

## Consolidated Financial Results for the Fiscal Year ended September 30, 2008

November 12, 2008

Company name : Hamamatsu Photonics K.K.

Stock listing : Tokyo Stock Exchange First Section

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 19, 2008

Scheduled date to submit securities report : December 19, 2008

Scheduled date to begin dividend payments : December 22, 2008

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

1. Consolidated financial results for the fiscal year ended Sep. 30, 2008 (From Oct. 1, 2007 through Sep. 30, 2008)

(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, 2008	98,811	2.6	20,052	0.9	20,882	3.5	13,117	9.0
Fiscal year ended Sep. 30, 2007	96,316	10.7	19,873	26.4	20,175	25.8	12,036	23.6

	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, 2008	163.28	161.94	11.2	12.1	20.3
Fiscal year ended Sep. 30, 2007	159.86	148.63	12.0	12.2	20.6

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

Fiscal year ended Sep. 30, 2008 : 89 million yen

Fiscal year ended Sep. 30, 2007 : 95 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, 2008	174,991	122,363	69.0	1,501.62
as of Sep. 30, 2007	170,143	113,897	66.4	1,407.96

Notes: Shareholders' equity

Fiscal year ended Sep. 30, 2008 : 120,721 million yen

Fiscal year ended Sep. 30, 2007 : 112,995 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, 2008	20,225	(14,043)	4,246	44,805
Fiscal year ended Sep. 30, 2007	18,188	(18,243)	(11,597)	35,067

2. Dividends

(Base date)	Dividends per share			Total dividends (annual)	Dividend propensity (consolidated)	Dividends to net assets (consolidated)
	Interim	Year end	Total			
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Sep. 30, 2007	20.00	23.00	43.00	3,356	26.9	3.3
Fiscal year ended Sep. 30, 2008	20.00	26.00	46.00	3,703	28.2	3.2
Fiscal year ended Sep. 30, 2009 (Outlook)	23.00	23.00	46.00		46.2	

The year-end dividend for fiscal year ended Sep. 30, 2008 has been included 3 yen commemorative dividend per share.

3. Forecast of consolidated performances for the fiscal year ended Sep. 30, 2009 (From Oct. 1, 2008 through Sep. 30, 2009)

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
Through the second quarter of FY 2009	46,400	(6.2)	6,200	(42.5)	6,400	(44.1)	3,600	(49.4)	44.78
Fiscal year ended Sep. 30, 2009	95,000	(3.9)	13,000	(35.2)	13,400	(35.8)	8,000	(39.0)	99.51



## 1. Business Performance

### (1) Analysis of Business Performance

#### *Summary of the Fiscal Year*

The business environment in Japan suffered from a downturn in the economy caused by the deepening crisis in the international financial markets. This uncertainty in the market came in the wake of the United States credit crisis and subsequent market decapitalization.

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 increase in overseas sales and steady performance in domestic sales compared with last fiscal year, we closed the year with net sales of JPY 98,811 million, up by JPY 2,494 million (2.6%), operating income of JPY 20,052 million, up by JPY 178 million (0.9%) and ordinary income of JPY 20,882 million, up by JPY 706 million (3.5%) over one year before respectively. Net income resulted in JPY 13,117 million, up by JPY 1,081 million (9.0%).

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

##### 1. Sales by Business Sector

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

Sales of **Photomultiplier Tubes (PMTs)** continued to increase steadily. This is mainly driven by PMTs in the field of blood and DNA analysis attributed to their high performance and our satisfaction of customer's demands for tubes. PMTs for analytical and academic research also grew steadily. However, sales of PMTs for Positron Emission Tomography (PET) decreased due to a reduction in capital investment for medical equipment traceable to the effect of Medicare reimbursement in the U.S. In addition, PMTs used in oil well logging, which can search for oil thousands of meters underground, were down because of inventory adjustments at our primary customers.

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, continued to increase due to their high sensitivity and resolution, despite tough competition. In the industrial field, sales of UV Spot Light Source for UV cure bonding grew steadily, while sales of Microfocus X-ray sources for non-destructive inspection systems were down due to a decrease in capital investment in the semiconductor market. In the field of analytical instrument, sales of deuterium (D2) lamps that feature higher stability, output, and longer life increased steadily.

