

Consolidated Financial Results for the Fiscal Year ended September 30, 2006

November 13, 2006

Company name : Hamamatsu Photonics K.K.

ID number : 6965

URL : <http://www.hamamatsu.com/>

Representative : Teruo Hiruma, President and Chief Executive Officer

Contact : Yukiaki Suzuki, Director and General Manager of Accounting Div. (Phone : +81-53-452-2141)

Meeting of the Board of Directors : November 13, 2006

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, 2006 (From Oct. 1, 2005 through Sep. 30, 2006)

(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, 2006	86,988	17.7	15,726	34.5	16,036	32.3
Fiscal year ended Sep. 30, 2005	73,909	4.9	11,692	20.7	12,117	21.2

	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, 2006	9,741	26.1	142.39	120.47	13.4	10.5	18.4
Fiscal year ended Sep. 30, 2005	7,726	66.0	117.98	97.21	14.1	9.2	16.4

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

Fiscal year ended Sep. 30, 2006 : 88 million yen

Fiscal year ended Sep. 30, 2005 : 95 million yen

2. Average number of shares outstanding (Consolidated)

Fiscal year ended Sep. 30, 2006 : 68,418,503 shares

Fiscal year ended Sep. 30, 2005 : 64,991,492 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	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
Sep. 30, 2006	161,192	88,143	54.2	1,179.86
Sep. 30, 2005	144,437	58,400	40.4	897.63

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

Fiscal year ended Sep. 30, 2006 : 73,995,134 shares

Fiscal year ended Sep. 30, 2005 : 64,995,807 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, 2006	17,350	(12,135)	(3,152)	46,433
Fiscal year ended Sep. 30, 2005	14,411	(8,225)	14,651	44,045

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries : 20

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) 0 (exclusion) 1

Equity method : (inclusion) 0 (exclusion) 0

2. Forecast of consolidated results for the fiscal year ending Sep. 30, 2007 (From Oct. 1, 2006 through Sep. 30, 2007)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Mar. 31, 2007	46,000	9,100	5,900
Fiscal year ending Sep. 30, 2007	93,400	17,600	11,400

Reference : Projected net income per share for the fiscal year : Yen 154.06

Summary of Consolidated Performance for the Fiscal Year Ending September 30, 2006

I. Business Performance

(1) Summary of Fiscal 2006

During fiscal 2006, the Japanese economy experienced a mild recovery due to improve company profitability that resulted in increased private-sector capital investment. Personal consumption also turned up while the employment situation improved.

Against this background, our group continued to create new industries and applications in a variety of fields utilizing our own photonics technologies. The cultivation of these fields took a long time. In addition, we strove to boost revenue and income by releasing a number of products that met the needs of a diversified market and by streamlining operating expenses.

As a result of the substantial increase in overseas sales and steady performance in domestic sales, we closed the year with net sales of JPY 86,988 million, up by JPY 13,079 million (17.7%) and ordinary income of JPY 16,036 million, up by JPY 3,918 million (32.3%) over one year before respectively. Net income resulted in JPY 9,741 million, up by JPY 2,015 million (26.1%).

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

1. Sales by Business Sector

a. Opto-Electronic Devices:

Our high-performance and high-reliability *Photomultiplier Tubes (PMTs)* increased market share in nuclear medicine fields such as Positron Emission Tomography (PET) and Gamma Camera applications, and in medical fields such as X-ray Imaging Systems. In the oil well logging, sales increased substantially in overseas markets attributed to the high-performance and high-reliability of these products in a severe usage environment namely, high temperatures, shocks and vibrations associated with digging operations. As a whole, PMTs penetrated medical as well as industrial, analytical and measurement applications.

In the *Light Sources and Imaging Devices sector*, the sales of our X-ray Scintillator, which converts X-ray imaging into optical imaging, for dental and breast imaging systems continued to increase steadily, mainly in Europe and the U.S. This increase was driven by the high sensitivity and high resolution of our devices as well as the trend for digitization of X-ray films. Microfocus X-ray sources for non-destructive inspection systems showed steady growth fueled by increase capital investment by industries such as semiconductors. Due to expanded demand, sales showed good results by posting growth in medical and industrial production sectors.

In the *Opto-semiconductor* sector, sales of Silicon Photodiodes, mainly for medical applications, continued to grow steadily. Flat Panel Sensors for dental imaging rose rapidly due to high sensitivity, high resolution, and our ability to customize the design of the detection area. In addition we can customize the pixel size on request. Sales of a Photo IC for communication network application for the auto industry increased steadily along with a Luminance sensor, which conforms to the Restriction of Hazardous Substances Directive (RoHS) in Europe.

