

# Consolidated Financial Results for the Fiscal Year ended September 30, 2007

November 9, 2007

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)

Scheduled date of Annual General Meeting of Shareholders : December 20, 2007

Scheduled date to submit securities report : December 20, 2007

Scheduled date to begin dividend payments : December 21, 2007

Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

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

1. Consolidated financial results for the fiscal year ended Sep. 30, 2007 (From Oct. 1, 2006 through Sep. 30, 2007)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Sep. 30, 2007	96,316	10.7	19,873	26.4	20,175	25.8	12,036	23.6
Fiscal year ended Sep. 30, 2006	86,988	17.7	15,726	34.5	16,036	32.3	9,741	26.1

	Net income per share	Diluted net income per share	Return on Equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2007	159.86	148.63	12.0	12.2	20.6
Fiscal year ended Sep. 30, 2006	142.39	120.47	13.4	10.5	18.1

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

Fiscal year ended Sep. 30, 2007 : 95 million yen

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

(2) Consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
as of Sep. 30, 2007	170,143	113,897	66.4	1,407.96
as of Sep. 30, 2006	161,192	88,143	54.2	1,179.86

Notes: Shareholders' equity

Fiscal year ended Sep. 30, 2007 : 112,995 million yen

Fiscal year ended Sep. 30, 2006 : 87,304 million yen

(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, 2007	18,188	(18,243)	(11,597)	35,067
Fiscal year ended Sep. 30, 2006	17,350	(12,135)	(3,152)	46,433

2. Dividends

	Dividends per share			Total dividends (annual)	Dividend propensity (consolidated)	Dividends to net assets (consolidated)
	(Base date)	Interim	Year end			
Fiscal year ended Sep. 30, 2006	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Sep. 30, 2006	15.00	20.00	35.00	2,527	24.6	3.4
Fiscal year ended Sep. 30, 2007	20.00	23.00	43.00	3,356	26.9	3.3
Fiscal year ended Sep. 30, 2008 (Outlook)	20.00	23.00	43.00		24.3	

3. Forecast of consolidated performances for the fiscal year ended Sep. 30, 2008 (From Oct. 1, 2007 through Sep. 30, 2008)

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
Six months ended Mar. 31, 2008	50,800	4.9	10,950	(2.7)	11,150	(2.6)	7,100	3.9	88.47
Fiscal year ended Sep. 30, 2008	103,900	7.9	21,700	9.2	22,200	10.0	14,200	18.0	176.94

4. Others

- (1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : None
- (2) Changes in principles, procedures, presentation methods for the interim consolidated financial statements  
 (a) Changes arising from revision of accounting principles: Yes  
 (b) Changes arising from other factors: None
- (3) Number of shares outstanding  
 (a) Number of shares outstanding at end of period including treasury stock  
 Fiscal year ended Sep. 30, 2007: 83,622,327 shares                      Fiscal year ended Sep. 30, 2006: 77,355,698 shares  
 (b) Number of treasury stock at end of period  
 Fiscal year ended Sep. 30, 2007: 3,367,039 shares                      Fiscal year ended Sep. 30, 2006: 3,360,564 shares

(Reference) Non-consolidated Financial Results for the Fiscal year ended Sep. 30, 2007

1. Non-consolidated financial results for the Fiscal year ended Sep. 30, 2007 (From Oct. 1, 2006 through Sep. 30, 2007)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Sep. 30, 2007	81,489	10.3	14,905	30.1	16,861	33.7	10,812	40.7
Fiscal year ended Sep. 30, 2006	73,899	15.0	11,458	21.7	12,613	19.5	7,686	17.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Sep. 30, 2007	143.35	133.31
Fiscal year ended Sep. 30, 2006	112.12	94.94

(2) Non-consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
as of Sep. 30, 2007	155,164	103,987	67.0	1,293.54
as of Sep. 30, 2006	147,628	80,235	54.3	1,082.37

Notes: Shareholders' equity

Fiscal year ended Sep. 30, 2007 : 103,987 million yen

Fiscal year ended Sep. 30, 2006 : 80,235 million yen

2. Forecast of non-consolidated performances for the fiscal year ending Sep. 30, 2008 (From Oct. 1, 2007 through Sep. 30, 2008)

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
Six months ended Mar. 31, 2008	42,400	4.5	7,700	(5.8)	9,700	(3.0)	6,700	0.6	83.34
Fiscal year ended Sep. 30, 2008	86,300	5.9	15,000	0.6	17,100	1.4	11,500	6.4	143.05

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. Business Performance

### (1) Analysis of Business Performance

#### *Summary of the Fiscal Year*

The business environment in Japan continued to improve at a moderate pace during fiscal 2007 due to the favorable condition of overseas economies, and high corporate profitability that resulted in increased private-sector capital investment. Personal consumption also increased steadily while the employment situation continued to improve.

Against this background, our group continued to drive forward in research and development with an aim of creating new industries. We strove to meet the needs of a diversified market in a timely and flexible fashion and to release competitive and high-value-added products utilizing our own photonics technologies. Moreover, we undertook to boost our revenue and income by intensive sales activities and streamlining operating expenses.