In the **Opto-semiconductor** sector, sales of Silicon Photodiodes for the medical field continued to command good results due to increased performance as a result of utilizing our own Micro-Electro-Mechanical Systems (MEMS) technology in their design and operation. Sales of Image Sensors for dental rose substantially mainly in Europe due to their ability to obtain high quality digital images. Photo ICs for communication network applications in the automotive industry in Europe contributed to a sales increase in this sector. They exhibit high-reliability over a wide temperature range.

Given these factors, net sales for this sector were JPY 84,202 million, up by 4.6% and operating profit JPY 27,618 million, up by 2.2% over last year.

**b. Imaging and Measurement Instruments:**

Sales of the Functional Drug Screening System (FDSS) for research associated with drug discovery grew, due to release new products to meet user's needs. This increase was fueled by drug manufactures in Japan and overseas. However, sales of Semiconductor Failure Analysis Systems were down due to delays in capital investment in the semiconductor industry attributed to a drop in the price of flash memories. In the field of medical pathology, sales of our high speed and high resolution, network capable, digital slide observation system were also down due to a rebound from good results last year.

Net sales for this sector were JPY 14,752 million, down by 6.0% and operating profit JPY 2,493 million, down by 7.1% over last year respectively.

**c. Others:**

Net sales for this fiscal year were JPY 639 million, down by 3.8% over last year and operating loss JPY 132 million (FY 2007 was JPY 124 million loss).

**2. Sales by Location of companies**

In **Japan**, sales of Opto-semiconductor such as Silicon Photodiodes used for the manufacture of medical instruments in the U.S. increased steadily. Likewise, X-ray Image Sensors for dental instrumentation export sales to Europe also increased steadily. Meanwhile export sales of PMTs for PET in U.S. and domestic sales of Semiconductor Failure Analysis Systems were down. In addition, UV Spot Light Sources posted record growth in domestic sales and export sales to Asia. The total sales in Japan were JPY 85,230 million, up by 3.4% over last year and operating profits JPY 24,932 million, up by 2.1% compared with one year before.

In **North America**, sales of Silicon Photodiodes in the medical field and FDSS increased steadily. However, sales of PMTs used in PET were reduced. In addition, a strong yen/U.S. dollar exchange rate caused decreased sales. The total sales for the region were JPY 26,234 million, down by 0.0% and operating profit JPY 766 million, down by 54.9% over last year respectively.

**Europe** experienced a steady increase in Opto-semiconductors, mainly in the medical field, such as Photo ICs for automotive and Image Sensor for dental X-ray imaging. The total sales were JPY 24,241 million, up by 3.7% and operating profit JPY 3,223 million, down by 6.3% over last year respectively.

In **Other Regions** mostly represented by China, net sales were JPY 2,491 million; up by 34.5% and operating profit JPY 559 million, up by 124.8%.

### *Projection for the year*

Our group's business has increased both in sales and profits for five consecutive periods. However, we need to recognize that our challenge to maintain this growth is threatened by the increasing uncertainty associated with the global economic downturn. Under those severe situations, we expect that our consolidated sales for the next year are JPY 95,000 million, down by 3.9% over last year.

And we project that operating income JPY 13,000 million, down by 35.2% and net income JPY 8,000 million, down by 39.0% respectively over last year because the average JPY exchange rates as we assumed could be JPY 8 stronger against US dollar and JPY 42 stronger against Euro, depreciation expenses could increase JPY 1,400 million due to the change the accounting rule and prior investment mainly research and development expenses could increase respectively over last year, FY 2008, while we will put forth efforts to launch new products and reduce the costs.

We assume that yen/US dollar exchange rate is JPY 100 and yen/Euro exchange rate is JPY 120.

