

Consolidated Financial Results for the First Quarter of Fiscal Year ending September 30, 2011

February 7, 2011

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 : February 10, 2011

Scheduled date to begin dividend payments: -

Supplementary materials to the quarterly financial statements have been prepared: None

Presentation will be held to explain the quarterly financial statements: None

Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

1. Consolidated financial results for the three months ended December 31, 2010 (From Oct. 1, 2010 through Dec. 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	%
Three months ended Dec. 31, 2010	24,684	26.6	4,947	174.8	5,029	186.9	2,977	146.3
Three months ended Dec. 31, 2009	19,491	0.3	1,800	(7.8)	1,752	(20.6)	1,208	(10.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Dec. 31, 2010	37.04	-
Three months ended Dec. 31, 2009	15.04	-

(2) Consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
as of Dec. 31, 2010	174,262	125,129	71.4	1,547.22
as of Sep. 30, 2010	176,407	124,481	70.1	1,539.16

Notes: Shareholders' equity

Three months ended Dec. 31, 2010: 124,388 million yen

Fiscal year ended Sep. 30, 2010: 123,740 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, 2010	-	18.00	-	22.00	40.00
Fiscal year ending Sep. 30, 2011	-				
Fiscal year ending Sep. 30, 2011 (Outlook)		20.00	-	22.00	42.00

3. Forecast of consolidated results for the fiscal year ending Sep. 30, 2011 (From Oct. 1, 2010 through Sep. 30, 2011)

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 ending Mar. 31, 2011	48,200	10.7	8,900	33.2	9,000	31.2	5,800	18.8	72.14
Fiscal year ending Sep. 30, 2011	96,000	5.5	17,300	9.8	17,600	9.6	11,800	2.7	146.78

Note: Whether the forecasts for consolidated figures under review have been revised: No

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: No
- (4) Number of shares outstanding
 - (a) Number of shares outstanding at end of period including treasury stock
 - Three months ended Dec. 31, 2010: 83,764,984 shares
 - Fiscal year ended Sep. 30, 2010: 83,764,984 shares
 - (b) Number of treasury stock at end of period
 - Three months ended Dec. 31, 2010: 3,369,903 shares
 - Fiscal year ended Sep. 30, 2010: 3,369,807 shares
 - (c) Average number of shares issued during the period (first-quarter accumulation (three months))
 - Three months ended Dec. 31, 2010: 80,395,160 shares
 - Three months ended Dec. 31, 2009: 80,395,477 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.

Qualitative Information Related to Consolidated Performance for the first quarter of this Fiscal Year

(1) Consolidated Operating Results

Unemployment was high and the recovery of business from the effects of the “great recession” was anemic during the first quarter of this fiscal year. This was true despite the expected increase in personal consumption brought about by the improvement in the overseas economic situation resulting from economic stimulus measures. Against this background, our group strove to develop 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 first quarter with net sales of JPY 24,684 million, up by JPY 5,192 million (26.6%), operating income of JPY 4,947 million, up by JPY 3,146 million (174.8%) and ordinary income of JPY 5,029 million, up by JPY 3,276 million (186.9%) over one year before respectively. Net income resulted in JPY 2,977 million, up by JPY 1,768 million (146.3%).

Performance by segment was as follows;

(Electron Tube)

Photomultiplier Tube (PMTs) sales, mainly in medical applications, such as Positron Emission Tomography and Gamma Camera imaging, increased in the US and Asia. Sales of PMTs for biological laboratory use, such as blood and cell analysis systems, also increased steadily. In addition, sales of Microfocus X-ray sources for non-destructive inspection systems increased in the domestic market.

In total Electron Tube business closed the first quarter with JPY 10,398 million, up by 21.6% and operating income of JPY 4,057 million, up by 46.4% from one year previous.

(Opto-semiconductor)

Sales of Silicon Photodiodes for medical application in Asia and Japan, as well as for an encoder application used in controlling industrial machines were up. In addition, sales of X-ray Image Sensors for dental instrumentation in Europe and for semiconductor inspection systems in the US increased steadily.

Net sales for this business resulted in JPY 10,558 million, up by 26.5% and operating income was JPY 3,748 million, up by 100.3% from one year before.

(Imaging and Measurement Instruments)

Sales of digital cameras for academic research in the field of biomedical science were up steadily in the U.S. In addition, Semiconductor Failure Analysis Systems sales in the industrial market increased mainly in Asia and Europe. However in the field of medical instruments, sales of drug screening systems grew at a sluggish pace.

Net sales for this sector resulted in JPY 3,103 million, up by 41.9% from one year before and operating income was JPY 380 million (1st Quarter of FY 2010 was JPY 22 million loss).

(Others)

Others sales were primarily in the semiconductor laser business and hotel operations. Net sales for the businesses were JPY 623 million, up by 52.0% and operating loss was JPY 131 million (1st Quarter of FY 2010 was JPY 172 million loss).

