

Consolidated Financial Results for the Second Quarter of Fiscal Year ending September 30, 2010

May 10, 2010

Company name: Hamamatsu Photonics K.K.

ID number: 6965

URL: www.hamamatsu.com

Representative: Akira Hiruma, President and Chief Executive Officer

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Scheduled date to submit Securities Report: May 14, 2010

Scheduled date to begin dividend payments: June 2, 2010

Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

1. Consolidated financial results for the six months ended March 31, 2010 (From Oct. 1, 2009 through Mar. 31, 2010)

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

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Mar. 31, 2010	43,524	13.4	6,682	107.1	6,857	90.9	4,883	295.7
Six months ended Mar. 31, 2009	38,383	-	3,227	-	3,592	-	1,234	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2010	60.75	-
Six months ended Mar. 31, 2009	15.35	15.24

(2) Consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
as of Mar. 31, 2010	167,787	120,872	71.6	1,494.23
as of Sep. 30, 2009	158,026	117,452	73.3	1,441.44

Notes: Shareholders' equity

Six months ended Mar. 31, 2010 : 120,128 million yen

Fiscal year ended Sep. 30, 2009 : 115,885 million yen

2. Dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Full Fiscal Year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2009	-	23.00	-	7.00	30.00
Fiscal year ending Sep. 30, 2010	-	18.00			
Fiscal year ending Sep. 30, 2010 (Outlook)			-	18.00	36.00

Note: Whether the dividend forecast under review have been revised: None

3. Forecast of consolidated results for the fiscal year ending Sep. 30, 2010 (From Oct. 1, 2009 through Sep. 30, 2010)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending Sep. 30, 2010	83,300	15.7	10,500	180.6	10,800	125.3	7,700	329.7	95.78

Note: Whether the forecasts for consolidated figures under review have been revised: None

4. Others

- (1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : None
- (2) Whether the Company has adopted simplified accounting methods : Yes
- (3) Changes in principles, procedures, presentation methods for the quarterly consolidated financial statements
 - (a) Changes arising from revision of accounting principles: Yes
 - (b) Changes arising from other factors: Yes
- (4) Number of shares outstanding
 - (a) Number of shares outstanding at end of period including treasury stock
 - Six months ended Mar. 31, 2010: 83,764,984 shares
 - Fiscal year ended Sep. 30, 2009: 83,764,984 shares
 - (b) Number of treasury stock at end of period
 - Six months ended Mar. 31, 2010: 3,369,793 shares
 - Fiscal year ended Sep. 30, 2009: 3,369,439 shares
 - (c) Average number of shares issued during the period (first-quarter accumulation (three months))
 - Six months ended Mar. 31, 2010: 80,395,361 shares
 - Six months ended Mar. 31, 2009: 80,393,912 shares

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

1. Comments on Consolidated Performance

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

The business environment during the first six months of this fiscal year was still unclear, despite signs of a partial economic recovery resulting from the economic stimulus measures adopted by various countries. In addition, the strength of a self-sustaining recovery in domestic private demand was weak due to employment uncertainty and stagnant personal income. Against this background, our group strove to release competitive 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 above factors, we closed the second quarter with net sales of JPY 43,524 million, up by JPY 5,140 million (13.4%), operating income of JPY 6,682 million, up by JPY 3,455 million (107.1%) and ordinary income of JPY 6,857 million, up by JPY 3,265 million (90.9%) over one year before respectively. Net income resulted in JPY 4,883 million, up by JPY 3,649 million (295.7%).

(2) Sales by Segment

a. Opto-Electronic Devices:

Total **Photomultiplier Tube (PMTs)** sales increased rapidly due to a rebound from last year's economic downturn, mainly in medical fields such as Positron Emission Tomography (PET) and academic fields such as blood analysis. In addition, sales of PMTs for the environmental measurements increased steadily.

In the **Light Sources and Imaging Devices**, sales of the innovative Stealth Dicing Engine, using the world's first laser dicing technology, that we developed, showed a substantially increase mainly in the Asian markets. And the sales of X-ray Scintillators and UV Spot Light Source increased steadily.

In the **Opto-semiconductor sector**, sales of Silicon Photodiodes for an encoder used in industrial machine control were up primarily in China and Korea due to a brisk capital investment. In addition, sales of X-ray Image Sensors for semiconductor inspection systems increased strongly and Photo ICs used for automotive network applications were up steadily because of favorable car sales in China.