Given these factors, net sales for this sector were JPY 73,442 million, up by 18.9% over last year and operating profit JPY 23,885 million, up by 21.8%.

b. Imaging and Measurement Instruments:

Semiconductor Failure Analysis Systems capable of higher accuracy analysis grew mainly in the U.S., Europe and Asia, particularly in the second half of the year. OEM business continued to expand for Digital Cameras in the field of Biology, mostly in the U.S. market. In the field of Medical Pathology, our high speed and high-resolution digital slide observation system began contributing to a sales increase.

Net sales for this sector resulted in JPY 13,471 million, up by 11.3% and operating profit JPY 1,586 million, down by 12.5% over last year respectively.

c. Others:

Net sales for this fiscal year were JPY 643 million, down by 2.9% and operating loss JPY 147 million, down by 0.1% respectively over last year.

2. Sales by Region

In **Japan**, export sales increased rapidly in Opto-semiconductors, PMT and Imaging and Measurement Instruments, mainly in the medical and industrial field. Domestic sales increased steadily in Imaging and Measurement Instruments, mainly in the industrial field along with Opto-semiconductors in the medical field such as dental applications, on the other hand the Semiconductor Failure Analysis System showed decrease in domestic sales. Total sales in Japan were JPY 74,767 million, up by 14.9% over last year and operating profits JPY 20,692 million, up by 11.8% compared with one year before.

In **North America**, in the medical field, PMTs used in PET and Gamma Cameras, and X-ray Scintillator used in dental imaging grew steadily and PMTs in the oil well digging market posted record growth. In addition, a weak yen/dollar exchange rate contributed to the sales increase. The total sales for the region were JPY 23,124 million, up by 34.3% and operating profit JPY 1,576 million, up by 116.4% over last year respectively.

Europe experienced a steady increase in Opto-semiconductors, mainly in the medical field, such as Flat Panel Sensor and Silicon Photodiode for dental X-ray imaging, and Photo ICs for automotive. X-ray Scintillator for dental X-ray imaging also showed good results. The total sales were JPY 19,457 million, up by 28.2% and operating profit JPY 2,566 million, up by 39.3% over last year respectively.

In **Other Regions** mostly represented by China, net sales were JPY 1,627 million; up by 29.4% and operating profit JPY 211 million, up by 52.3%.

(3) Projection for the year

We expect the Japanese economy will continue to recover as capital investment increases while corporate profits improve, and personal consumption will also show general increases. However, there is a cause of concern such as the price of oil, and we have to recognize that our management surroundings are severe that there is no knowing what will happen next.

Our group has researched into "light" in all of its aspects since established and our photonics technologies have been used as the foundation technologies in the field of industry, medical and academic research in the world. However, we have recognized the field of our business target is limited compared to the capability of "light". We believe that the application of photonics technologies will be expanded and it will be a basic technology for all over the industries. This means the market for our products is expanded more and more.

Our own photonics technologies are a kind of "seeds" of industry. We have to find a "needs" that human society seeks and we need to industrialize the "seeds" in order to be an essential company in the world.

Our group will continue to pursue the photonics technologies and squeeze utility research, and develop and introduce high-value-added products that meet market's need. In addition, we must continue to attempt to urge an efficiency and mass production actively, create a new industry and expand our business in one united body.

The Company Projection consolidated and non-consolidated performances results for the fiscal year ending September 30, 2006 as follows:

1. Projection for Consolidated Performances for the Next Year

(Unit: in million JPY)

period item	First Half Records		Projection for the Year	
		compared with previous year		compared with previous year
Net Sales	46,000	6.1%	93,400	7.4%
Operating Income	8,900	-4.4%	17,200	9.4%
Ordinary Income	9,100	-3.7%	17,600	9.7%
Net Income	5,900	13.4%	11,400	17.0%

2. Projection for Non-consolidated Performances for the Next Year

(Unit: in million JPY)

period item	First Half Records		Projection for the Year	
		compared with previous year		compared with previous year
Net Sales	38,600	6.4%	78,000	5.5%
Operating Income	6,600	-4.4%	12,300	7.3%
Ordinary Income	8,000	1.5%	13,900	10.2%
Net Income	5,700	23.9%	9,500	23.6%

3. Projection for Dividend for the Fiscal 2006

Our annual dividend for the current fiscal year is going to be 40 yen per share (interim dividend: 20 yen per share) taking our business results and capital requirements into consideration.