#### 1. Projection for Consolidated Performances for the fiscal year ended Sep. 30, 2009

(Millions of Japanese Yen)

period item	Through	compared with previous year	Projection	compared with previous year
	the second quarter		for the Year	
Net Sales	46,400	(6.2%)	95,000	(3.9%)
Operating Income	6,200	(42.5%)	13,000	(35.2%)
Ordinary Income	6,400	(44.1%)	13,400	(35.8%)
Net Income	3,600	(49.4%)	8,000	(39.0%)

#### 2. Projection for Non-consolidated Performances for the fiscal year ended Sep. 30, 2009

(Millions of Japanese Yen)

period item	Through	compared with previous year	Projection	compared with previous year
	the second quarter		for the Year	
Net Sales	41,900	(2.1%)	86,800	2.8%
Operating Income	5,800	(32.9%)	13,400	(12.7%)
Ordinary Income	8,000	(24.4%)	15,700	(10.8%)
Net Income	5,100	(26.1%)	10,000	(12.1%)

## (2) Analysis of Financial Conditions

### Summary of Financial Position

Total assets at the end of the fiscal year ended September 30, 2008 increased by JPY 4,847 million from the end of previous financial year, to JPY 174,991 million. This is mainly from increases in inventories, (mainly work in process), up by JPY 2,429 million and cash on hand and in banks, while investment securities were down by JPY 989 million due to decreases in the market values.

Total liabilities were JPY 52,628 million, down by JPY 3,618 million due to decreases in debt repayments, down by JPY 2,293 million and allowance for bonus to employees, down by JPY 1,265 million, while there were increases in trade notes and account payable, up by JPY 1,069 million due to increase in the purchase of materials.

Net assets were JPY 122,363 million, up by JPY 8,465 million, due mainly to increased net income for this fiscal year of JPY 13,117 million.

Against these factors, the equity ratio was 69.0%.

### Summary of Cash Flow

Cash flow created from operations for the period was JPY 20,225 million, up by JPY 2,037 million over last year. This is mainly from an increase in account payable and depreciation, while there were increases in inventories.

Investment activity required a cash flow of JPY 14,043 million, down by JPY 4,199 million from previous year due mainly to an acquisition of tangible fixed assets.

Financial activity created a cash flow of JPY 4,246 million, due mainly to reimbursement of redemption of convertible debentures.

At the end of this fiscal year, cash and cash equivalent stood at JPY 44,805 million, up by JPY 9,737 million from the end of the previous fiscal year.

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

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Net Assets Ratio (%)	42.8	40.4	54.2	66.4	69.0
Net Assets Ratio Based on Current Market Price (%)	101.0	117.9	166.2	156.6	116.9
Debt Redemption Period (Years)	2.8	2.2	1.5	0.8	0.6
Interest Coverage Ratio (Times)	54.7	82.7	111.1	123.0	112.8

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 2008 and FY 2009**

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, we had continued increased dividends for four consecutive periods from FY 2004 through FY 2007. The amount of year-end dividend is going to be JPY 26 per share, consisting of ordinary dividend for JPY 23 and commemorative, 55th anniversary dividend of JPY 3 and our annual dividend for FY 2008 is going to be JPY 46 per share (Last fiscal year: JPY 43 per share), including interim dividend of JPY 20 per share. This gives increases dividend for five consecutive periods.

For FY 2009, our annual dividend is going to be JPY 46 per share (including interim dividend of JPY 23 per share).

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2007		As of Sep. 30, 2008	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets</b>				
Cash on hand and in banks	44,323		59,007	
Trade notes and accounts receivable	24,108		23,489	
Inventories	17,809		20,239	
Deferred income taxes	3,262		2,658	
Other accounts receivable	10,780		-	
Other	1,048		2,839	
Allowance for doubtful receivables	(175)		(179)	
Total current assets	101,158	59.5	108,054	61.7
<b>Fixed assets</b>				
<b>Tangible fixed assets</b>				
Buildings and structures	47,487		47,574	
Accumulated Depreciation	22,716	24,770	24,412	23,162
Machinery and transportation equipment	48,368		50,826	
Accumulated Depreciation	36,105	12,262	38,982	11,843
Furniture, fixtures and office equipment	22,540		23,955	
Accumulated Depreciation	18,367	4,172	19,903	4,051
Land		13,627		13,644
Construction in progress		2,501		2,987
Total tangible fixed assets	57,334	33.7	55,689	31.8
<b>Intangible fixed assets</b>		282		347
0.1				0.2
<b>Investments and other assets</b>				
Investment securities		3,572		2,582
Long-term loans		84		49
Investment properties	1,115		1,329	
Accumulated Depreciation	878	237	976	353
Deferred income taxes		5,615		6,117
Other		1,875		1,814
Allowance for doubtful receivables		(16)		(16)
Total investments and other assets		11,368		10,899
6.7				6.3
Total fixed assets		68,985		66,936
40.5				38.3
<b>Total assets</b>		170,143		174,991
		100.0		100.0