As a result of the substantial increase in overseas sales and steady performance in domestic sales compared with last fiscal year, we closed the year with net sales of JPY 96,316 million, up by JPY 9,327 million (10.7%), operating income of JPY 19,873 million, up by JPY 4,147 million (26.4%) and ordinary income of JPY 20,175 million, up by JPY 4,139 million (25.8%) over one year before respectively. Net income resulted in JPY 12,036 million, up by JPY 2,294 million (23.6%).

#### *Segment Information* (sales amounts include inter-segmental transactions)

##### 1. Sales by Business Sector

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

Sales of **Photomultiplier Tubes (PMTs)** used in the oil well logging market continued to increase in the US, Europe and China. This is due to their ability to survive severe usage in an environment characterized by high temperatures, thousands of meters underground, along with surviving shocks and vibrations caused by drilling. Sales of PMTs in the medical field, such as nuclear medical imaging systems, including Positron Emission Tomography (PET) and Gamma Camera Imaging also increased steadily. This increase was mainly in the US, largely due to the high speed and sensitivity of the tubes. In addition, PMTs for Blood analysis systems grew steadily. As a whole, PMTs penetrated medical as well as measurement, analytical and industrial applications.

In the **Light Sources and Imaging Devices** sector, the sale of X-ray Scintillators, which converts X-rays into Optical images for dental and breast imaging, grew rapidly in Europe and the US due to their high sensitivity and resolution. This was driven as well by progress in the adoption of digitization of X-ray films. Sales of Microfocus X-ray sources grew steadily associated with non-destructive inspection systems for very small and complicated semiconductor devices, and electric parts. These sources can be used to obtain clear, large format perspective images. Also contributing to increased sales are Light Sources Units used for Laser Dicing (Stealth Dicing Engine). These devices are characterized by higher throughput and higher quality cuts of semiconductor wafers by laser processing.

In the **Opto-semiconductor** sector, sales of Silicon Photodiodes for the medical field continued to command good result. Sales of Flat Panel Sensors for dental and non-destructive internal inspection rose substantially in both domestic and the export arena due to their usability and their ability to obtain high quality, large X-ray images. Photo ICs for communication network applications in the automotive industry contributed to sales increase in this sector. They exhibit high-reliability at a wide temperature range.

Given these factors, net sales for this sector were JPY 80,509 million, up by 9.6% and operating profit JPY 27,032 million, up by 13.2% over last year.

**b. Imaging and Measurement Instruments:**

Semiconductor Failure Analysis Systems capable of high accuracy analysis grew strongly. These are used for the inspection of flash memories produced in China and for automotive parts in Japan and the US. In the field of medical pathology, sales of our high speed and high resolution digital slide observation system that can be linked through networks rose steadily due to growing demands for telepathology.

Net sales for this sector were JPY 15,695 million, up by 16.5% and operating profit JPY 2,682 million, up by 69.1% over last year respectively.

**c. Others:**

Net sales for this fiscal year were JPY 664 million, up by 3.2% over last year and operating loss JPY 124 million (FY 2006 was JPY 147 million loss).

**2. Sales by Location of companies**

In **Japan**, export sales increased rapidly in Opto-electronic devices including Opto-semiconductors, PMT, and Imaging and Measurement Instruments all in the medical and industrial field, while domestic sales in the medical and academic fields were slower than expected. Sales of Semiconductor Failure Analysis Systems increased steadily in both export and domestic sales. The total sales in Japan were JPY 82,418 million, up by 10.2% over last year and operating profits JPY 24,426 million, up by 18.0% compared with one year before.

In **North America**, sales in the medical field for PMTs used in PET and X-ray Scintillators used in dental X-ray imaging grew and PMTs in the oil well drilling market posted record growth. The total sales for the region were JPY 26,237 million, up by 13.5% and operating profit JPY 1,698 million, up by 7.8% over last year respectively.

**Europe** experienced a steady increase in Opto-semiconductors, mainly in the medical field, such as the Flat Panel Sensor for dental X-ray imaging, and Photo ICs for automotive. X-ray Scintillator for dental X-ray imaging also showed good results. In addition, a weak yen/European currencies exchange rate contributed to the sales increase. The total sales were JPY 23,385 million, up by 20.2% and operating profit JPY 3,441 million, up by 34.1% over last year respectively.

In **Other Regions** mostly represented by China, net sales were JPY 1,852 million, up by 13.8% and operating profit JPY 248 million, up by 17.5%.

### *Projection for the year*

Our group's business has increased both in sales and profits for four consecutive periods. However, the 21st century is called the "century of light" and the global competition in this area is becoming increasingly severe. In spite of a variety of photonics industries starting up, we recognize that the business environment should not be viewed over optimistically. We expect that photonics technology shall accelerate technical innovations in various areas and also serve as a key technology that unravels answers in unknown areas.

We recognize that our group needs to focus on advancing our business based on our unparalleled knowledge in order to continue to grow our business in the future. Our group will continue to align our knowledge of photonics, that we have gained over the years, to the market requirements and create a new industry. Along with this we will introduce high-value-added products that are the fruit of that knowledge. To realize this goal, we believe we must instill in each employee of our group a spirit and challenge to understand unknown things. We must sincerely strive for the truth based on a philosophy that the whole of Society will hopefully benefit from using our photonics technology.

We will continue to actively move forward with basic and applied researches and develop new products based on the results of this research. In addition we must continue to attempt to establish and improve our production technology, including mass production, and increase our corporate value.