II. Financial Conditions

(1) Summary of Cash Flow for Fiscal 2006

Cash flow created from operations for the period was JPY 17,350 million. While there were increases in accounts receivable and inventories, increases in pre-tax income and accounts payable contributed to a positive difference of JPY 2,939 million over last year.

Investment activity required a cash flow of JPY 12,135 million, up by JPY 3,910 million from previous year due mainly to an acquisition of tangible fixed assets while security investments were sold.

Financial activity used a cash flow of JPY 3,152 million, due mainly to a payment of dividend and no funding in this fiscal year while it created JPY 14,651 million cash flow because of an issuance of bonds last year.

At the end of this fiscal year, cash and cash equivalent stood at JPY 46,433 million, up by JPY 2,388 million from the last fiscal year end.

(2) Trends in Cash-Flow Indicators

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Net Assets Ratio (%)	44.2	45.4	42.8	40.4	54.2
Net Assets Ratio Based on Current Market Price (%)	133.6	108.6	101.0	117.9	166.2
Debt Redemption Period (Years)	3.6	3.5	2.8	2.2	1.5
Interest Coverage Ratio (Times)	25.2	30.4	54.7	82.7	111.1

Notes: Calculation Methods of the above indicators are as following;

Net Assets Ratio: Net Assets / Total assets

Net Assets Ratio based on Current Market Price: Total market value of common stock / Total assets

Debt Redemption Period: Interest-bearing debt / Net cash provided by operating activities

Interest Coverage Ratio: Net cash provided by operating activities / interest payments

- * All indicators are calculated based on consolidated financial figures.
- * Total market value of common stock is calculated by multiplying the closing stock price at the end of each period by the number of shares issued (excluding treasury stock) at that end of the period.
- * Net cash provided by operating activities refers to activities detailed in the Consolidated Statements of Cash Flows. Interest-bearing debt refers to all the debts in the Consolidated Balance Sheets which involve interest payment. Interest payments refer to the figure for the amount of interest paid in the Consolidated Statements of Cash Flows.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2006		As of Sep. 30, 2005		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets	93,299	57.9	81,679	56.5	11,619	14.2
Cash on hand and in banks	49,567		45,102		4,465	
Trade notes and accounts receivable	22,975		19,200		3,774	
Inventories	15,371		13,701		1,670	
Deferred income taxes	3,529		2,341		1,188	
Other	2,001		1,619		382	
Allowance for doubtful receivables	(146)		(285)		139	
Fixed assets	67,893	42.1	62,758	43.5	5,134	8.2
Tangible fixed assets	55,458	34.4	51,120	35.4	4,337	8.5
Buildings and structures	23,572		21,658		1,914	
Machinery and transportation equipment	10,698		9,196		1,502	
Furniture, fixtures and office equipment	3,783		4,115		(331)	
Land	13,528		13,511		16	
Construction in progress	3,874		2,639		1,234	
Intangible fixed assets	474	0.3	512	0.4	(38)	(7.5)
Investments and other assets	11,960	7.4	11,124	7.7	835	7.5
Investment securities	5,116		5,173		(57)	
Long-term loans	42		40		2	
Investment properties	286		372		(85)	
Deferred income taxes	4,856		4,475		381	
Other	1,674		1,079		594	
Allowance for doubtful receivables	(16)		(17)		0	
Total assets	161,192	100.0	144,437	100.0	16,754	11.6