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2007		As of Sep. 30, 2008	
	Amount	%	Amount	%
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade notes and accounts payable	11,525		12,594	
Short-term bank loans and current portion of long-term debt	3,726		2,851	
Current portion of non-collateral bonds with warrants to buy stocks	-		1,360	
Income taxes payable	3,458		3,089	
Accrued bonuses	4,014		2,749	
Notes payable - construction	797		874	
Other	8,885		7,900	
Total current liabilities	32,407	19.1	31,419	18.0
<b>Long term liabilities</b>				
Non-collateral bonds with warrants to buy stocks	1,673		-	
Long-term bank loans	8,398		6,979	
Deferred income taxes	156		111	
Allowance for employees' retirement and severance benefits	12,085		12,591	
Allowance for retirement benefits for directors and corporate auditors	1,452		1,521	
Other	73		4	
Total long term liabilities	23,838	14.0	21,208	12.1
<b>Total liabilities</b>	<b>56,246</b>	<b>33.1</b>	<b>52,628</b>	<b>30.1</b>
<b>Net assets</b>				
<b>Shareholders' equity</b>				
Common stock	34,770		34,926	
Capital surplus	34,514		34,670	
Retained earnings	47,835		57,542	
Less treasury stock, at cost	(6,039)		(6,045)	
Total shareholders' equity	111,080	65.3	121,094	69.2
<b>Unrealized gains and adjustment</b>				
Unrealized gain on securities, net of tax	1,103		407	
Deferred Hedge Gain (Loss)	0		27	
Foreign Currency Translation Adjustment	811		(807)	
Total unrealized gains and adjustment	1,915	1.1	(372)	(0.2)
<b>Minority interests in consolidated subsidiaries</b>	901	0.5	1,641	0.9
<b>Total net assets</b>	<b>113,897</b>	<b>66.9</b>	<b>122,363</b>	<b>69.9</b>
<b>Total liabilities and net asset</b>	<b>170,143</b>	<b>100.0</b>	<b>174,991</b>	<b>100.0</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2007		Fiscal year ended Sep. 30, 2008			
	Amount	%	Amount	%		
<b>Net sales</b>		96,316	100.0		98,811	100.0
<b>Cost of sales</b>		44,356	46.1		46,361	46.9
<b>Gross profit</b>		51,960	53.9		52,449	53.1
<b>Selling, general and administrative expenses</b>						
Postage and delivery	818			869		
Advertising and promotion	803			816		
Salary	7,864			7,979		
Provision of bonuses	1,149			810		
Provision of retirement benefit	322			320		
Provision of retirement benefit to directors	66			69		
Depreciation	1,285			1,288		
Commissions	2,506			2,490		
Research and development	9,699			10,160		
Allowance for Bad Debts	39			20		
Other	7,528	32,086	33.3	7,570	32,396	32.8
<b>Operating income</b>		19,873	20.6		20,052	20.3
<b>Non-operating income</b>						
Interest income	342			456		
Dividend income	46			42		
Rental income on fixed assets	115			100		
Rental income on investment property	129			136		
Foreign exchange gain	-			42		
Gain on investments accounted for by the equity method	95			89		
Other	192	923	1.0	279	1,146	1.1
<b>Non-operating expenses</b>						
Interest expenses	147			179		
Expenses for investment property	64			121		
Foreign exchange loss	387			-		
Other	21	621	0.7	16	317	0.3
<b>Ordinary income</b>		20,175	20.9		20,882	21.1

