

Consolidated Financial Results for the Second Quarter of Fiscal Year ending September 30, 2011 (Japanese GAAP)

May 9, 2011

Company name: Hamamatsu Photonics K.K.

ID number: 6965

URL: www.hamamatsu.com

Representative: Akira Hiruma, President and Chief Executive Officer

Contact: Tadahiko Shimazu, Director and General Manager of Accounting Div. (Phone: +81-53-452-2141)

Scheduled date to submit Securities Report : May 13, 2011

Scheduled date to begin dividend payments: June 2, 2011

Supplementary materials to the quarterly financial statements have been prepared: Yes

Presentation will be held to explain the quarterly financial statements: Yes

Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

1. Consolidated financial results for the six months ended March 31, 2011 (From Oct. 1, 2010 through Mar. 31, 2011)

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, 2011	51,545	18.4	11,105	66.2	11,572	68.8	6,938	42.1
Six months ended Mar. 31, 2010	43,524	13.4	6,682	107.1	6,857	90.9	4,883	295.7

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2011	86.30	-
Six months ended Mar. 31, 2010	60.75	-

(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, 2011	180,672	129,690	71.4	1,603.89
as of Sep. 30, 2010	176,407	124,481	70.1	1,539.16

Notes: Shareholders' equity

Six months ended Mar. 31, 2011: 128,944 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	-	22.00			
Fiscal year ending Sep. 30, 2011			-	22.00	44.00

Note: Whether the dividend forecast under review have been revised: No

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
Fiscal year ending Sep. 30, 2011	102,200	12.4	20,800	32.0	21,200	32.0	13,200	14.9	164.19

Note: Whether the forecasts for consolidated figures under review have been revised: Yes

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
 - Six months ended Mar. 31, 2011: 83,764,984 shares
 - Fiscal year ended Sep. 30, 2010: 83,764,984 shares
 - (b) Number of treasury stock at end of period
 - Six months ended Mar. 31, 2011: 3,369,975 shares
 - Fiscal year ended Sep. 30, 2010: 3,369,807 shares
 - (c) Average number of shares issued during the period (second-quarter accumulation (Six months))
 - Six months ended Mar. 31, 2011: 80,395,093 shares
 - Six months ended Mar. 31, 2010: 80,395,361 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 second quarter of this Fiscal Year

(1) Consolidated Operating Results

Due to an increase in exports, and increased capital investment, brought about largely by the improvement in the world's economy, the business environment during the first six months of this fiscal year has been on a gradual recovery. However, the many precious lives that were lost, and the many individual companies that have suffered enormous damages by a severe earthquake in Tohoku region, Japan on March 11, 2011, have slowed recovery in Japan and threatens to have a negative global effect.

In spite of the difficult domestic and global environment, we endeavored to attract new business from emerging countries mainly in Asia; while we continue to research and develop products utilizing our own photonics technologies amassed over the years. 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 51,545 million, up by JPY 8,020 million (18.4%), operating income of JPY 11,105 million, up by JPY 4,422 million (66.2%) and ordinary income of JPY 11,572 million, up by JPY 4,715 million (68.8%) over one year before respectively. Net income resulted in JPY 6,938 million, up by JPY 2,054 million (42.1%).

Our business, during the first six months, was not significantly affected by Tohoku-Pacific Ocean Earthquake, since we have no production sites in the Tohoku and North Kanto areas. However, many companies which have manufacturing plants there suffered enormous damages and the affects of the earthquake may have far-reaching impact including supply-chain and energy supplies being interrupted. We acknowledge that based on the current domestic conditions our business situation could become very difficult and uncertain.

Performance by segment was as follows;

(Electron Tube)

Photomultiplier Tube (PMTs) sales in nuclear medical application, such as Positron Emission Tomography and Gamma Camera imaging, increased in the US, Europe and Asia. Sales of PMTs for biological laboratory use, such as blood and cell analysis systems, and for oil well logging also increased steadily.

The Light Sources and Imaging Devices experienced a substantial increase in sales of X-ray Scintillators which converts X-rays into Optical Imaging for dental and breast imaging systems. Sales of Microfocus X-ray sources for non-destructive inspection systems increased in the industrial field. In addition, sales of deuterium (D2) lamps for environmental analysis increased steadily.

In total Electron Tube business closed the second quarter with JPY 21,708 million, up by 15.6% and operating income of JPY 8,480 million, up by 28.7% from one year previous.

(Opto-semiconductor)

Sales of Silicon Photodiodes for medical application were up due to growth in demand from developing countries. In addition, sales of CCD X-ray Image Sensors for dental instrumentation in Europe and for white LED inspection systems increased steadily. As a whole, sales of this business segment increased rapidly in the field of medical and industrial equipment mainly associated with exports.