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2006		As of Sep. 30, 2005		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Liabilities						
Current liabilities	52,433	32.5	24,939	17.3	27,493	110.2
Trade notes and accounts payable	11,269		9,527		1,742	
Short-term bank loans and current portion of long-term debt	7,173		2,971		4,201	
Current portion of convertible debentures	14,667		-		14,667	
Income taxes payable	4,212		2,524		1,687	
Accrued bonuses	5,001		2,410		2,590	
Accrued bonuses to directors	60		-		60	
Notes payable - construction	1,529		1,471		57	
Other	8,520		6,035		2,485	
Long-term liabilities	20,614	12.8	60,455	41.8	(39,840)	(65.9)
Non-collateral bonds with warrants to buy stocks	3,620		19,985		(16,365)	
Convertible debentures	-		19,107		(19,107)	
Long-term bank loans	4,031		9,020		(4,988)	
Deferred income taxes	91		75		15	
Allowance for employees' retirement and severance benefits	11,475		10,869		606	
Allowance for retirement benefits for directors and corporate auditors	1,385		1,352		33	
Other	10		45		(35)	
Total liabilities	73,048	45.3	85,395	59.1	(12,347)	(14.5)
Minority interests in consolidated subsidiaries	-	-	641	0.5	(641)	-
Shareholders' equity						
Common stock	-	-	16,084	11.1	(16,084)	-
Additional paid-in capital	-	-	15,834	11.0	(15,834)	-
Retained earnings	-	-	31,578	21.9	(31,578)	-
Unrealized loss on securities, net of tax	-	-	1,470	1.0	(1,470)	-
Adjustment arising from translation of accounts of foreign subsidiaries	-	-	(561)	(0.4)	561	-
Less treasury stock, at cost	-	-	(6,005)	(4.2)	6,005	-
Total shareholders' equity	-	-	58,400	40.4	(58,400)	-
Total liabilities and shareholders' equity	-	-	144,437	100.0	(144,437)	-
Net asset						
Shareholders' equity	85,509	53.1	-	-	85,509	-
Common stock	26,487		-		26,487	
Capital surplus	26,236		-		26,236	
Retained earnings	38,802		-		38,802	
Less treasury stock, at cost	(6,016)		-		(6,016)	
Unrealized gains and adjustment	1,794	1.1	-	-	1,794	-
Unrealized gain on securities, net of tax	1,712		-		1,712	
Deferred Hedge Gain (Loss)	(53)		-		(53)	
Foreign Currency Translation Adjustment	135		-		135	
Minority interests in consolidated subsidiaries	839	0.5	-	-	839	-
Total net asset	88,143	54.7	-	-	88,143	-
Total liabilities and net asset	161,192	100.0	-	-	161,192	-

Consolidated Financial Statements
Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2005		Fiscal year ended Sep. 30, 2004		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Net sales	86,988	100.0	73,909	100.0	13,079	17.7
Cost of sales	41,346	47.5	34,823	47.1	6,522	18.7
Gross profit	45,642	52.5	39,085	52.9	6,556	16.8
Selling, general and administrative expenses	29,915	34.4	27,393	37.1	2,522	9.2
Postage and delivery	774		685		88	
Advertising and promotion	724		711		13	
Salary	7,349		6,725		624	
Provision of bonuses	1,359		692		666	
Provision of bonuses to directors	60		-		60	
Provision of retirement benefit	329		328		0	
Provision of retirement benefit to directors	67		68		(0)	
Depreciation	1,154		1,112		42	
Commissions	2,342		2,005		336	
Research and development	9,181		8,846		334	
Allowance for Bad Debts	-		156		(156)	
Other	6,572		6,061		510	
Operating income	15,726	18.1	11,692	15.8	4,034	34.5
Non-operating income	860	1.0	918	1.3	(58)	(6.3)
Interest and dividend income	198		110		88	
Rental income on fixed assets	127		151		(23)	
Rental income on investment property	213		281		(68)	
Gain on investments accounted for by the equity method	88		95		(7)	
Other	231		278		(47)	
Non-operating expenses	549	0.7	492	0.7	57	11.6
Interest expenses	155		173		(17)	
Expenses for investment property	83		94		(10)	
Foreign exchange loss	306		175		131	
Bond issue expenses	-		44		(44)	
Other	3		4		(1)	
Ordinary income	16,036	18.4	12,117	16.4	3,918	32.3
Extraordinary income	205	0.2	9	0.0	196	
Gain on sales of fixed assets	52		4		47	
Subsidy income	87		4		83	
Reversal of allowance for doubtful accounts	65		-		65	
Extraordinary loss	478	0.5	262	0.3	215	81.9
Loss on sales and disposal of fixed assets	88		114		(26)	
Advanced depreciations	87		4		83	
Impairment loss	237		-		237	
Loss on revaluation of marketable securities	64		-		64	
Impairment of goodwill	-		75		(75)	
Loss on reorganization of subsidiary	-		43		(43)	
Provision of retirement benefit for directors and corporate auditors for prior years	-		16		(16)	
Other	-		8		(8)	
Income before income taxes and minority interests	15,764	18.1	11,864	16.1	3,900	32.9
Income taxes	6,985	8.0	4,911	6.6	2,074	42.2
Income taxes in previous years	674	0.8	-	-	674	-
Deferred income taxes	(1,679)	(1.9)	(821)	(1.1)	(858)	104.5
Minority interests in consolidated subsidiaries	41	0.0	48	0.1	(6)	(13.2)
Net income	9,741	11.2	7,726	10.5	2,015	26.1