Our projection consolidated and non-consolidated performances results for the fiscal year ending September 30, 2008 are as follows;

#### 1. Projection for Consolidated Performances for the fiscal year ended Sep. 30, 2008

(Millions of Japanese Yen)

period item	Six months	Projection		
		compared with previous year	for the Year	compared with previous year
Net Sales	50,800	4.9%	103,900	7.9%
Operating Income	10,950	(2.7%)	21,700	9.2%
Ordinary Income	11,150	(2.6%)	22,200	10.0%
Net Income	7,100	3.9%	14,200	18.0%

#### 2. Projection for Non-consolidated Performances for the fiscal year ended Sep. 30, 2008

(Millions of Japanese Yen)

period item	Six months	Projection		
		compared with previous year	for the Year	compared with previous year
Net Sales	42,400	4.5%	86,300	5.9%
Operating Income	7,700	(5.8%)	15,000	0.6%
Ordinary Income	9,700	(3.0%)	17,100	1.4%
Net Income	6,700	0.6%	11,500	6.4%

## (2) Analysis of Financial Conditions

### Summary of Financial Position

Total assets at the end of the fiscal year ended September 30, 2007 increased by JPY 8,951 million from the end of previous financial year, to JPY 170,143 million. Property, plant and equipment were up by JPY 1,876 million due to an increase in capital investment. In addition, other accounts receivable increased JPY 9,704 million due to reimbursement for redemption of convertible debentures.

Total liabilities were JPY 56,246 million, down by 16,801 million due to decreases in current portion of convertible debentures, down by JPY 14,667 million and non-collateral bonds with warrants to buy stock, down by JPY 1,947 million.

Net assets were JPY 113,897 million, up by JPY 25,753 million, due mainly to increased net income for this fiscal year of JPY 12,036 million and conversion of convertible debentures to the stocks.

Against these factors, the equity ratio was 66.4%.

### Summary of Cash Flow

Cash flow created from operations for the period was JPY 18,188 million, up by JPY 837 million over last year. This is mainly from an increase in income before income taxes and minority interests, while there were increases in income tax payments.

Investment activity required a cash flow of JPY 18,243 million, up by JPY 6,107 million from previous year due mainly to an increase in time deposits and an acquisition of tangible fixed assets.

Financial activity required a cash flow of JPY 11,597 million, up by JPY 8,444 million, due mainly to payment of redemption of convertible debentures.

At the end of this fiscal year, cash and cash equivalent stood at JPY 35,067 million, down by JPY 11,365 million from the end of the previous fiscal year.

### (Reference) Trends in Cash-Flow Indicators

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Net Assets Ratio (%)	45.4	42.8	40.4	54.2	66.4
Net Assets Ratio Based on Current Market Price (%)	108.6	101.0	117.9	166.2	156.6
Debt Redemption Period (Years)	3.5	2.8	2.2	1.5	0.8
Interest Coverage Ratio (Times)	30.4	54.7	82.7	111.1	123.0

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.

### **(3) Basic Policy for Allocation of Profit and Dividend for FY 2007 and FY 2008**

Our group understands that investment in technical development and the creation of a new industry aimed towards the increase in our business value is essential for establishing the status as a leading company of light in the 21st century. We maintain a high level of retained earnings to reach that goal.

Regarding our shareholders, we will continue to place the highest priority on an allocation of profit as dividends. Our dividend policy centers on efforts to maintain stable growth of profit per share and dividend along with increased corporate profitability based on our long-term vision.

Based on this policy, the year-end dividend is going to be increased to JPY 23 per share for FY 2007 from JPY 20 in 2006. Our annual dividend for FY 2007 is going to be JPY 43 per share (Last fiscal year: JPY 35 per share), including interim dividend of JPY 20 per share.

For FY 2008, our annual dividend is going to be JPY 43 per share (including interim dividend of JPY 20 per share) taking our business results and capital requirements into consideration.

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2006		As of Sep. 30, 2007		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets</b>	93,299	57.9	101,158	59.5	7,859	8.4
Cash on hand and in banks	49,567		44,323		(5,243)	
Trade notes and accounts receivable	22,975		24,108		1,133	
Inventories	15,371		17,809		2,437	
Deferred income taxes	3,529		3,262		(266)	
Other accounts receivable	-		10,780		10,780	
Other	2,001		1,048		(952)	
Allowance for doubtful receivables	(146)		(175)		(29)	
<b>Fixed assets</b>	67,893	42.1	68,985	40.5	1,092	1.6
<b>Tangible fixed assets</b>	55,458	34.4	57,334	33.7	1,876	3.4
Buildings and structures	23,572		24,770		1,197	
Machinery and transportation equipment	10,698		12,262		1,563	
Furniture, fixtures and office equipment	3,783		4,172		388	
Land	13,528		13,627		99	
Construction in progress	3,874		2,501		(1,373)	
<b>Intangible fixed assets</b>	474	0.3	282	0.1	(191)	(40.4)
<b>Investments and other assets</b>	11,960	7.4	11,368	6.7	(591)	(4.9)
Investment securities	5,116		3,572		(1,544)	
Long-term loans	42		84		41	
Investment properties	286		237		(49)	
Deferred income taxes	4,856		5,615		758	
Other	1,674		1,875		201	
Allowance for doubtful receivables	(16)		(16)		0	
<b>Total assets</b>	161,192	100.0	170,143	100.0	8,951	5.6