(2) Financial Position

a. Summary of Assets, Liabilities and Net Assets

Current assets were decreased JPY 1,945 million from the year ended September 30, 2010. This is mainly from decreases in securities down by JPY 7,000 million, while there were increases in cash and deposits of JPY 3,818 million and in notes and accounts receivable-trade of JPY 1,336 million. Noncurrent assets were decreased JPY 199 million from the last fiscal year end, due mainly to a decrease in property, plant and equipment of JPY 98 million because of depreciation and in long-term investment of JPY 99 million due to a impairment loss. The total assets at the end of the first quarter were JPY 174,262 million, down by JPY 2,144 million from the year ended September 30, 2010.

Current liabilities were decreased JPY 3,914 million from the last fiscal year end. This is mainly from decrease in income taxes payable of JPY 3,178 million. Noncurrent liabilities were increased JPY 1,121 million from the last fiscal year end, due mainly to an increase in long-term debts of JPY 1,069 million. The total liabilities at the end of the first quarter were JPY 49,132 million, down by JPY 2,792 million.

Net Assets were JPY 125,129 million, up by JPY 647 million, due mainly to an increase of retained earnings, up by JPY 1,206 million, because of net income for the first quarter of this fiscal year, while there was a decrease in foreign currency translation adjustments, down by JPY 661 million.

b. Summary of Cash Flow

Cash flow created from operations during the first quarter was JPY 64 million, down by JPY 3,729 million over last year. This is mainly from an income tax paid of JPY 5,020 million, while there was an income tax refund of JPY 440 million in the corresponding period of the last year and from an increase of net income before tax, up by JPY 2,997 million over last year.

Investment activity used a cash flow of JPY 1,767 million, down by JPY 1,063 million from previous year due mainly to increases in proceeds from sales of short-term investment securities, while there was a net increase in time deposits.

Financial activity required a cash flow of JPY 1,100 million, up by JPY 556 million from previous year due mainly to increase in payment of dividend, up by JPY 1,147 million over last year.

At the end of the first quarter, cash and cash equivalent stood at JPY 25,587 million, down by JPY 3,159 million from the year ended September 30, 2010.

(3) Projection for the year

There is no change to the projection for the first six months ending March 31, 2011 and for the fiscal year ending September 30, 2011 released on November 8, 2010. We assume that yen/US dollar exchange rate is JPY 85 and yen/Euro exchange rate is JPY 110.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Dec. 31, 2010	As of Sep. 30, 2010
Assets		
Current assets		
Cash and deposits	46,841	43,023
Notes and accounts receivable-trade	24,356	23,020
Short-term investment securities	13,000	20,000
Merchandise and finished goods	5,099	5,193
Work in process	10,617	10,927
Raw materials and supplies	5,238	4,605
Other	4,289	4,635
Allowance for doubtful accounts	(117)	(134)
Total current assets	109,325	111,270
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	23,915	24,503
Machinery, equipment and vehicles, net	8,338	8,422
Tools, furniture and fixtures, net	2,733	2,823
Land	13,142	12,888
Lease assets, net	154	133
Construction in progress	5,071	4,681
Total property, plant and equipment	53,355	53,453
Intangible assets	742	715
Investments and other assets		
Investment securities	2,084	2,184
Deferred tax assets	6,984	6,984
Other	1,787	1,816
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	10,838	10,967
Total noncurrent assets	64,936	65,136
Total assets	174,262	176,407

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Dec. 31, 2010	As of Sep. 30, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,970	12,575
Short-term loans payable	1,338	1,954
Current portion of long-term loans payable	251	132
Income taxes payable	1,767	4,945
Provision for bonuses	1,353	3,103
Other	8,356	7,241
Total current liabilities	26,037	29,952
Noncurrent liabilities		
Long-term loans payable	7,262	6,192
Provision for retirement benefits	14,258	14,264
Provision for directors' retirement benefits	1,196	1,288
Other	377	226
Total noncurrent liabilities	23,094	21,972
Total liabilities	49,132	51,925
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	65,949	64,743
Treasury stock	(6,047)	(6,047)
Total shareholders' equity	129,502	128,296
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	147	43
Foreign currency translation adjustment	(5,260)	(4,599)
Total valuation and translation adjustments	(5,113)	(4,556)
Minority interests	740	740
Total net assets	125,129	124,481
Total liabilities and net assets	174,262	176,407

Consolidated Financial Statements

Consolidated Statements of income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2009	Three months ended Dec. 31, 2010
Net sales	19,491	24,684
Cost of sales	10,566	12,220
Gross profit	8,925	12,464
Selling, general and administrative expenses	7,124	7,516
Operating income	1,800	4,947
Non-operating income		
Interest income	67	37
Rent of real estate for investment	36	36
Equity in earnings of affiliates	3	26
Other	54	45
Total non-operating income	161	146
Non-operating expenses		
Interest expenses	33	26
Rent expenses on real estates	21	17
Foreign exchange losses	145	7
Other	9	11
Total non-operating expenses	209	64
Ordinary income	1,752	5,029
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Reversal of allowance for doubtful accounts	12	15
Other	-	0
Total extraordinary income	13	16
Extraordinary loss		
Loss on sales of noncurrent assets	-	8
Loss on retirement of noncurrent assets	4	44
Loss on valuation of investment securities	77	213
Loss on liquidation of subsidiaries and affiliates	2	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	99
Total extraordinary losses	84	366
Income before income taxes and minority interests	1,681	4,679
Income taxes	442	1,683
Income before minority interests	-	2,995
Minority interests in income	30	18
Net income	1,208	2,977

