

Consolidated Financial Results for the Third Quarter of Fiscal Year ending September 30, 2007

August 10, 2007

Company name : Hamamatsu Photonics K.K.

ID number : 6965

URL : www.hamamatsu.com

Representative : Teruo Hiruma, Chairman of the Board and Chief Executive Officer

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Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

1. Consolidated financial results for the nine months ended June 30, 2007 (From Oct. 1, 2006 through June 30, 2007)

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

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended June 30, 2007	71,650	11.9	16,191	20.5	16,416	20.0	9,922	25.9
Nine months ended June 30, 2006	64,055	16.6	13,432	40.7	13,681	38.7	7,882	26.5
(Reference) Fiscal year ended Sep. 30, 2006	86,988		15,726		16,036		9,741	

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended June 30, 2007	132.81	122.59
Nine months ended June 30, 2006	116.83	97.49
(Reference) Fiscal year ended Sep. 30, 2006	142.39	120.47

(2) Consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
Nine months ended June 30, 2007	164,624	101,333	61.1	1,320.78
Nine months ended June 30, 2006	154,056	77,193	49.6	1,087.43
(Reference) Fiscal year ended Sep. 30, 2006	161,192	88,143	54.2	1,179.86

(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
Nine months ended June 30, 2007	13,248	(16,688)	(4,767)	38,644
Nine months ended June 30, 2006	12,771	(6,466)	(2,818)	47,794
(Reference) Fiscal year ended Sep. 30, 2006	17,350	(12,135)	(3,152)	46,433

2. Dividends

(Base date)	Dividends per share		
	Interim	Year end	Total
	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2006	15.00	20.00	35.00
Fiscal year ended Sep. 30, 2007	20.00		40.00
Fiscal year ended Sep. 30, 2007 (Outlook)		20.00	

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

Notes: Percentage figures represent changes from the same period of the previous year.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ended Sep. 30, 2007	97,000	11.5	19,700	25.3	19,900	24.1	12,200	25.2	160.32

There is no change to the annual projection released on May 18, 2007.

4. Others

- (1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : None
- (2) Whether the Company has adopted simplified accounting methods : Yes
- (3) Differences in consolidated accounting policies from recent fiscal year : None

Note: For further details, please refer to the item "3. Other Matters".

The above forecast has been prepared based on the information which is currently available at this moment. Actual results may differ from the forecast due to various factors that may arise in the future.

1. Comments on Consolidated Performance

(1) Summary of Consolidated Performance for the Third Quarter of this Fiscal Year

The business environment continued to gradually improve during the third quarter of this fiscal year supported by robust domestic and foreign demands. Capital investment increased due to the higher profitability of many companies and personal consumption also increased while the employment situation improved.

Against this background, our group continued to improve our photonics technologies. We strove to anticipate the market's needs and to introduce competitive and high-value-added products using our photonics technologies. Moreover, we undertook to boost our revenue and income by intensive sales activities and streamlining operating expenses.

As a result of the above factors, we closed the third quarter with net sales of JPY 71,650 million, up by 11.9%, operating income of JPY 16,191 million, up by 20.5% and ordinary income of JPY 16,416 million, up by 20.0% over one year before respectively. Net income resulted in JPY 9,922 million, up by 25.9%.

(2) Sales by Segment

a. Opto-Electronic Devices:

Photomultiplier Tube sales continued to grow in medical applications, such as nuclear medical imaging systems. This was especially true in the U.S. market for Positron Emission Tomography (PET). Sales also increased in the oil well logging market, mainly in the U.S and Europe. Amongst Light Sources and Imaging Devices, the X-ray Scintillator for dental and breast imaging systems posted an increase mainly in U.S. and Europe. Sales of Microfocus X-ray sources for non-destructive inspection systems in the industrial field increased steadily in the Japanese market.

In the Opto-semiconductor sector, sales of the Flat Panel Sensors showed growth in dental X-ray imaging primarily in Europe and Asia. Sales of Photo ICs used in communication network applications for the European automobile industry also recorded steady growth.