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2006		As of Sep. 30, 2007		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
<b>Liabilities</b>						
<b>Current liabilities</b>	52,433	32.5	32,407	19.1	(20,025)	(38.2)
Trade notes and accounts payable	11,269		11,525		255	
Short-term bank loans and current portion of long-term debt	7,173		3,726		(3,447)	
Current portion of convertible debentures	14,667		-		(14,667)	
Income taxes payable	4,212		3,458		(753)	
Accrued bonuses	5,001		4,014		(986)	
Accrued bonuses to directors	60		-		(60)	
Notes payable - construction	1,529		797		(731)	
Other	8,520		8,885		364	
<b>Long-term liabilities</b>	20,614	12.8	23,838	14.0	3,224	15.6
Non-collateral bonds with warrants to buy stocks	3,620		1,673		(1,947)	
Long-term bank loans	4,031		8,398		4,366	
Deferred income taxes	91		156		64	
Allowance for employees' retirement and severance benefits	11,475		12,085		609	
Allowance for retirement benefits for directors and corporate auditors	1,385		1,452		66	
Other	10		73		63	
<b>Total liabilities</b>	<b>73,048</b>	<b>45.3</b>	<b>56,246</b>	<b>33.1</b>	<b>(16,801)</b>	<b>(23.0)</b>
<b>Net asset</b>						
Shareholders' equity	85,509	53.1	111,080	65.3	25,570	29.9
Common stock	26,487		34,770		8,282	
Capital surplus	26,236		34,514		8,277	
Retained earnings	38,802		47,835		9,033	
Less treasury stock, at cost	(6,016)		(6,039)		(22)	
Unrealized gains and adjustment	1,794	1.1	1,915	1.1	120	6.7
Unrealized gain on securities, net of tax	1,712		1,103		(608)	
Deferred Hedge Gain (Loss)	(53)		0		53	
Foreign Currency Translation Adjustment	135		811		676	
Minority interests in consolidated subsidiaries	839	0.5	901	0.5	61	7.3
<b>Total net asset</b>	<b>88,143</b>	<b>54.7</b>	<b>113,897</b>	<b>66.9</b>	<b>25,753</b>	<b>29.2</b>
<b>Total liabilities and net asset</b>	<b>161,192</b>	<b>100.0</b>	<b>170,143</b>	<b>100.0</b>	<b>8,951</b>	<b>5.6</b>

**Consolidated Financial Statements**  
Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2006		Fiscal year ended Sep. 30, 2007		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
<b>Net sales</b>	86,988	100.0	96,316	100.0	9,327	10.7
<b>Cost of sales</b>	41,346	47.5	44,356	46.1	3,009	7.3
<b>Gross profit</b>	45,642	52.5	51,960	53.9	6,318	13.8
<b>Selling, general and administrative expenses</b>	29,915	34.4	32,086	33.3	2,170	7.3
Postage and delivery	774		818		44	
Advertising and promotion	724		803		78	
Salary	7,349		7,864		515	
Provision of bonuses	1,359		1,149		(210)	
Provision of bonuses to directors	60		-		(60)	
Provision of retirement benefit	329		322		(6)	
Provision of retirement benefit to directors	67		66		(0)	
Depreciation	1,154		1,285		131	
Commissions	2,342		2,506		163	
Research and development	9,181		9,699		518	
Allowance for Bad Debts	-		39		39	
Other	6,572		7,528		955	
<b>Operating income</b>	15,726	18.1	19,873	20.6	4,147	26.4
<b>Non-operating income</b>	860	1.0	923	1.0	63	7.4
Interest and dividend income	198		389		190	
Rental income on fixed assets	127		115		(11)	
Rental income on investment property	213		129		(83)	
Gain on investments accounted for by the equity method	88		95		7	
Other	231		192		(38)	
<b>Non-operating expenses</b>	549	0.7	621	0.7	71	13.1
Interest expenses	155		147		(8)	
Expenses for investment property	83		64		(19)	
Foreign exchange loss	306		387		81	
Other	3		21		18	
<b>Ordinary income</b>	16,036	18.4	20,175	20.9	4,139	25.8
<b>Extraordinary income</b>	205	0.2	346	0.4	141	68.5
Gain on sales of fixed assets	52		14		(38)	
Subsidy income	87		327		239	
Gain on sales of marketable securities	-		5		5	
Reversal of allowance for doubtful accounts	65		-		(65)	
<b>Extraordinary loss</b>	478	0.5	691	0.7	213	44.6
Loss on sales and disposal of fixed assets	88		238		150	
Advanced depreciations	87		222		134	
Loss on revaluation of marketable securities	64		33		(30)	
Loss on revaluation of assets held for sale	-		122		122	
Provision of retirement benefit for directors and corporate auditors for prior years	-		8		8	
Loss on reorganization of subsidiary	-		65		65	
Impairment loss	237		-		(237)	
<b>Income before income taxes and minority interests</b>	15,764	18.1	19,831	20.6	4,067	25.8
Income taxes	6,985	8.0	7,464	7.8	479	6.9
Income taxes in previous years	674	0.8	100	0.1	(574)	(85.1)
Income tax refund in previous years	-	-	(257)	(0.3)	(257)	-
Deferred income taxes	(1,679)	(1.9)	381	0.4	2,060	-
Minority interests in consolidated subsidiaries	41	0.0	106	0.1	64	153.7
<b>Net income</b>	9,741	11.2	12,036	12.5	2,294	23.6