Consolidated Financial Statements

Consolidated statements of cash flows

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2009	Three months ended Dec. 31, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,681	4,679
Depreciation and amortization	1,874	1,795
Increase (decrease) in provision for bonuses	(1,262)	(1,744)
Interest and dividends income	(67)	(37)
Interest expenses	33	26
Equity in (earnings) losses of affiliates	(3)	(26)
Decrease (increase) in notes and accounts receivable-trade	(1,948)	(1,691)
Decrease (increase) in inventories	(198)	(465)
Increase (decrease) in notes and accounts payable-trade	1,884	770
Other, net	1,324	1,767
Subtotal	3,318	5,073
Interest and dividends income received	67	37
Interest expenses paid	(33)	(26)
Income taxes (paid) refund	440	(5,020)
Net cash provided by (used in) operating activities	3,793	64
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(442)	(6,981)
Purchase of short-term investment securities	(4,006)	(3,000)
Proceeds from sales of short-term investment securities	4,000	10,000
Purchase of property, plant and equipment	(2,004)	(1,665)
Purchase of investments in subsidiaries	(273)	-
Other, net	(103)	(120)
Net cash provided by (used in) investing activities	(2,830)	(1,767)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(16)	(600)
Proceeds from long-term loans payable	20	1,200
Repayment of long-term loans payable	(12)	(11)
Cash dividends paid	(522)	(1,669)
Other, net	(13)	(19)
Net cash provided by (used in) financing activities	(544)	(1,100)
Effect of exchange rate change on cash and cash equivalents	(43)	(355)
Net increase (decrease) in cash and cash equivalents	374	(3,159)
Cash and cash equivalents at beginning of period	18,007	28,747
Cash and cash equivalents at end of period	18,381	25,587

Segment Information

Business Segment

Three months ended Dec. 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	17,137	2,215	138	19,491	-	19,491
Intersegment	167	5	-	172	(172)	-
Total net sales	17,305	2,220	138	19,664	(172)	19,491
Operating expenses	13,173	2,259	139	15,572	2,118	17,690
Operating income	4,131	(38)	(1)	4,091	(2,290)	1,800

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	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 2,219 million for the three months ended Dec. 31, 2009.

Segment Information

Geographical Segment

Three months ended Dec. 31, 2009

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	9,052	5,139	4,948	351	19,491	-	19,491
Intersegment	8,171	146	87	235	8,640	(8,640)	-
Total net sales	17,223	5,286	5,035	586	28,132	(8,640)	19,491
Operating expenses	13,662	5,139	4,577	502	23,882	(6,191)	17,690
Operating income	3,560	146	457	83	4,249	(2,448)	1,800

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 2,219 million for the three months ended Dec. 31, 2009.

Overseas sales

Three months ended Dec. 31, 2009

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	4,908	4,927	2,587	61	12,484
Consolidated net sales	-	-	-	-	19,491
Ratio of overseas sales to consolidated net sales	25.2%	25.3%	13.3%	0.3%	64.1%

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.
 Asia : Israel, India, China, Korea, Taiwan
 Other : Australia

Segment Information

1. Summary of Reporting Segments

The Company's reportable segments are components of the Company about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Company's business divisions are based on product and service categories. Each of the divisions conduct business based on comprehensive strategies formulated for the products and services that they handle.

Therefore, the Company's business segments, based on the products and services handled by each of the divisions, comprise its three principal reporting segments, which are Electron tube, Opto-semiconductor, and Imaging and measurement instruments.

The electron tube business segment manufactures and sells Photomultiplier tubes (PMTs) and light sources and imaging devices. The Opto-semiconductor business segment manufactures and sells opto-semiconductor devices. The imaging and measurement instruments business segment manufactures and sells image processing and measurement systems.

2. Sales and Income (Loss) by Reporting Segment

Three months ended Dec. 31, 2010

(Millions of Japanese Yen)

	Reportable Segment				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron tube	Opto- semiconductor	Imaging and measurement instruments	Total				
Net sales								
Outside customers	10,398	10,558	3,103	24,060	623	24,684	-	24,684
Intersegment	362	256	60	679	166	846	(846)	-
Total net sales	10,761	10,815	3,163	24,740	790	25,530	(846)	24,684
Segment income	4,057	3,748	380	8,186	(131)	8,055	(3,107)	4,947

Notes :

1. The classification of "Others" is the business segment, which is not included in the reportable segments, and its businesses are mainly Semiconductor laser business and Hotel operations.
2. Adjustment of segment profit of negative JPY 3,107 million represents intersegment transactions of negative JPY 359 million and unallocated corporate expenses of negative JPY 2,748 million.
Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment income is adjusted with operating income in the quarterly consolidated statements of income.

Additional Information

Effective the first quarter of the fiscal year ending September 30, 2011, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued by ASBJ on March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by ASBJ on March 21, 2008) have been applied.