement benefit for directors and corporate auditors for prior years	-		364		(364)	
Other	-		50		(50)	
<b>Income before income taxes and minority interests</b>	8,094	11.5	3,660	6.0	4,434	121.1
Income taxes	4,293	6.1	2,613	4.3	1,679	64.3
Deferred income taxes	(843)	(1.2)	(570)	(1.0)	(273)	48.0
Minority interests in consolidated subsidiaries	(8)	(0.0)	(5)	(0.0)	(2)	37.0
<b>Net income</b>	4,652	6.6	1,622	2.7	3,030	186.8

## Consolidated Financial Statements

### Consolidated Statements of Retained Earnings

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30,2004		Fiscal year ended Sep. 30,2003	
<b>Capital surplus</b>				
<b>Beginning balance</b>		15,675	15,415	15,415
<b>Increase in capital surplus</b>				
Conversion of convertible debentures	151		224	
Gain on sales of treasury stock	-	151	35	260
<b>Ending balance</b>		15,827		15,675
<b>Retained earnings</b>				
<b>Beginning balance</b>		21,247	20,365	20,365
<b>Increase in retained earnings</b>				
Net income	4,652		1,622	
Effect of change in interest in subsidiary	40	4,693	-	1,622
<b>Decrease in retained earnings</b>				
Cash dividends	666		678	
Bonuses to directors and corporate auditors	59		58	
Employees' bonus and welfare fund	1	727	4	741
<b>Ending balance</b>		25,213		21,247

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

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30,2004	Fiscal year ended Sep. 30,2003
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	8,094	3,660
Depreciation	7,098	7,112
Amortisation of consolidation adjustments	44	44
Increase (decrease) in allowance for doubtful accounts	20	(29)
Increase (decrease) in allowance for bonuses	(2)	12
Increase in allowance for retirement and severance benefits	733	780
Increase in allowance for retirement benefit for directors and corporate auditors	(19)	350
Interest and dividend income	(67)	(84)
Interest expense	263	333
Foreign exchange (gain) loss	(36)	(29)
(Gain) loss on investments accounted for by the equity method	(100)	(52)
Loss on disposal of fixed assets	254	107
(Gain) loss on sales of fixed assets	(69)	1
Loss on revaluation of marketable securities	2	32
(Increase) decrease in receivables, trade	(3,103)	(99)
(Increase) decrease in inventories	(429)	78
Increase (decrease) in payables, trade	2,050	791
Payment of bonuses to directors and corporate auditors	(61)	(59)
Other	334	(272)
<b>Subtotal</b>	15,007	12,677
Interest and dividend received	70	88
Interest expense paid	(235)	(311)
Income taxes paid	(1,981)	(2,985)
<b>Net cash provided by operating activities</b>	12,861	9,468
<b>Cash flows from investing activities</b>		
(Increase) decrease in time deposits	1,888	(1,299)
Payments for acquisition of fixed assets	(6,928)	(5,770)
Proceeds from sales of fixed assets	99	124
Payments for acquisition of intangible fixed assets	(176)	(275)
Payments for purchases of investment securities	(7)	(566)
Proceeds from reorganization of subsidiary	561	-
Payments for acquisition of subsidiaries' stock with change of consolidation	-	(706)
Payments for acquisition of investment property	-	(1,877)
Other	35	(124)
<b>Net cash used in investing activities</b>	(4,526)	(10,496)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term debt	(219)	(141)
Proceeds from long-term debt	4,760	49
Payment of long-term debt	(1,511)	(3,532)
Payments for acquisition of treasury stock	(4,608)	(1,387)
Dividends paid by the parent company	(667)	(678)
Other	201	15
<b>Net cash provided by (used in) financing activities</b>	(2,045)	(5,674)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	186	(37)
<b>Net increase (decrease) in cash and cash equivalents</b>	6,475	(6,740)
<b>Cash and cash equivalents at beginning of period</b>	16,650	23,386
<b>Cash and cash equivalents held by newly consolidated subsidiary</b>	-	4
<b>Cash and cash equivalents at end of period</b>	23,126	16,650

## Segment Information

### Business Segment

Fiscal year ended Sep. 30, 2004

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	57,882	11,930	653	70,466	-	70,466
Intersegment	628	28	-	656	(656)	-
Total net sales	58,511	11,958	653	71,123	(656)	70,466
Operating expenses	41,402	9,837	826	52,066	8,711	60,778
Operating income	17,109	2,121	(173)	19,057	(9,368)	9,688
Assets	71,806	15,642	2,290	89,739	29,306	119,045
Depreciation	4,802	758	85	5,646	1,363	7,009
Capital expenditures	3,779	569	146	4,494	1,531	6,026

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

#### 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 8,214 million yen and 9,091 million yen for the fiscal years ended Sep. 30, 2003 and 2004, 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 28,399 million yen and 29,306 million yen for the fiscal years ended Sep. 30, 2003 and 2004, respectively.
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, 2004

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	42,582	15,141	12,359	382	70,466	-	70,466
Intersegment	20,405	737	55	468	21,666	(21,666)	-
Total net sales	62,987	15,879	12,414	851	92,133	(21,666)	70,466
Operating expenses	46,211	15,383	10,799	778	73,172	(12,394)	60,778
Operating income	16,776	495	1,615	72	18,960	(9,271)	9,688
Assets	78,588	7,235	6,812	2,257	94,893	24,151	119,045

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

#### 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 8,214 million yen and 9,091 million yen for the fiscal years ended Sep. 30, 2003 and 2004, respectively.
4. Corporate assets in elimination or corporate were 28,399 million yen and 29,306 million yen for the fiscal years ended Sep. 30, 2003 and 2004, respectively.

## Segment Information

### Overseas sales

Fiscal year ended Sep. 30, 2004

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	15,525	12,251	8,865	369	37,011
Consolidated net sales	-	-	-	-	70,466
Ratio of overseas sales to consolidated net sales	22.0%	17.4%	12.6%	0.5%	52.5%

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	24.2%	16.1%	11.2%	0.5%	52.0%

#### 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.  
Asia : Israel, China, Korea, Taiwan  
Other : Australia