In total Opto-Electronic Devices closed the third quarter with JPY 60,238 million, up by 10.0% from one year previous and it achieved 74.4% of the '07 forecast.

b. Imaging and Measurement Instruments:

Semiconductor Failure Analysis Systems sales in the industrial field in Japan and overseas were up steadily. In the field of medical pathology, sales of digital slide observation system also rose steadily.

Net sales for this sector resulted in JPY 11,301 million, up by 22.7% from one year before. This amount corresponds to 70.9% of the projection.

2. Comments on Financial Position

(1) Summary of Financial Position

Total assets at the end of the third quarter were JPY 164,624 million, up by JPY 3,431 million from the year ended September 30, 2006. Property, plant and equipment were up by JPY 1,215 million due to an increase in capital investment. In addition, trade notes and account receivable increased JPY 1,233 million due to growth in sales. Total liabilities were JPY 63,290 million, down by JPY 9,758 million due to decreases in current portion of convertible debentures, down by JPY 3,556 million, non-collateral bonds with warrants to buy stock, down by JPY 1,758 million and income tax payable, down by JPY 2,244 million.

Net Assets were JPY 101,333 million, up by JPY 13,190 million, due mainly to increased net income for the nine months of JPY 9,922 million and common stock and capital surplus because of exercise of stock subscription rights and conversion of convertible debentures. Against these factors, the equity ratio was 61.1%.

(2) Summary of Cash Flow

Operating activity during the third quarter increased cash flow of JPY 13,248 million. This is mainly from income before income taxes and minority interests for JPY 16,216 million, while there was an income tax payment of JPY 7,756 million that reduced the flow. Investment activity decreased the cash flow by JPY 16,688 million due mainly to an acquisition of tangible fixed assets for JPY 9,394 million and an increase in time deposits for JPY 7,159 million. Financial activity used the cash flow by JPY 4,767 million because of dividend payment of JPY 2,808 million and short-term debts repayment.

At the end of the third quarter, cash and cash equivalent stood at JPY 38,644 million, down by JPY 7,788 million from the year ended September 30, 2006.

3. Other Matters

(1) Changes in the status of material subsidiaries during the nine months of the fiscal year (Companies newly consolidated or removed from consolidation): None

(2) Whether the Company has used simplified accounting methods : Calculated using the projected annual tax rate based on the statutory effective tax rate

(3) Differences in accounting policies from recent fiscal year : None

Third Quarter Consolidated Financial Statements

Third Quarter Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of June 30, 2006		As of June 30, 2007		Change		As of Sep. 30, 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets								
Cash on hand and in banks	48,921		48,937		16		49,567	
Trade notes and accounts receivable	22,029		24,209		2,180		22,975	
Inventories	14,819		17,844		3,024		15,371	
Deferred income taxes	2,323		2,605		281		3,529	
Other	947		1,828		881		1,854	
Total current assets	89,040	57.8	95,424	58.0	6,384	7.2	93,299	57.9
Fixed assets								
Tangible fixed assets	52,655	34.2	56,674	34.4	4,018	7.6	55,458	34.4
Intangible fixed assets	504	0.3	357	0.2	(146)	(29.0)	474	0.3
Investments and other assets	11,855	7.7	12,166	7.4	311	2.6	11,960	7.4
Investment securities	5,382		4,890		(492)		5,116	
Deferred income taxes	4,497		5,121		624		4,856	
Other	1,974		2,155		180		1,987	
Total fixed assets	65,015	42.2	69,199	42.0	4,183	6.4	67,893	42.1
Total assets	154,056	100.0	164,624	100.0	10,568	6.9	161,192	100.0
Liabilities								
Current liabilities								
Trade notes and accounts payable	11,217		12,392		1,174		11,269	
Short-term bank loans and current portion of long-term debt	7,171		3,757		(3,414)		7,173	
Current portion of convertible debentures	-		11,111		11,111		14,667	
Income taxes payable	2,345		1,968		(377)		4,212	
Other	11,798		12,967		1,169		15,111	
Total current liabilities	32,533	21.1	42,195	25.6	9,662	29.7	52,433	32.5
Long-term liabilities								
Non-collateral bonds with warrants to buy stocks	8,548		1,862		(6,686)		3,620	
Convertible debentures	18,723		-		(18,723)		-	
Long-term bank loans	4,205		5,585		1,380		4,031	
Allowance for employees' retirement and severance benefits	11,401		12,039		638		11,475	
Allowance for retirement benefits for directors and corporate auditors	1,369		1,435		66		1,385	
Other	82		170		88		101	
Total long-term liabilities	44,329	28.8	21,094	12.8	(23,234)	(52.4)	20,614	12.8
Total liabilities	76,862	49.9	63,290	38.4	(13,571)	(17.7)	73,048	45.3

