

Consolidated Financial Results for the Third Quarter of Fiscal Year ending September 30, 2004

July 23, 2004

Company name : Hamamatsu Photonics K.K.

ID number : 6965

URL : www.hamamatsu.com

Representative : Teruo Hiruma, President and Chief Executive Officer

Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

1. Matters concerning the presentation of quarterly financial result

(1) Adoption of simplified accounting method : Yes

Depreciation method of fixed assets : Estimated depreciation amount corresponding to the reported period

Computation of income taxes : Income taxes calculated based on the estimated effective tax rates

(2) Changes in accounting method : Yes

(3) Changes in scope of consolidation and application of equity method : Yes, Consolidation (inclusion) 2

2. Consolidated financial results for the nine months ended Jun. 30, 2004 (From Oct. 1, 2003 through Jun. 30, 2004)

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	%
Nine months ended Jun. 30, 2004	51,868	12.8	6,736	118.7	6,906	113.1	3,133	138.6
Nine months ended Jun. 30, 2003	45,998	-	3,080	-	3,240	-	1,313	-
(Reference) Fiscal year ended Sep. 30, 2003	60,919		4,089		4,172		1,622	

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2004	47.48	42.93
Nine months ended Jun. 30, 2003	19.39	17.96
(Reference) Fiscal year ended Sep. 30, 2003	23.09	21.13

Percentages shown in the list for Net sales, Operating income, Ordinary income and Net income represent an increase or decrease from corresponding period of previous fiscal year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Jun. 30, 2004	116,682	50,205	43.0	768.30
Jun. 30, 2003	117,241	51,268	43.7	761.12
(Reference) Fiscal year end Sep. 30, 2003	112,269	51,009	45.4	758.92

(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
Nine months ended Jun. 30, 2004	10,103	(3,662)	(1,250)	21,892
Nine months ended Jun. 30, 2003	9,269	(8,796)	(2,073)	21,827
(Reference) Fiscal year ended Sep. 30, 2003	9,468	(10,496)	(5,674)	16,650

Summary of Consolidated Performance for the third quarter of the fiscal year ended September 30, 2004

The business climate during the past quarter was characterized by continued recovery in export trade and capital expenditure. This trend contributed to growth in production and corporate profitability. Moreover, the job market, although still tight, improved a bit and personal spending started to increase presaging an economic revival. Under these circumstances, we have worked hard to boost revenue and income bearing in mind our long-term commitment to our core technologies. Utilizing these technologies we are committed to development of high-value-added products. At the same time we have an active program aimed at strengthening our sales activity, controlling manufacturing costs and reducing operating expenses. We achieved Yen 51,868 million (12.8% over last year) in net sales for the first three quarters, Yen 6,906 million (113.1% over one year before) for ordinary income and net income of Yen 3,133 million (138.6% over last year).

(1) Sales by Segment

Opto-Electronic Devices:

Photomultiplier Tubes posted continued increases, driven mainly by strong demand for Positron Emission Tomography in North America and for Academic Research in Japan. In Imaging Devices and Light Sources, the UV Spot Light Source showed a steady gain in sales for industrial applications such as UV cure bonding, photoresists and polymer removal from silicon wafer. The Micro-focus X-ray Source penetrated the non-destructive testing market in Japan. Opto-semiconductor Devices gained in the medical instrument field by increased sales of silicon photodiodes for X-ray CT and CCD image sensor for dental application. Opto-Electronic Devices closed the quarter with Yen 42,722 million for nine months, which is 75.4% of annual forecast.

Imaging and Measurement Instruments:

This sector recorded a strong gain in the semiconductor industry due to the market recovery for semiconductors and increased capital spending in the industry; our Failure Analysis equipment lead the way for these gains. The X-ray line sensor camera also steadily gained sales. The total amount for the three quarters reached to Yen 8,668 million, which is 73.8% of the year's sales budget.

(2) Changes in Financial Conditions

Compared with one year before, the total assets and shareholders' investment were less by Yen 558 million and Yen 1,063 million respectively. Net worth accounts for 43.0% of total assets. The major changes from one year before are an increase of Yen 2,592 million for notes & accounts receivables based on expanded sales, a decrease of cash & bank deposits by Yen 1,889 million and a decrease of fixed assets by Yen 1,624 million due to lower level of capital investment. In net worth, retained earnings increased by this fiscal year's net income for Yen 2,752 million while we actively purchased treasury stock for Yen 4,130 million during the year.

(3) Changes in Cash Flow

Cash flow of Yen 10,103 million was created from operations, principally due to pre-tax income of Yen 5,357 million and Depreciation of Yen 5,228 million.

Investment activities reduced cash flow by Yen 3,662 million, mainly due to the purchase of tangible fixed assets for Yen 5,578 million.

Financial activity also reduced the cash flow by Yen 1,250 million. Cash flow increased due to new borrowings but a large volume of our own stock buy-back of Yen 3,595 million resulted in decreased cash flow.