## Consolidated Financial Statements

Consolidated Statements of Changes in Shareholders' Equity

Fiscal year ended Sep. 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 Changes in Shareholders' Equity

Fiscal year ended Sep. 30, 2007

(Millions of Japanese Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at Sep. 30, 2006	26,487	26,236	38,802	(6,016)	85,509
Changes during the period					
Conversion of convertible debentures	7,309	7,304	-	-	14,613
Exercise of stock subscription rights	973	973	-	-	1,947
Dividends from surplus	-	-	(2,990)	-	(2,990)
Net income for the period	-	-	12,036	-	12,036
Employee's bonus and welfare fund	-	-	(13)	-	(13)
Purchases of treasury stock	-	-	-	(22)	(22)
Changes, net, in items other than shareholders' equity	-	-	-	-	-
Total changes during the period	8,282	8,277	9,033	(22)	25,570
Balance at Sep. 30, 2007	34,770	34,514	47,835	(6,039)	111,080

(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, 2006	1,712	(53)	135	1,794	839	88,143
Changes during the period						
Conversion of convertible debentures	-	-	-	-	-	14,613
Exercise of stock subscription rights	-	-	-	-	-	1,947
Dividends from surplus	-	-	-	-	-	(2,990)
Net income for the period	-	-	-	-	-	12,036
Employee's bonus and welfare fund	-	-	-	-	-	(13)
Purchases of treasury stock	-	-	-	-	-	(22)
Changes, net, in items other than shareholders' equity	(608)	53	676	120	61	182
Total changes during the period	(608)	53	676	120	61	25,753
Balance at Sep. 30, 2007	1,103	0	811	1,915	901	113,897

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

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2006	Fiscal year ended Sep. 30, 2007
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	15,764	19,831
Depreciation	7,062	8,031
Impairment loss	237	-
Increase (decrease) in allowance for doubtful accounts	(151)	26
Increase (decrease) in allowance for bonuses	2,578	(1,004)
Increase in allowance for retirement and severance benefits	606	609
Increase in allowance for retirement benefit for directors and corporate auditors	33	66
Interest and dividend income	(198)	(389)
Interest expense	155	147
Foreign exchange (gain) loss	(119)	(55)
(Gain) loss on investments accounted for by the equity method	(88)	(95)
Loss on disposal of fixed assets	85	233
(Gain) loss on sales of fixed assets	(49)	(9)
Loss on revaluation of marketable securities	64	33
(Increase) decrease in receivables, trade	(3,315)	(839)
(Increase) decrease in inventories	(1,383)	(2,231)
Increase (decrease) in payables, trade	1,290	72
Payment of bonuses to directors and corporate auditors	(60)	(60)
Other	781	2,021
<b>Subtotal</b>	<b>23,293</b>	<b>26,390</b>
Interest and dividend received	254	394
Interest expense paid	(156)	(147)
Income taxes paid	(6,041)	(8,449)
<b>Net cash provided by operating activities</b>	<b>17,350</b>	<b>18,188</b>
<b>Cash flows from investing activities</b>		
(Increase) decrease in time deposits	(2,582)	(6,142)
Payments for acquisition of marketable securities	(71)	(75)
Payments for acquisition of fixed assets	(10,229)	(11,889)
Proceeds from sales of fixed assets	191	33
Payments for acquisition of intangible fixed assets	(136)	(164)
Payments for purchases of investment securities	(71)	-
Proceeds from sales of investment securities	517	8
Other	245	(12)
<b>Net cash used in investing activities</b>	<b>(12,135)</b>	<b>(18,243)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term debt	(470)	(785)
Proceeds from long-term debt	12	6,676
Payment of long-term debt	(312)	(5,008)
Payments for redemption of convertible debenture	-	(9,429)
Payments for acquisition of treasury stock	(11)	(22)
Dividends paid by the parent company	(2,342)	(2,988)
Other	(27)	(40)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,152)</b>	<b>(11,597)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>325</b>	<b>286</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,388</b>	<b>(11,365)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>44,045</b>	<b>46,433</b>
<b>Cash and cash equivalents at end of period</b>	<b>46,433</b>	<b>35,067</b>

## 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, 2007

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	79,966	15,685	664	96,316	-	96,316
Intersegment	542	10	-	552	(552)	-
Total net sales	80,509	15,695	664	96,869	(552)	96,316
Operating expenses	53,476	13,012	788	67,278	9,164	76,442
Operating income	27,032	2,682	(124)	29,590	(9,716)	19,873
Assets	93,838	18,593	2,050	114,482	55,661	170,143
Depreciation	6,083	806	73	6,963	1,031	7,995
Capital expenditures	7,113	1,589	21	8,724	1,187	9,911

#### 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 9,332 million yen and 9,472 million yen for the fiscal years ended Sep. 30, 2006 and 2007, 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 51,660 million yen and 55,661 million yen for the fiscal years ended Sep. 30, 2006 and 2007, 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, 2007

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	46,717	25,695	22,925	979	96,316	-	96,316
Intersegment	35,701	542	460	873	37,578	(37,578)	-
Total net sales	82,418	26,237	23,385	1,852	133,894	(37,578)	96,316
Operating expenses	57,992	24,538	19,944	1,603	104,079	(27,636)	76,442
Operating income	24,426	1,698	3,441	248	29,815	(9,941)	19,873
Assets	97,809	7,723	11,800	4,139	121,473	48,670	170,143

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.  
Other : China
3. Operating expenses in elimination or corporate which can not be allocated to each business segment were 9,332 million yen and 9,472 million yen for the fiscal years ended Sep. 30, 2006 and 2007, respectively.
4. Corporate assets in elimination or corporate were 51,660 million yen and 55,661 million yen for the fiscal years ended Sep. 30, 2006 and 2007, respectively.