Net sales for this business resulted in JPY 21,562 million, up by 19.7% and operating income was JPY 7,704 million, up by 53.6% from one year before.

(Imaging and Measurement Instruments)

Semiconductor Failure Analysis Systems sales in the industrial market increased particularly in Asia. In addition, sales of digital cameras for academic research in the field of biomedical science were up steadily. However sales of digital slide observation systems used in medical pathology were down due to stiff, worldwide competition.

Net sales for this sector resulted in JPY 6,887 million, up by 20.9% and operating income was JPY 1,253 million, up by 100.7% from one year before.

(Others)

Others sales were primarily in the semiconductor laser business and hotel operations. Net sales for the businesses were JPY 1,385 million, up by 35.3% and operating loss was JPY 276 million (2nd Quarter of FY 2010 was JPY 142 million loss).

(2) Financial Position

a. Summary of Assets, Liabilities and Net Assets

Current assets were increased JPY 4,671 million from the year ended September 30, 2010. This is mainly from increases in cash and deposits of JPY 13,119 million and in notes and accounts receivable-trade of JPY 1,404 million, while there were decreases in securities down by JPY 8,500 million. Noncurrent assets were decreased JPY 405 million from the last fiscal year end, due mainly to a decrease in property, plant and equipment of JPY 349 million because of depreciation and in long-term investment of JPY 68 million due to a impairment loss. The total assets at the end of the second quarter were JPY 180,672 million, up by JPY 4,265 million from the year ended September 30, 2010.

Current liabilities were decreased JPY 1,983 million from the last fiscal year end. This is mainly from decreases in income taxes payable of JPY 1,194 million and in short-term loans payable of JPY 989 million. Noncurrent liabilities were increased JPY 1,040 million from the last fiscal year end, due mainly to an increase in long-term debts of JPY 1,037 million. The total liabilities at the end of the second quarter were JPY 50,982 million, down by JPY 943 million.

Net Assets were JPY 129,690 million, up by JPY 5,208 million, due mainly to an increase of retained earnings, up by JPY 5,166 million, because of net income for the second quarter of this fiscal year, while there was a decrease in foreign currency translation adjustments, down by JPY 124 million.

b. Summary of Cash Flow

At the end of the second quarter, cash and cash equivalent stood at JPY 33,047 million, up by JPY 4,299 million from the year ended September 30, 2010.

Cash flow created from operations during the second quarter was JPY 9,736 million, down by JPY 4,057 million over last year. This is mainly from an income tax paid of JPY 5,550 million, while there was an income tax refund of JPY 2,417 million in the corresponding period of the last year and from an increase of net income before tax, up by JPY 4,173 million over last year.

Investment activity used a cash flow of JPY 3,740 million, down by JPY 1,694 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 1,625 million, up by JPY 920 million from previous year due mainly to increase in payment of dividend, up by JPY 1,202 million over last year.

(3) Projection for the year

We have made the following revisions on our forecast for the fiscal year ending September 30, 2011, which was announced on November 8, 2010. We assume that yen/US dollar exchange rate is JPY 85 and yen/Euro exchange rate is JPY 110.

(Million yen)

	Sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	96,000	17,300	17,600	11,800	(Yen) 146.78
Revised forecast (B)	102,200	20,800	21,200	13,200	164.19
Difference (B-A)	6,200	3,500	3,600	1,400	-
Differential ratio (%)	6.5%	20.2%	20.5%	11.9%	-

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2011	As of Sep. 30, 2010
Assets		
Current assets		
Cash and deposits	56,143	43,023
Notes and accounts receivable-trade	24,424	23,020
Short-term investment securities	11,500	20,000
Merchandise and finished goods	4,848	5,193
Work in process	10,290	10,927
Raw materials and supplies	4,654	4,605
Other	4,210	4,635
Allowance for doubtful accounts	(128)	(134)
Total current assets	115,942	111,270
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	24,296	24,503
Machinery, equipment and vehicles, net	8,662	8,422
Tools, furniture and fixtures, net	2,670	2,823
Land	13,274	12,888
Lease assets, net	207	133
Construction in progress	3,994	4,681
Total property, plant and equipment	53,104	53,453
Intangible assets	786	715
Investments and other assets		
Investment securities	2,115	2,184
Deferred tax assets	6,985	6,984
Other	1,757	1,816
Allowance for doubtful accounts	(18)	(17)
Total investments and other assets	10,839	10,967
Total noncurrent assets	64,730	65,136
Total assets	180,672	176,407