Consolidated Financial Statements

Consolidated Statements of Retained Earnings

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2005	
Capital surplus		
Beginning balance		15,827
Increase in capital surplus		
Gain on sales of treasury stock	7	7
Ending balance		15,834
Retained earnings		
Beginning balance		25,213
Increase in retained earnings		
Net income	7,726	7,726
Decrease in retained earnings		
Cash dividends	1,302	
Bonuses to directors and corporate auditors	58	
Employees' bonus and welfare fund	0	1,361
Ending balance		31,578

Consolidated Financial Statements

Consolidated Statements of Changes in Shareholders' Equity

Fiscal year ended September 30, 2006

(Millions of Japanese Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at Sep. 30, 2005	16,084	15,834	31,578	(6,005)	57,492
Changes during the period					
Conversion of convertible debentures	2,220	2,219	-	-	4,439
Exercise of stock subscription rights	8,182	8,182	-	-	16,365
Dividends from surplus	-	-	(2,347)	-	(2,347)
Bonuses to directors	-	-	(58)	-	(58)
Net income for the period	-	-	9,741	-	9,741
Employee's bonus and welfare fund	-	-	(17)	-	(17)
Changes of interests in subsidiaries	-	-	(93)	-	(93)
Purchases of treasury stock	-	-	-	(11)	(11)
Changes, net, in items other than shareholders' equity	-	-	-	-	-
Total changes during the period	10,403	10,401	7,224	(11)	28,017
Balance at Sep. 30, 2006	26,487	26,236	38,802	(6,016)	85,509

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments				Minority interests	Total net assets
	Unrealized gain/loss on securities	Deferred hedge gain/loss	Foreign currency translation adjustments	Total revaluation & translation adjustments		
Balance at Sep. 30, 2005	1,470	-	(561)	908	641	59,042
Changes during the period						
Conversion of convertible debentures	-	-	-	-	-	4,439
Exercise of stock subscription rights	-	-	-	-	-	16,365
Dividends from surplus	-	-	-	-	-	(2,347)
Bonuses to directors	-	-	-	-	-	(58)
Net income for the period	-	-	-	-	-	9,741
Employee's bonus and welfare fund	-	-	-	-	-	(17)
Changes of interests in subsidiaries	-	-	-	-	-	(93)
Purchases of treasury stock	-	-	-	-	-	(11)
Changes, net, in items other than shareholders' equity	242	(53)	697	886	197	1,084
Total changes during the period	242	(53)	697	886	197	29,101
Balance at Sep. 30, 2006	1,712	(53)	135	1,794	839	88,143

Consolidated Financial Statements
Consolidated Statements of Cash Flow

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2006	Fiscal year ended Sep. 30, 2005
Cash flows from operating activities		
Income before income taxes and minority interests	15,764	11,864
Depreciation	7,062	6,684
Impairment loss	237	-
Amortisation of consolidation adjustments	-	34
Increase (decrease) in allowance for doubtful accounts	(151)	148
Increase (decrease) in allowance for bonuses	2,578	281
Increase in allowance for retirement and severance benefits	606	807
Increase in allowance for retirement benefit for directors and corporate auditors	33	68
Interest and dividend income	(198)	(110)
Interest expense	155	173
Foreign exchange (gain) loss	(119)	(18)
Bond issue expenses	-	44
(Gain) loss on investments accounted for by the equity method	(88)	(95)
Loss on disposal of fixed assets	85	102
(Gain) loss on sales of fixed assets	(49)	7
Loss on revaluation of marketable securities	64	-
(Increase) decrease in receivables, trade	(3,315)	1,291
(Increase) decrease in inventories	(1,383)	(423)
Increase (decrease) in payables, trade	1,290	(1,011)
Payment of bonuses to directors and corporate auditors	(60)	(59)
Other	781	387
Subtotal	23,293	20,176
Interest and dividend received	254	116
Interest expense paid	(156)	(174)
Income taxes paid	(6,041)	(5,707)
Net cash provided by operating activities	17,350	14,411
Cash flows from investing activities		
(Increase) decrease in time deposits	(2,582)	(550)
Payments for acquisition of marketable securities	(71)	(255)
Payments for acquisition of fixed assets	(10,229)	(7,423)
Proceeds from sales of fixed assets	191	37
Payments for acquisition of intangible fixed assets	(136)	(189)
Payments for purchases of investment securities	(71)	(6)
Proceeds from sales of investment securities	517	-
Proceeds from reorganization of subsidiary	-	155
Other	245	6
Net cash used in investing activities	(12,135)	(8,225)
Cash flows from financing activities		
Increase (decrease) in short-term debt	(470)	(673)
Proceeds from long-term debt	12	2,000
Payment of long-term debt	(312)	(5,322)
Proceeds from issuance of corporate bonds	-	20,000
Payments for acquisition of treasury stock	(11)	(2)
Dividends paid by the parent company	(2,342)	(1,302)
Other	(27)	(48)
Net cash provided by (used in) financing activities	(3,152)	14,651
Effect of exchange rate changes on cash and cash equivalents	325	80
Net increase (decrease) in cash and cash equivalents	2,388	20,918
Cash and cash equivalents at beginning of period	44,045	23,126
Cash and cash equivalents at end of period	46,433	44,045