## Segment Information

### Overseas sales

Fiscal year ended September 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 September 30, 2007

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	25,108	22,690	12,825	534	61,159
Consolidated net sales	-	-	-	-	96,316
Ratio of overseas sales to consolidated net sales	26.1%	23.6%	13.3%	0.5%	63.5%

#### 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, India, China, Korea, Taiwan  
Other : Australia

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2006		As of Sep. 30, 2007		Increase (decrease)
	Amount	%	Amount	%	Amount
<b>Assets</b>					
<b>Current assets</b>	<b>81,717</b>	<b>55.4</b>	<b>87,521</b>	<b>56.4</b>	<b>5,803</b>
Cash on hand and in banks	43,011		36,580		(6,431)
Trade notes receivable	3,748		3,548		(200)
Accounts receivable	18,462		19,490		1,028
Merchandise	18		15		(3)
Finished goods	1,508		1,343		(164)
Raw material	2,656		3,390		733
Work in process	7,931		9,270		1,339
Supplies	667		607		(60)
Deferred income taxes	2,658		2,205		(453)
Other accounts receivable	985		11,054		10,068
Other	123		140		16
Allowance for doubtful receivables	(54)		(125)		(70)
<b>Fixed assets</b>	<b>65,910</b>	<b>44.6</b>	<b>67,642</b>	<b>43.6</b>	<b>1,732</b>
<b>Tangible fixed assets</b>	<b>48,067</b>	<b>32.6</b>	<b>49,486</b>	<b>31.9</b>	<b>1,419</b>
Buildings	18,578		19,401		823
Structures	718		757		38
Machinery and equipment	10,042		11,588		1,545
Vehicles	31		27		(4)
Tools, furniture and fixtures	3,107		3,547		440
Land	11,896		11,908		12
Construction in progress	3,692		2,255		(1,436)
<b>Intangible fixed assets</b>	<b>383</b>	<b>0.2</b>	<b>301</b>	<b>0.2</b>	<b>(81)</b>
Patent	176		117		(59)
Software	196		173		(22)
Other	10		9		(0)
<b>Investments and other assets</b>	<b>17,460</b>	<b>11.8</b>	<b>17,854</b>	<b>11.5</b>	<b>394</b>
Investment securities	4,337		2,735		(1,602)
Shares of affiliates	6,246		7,414		1,168
Investment in capital	2		1		(1)
Investment in affiliates	629		629		-
Long-term loans receivable	11		11		-
Long-term loans receivable in affiliates	-		21		21
Deferred income taxes	4,807		5,590		782
Investment property	286		237		(49)
Other	1,154		1,229		74
Allowance for doubtful receivables	(16)		(16)		0
<b>Total assets</b>	<b>147,628</b>	<b>100.0</b>	<b>155,164</b>	<b>100.0</b>	<b>7,536</b>

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2006		As of Sep. 30, 2007		Increase (decrease)
	Amount	%	Amount	%	Amount
<b>Liabilities</b>					
<b>Current liabilities</b>	<b>47,126</b>	<b>31.9</b>	<b>28,456</b>	<b>18.3</b>	<b>(18,670)</b>
Trade notes payable	4,608		4,751		142
Trade accounts payable	6,635		6,946		311
Current portion of convertible debentures	14,667		-		(14,667)
Current portion of long-term debt	4,263		2,263		(2,000)
Other accounts payable	4,822		3,746		(1,075)
Accrued expenses	928		926		(1)
Income taxes payable	3,631		2,843		(787)
Advances received	273		220		(53)
Deposits received	195		235		40
Accrued bonuses	4,749		3,707		(1,041)
Accrued bonuses to directors	55		-		(55)
Notes payable - construction	1,529		794		(734)
Employee deposits	687		196		1,273
Other	79		58		(20)
<b>Long-term liabilities</b>	<b>20,266</b>	<b>13.8</b>	<b>22,721</b>	<b>14.7</b>	<b>2,454</b>
Non-collateral bonds with warrants to buy stocks	3,620		1,673		(1,947)
Long-term debt	3,794		7,530		3,736
Allowance for employees' retirement and severance benefits	11,467		12,065		598
Allowance for retirement benefits for directors	1,385		1,452		66
<b>Total liabilities</b>	<b>67,392</b>	<b>45.7</b>	<b>51,177</b>	<b>33.0</b>	<b>(16,215)</b>
<b>Net asset</b>					
<b>Shareholders' equity</b>	<b>78,522</b>	<b>53.2</b>	<b>102,883</b>	<b>66.3</b>	<b>24,360</b>
Common Stock	26,487	17.9	34,770	22.4	8,282
Capital surplus	26,200	17.7	34,478	22.2	8,277
Additional paid-in capital	26,200		34,478		8,277
Retained earnings	31,847	21.6	39,670	25.6	7,822
Legal reserve	695		695		-
Other earned surplus					
Reserve for special depreciation	260		186		(74)
Reserve for dividends	-		3,500		3,500
General reserve	21,600		23,600		2,000
Earned surplus carried forward	9,291		11,688		2,396
Less treasury stock, at cost	(6,012)	(4.1)	(6,035)	(3.9)	(22)
<b>Revaluation and Translation Adjustments</b>	<b>1,712</b>	<b>1.2</b>	<b>1,103</b>	<b>0.7</b>	<b>(608)</b>
Unrealized gain on securities, net of tax	1,712		1,103		(608)
<b>Total net asset</b>	<b>80,235</b>	<b>54.3</b>	<b>103,987</b>	<b>67.0</b>	<b>23,751</b>
<b>Total liabilities and net asset</b>	<b>147,628</b>	<b>100.0</b>	<b>155,164</b>	<b>100.0</b>	<b>7,536</b>