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2007			Fiscal year ended Sep. 30, 2008		
	Amount		%	Amount		%
<b>Extraordinary income</b>						
Gain on sales of fixed assets	14			62		
Subsidy income	327			419		
Gain on sales of marketable securities	5	346	0.4	26	508	0.5
<b>Extraordinary loss</b>						
Loss on sales and disposal of fixed assets	238			216		
Advanced depreciations	222			373		
Loss on revaluation of marketable securities	33			13		
Impairment of assets held for sale	-			133		
Loss on revaluation of assets held for sale	122			-		
Loss on reorganization of subsidiary	65			-		
Provision of retirement benefit for directors and	8	691	0.7	-	736	0.7
<b>Income before income taxes and minority interests</b>		19,831	20.6		20,654	20.9
Income taxes	7,464			6,952		
Income taxes in previous years	100			245		
Income tax refund in previous years	(257)			-		
Deferred income taxes	381	7,688	8.0	213	7,411	7.5
Minority interests in consolidated subsidiaries		106	0.1		125	0.1
<b>Net income</b>		12,036	12.5		13,117	13.3

## 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 Changes in Shareholders' Equity

Fiscal year ended Sep. 30, 2008

(Millions of Japanese Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at Sep. 30, 2007	34,770	34,514	47,835	(6,039)	111,080
Changes during the period					
Exercise of stock subscription rights	156	156	-	-	313
Dividends from surplus	-	-	(3,458)	-	(3,458)
Net income for the period	-	-	13,117	-	13,117
Employee's bonus and welfare fund	-	-	(16)	-	(16)
Change in interest in a consolidated subsidiary	-	-	64	-	64
Purchases of treasury stock	-	-	-	(6)	(6)
Changes, net, in items other than shareholders' equity	-	-	-	-	-
Total changes during the period	156	156	9,706	(6)	10,013
Balance at Sep. 30, 2008	34,926	34,670	57,542	(6,045)	121,094

(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, 2007	1,103	0	811	1,915	901	113,897
Changes during the period						
Exercise of stock subscription rights	-	-	-	-	-	313
Dividends from surplus	-	-	-	-	-	(3,458)
Net income for the period	-	-	-	-	-	13,117
Employee's bonus and welfare fund	-	-	-	-	-	(16)
Change in interest in a consolidated subsidiary	-	-	-	-	-	64
Purchases of treasury stock	-	-	-	-	-	(6)
Changes, net, in items other than shareholders' equity	(695)	27	(1,619)	(2,287)	740	(1,547)
Total changes during the period	(695)	27	(1,619)	(2,287)	740	8,465
Balance at Sep. 30, 2008	407	27	(807)	(372)	1,641	122,363

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

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2007	Fiscal year ended Sep. 30, 2008
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	19,831	20,654
Depreciation	8,031	9,213
Increase (decrease) in allowance for doubtful accounts	26	19
Increase (decrease) in allowance for bonuses	(1,004)	(1,241)
Increase in allowance for retirement and severance benefits	609	505
Increase in allowance for retirement benefit for directors and corporate auditors	66	69
Interest and dividend income	(389)	(498)
Interest expense	147	179
Foreign exchange (gain) loss	(55)	0
(Gain) loss on investments accounted for by the equity method	(95)	(89)
Loss on disposal of fixed assets	233	194
(Gain) loss on sales of fixed assets	(9)	(40)
Loss on revaluation of marketable securities	33	13
(Increase) decrease in receivables, trade	(839)	(236)
(Increase) decrease in inventories	(2,231)	(2,975)
Increase (decrease) in payables, trade	72	1,851
Payment of bonuses to directors and corporate auditors	(60)	-
Other	2,021	(158)
<b>Subtotal</b>	<b>26,390</b>	<b>27,461</b>
Interest and dividend received	394	497
Interest expense paid	(147)	(179)
Income taxes paid	(8,449)	(7,554)
<b>Net cash provided by operating activities</b>	<b>18,188</b>	<b>20,225</b>
<b>Cash flows from investing activities</b>		
(Increase) decrease in time deposits	(6,142)	(4,949)
Payments for acquisition of marketable securities	(75)	(1,891)
Proceeds from sales of marketable securities	-	1,373
Payments for acquisition of fixed assets	(11,889)	(8,599)
Proceeds from sales of fixed assets	33	124
Payments for acquisition of intangible fixed assets	(164)	(158)
Proceeds from sales of investment securities	8	35
Other	(12)	22
<b>Net cash used in investing activities</b>	<b>(18,243)</b>	<b>(14,043)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term debt	(785)	(21)
Proceeds from long-term debt	6,676	41
Payment of long-term debt	(5,008)	(2,313)
Payments for redemption of convertible debenture	(9,429)	-
Proceeds from redemption of convertible debenture	-	9,372
Payments for acquisition of treasury stock	(22)	(6)
Dividends paid by the parent company	(2,988)	(3,461)
Other	(40)	635
<b>Net cash provided by (used in) financing activities</b>	<b>(11,597)</b>	<b>4,246</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>286</b>	<b>(691)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,365)</b>	<b>9,737</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>46,433</b>	<b>35,067</b>
<b>Cash and cash equivalents at end of period</b>	<b>35,067</b>	<b>44,805</b>