Segment Information

Business Segment

Fiscal year ended Sep. 30, 2006

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	72,906	13,438	643	86,988	-	86,988
Intersegment	536	32	-	568	(568)	-
Total net sales	73,442	13,471	643	87,557	(568)	86,988
Operating expenses	49,556	11,884	791	62,232	9,029	71,262
Operating income	23,885	1,586	(147)	25,324	(9,598)	15,726
Assets	89,985	17,328	2,218	109,532	51,660	161,192
Depreciation	5,102	673	73	5,849	1,157	7,007
Capital expenditures	9,772	1,618	3	11,394	443	11,838

Fiscal year ended Sep. 30, 2005

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	61,170	12,075	663	73,909	-	73,909
Intersegment	578	24	-	602	(602)	-
Total net sales	61,748	12,100	663	74,512	(602)	73,909
Operating expenses	42,135	10,287	810	53,233	8,983	62,216
Operating income	19,613	1,812	(147)	21,278	(9,585)	11,692
Assets	83,071	17,244	2,401	102,717	41,720	144,437
Depreciation	4,540	660	73	5,274	1,340	6,614
Capital expenditures	8,168	705	191	9,065	923	9,989

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 Scintillator, X-ray Image Intensifier, Microchannel Plate, Deuterium Lamp, 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 9,310 million yen and 9,332 million yen for the fiscal years ended Sep. 30, 2005 and 2006, 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 41,720 million yen and 51,660 million yen for the fiscal years ended Sep. 30, 2005 and 2006, 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, 2006

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	44,628	22,416	19,200	743	86,988	-	86,988
Intersegment	30,139	708	257	884	31,988	(31,988)	-
Total net sales	74,767	23,124	19,457	1,627	118,976	(31,988)	86,988
Operating expenses	54,074	21,547	16,891	1,415	93,929	(22,667)	71,262
Operating income	20,692	1,576	2,566	211	25,047	(9,320)	15,726
Assets	95,157	8,128	10,206	3,013	116,506	44,686	161,192

Fiscal year ended Sep. 30, 2005

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	41,668	16,588	15,047	604	73,909	-	73,909
Intersegment	23,411	626	126	653	24,818	(24,818)	-
Total net sales	65,080	17,215	15,174	1,258	98,728	(24,818)	73,909
Operating expenses	46,580	16,486	13,331	1,119	77,518	(15,301)	62,216
Operating income	18,500	728	1,842	139	21,210	(9,517)	11,692
Assets	91,519	6,851	7,922	2,544	108,838	35,599	144,437

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 9,310 million yen and 9,332 million yen for the fiscal years ended Sep. 30, 2005 and 2006, respectively.
4. Corporate assets in elimination or corporate were 41,720 million yen and 51,660 million yen for the fiscal years ended Sep. 30, 2005 and 2006, respectively.

Segment Information

Overseas sales

Fiscal year ended Sep. 30, 2006

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	21,933	19,070	11,934	441	53,380
Consolidated net sales	-	-	-	-	86,988
Ratio of overseas sales to consolidated net sales	25.2%	22.0%	13.7%	0.5%	61.4%

Fiscal year ended Sep. 30, 2005

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	16,423	14,873	9,889	403	41,590
Consolidated net sales	-	-	-	-	73,909
Ratio of overseas sales to consolidated net sales	22.2%	20.1%	13.4%	0.6%	56.3%

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, India, China, Korea, Taiwan
Other : Australia