## Non-consolidated Financial Statements

### Non-consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2006		Fiscal year ended Sep. 30, 2007		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
<b>Net sales</b>	73,899	100.0	81,489	100.0	7,589	10.3
Cost of sales	40,340	54.6	43,279	53.1	2,939	7.3
<b>Gross profit</b>	33,559	45.4	38,209	46.9	4,649	13.9
Selling, general and administrative expenses	22,101	29.9	23,304	28.6	1,203	5.4
Postage and delivery	695		721		25	
Advertising and promotion	272		285		13	
Salary	3,619		3,729		110	
Provision for bonuses	1,178		914		(264)	
Provision for bonuses to directors	55		-		(55)	
Provision for retirement benefit	331		321		(10)	
Provision for retirement benefit to directors	67		66		(0)	
Depreciation	673		805		132	
Commissions	1,890		1,983		92	
Research and development	9,202		9,710		507	
Allowance for Bad Debts	54		79		25	
Other	4,059		4,685		625	
<b>Operating income</b>	11,458	15.5	14,905	18.3	3,446	30.1
<b>Non-operating income</b>	1,380	1.9	2,245	2.8	864	62.7
Interest income	24		150		125	
Dividend income	890		1,763		873	
Rental income on investment property	213		129		(83)	
Foreign exchange gain	50		-		(50)	
Other	201		201		(0)	
<b>Non-operating expenses</b>	225	0.3	289	0.4	63	28.3
Interest expenses	90		100		10	
Interest on debentures	33		12		(21)	
Expenses for investment property	83		64		(19)	
Foreign exchange loss	-		52		52	
Other	17		59		41	
<b>Ordinary income</b>	12,613	17.1	16,861	20.7	4,248	33.7
<b>Extraordinary income</b>	92	0.1	342	0.4	250	271.8
Gain on sales of fixed assets	4		9		5	
Subsidy income	87		327		239	
Gain on sales of marketable securities	-		5		5	
<b>Extraordinary loss</b>	566	0.8	479	0.6	(87)	(15.4)
Loss on sales and disposal of fixed assets	84		224		139	
Advanced depreciations	87		222		134	
Loss on revaluation of marketable securities	64		33		(30)	
Impairment loss	70		-		(70)	
Loss on revaluation of affiliates shares	19		-		(19)	
Loss on transfer of affiliates shares	240		-		(240)	
<b>Income before income taxes</b>	12,138	16.4	16,723	20.5	4,585	37.8
Income taxes	5,521	7.5	5,442	6.7	(78)	(1.4)
Income taxes in previous years	674	0.9	97	0.1	(577)	(85.6)
Income tax refund in previous years	-		(257)	(0.3)	(257)	-
Deferred income taxes	(1,744)	(2.4)	628	0.7	2,372	-
<b>Net income</b>	7,686	10.4	10,812	13.3	3,126	40.7

## Non-consolidated Financial Statements

### Non-consolidated Statements of Changes in Shareholders' Equity

(Millions of Japanese Yen)

	Shareholders' Equity							
	Common stock	Capital surplus	Legal reserve	Retained earnings			Treasury stock	Total Shareholders' Equity
		Additional paid-in capital		Other earned surplus				
				Reserve for special depreciation	General reserve	Earned surplus carried forward		
Balance at Sep. 30, 2005	16,084	15,799	695	132	18,100	7,635	(6,001)	52,445
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
Transfer to reserve for special depreciation for the previous year	-	-	-	63	-	(63)	-	-
Reversal of reserve for special depreciation for the previous year	-	-	-	(52)	-	52	-	-
Transfer to reserve for special depreciation	-	-	-	163	-	(163)	-	-
Reversal of reserve for special depreciation	-	-	-	(46)	-	46	-	-
Addition to general reserve	-	-	-	-	3,500	(3,500)	-	-
Dividends from surplus	-	-	-	-	-	(1,302)	-	(1,302)
Interim dividends from surplus	-	-	-	-	-	(1,044)	-	(1,044)
Bonuses to directors	-	-	-	-	-	(55)	-	(55)
Net income for the period	-	-	-	-	-	7,686	-	7,686
Purchases of treasury stock	-	-	-	-	-	-	(11)	(11)
Changes, net, in items other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes during the period	10,403	10,401	-	127	3,500	1,656	(11)	26,077
Balance at Sep. 30, 2006	26,487	26,200	695	260	21,600	9,291	(6,012)	78,522