## Segment Information

### Business Segment

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 JPY 9,472 million.
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 JPY 55,661 million.
5. Depreciation expenses for long-term prepaid expenses were included in depreciation, and increases in long-term prepaid expenses were included in capital expenditures.
6. Pursuant to an amendment to the Corporate Tax Law, the company have applied the new depreciation method for tangible fixed assets acquired on and after April 1, 2007. As a consequence, operating income decreased JPY 92 million in the opto-electronic devices business, JPY 4 million in the imaging and measurement instruments business, JPY 27 million in the corporate, respectively, compared with the figures derived using the previous method.

## Segment Information

### Business Segment

Fiscal year ended Sep. 30, 2008

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	83,472	14,698	639	98,811	-	98,811
Intersegment	729	53	-	782	(782)	-
Total net sales	84,202	14,752	639	99,593	(782)	98,811
Operating expenses	56,583	12,258	771	69,613	9,144	78,758
Operating income	27,618	2,493	(132)	29,980	(9,927)	20,052
Assets	94,506	16,817	1,948	113,271	61,719	174,991
Depreciation	6,849	897	60	7,807	1,308	9,116
Capital expenditures	5,689	702	1	6,393	2,345	8,738

#### 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 JPY 9,566 million.
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 JPY 61,719 million.
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, 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 JPY 9,472 million.
4. Corporate assets in elimination or corporate were JPY 55,661 million.
5. Pursuant to an amendment to the Corporate Tax Law, the company have applied the new depreciation method for tangible fixed assets acquired on and after April 1, 2007. As a consequence, operating income decreased JPY 97 million in Japan business, JPY 27 million in the corporate, respectively, compared with the figures derived using the previous method.

Fiscal year ended Sep. 30, 2008

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	48,018	25,609	23,703	1,479	98,811	-	98,811
Intersegment	37,211	624	538	1,011	39,386	(39,386)	-
Total net sales	85,230	26,234	24,241	2,491	138,197	(39,386)	98,811
Operating expenses	60,297	25,467	21,018	1,932	108,715	(29,956)	78,758
Operating income	24,932	766	3,223	559	29,482	(9,429)	20,052
Assets	96,407	8,936	10,262	5,373	120,979	54,011	174,991

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 JPY 9,566 million.
4. Corporate assets in elimination or corporate were JPY 61,719 million.

## Segment Information

### Overseas sales

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%

Fiscal year ended September 30, 2008

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	25,124	23,501	14,352	472	63,450
Consolidated net sales	-	-	-	-	98,811
Ratio of overseas sales to consolidated net sales	25.4%	23.8%	14.5%	0.5%	64.2%