In total Opto-Electronic Devices closed the second quarter with JPY 37,760 million, up by 15.5% and operating income of JPY 10,739 million, up by 40.6% from one year previous.

b. Imaging and Measurement Instruments:

In the life science field, sales of digital cameras for research and development such as DNA sequencer, along with digital slide observation systems used in medical pathology have reached record high. However, sales of Semiconductor Failure Analysis Systems were down due to the downturn in the industrial market. Sales of Functional Drug Screening systems also decrease because of reorganization and integration in the industry.

Net sales for this sector resulted in JPY 5,885 million, up by 1.8% from one year before operating income was JPY 626 million, up by 25.8% from one year previous.

c. Others:

Net sales for the second quarter of this fiscal year were JPY 276 million, down by 7.1% over last year and operating loss was JPY 12 million (2nd Quarter of FY 2009 was JPY 0 million profit).

(3) Sales by Location of companies

In **Japan**, sales of Stealth Dicing Engine and UV Spot Light Source in the semiconductor industry increased, centered in the Asian market. Sales of Silicon Photodiodes for an encoder used in industrial machine control along with Image Sensors for semiconductor inspection systems also grew. In the medical field, sales of X-ray Scintillator for medical diagnostic instruments mainly in the EU markets and Image Sensors for dental instrumentation mainly in the EU and domestic markets were up. The total sales in Japan were JPY 37,873 million, up by 10.9% and operating profits JPY 9,651 million, up by 46.7% compared with one year before respectively.

In **North America**, Silicon Photodiodes for X-ray medical diagnostic instruments and Photomultiplier tubes in medical fields such as PET boosted sales. And X-ray Scintillator for medical diagnostic instruments increased steadily. The total sales for the region were JPY 12,273 million, up by 13.0% and operating profit JPY 508 million, up by 240.9% over last year respectively.

Europe experienced increases in sales of X-ray Scintillator and Image Sensor for medical diagnostic instruments such as dental applications and Photo ICs used for automotive network applications. The total sales were JPY 10,504 million, up by 10.8% and operating profit JPY 920 million, up by 9.2% over last year respectively.

In **Other Regions** mostly represented by China, net sales were JPY 1,227 million, down by 12.5% and operating profit JPY 224 million, down by 9.9%.

2. Comments on Financial Position

(1) Summary of Financial Position

Current assets were increased JPY 7,318 million from the year ended September 30, 2009. This is mainly from increases in notes and accounts receivable-trade, up by JPY 5,089 million and cash and deposits, up by JPY 3,858 million due to a sales growth, while there was decrease in inventories, down by JPY 634 million. Noncurrent assets were increased JPY 2,442 million from the last fiscal year end, due mainly to an increase in long-term investment of JPY 3,001 million, while there was a decrease in property, plant and equipment, down by JPY 774 million because of the depreciation. The total assets at the end of the second quarter were JPY 167,787 million, up by JPY 9,761 million from the year ended September 30, 2009.

Current liabilities were increased JPY 6,091 million. This is mainly from increases in notes and accounts payable-trade, up by JPY 3,935 million due to increase in raw material purchases and income taxes payable, up by JPY 1,795 million over last year respectively. Noncurrent liabilities were increased JPY 249 million from the last fiscal year end, due mainly to an increase provision for retirement benefits, up by JPY 406 million. The total liabilities at the end of the second quarter were JPY 46,915 million, up by JPY 6,341 million.

Net Assets were JPY 120,872 million, up by JPY 3,420 million, due mainly to an increase of retained earnings, up by JPY 4,320 million, because of net income for the six months of JPY 4,883 million, while there was a decrease in minority interests, down by JPY 823 million because of an additional acquisition of shares of a consolidated subsidiary.

(2) Summary of Cash Flow

Cash flow created from operations during the second quarter was JPY 13,793 million, up by JPY 6,360 million over last year. This is mainly from an income tax refund of JPY 2,417 million, while there was an income tax paid of JPY 3,266 million in the corresponding period of the last year.

Investment activity used a cash flow of JPY 5,434 million, down by JPY 14,168 million from previous year due mainly to a proceed from sales of short-term investment securities and a net increase in time deposits of JPY 5,313 million in the same period of the previous year, while there was a net decrease in time deposits of JPY 741 million.

Financial activity required a cash flow of JPY 705 million, down by JPY 3,001 million from previous year due mainly to decreases in payment of dividend, down by JPY 1,519 million and repayment of long-term loans payable, up by JPY 1,496 million over last year.