3. Forecast of consolidated result for the fiscal year ending Sep. 30, 2004 (From Oct. 1, 2003 through Sep. 30, 2004)

The third quarter result is believed to support attainability of the annual forecast released on May 17, 2004.

Accordingly there is no change to the present annual forecast.

	Net sales	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Fiscal year ending Sep. 30, 2004	69,100	8,100	3,500	53.56

Ref. : Forecast of non-consolidated result for the fiscal year ending Sep. 30, 2004 (From Oct. 1, 2003 through Sep. 30, 2004)

	Net sales	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Fiscal year ending Sep. 30, 2004	60,700	7,100	4,000	61.09

Third Quarter Consolidated Financial Statements

Third Quarter Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Jun. 30, 2004		As of Jun. 30, 2003		Change		As of Sep. 30, 2003	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets	58,525	50.2	57,460	49.0	1,065	1.9	52,620	46.9
Fixed assets	58,157	49.8	59,781	51.0	(1,624)	(2.7)	59,649	53.1
Tangible fixed assets	47,494	40.7	47,581	40.6	(86)	(0.2)	47,089	41.9
Intangible fixed assets	1,137	1.0	1,266	1.1	(128)	(10.2)	1,166	1.0
Investments and other assets	9,525	8.1	10,933	9.3	(1,408)	(12.9)	11,392	10.2
Total assets	116,682	100.0	117,241	100.0	(558)	(0.5)	112,269	100.0
Liabilities								
Current liabilities	28,033	24.0	28,663	24.5	(629)	(2.2)	24,135	21.5
Long-term liabilities	37,850	32.5	36,866	31.4	984	2.7	36,661	32.7
Total liabilities	65,884	56.5	65,529	55.9	354	0.5	60,797	54.2
Minority interests in consolidated subsidiaries	593	0.5	443	0.4	150	33.9	462	0.4
Shareholders' equity								
Common stock	16,002	13.5	15,896	13.5	106	0.7	15,925	14.2
Capital surplus	15,753	13.3	15,647	13.3	105	0.7	15,675	14.0
Retained earnings	23,693	20.3	20,941	17.9	2,752	13.1	21,247	18.9
Unrealized loss on securities, net of tax	868	0.8	-	-	868	-	712	0.6
Adjustment arising from translation of accounts of foreign subsidiaries	(1,123)	(1.0)	(358)	(0.3)	(765)	213.7	(1,157)	(1.0)
Less treasury stock, at cost	(4,989)	(4.3)	(858)	(0.7)	(4,130)	481.1	(1,394)	(1.3)
Total shareholders' equity	50,205	43.0	51,268	43.7	(1,063)	(2.1)	51,009	45.4
Total liabilities and shareholders' equity	116,682	100.0	117,241	100.0	(558)	(0.5)	112,269	100.0

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

Third Quarter Consolidated Financial Statements

Third Quarter Consolidated Income Statements

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2004		Nine months ended Jun. 30, 2003		Change		Fiscal year ended Sep. 30, 2003	
	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	51,868	100.0	45,998	100.0	5,870	12.8	60,919	100.0
Cost of sales	24,987	48.2	23,321	50.7	1,665	7.1	30,933	50.8
Gross profit	26,880	51.8	22,676	49.3	4,204	18.5	29,985	49.2
Selling, general and administrative expenses	13,519	26.0	12,892	28.0	626	4.9	17,158	28.2
Research and Development	6,624	12.8	6,703	14.6	(78)	(1.2)	8,737	14.3
Operating income	6,736	13.0	3,080	6.7	3,656	118.7	4,089	6.7
Non-operating income	518	1.0	525	1.1	(7)	(1.3)	739	1.2
Non-operating expenses	348	0.7	365	0.8	(16)	(4.6)	657	1.1
Ordinary income	6,906	13.3	3,240	7.0	3,666	113.1	4,172	6.8
Extraordinary income	108	0.2	48	0.1	60	124.8	81	0.2
Extraordinary loss	1,657	3.2	583	1.2	1,074	184.2	593	1.0
Income before income taxes and minority interests	5,357	10.3	2,705	5.9	2,652	98.0	3,660	6.0
Income taxes	2,233	4.3	1,396	3.0	836	59.9	2,043	3.3
Minority interests in consolidated subsidiaries	(9)	(0.0)	(4)	(0.0)	(4)	(93.9)	(5)	(0.0)
Net income	3,133	6.0	1,313	2.9	1,819	138.6	1,622	2.7

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

Segment Information
Business Segment

Nine months ended Jun. 30, 2004

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	42,722	8,668	477	51,868	-	51,868
Intersegment	478	25	-	504	(504)	-
Total net sales	43,201	8,694	477	52,372	(504)	51,868
Operating expenses	30,313	7,237	617	38,168	6,963	45,131
Operating income	12,888	1,456	(140)	14,203	(7,467)	6,736

Reference : Fiscal year ended Sep. 30, 2003

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	50,173	10,044	701	60,919	-	60,919
Intersegment	680	11	-	691	(691)	-
Total net sales	50,853	10,055	701	61,610	(691)	60,919
Operating expenses	38,095	10,062	851	49,009	7,819	56,829
Operating income	12,758	(6)	(150)	12,601	(8,511)	4,089

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 (Image Intensifier, Microchannel Plate, Deuterium Lamp, UV 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 7,255 million yen and 8,214 million yen for the nine months ended Jun. 30, 2004 and the fiscal year ended Sep. 30, 2003, respectively.