#### 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, 2007		As of Sep. 30, 2008	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets</b>				
Cash on hand and in banks	36,580		49,669	
Trade notes receivable	3,548		2,722	
Accounts receivable	19,490		20,522	
Merchandise	15		16	
Finished goods	1,343		1,986	
Raw material	3,390		3,809	
Work in process	9,270		10,518	
Supplies	607		666	
Deferred income taxes	2,205		1,671	
Other accounts receivable	11,054		1,084	
Other	140		122	
Allowance for doubtful receivables	(125)		(169)	
Total current assets	87,521	56.4	92,621	58.1
<b>Fixed assets</b>				
<b>Tangible fixed assets</b>				
Buildings	39,022		39,277	
Accumulated Depreciation	19,621	19,401	21,113	18,164
Structures	1,775		1,956	
Accumulated Depreciation	1,018	757	1,105	851
Machinery and equipment	46,450		48,944	
Accumulated Depreciation	34,861	11,588	37,744	11,200
Vehicles	147		150	
Accumulated Depreciation	119	27	120	30
Tools, furniture and fixtures	20,609		22,032	
Accumulated Depreciation	17,061	3,547	18,565	3,466
Land		11,908		12,000
Construction in progress		2,255		2,938
Total tangible fixed assets	49,486	31.9	48,652	30.5
<b>Intangible fixed assets</b>				
Patent		117		88
Software		173		163
Other		9		9
Total intangible fixed assets		301		262
		0.2		0.2
<b>Investments and other assets</b>				
Investment securities		2,735		1,861
Shares of affiliates		7,414		7,732
Investment in capital		1		1
Investment in affiliates		629		629
Long-term loans receivable		11		11
Long-term loans receivable in affiliates		21		-
Deferred income taxes		5,590		6,099
Investment property	1,115		1,329	
Accumulated Depreciation	878	237	976	353
Other		1,229		1,237
Allowance for doubtful receivables		(16)		(16)
Total investments and other assets		17,854		17,908
		11.5		11.2
Total fixed assets		67,642		66,823
		43.6		41.9
<b>Total assets</b>		155,164		159,444
		100.0		100.0

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2007		As of Sep. 30, 2008	
	Amount	%	Amount	%
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade notes payable	4,751		5,006	
Trade accounts payable	6,946		7,622	
Current portion of non-collateral bonds with warrants to buy stocks	-		1,360	
Current portion of long-term debt	2,263		1,263	
Other accounts payable	3,746		3,244	
Accrued expenses	926		656	
Income taxes payable	2,843		2,713	
Advances received	220		170	
Deposits received	235		112	
Accrued bonuses	3,707		2,501	
Notes payable - construction	794		874	
Employee deposits	1,961		1,985	
Other	58		61	
Total current liabilities	28,456	18.3	27,571	17.3
<b>Long-term liabilities</b>				
Non-collateral bonds with warrants to buy stocks	1,673		-	
Long-term debt	7,530		6,267	
Allowance for employees' retirement and severance benefits	12,065		12,561	
Allowance for retirement benefits for directors	1,452		1,521	
Other	-		1	
Total long-term liabilities	22,721	14.7	20,351	12.8
<b>Total liabilities</b>				
	51,177	33.0	47,923	30.1
<b>Net Assets</b>				
<b>Shareholders' equity</b>				
Common Stock	34,770	22.4	34,926	21.9
Capital surplus				
Additional paid-in capital	34,478		34,634	
Total capital surplus	34,478	22.2	34,634	21.7
Retained earnings				
Legal reserve	695		695	
Other earned surplus				
Reserve for special depreciation	186		124	
Reserve for dividends	3,500		3,500	
General reserve	23,600		28,600	
Earned surplus carried forward	11,688		14,674	
Total retained earnings	39,670	25.6	47,593	29.9
Less treasury stock, at cost	(6,035)	(3.9)	(6,041)	(3.8)
Total shareholders' equity	102,883	66.3	111,113	69.7
<b>Unrealized gains and adjustment</b>				
Other unrealized gain on securities, net of tax	1,103	0.7	407	0.2
Total unrealized gains and adjustment	1,103	0.7	407	0.2
<b>Total net assets</b>				
	103,987	67.0	111,521	69.9
<b>Total liabilities and net asset</b>				
	155,164	100.0	159,444	100.0