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

Third Quarter Consolidated Financial Statements

Third Quarter Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of June 30, 2006		As of June 30, 2007		Change		As of Sep. 30, 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
Net asset								
Shareholders' equity								
Common stock	21,994		29,144		7,150		26,487	
Capital surplus	21,745		28,892		7,147		26,236	
Retained earnings	37,037		45,721		8,683		38,802	
Less treasury stock, at cost	(6,012)		(6,025)		(12)		(6,016)	
Total shareholders' equity	74,764	48.5	97,733	59.4	22,969	30.7	85,509	53.1
Unrealized gains and adjustment								
Unrealized gain on securities, net of tax	1,880		1,546		(334)		1,712	
Deferred Hedge Gain (Loss)	(7)		(13)		(5)		(53)	
Foreign Currency Translation Adjustment	(210)		1,239		1,449		135	
Total Unrealized gains and adjustment	1,662	1.1	2,771	1.7	1,109	66.7	1,794	1.1
Minority interests in consolidated subsidiaries	767	0.5	828	0.5	61	8.0	839	0.5
Total net asset	77,193	50.1	101,333	61.6	24,140	31.3	88,143	54.7
Total liabilities and net asset	154,056	100.0	164,624	100.0	10,568	6.9	161,192	100.0

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

Third Quarter Consolidated Financial Statements

Third Quarter Consolidated Income Statements

(Millions of Japanese Yen)

	Nine months ended June 30, 2006		Nine months ended June 30, 2007		Change		Fiscal year ended Sep. 30, 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	64,055	100.0	71,650	100.0	7,594	11.9	86,988	100.0
Cost of sales	29,412	45.9	32,261	45.0	2,848	9.7	41,346	47.5
Gross profit	34,643	54.1	39,389	55.0	4,745	13.7	45,642	52.5
Selling, general and administrative expenses	14,822	23.1	16,182	22.6	1,360	9.2	20,734	23.8
Research and Development	6,389	10.0	7,015	9.8	626	9.8	9,181	10.6
Operating income	13,432	21.0	16,191	22.6	2,759	20.5	15,726	18.1
Non-operating income	621	1.0	719	1.0	98	15.8	860	1.0
Non-operating expenses	371	0.6	493	0.7	122	33.0	549	0.7
Ordinary income	13,681	21.4	16,416	22.9	2,734	20.0	16,036	18.4
Extraordinary income	136	0.2	341	0.5	205	150.3	205	0.2
Extraordinary loss	396	0.6	541	0.8	144	36.5	478	0.5
Income before income taxes and minority interests	13,421	21.0	16,216	22.6	2,795	20.8	15,764	18.1
Income taxes	4,833	7.5	6,214	8.7	1,381	28.6	5,305	6.1
Income taxes in previous years	674	1.1	-	-	(674)	-	674	0.8
Minority interests in consolidated subsidiaries	30	0.1	79	0.1	49	159.2	41	0.0
Net income	7,882	12.3	9,922	13.8	2,039	25.9	9,741	11.2

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

Third Quarter Consolidated Financial Statements

Third Quarter Consolidated Statements of Cash Flow

(Millions of Japanese Yen)