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2011	As of Sep. 30, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,599	12,575
Short-term loans payable	964	1,954
Current portion of long-term loans payable	254	132
Income taxes payable	3,751	4,945
Provision for bonuses	2,807	3,103
Other	7,592	7,241
Total current liabilities	27,969	29,952
Noncurrent liabilities		
Long-term loans payable	7,230	6,192
Provision for retirement benefits	14,149	14,264
Provision for directors' retirement benefits	1,212	1,288
Other	420	226
Total noncurrent liabilities	23,012	21,972
Total liabilities	50,982	51,925
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	69,909	64,743
Treasury stock	(6,047)	(6,047)
Total shareholders' equity	133,463	128,296
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	205	43
Foreign currency translation adjustment	(4,724)	(4,599)
Total valuation and translation adjustments	(4,518)	(4,556)
Minority interests	746	740
Total net assets	129,690	124,481
Total liabilities and net assets	180,672	176,407

Consolidated Financial Statements

Consolidated Statements of income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2010	Six months ended Mar. 31, 2011
Net sales	43,524	51,545
Cost of sales	22,505	25,549
Gross profit	21,018	25,995
Selling, general and administrative expenses	14,335	14,890
Operating income	6,682	11,105
Non-operating income		
Interest income	165	63
Foreign exchange gains	-	207
Equity in earnings of affiliates	3	48
Other	269	274
Total non-operating income	438	594
Non-operating expenses		
Interest expenses	68	57
Rent expenses on real estates	56	53
Foreign exchange losses	123	-
Other	16	16
Total non-operating expenses	264	127
Ordinary income	6,857	11,572
Extraordinary income		
Gain on sales of noncurrent assets	1	4
Subsidy	-	156
Reversal of allowance for doubtful accounts	-	4
Reversal of provision for directors' retirement benefits	155	-
Total extraordinary income	156	165
Extraordinary loss		
Loss on sales of noncurrent assets	1	8
Loss on retirement of noncurrent assets	22	82
Loss on reduction of noncurrent assets	-	141
Loss on valuation of investment securities	12	259
Loss on liquidation of subsidiaries and affiliates	3	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	99
Total extraordinary losses	40	591
Income before income taxes and minority interests	6,973	11,146
Income taxes	2,043	4,179
Income before minority interests	-	6,967
Minority interests in income	46	29
Net income	4,883	6,938

Consolidated Financial Statements

Consolidated statements of cash flows

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2010	Six months ended Mar. 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,973	11,146
Depreciation and amortization	4,066	3,827
Increase (decrease) in provision for bonuses	102	(297)
Interest and dividends income	(180)	(79)
Interest expenses	68	57
Equity in (earnings) losses of affiliates	(3)	(48)
Decrease (increase) in notes and accounts receivable-trade	(5,124)	(1,331)
Decrease (increase) in inventories	569	937
Increase (decrease) in notes and accounts payable-trade	3,978	(81)
Other, net	815	1,134
Subtotal	11,264	15,265
Interest and dividends income received	180	79
Interest expenses paid	(68)	(57)
Income taxes (paid) refund	2,417	(5,550)
Net cash provided by (used in) operating activities	13,793	9,736
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	741	(8,822)
Purchase of short-term investment securities	(13,653)	(8,500)
Proceeds from sales of short-term investment securities	11,684	17,000
Purchase of property, plant and equipment	(3,249)	(3,249)
Purchase of investments in subsidiaries	(895)	-
Other, net	(62)	(168)
Net cash provided by (used in) investing activities	(5,434)	(3,740)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(10)	(975)
Proceeds from long-term loans payable	20	1,213
Repayment of long-term loans payable	(114)	(53)
Cash dividends paid	(569)	(1,772)
Other, net	(30)	(37)
Net cash provided by (used in) financing activities	(705)	(1,625)
Effect of exchange rate change on cash and cash equivalents	(51)	(70)
Net increase (decrease) in cash and cash equivalents	7,601	4,299
Cash and cash equivalents at beginning of period	18,007	28,747
Cash and cash equivalents at end of period	25,608	33,047

Segment Information

Business Segment

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:

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 4,498 million for the six months ended Mar. 31, 2010.

Segment Information

Geographical Segment

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 4,498 million for the six months ended Mar. 31, 2010.

Overseas sales

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 :

- 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

Six months ended Mar. 31, 2011

(Millions of Japanese Yen)

	Reportable Segment				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron tube	Opto- semiconducto r	Imaging and measurement instruments	Total				
Net sales								
Outside customers	21,708	21,562	6,887	50,159	1,385	51,545	-	51,545
Intersegment	745	436	60	1,243	188	1,431	(1,431)	-
Total net sales	22,454	21,999	6,948	51,402	1,573	52,976	(1,431)	51,545
Segment income	8,480	7,704	1,253	17,438	(276)	17,161	(6,056)	11,105

Notes :

- 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.
- Adjustment of segment profit of negative JPY 6,056 million represents intersegment transactions of negative JPY 544 million and unallocated corporate expenses of negative JPY 5,511 million.
Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
- 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.