## Non-consolidated Financial Statements

### Non-consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2007			Fiscal year ended Sep. 30, 2008		
	Amount		%	Amount		%
<b>Net sales</b>		81,489	100.0		84,434	100.0
<b>Cost of sales</b>						
Inventory of merchandise, beginning of year	18			15		
Inventory of products, beginning of year	1,508			1,343		
Merchandise purchased	53			51		
Cost of production	43,059			46,566		
Total	44,639			47,977		
Inventory of merchandise, end of year	15			16		
Inventory of products, end of year	1,343	43,279	53.1	1,986	45,974	54.4
<b>Gross profit</b>		38,209	46.9		38,460	45.6
<b>Selling, general and administrative expenses</b>						
Postage and delivery	721			800		
Advertising and promotion	285			305		
Salary	3,729			3,769		
Provision of bonuses	914			599		
Provision of retirement benefit	321			300		
Provision of retirement benefit to directors	66			69		
Depreciation	805			824		
Commissions	1,983			1,873		
Research and development	9,710			10,091		
Allowance for Bad Debts	79			44		
Other	4,685	23,304	28.6	4,426	23,107	27.4
<b>Operating income</b>		14,905	18.3		15,353	18.2
<b>Non-operating income</b>						
Interest income	150			220		
Dividend income	1,763			2,210		
Rental income on investment property	129			136		
Other	201	2,245	2.8	207	2,774	3.3

## Non-consolidated Financial Statements

### Non-consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2007		Fiscal year ended Sep. 30, 2008	
	Amount	%	Amount	%
<b>Non-operating expenses</b>				
Interest expenses	100		138	
Interest on debentures	12		-	
Expenses for investment property	64		121	
Foreign exchange loss	52		226	
Other	59	289	34	520
		0.4		0.6
<b>Ordinary income</b>		16,861		17,607
		20.7		20.9
<b>Extraordinary income</b>				
Gain on sales of fixed assets	9		8	
Subsidy income	327		419	
Gain on sales of marketable securities	5	342	26	454
		0.4		0.5
<b>Extraordinary loss</b>				
Loss on sales and disposal of fixed assets	224		213	
Advanced depreciations	222		373	
Loss on revaluation of marketable securities	33		13	
Loss on reorganization of subsidiary	-	479	122	722
		0.6		0.9
<b>Income before income taxes and minority interests</b>		16,723		17,338
		20.5		20.5
Income taxes	5,442		5,532	
Income taxes in previous years	97		245	
Income tax refund in previous years	(257)		-	
Deferred income taxes	628	5,911	178	5,956
		7.2		7.0
<b>Net income</b>		10,812		11,381
		13.3		13.5

## 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 Adjustment	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

## 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, 2007	34,770	34,478	695	186	3,500	23,600	11,688	(6,035)	102,883
Changes during the period									
Exercise of stock subscription rights	156	156	-	-	-	-	-	-	313
Reversal of reserve for special depreciation	-	-	-	(62)	-	-	62	-	-
Addition to general reserve	-	-	-	-	-	5,000	(5,000)	-	-
Dividends from surplus	-	-	-	-	-	-	(1,848)	-	(1,848)
Interim dividends from surplus	-	-	-	-	-	-	(1,609)	-	(1,609)
Net income for the period	-	-	-	-	-	-	11,381	-	11,381
Purchases of treasury stock	-	-	-	-	-	-	-	(6)	(6)
Changes, net, in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes during the period	156	156	-	(62)	-	5,000	2,985	(6)	8,230
Balance at Sep. 30, 2008	34,926	34,634	695	124	3,500	28,600	14,674	(6,041)	111,113

(Millions of Japanese Yen)

	Revaluation and Translation Adjustment	Total Net Assets
	Unrealized gain on securities	
Balance at Sep. 30, 2007	1,103	103,987
Changes during the period		
Exercise of stock subscription rights	-	313
Reversal of reserve for special depreciation	-	-
Addition to general reserve	-	-
Dividends from surplus	-	(1,848)
Interim dividends from surplus	-	(1,609)
Net income for the period	-	11,381
Purchases of treasury stock	-	(6)
Changes, net, in items other than shareholders' equity	(695)	(695)
Total changes during the period	(695)	7,534
Balance at Sep. 30, 2008	407	111,521