At the end of the second quarter, cash and cash equivalent stood at JPY 25,608 million, up by JPY 7,601 million from the year ended September 30, 2009.

3. Comments on Consolidated Financial Forecast

There is no change to the projection for the fiscal year ending September 30, 2010 released on March 19, 2010. We assume that yen/US dollar exchange rate is JPY 90 and yen/Euro exchange rate is JPY 125.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2010	As of Sep. 30, 2009
Assets		
Current assets		
Cash and deposits	45,366	41,507
Notes and accounts receivable-trade	21,877	16,788
Short-term investment securities	10,003	8,000
Merchandise and finished goods	4,539	4,856
Work in process	10,574	10,810
Raw materials and supplies	4,240	4,322
Other	3,925	6,904
Allowance for doubtful accounts	(145)	(125)
Total current assets	100,383	93,064
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	25,563	21,983
Machinery, equipment and vehicles, net	9,748	9,674
Tools, furniture and fixtures, net	3,197	3,370
Land	12,882	12,747
Lease assets, net	115	89
Construction in progress	1,183	5,600
Total property, plant and equipment	52,692	53,466
Intangible assets	635	434
Investments and other assets		
Investment securities	2,467	2,356
Deferred tax assets	6,577	6,578
Other	5,051	2,143
Allowance for doubtful accounts	(18)	(17)
Total investments and other assets	14,077	11,060
Total noncurrent assets	67,404	64,962
Total assets	167,787	158,026

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2010	As of Sep. 30, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,273	7,337
Short-term loans payable	1,539	1,549
Current portion of long-term loans payable	6,158	6,253
Income taxes payable	2,132	336
Provision for bonuses	2,633	2,534
Other	7,706	7,339
Total current liabilities	31,442	25,351
Noncurrent liabilities		
Long-term loans payable	226	226
Provision for retirement benefits	13,797	13,390
Provision for directors' retirement benefits	1,252	1,413
Other	196	191
Total noncurrent liabilities	15,472	15,222
Total liabilities	46,915	40,574
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	59,585	55,265
Treasury stock	(6,047)	(6,046)
Total shareholders' equity	123,139	118,819
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	336	186
Foreign currency translation adjustment	(3,346)	(3,121)
Total valuation and translation adjustments	(3,010)	(2,934)
Minority interests	743	1,566
Total net assets	120,872	117,452
Total liabilities and net assets	167,787	158,026

Consolidated Financial Statements

Consolidated Statements of income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2009	Six months ended Mar. 31, 2010
Net sales	38,383	43,524
Cost of sales	20,430	22,505
Gross profit	17,953	21,018
Selling, general and administrative expenses	14,726	14,335
Operating income	3,227	6,682
Non-operating income		
Interest income	263	165
Equity in earnings of affiliates	57	3
Other	229	269
Total non-operating income	549	438
Non-operating expenses		
Interest expenses	85	68
Rent expenses on real estates	64	56
Foreign exchange losses	32	123
Other	2	16
Total non-operating expenses	184	264
Ordinary income	3,592	6,857
Extraordinary income		
Gain on sales of noncurrent assets	6	1
Reversal of provision for directors' retirement benefits	-	155
Other	0	-
Total extraordinary income	6	156
Extraordinary loss		
Loss on sales of noncurrent assets	16	1
Loss on retirement of noncurrent assets	46	22
Impairment loss	1,075	-
Loss on valuation of investment securities	116	12
Loss on liquidation of subsidiaries and affiliates	106	3
Total extraordinary losses	1,360	40
Income before income taxes and minority interests	2,238	6,973
Income taxes	943	2,043
Minority interests in income	60	46
Net income	1,234	4,883