	Nine months ended June 30, 2006	Nine months ended June 30, 2007	Fiscal year ended Sep. 30, 2006
Cash flows from operating activities			
Income before income taxes and minority interests	13,421	16,216	15,764
Depreciation	4,975	5,723	7,062
Increase in allowance for retirement and severance benefits	531	563	606
Increase in receivables, trade	(2,556)	(632)	(3,315)
Increase in inventories	(928)	(2,134)	(1,383)
Increase (decrease) in payables, trade	1,397	751	1,290
Other	1,896	380	3,268
Subtotal	18,738	20,870	23,293
Income taxes paid	(6,026)	(7,756)	(6,041)
Other	60	134	98
Net cash provided by operating activities	12,771	13,248	17,350
Cash flows from investing activities			
(Increase) decrease in time deposits	(574)	(7,159)	(2,582)
Payments for acquisition of property, plant and equipment	(6,684)	(9,394)	(10,229)
Other	793	(134)	676
Net cash used in investing activities	(6,466)	(16,688)	(12,135)
Cash flows from financing activities			
Increase (decrease) in short-term debt	(502)	(766)	(470)
Payment of long-term debt	(126)	(1,143)	(300)
Dividends paid by the parent company	(2,180)	(2,808)	(2,342)
Other	(9)	(48)	(39)
Net cash provided by (used in) financing activities	(2,818)	(4,767)	(3,152)
Effect of exchange rate changes on cash and cash equivalents	261	418	325
Net increase (decrease) in cash and cash equivalents	3,749	(7,788)	2,388
Cash and cash equivalents at beginning of period	44,045	46,433	44,045
Cash and cash equivalents at end of period	47,794	38,644	46,433

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

Segment Information

Business Segment

None months ended June 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	54,385	9,183	487	64,055	-	64,055
Intersegment	397	27	-	424	(424)	-
Total net sales	54,782	9,210	487	64,480	(424)	64,055
Operating expenses	35,503	8,122	599	44,225	6,398	50,623
Operating income	19,278	1,087	(111)	20,255	(6,823)	13,432

Nine months ended June 30, 2007

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	59,854	11,294	500	71,650	-	71,650
Intersegment	383	6	-	390	(390)	-
Total net sales	60,238	11,301	500	72,040	(390)	71,650
Operating expenses	38,692	9,445	596	48,734	6,724	55,459
Operating income	21,545	1,855	(95)	23,305	(7,114)	16,191

Reference : 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

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 6,624 million yen, 6,940 million yen and 9,332 million yen for the nine months ended June 30, 2006, the nine months ended June 30, 2007 and the fiscal year ended Sep. 30, 2006, respectively.

Segment Information

Geographical Segment

Nine months ended June 30, 2006

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	33,172	16,078	14,274	530	64,055	-	64,055
Intersegment	21,176	486	109	661	22,434	(22,434)	-
Total net sales	54,349	16,564	14,383	1,192	86,490	(22,434)	64,055
Operating expenses	38,132	14,807	12,551	1,067	66,559	(15,935)	50,623
Operating income	16,216	1,757	1,832	124	19,931	(6,499)	13,432

Nine months ended June 30, 2007

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	34,568	19,325	17,099	656	71,650	-	71,650
Intersegment	25,923	370	291	683	27,269	(27,269)	-
Total net sales	60,491	19,696	17,390	1,340	98,919	(27,269)	71,650
Operating expenses	42,066	17,342	14,740	1,171	75,320	(19,861)	55,459
Operating income	18,425	2,354	2,650	168	23,598	(7,407)	16,191

Reference : 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

Notes :

- The countries or areas are classified based on the geographical proximity.
- Major countries and areas which belong to each classification:
 North America : U.S.A.
 Europe : Germany, France, U.K.
 Other : China
- Operating expenses in elimination or corporate which can not be allocated to each business segment were 6,624 million yen, 6,940 million yen and 9,332 million yen for the nine months ended June 30, 2006, the nine months ended June 30, 2007 and the fiscal year ended Sep. 30, 2006, respectively.

Segment Information

Overseas sales

Nine months ended June 30, 2006

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	15,703	14,129	8,945	338	39,115
Consolidated net sales	-	-	-	-	64,055
Ratio of overseas sales to consolidated net sales	24.5%	22.1%	14.0%	0.5%	61.1%

Nine months ended June 30, 2007

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	18,854	16,929	9,366	394	45,545
Consolidated net sales	-	-	-	-	71,650
Ratio of overseas sales to consolidated net sales	26.3%	23.6%	13.1%	0.6%	63.6%

Reference : 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%

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