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments	Total Net Assets
	Unrealized gain on securities	
Balance at Sep. 30, 2005	1,470	53,916
Changes during the period		
Conversion of convertible debentures	-	4,439
Exercise of stock subscription rights	-	16,365
Transfer to reserve for special depreciation for the previous year	-	-
Reversal of reserve for special depreciation for the previous year	-	-
Transfer to reserve for special depreciation	-	-
Reversal of reserve for special depreciation	-	-
Addition to general reserve	-	-
Dividends from surplus	-	(1,302)
Interim dividends from surplus	-	(1,044)
Bonuses to directors	-	(55)
Net income for the period	-	7,686
Purchases of treasury stock	-	(11)
Changes, net, in items other than shareholders' equity	242	242
Total changes during the period	242	26,319
Balance at Sep. 30, 2006	1,712	80,235

**Non-consolidated Financial Statements**

## Non-consolidated Statements of Changes in Shareholders' Equity

(Millions of Japanese Yen)

	Shareholders' Equity								
	Common stock	Capital surplus	Retained earnings					Treasury stock	Total Shareholders' Equity
		Additional paid-in capital	Legal reserve	Other earned surplus					
				Reserve for special depreciation	Reserve for dividends	General reserve	Earned surplus carried forward		
Balance at Sep. 30, 2006	26,487	26,200	695	260	-	21,600	9,291	(6,012)	78,522
Changes during the period									
Conversion of convertible debentures	7,309	7,304	-	-	-	-	-	-	14,613
Exercise of stock subscription rights	973	973	-	-	-	-	-	-	1,947
Reversal of reserve for special depreciation	-	-	-	(74)	-	-	74	-	-
Transfer to Reserve for dividends	-	-	-	-	3,500	-	(3,500)	-	-
Addition to general reserve	-	-	-	-	-	2,000	(2,000)	-	-
Dividends from surplus	-	-	-	-	-	-	(1,482)	-	(1,482)
Interim dividends from surplus	-	-	-	-	-	-	(1,507)	-	(1,507)
Net income for the period	-	-	-	-	-	-	10,812	-	10,812
Purchases of treasury stock	-	-	-	-	-	-	-	(22)	(22)
Changes, net, in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes during the period	8,282	8,277	-	(74)	3,500	2,000	2,396	(22)	24,360
Balance at Sep. 30, 2007	34,770	34,478	695	186	3,500	23,600	11,688	(6,035)	102,883

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments	Total Net Assets
	Unrealized gain on securities	
Balance at Sep. 30, 2006	1,712	80,235
Changes during the period		
Conversion of convertible debentures	-	14,613
Exercise of stock subscription rights	-	1,947
Reversal of reserve for special depreciation	-	-
Transfer to Reserve for dividends	-	-
Addition to general reserve	-	-
Dividends from surplus	-	(1,482)
Interim dividends from surplus	-	(1,507)
Net income for the period	-	10,812
Purchases of treasury stock	-	(22)
Changes, net, in items other than shareholders' equity	(608)	(608)
Total changes during the period	(608)	23,751
Balance at Sep. 30, 2007	1,103	103,987

## Breakdown of Net Sales

### (1) By major product categories

(Millions of Japanese Yen)

Major product category		Fiscal year ended Sep. 30, 2006		Fiscal year ended Sep. 30, 2007		Increase (decrease)	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
			%		%		%
Photomultiplier tubes	Export	12,346	16.7	14,710	18.1	2,364	19.2
	Total	16,396	22.2	18,484	22.7	2,087	12.7
Imaging devices & Lamps	Export	6,488	8.8	7,329	9.0	840	12.9
	Total	12,794	17.3	13,794	16.9	999	7.8
Opto - Semiconductors	Export	16,487	22.3	18,929	23.2	2,442	14.8
	Total	32,302	43.7	35,198	43.2	2,895	9.0
Imaging & Measuring Systems	Export	5,452	7.4	5,989	7.4	537	9.9
	Total	10,784	14.6	12,308	15.1	1,523	14.1
Others	Export	199	0.2	112	0.1	(87)	(43.8)
	Total	1,620	2.2	1,704	2.1	83	5.2
Company Net Sales	Export	40,975	55.4	47,071	57.8	6,096	14.9
	Total	73,899	100.0	81,489	100.0	7,589	10.3

Note : Number in the upper column in each section is for export sales and the number in the lower column is included in the total sales amount in each section.

### (2) By regions

(Millions of Japanese Yen)

Region	Fiscal year ended Sep. 30, 2006		Fiscal year ended Sep. 30, 2007		Increase (decrease)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Japan	32,924	44.6	34,417	42.2	1,493	4.5
United States	16,383	22.1	19,190	23.5	2,807	17.1
Europe	13,003	17.6	15,628	19.2	2,625	20.2
Asia	11,288	15.3	11,867	14.6	579	5.1
Others	300	0.4	384	0.5	84	28.1
Company Net Sales	73,899	100.0	81,489	100.0	7,589	10.3