Consolidated Financial Statements

Consolidated statements of cash flows

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2009	Six months ended Mar. 31, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,238	6,973
Depreciation and amortization	4,699	4,066
Impairment loss	1,075	-
Increase (decrease) in provision for bonuses	(252)	102
Interest and dividends income	(280)	(180)
Interest expenses	85	68
Equity in (earnings) losses of affiliates	(57)	(3)
Decrease (increase) in notes and accounts receivable-trade	4,470	(5,124)
Decrease (increase) in inventories	(892)	569
Increase (decrease) in notes and accounts payable-trade	(1,857)	3,978
Other, net	1,275	815
Subtotal	10,504	11,264
Interest and dividends income received	281	180
Interest expenses paid	(85)	(68)
Income taxes (paid) refund	(3,266)	2,417
Net cash provided by (used in) operating activities	7,432	13,793
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(5,313)	741
Purchase of short-term investment securities	(8,641)	(13,653)
Proceeds from sales of short-term investment securities	-	11,684
Purchase of property, plant and equipment	(5,544)	(3,249)
Payments of loans receivable	(740)	-
Purchase of investments in subsidiaries	-	(895)
Other, net	635	(62)
Net cash provided by (used in) investing activities	(19,603)	(5,434)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(3)	(10)
Proceeds from long-term loans payable	-	20
Repayment of long-term loans payable	(1,611)	(114)
Cash dividends paid	(2,089)	(569)
Other, net	(2)	(30)
Net cash provided by (used in) financing activities	(3,706)	(705)
Effect of exchange rate change on cash and cash equivalents	(852)	(51)
Net increase (decrease) in cash and cash equivalents	(16,729)	7,601
Cash and cash equivalents at beginning of period	44,805	18,007
Cash and cash equivalents at end of period	28,075	25,608

Segment Information

Business Segment

Six months ended Mar. 31, 2009

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	32,326	5,760	297	38,383	-	38,383
Intersegment	368	23	-	391	(391)	-
Total net sales	32,694	5,783	297	38,775	(391)	38,383
Operating expenses	25,058	5,285	297	30,641	4,515	35,156
Operating income	7,636	497	0	8,133	(4,906)	3,227

Six months ended Mar. 31, 2010

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	37,381	5,866	276	43,524	-	43,524
Intersegment	378	18	-	397	(397)	-
Total net sales	37,760	5,885	276	43,921	(397)	43,524
Operating expenses	27,020	5,259	288	32,568	4,273	36,841
Operating income	10,739	626	(12)	11,353	(4,671)	6,682

Notes:

- Business segments are classified based on the similarities of products, markets and so on.
- Major products in each business segment ;

Opto-electronic devices	Photomultiplier Tubes, Imaging Devices and Light Sources (Microfocus X-ray Source, X-ray Scintillator, X-ray Image Intensifier, Microchannel Plate, Deuterium Lamp, Stealth Dicing Engine, Spot Light Source, Electrostatic Remover), 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	Hotel operations

- 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 4,718 million and JPY 4,498 million for the six months ended Mar. 31, 2009 and 2010, respectively.

Segment Information

Geographical Segment

Six months ended Mar. 31, 2009

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	17,562	10,674	9,364	782	38,383	-	38,383
Intersegment	16,578	187	112	620	17,499	(17,499)	-
Total net sales	34,140	10,862	9,477	1,402	55,882	(17,499)	38,383
Operating expenses	27,562	10,713	8,633	1,153	48,062	(12,906)	35,156
Operating income	6,578	149	843	249	7,820	(4,593)	3,227

Six months ended Mar. 31, 2010

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	20,432	12,003	10,338	749	43,524	-	43,524
Intersegment	17,440	270	166	477	18,354	(18,354)	-
Total net sales	37,873	12,273	10,504	1,227	61,878	(18,354)	43,524
Operating expenses	28,222	11,765	9,584	1,002	50,574	(13,732)	36,841
Operating income	9,651	508	920	224	11,304	(4,621)	6,682

Notes :

- The countries or areas are classified based on the geographical proximity.
- Major countries and areas which belong to each classification:
 North America : The United States
 Europe : Germany, France, U.K.
 Other : China
- 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 4,718 million and JPY 4,498 million for the six months ended Mar. 31, 2009 and 2010, respectively.

Segment Information

Overseas sales

Six months ended Mar. 31, 2009

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	10,249	9,264	4,788	195	24,497
Consolidated net sales	-	-	-	-	38,383
Ratio of overseas sales to consolidated net sales	26.7%	24.1%	12.5%	0.5%	63.8%

Six months ended Mar. 31, 2010

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	11,509	10,272	5,689	135	27,606
Consolidated net sales	-	-	-	-	43,524
Ratio of overseas sales to consolidated net sales	26.4%	23.6%	13.1%	0.3%	63.4%

Notes :

1. The countries or areas are classified based on the geographical proximity.
2. Major countries and areas which belong to each classification:
North America : The United States
Europe : Germany, France, U.K.
Asia : Israel, India, China, Korea, Taiwan
Other : Australia