Segment Information

Geographical Segment

Nine months ended Jun. 30, 2004

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	31,369	10,750	9,454	293	51,868	-	51,868
Intersegment	14,479	537	44	321	15,382	(15,382)	-
Total net sales	45,848	11,288	9,499	614	67,250	(15,382)	51,868
Operating expenses	33,530	10,992	8,176	568	53,268	(8,136)	45,131
Operating income	12,318	296	1,322	46	13,982	(7,246)	6,736

Reference : Fiscal year ended Sep. 30, 2003

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	37,725	13,194	9,844	155	60,919	-	60,919
Intersegment	16,350	762	39	482	17,634	(17,634)	-
Total net sales	54,075	13,957	9,883	637	78,554	(17,634)	60,919
Operating expenses	42,665	14,201	8,782	552	66,202	(9,372)	56,829
Operating income	11,409	(244)	1,100	85	12,351	(8,261)	4,089

Notes :

- The countries or areas are classified based on the geographical proximity.
- Major countries and areas which belong to each classification:
 North America : U.S.A.
 Europe : Germany, France, U.K.
 Other : China
- Operating expenses in elimination or corporate which can not be allocated to each business segment were 7,255 million yen and 8,214 million yen for the nine months ended Jun. 30, 2004 and the fiscal year ended Sep. 30, 2003, respectively.

Segment Information

Overseas sales

Nine months ended Jun. 30, 2004

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	11,028	9,424	6,247	275	26,975
Consolidated net sales	-	-	-	-	51,868
Ratio of overseas sales to consolidated net sales	21.3%	18.2%	12.0%	0.5%	52.0%

Reference : Fiscal year ended Sep. 30, 2003

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	14,713	9,792	6,842	330	31,678
Consolidated net sales	-	-	-	-	60,919
Ratio of overseas sales to consolidated net sales	24.2%	16.1%	11.2%	0.5%	52.0%

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 : U.S.A.
Europe : Germany, France, U.K.
Asia : Israel, China, Korea, Taiwan
Other : Australia

Non-consolidated Financial Results for the Third Quarter of Fiscal Year ending September 30, 2004

July 23, 2004

Company name : Hamamatsu Photonics

ID number : 6965

URL : www.hamamatsu.com

Representative : Teruo Hiruma, President and Chief Executive Officer

Stock listing : Tokyo Stock Exchange First Section

Headquarters : Hamamatsu City, Japan

1. Matters concerning the presentation of quarterly financial result

Accounting method differed from the latest fiscal year : Yes

Depreciation method of fixed assets : Estimated depreciation amount corresponding to the reported period

Computation of income taxes : Income taxes calculated based on the estimated effective tax rates

2. Non-consolidated financial results for the nine months ended Jun. 30, 2004 (From Oct. 1, 2003 through Jun. 30, 2004)

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

(1) Non-consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Nine months ended Jun. 30, 2004	45,313	15.8	5,173	104.2	5,975	83.4	3,393	108.3
Nine months ended Jun. 30, 2003	39,133	-	2,534	-	3,257	-	1,629	-
(Reference) Fiscal year ended Sep. 30, 2003	53,295		3,393		4,050		1,801	

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2004	51.33	46.49
Nine months ended Jun. 30, 2003	24.01	22.21
(Reference) Fiscal year ended Sep. 30, 2003	25.77	23.55

Percentages shown in the list for Net sales, Operating income, Ordinary income and Net income represent an increase or decrease from corresponding period of previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Jun. 30, 2004	108,493	47,504	43.8	725.48
Jun. 30, 2003	108,400	47,710	44.0	706.89
(Reference) Fiscal year end Sep. 30, 2003	104,654	48,117	46.0	714.50

3. Forecast of Non-consolidated result for the fiscal year ending Sep. 30, 2004 (From Oct. 1, 2003 through Sep. 30, 2004)

	Net sales	Ordinary income	Net income	Annual dividends per share	
	Millions of yen	Millions of yen	Millions of yen	Year-end	Yen
Fiscal year ending Sep. 30, 2004	60,700	7,100	4,000	Yen 5.00	Yen 10.00

Reference : Projected net income per share for the fiscal year : Yen 61.09

3rd Quarter Non-consolidated Financial Statements

3rd Quarter Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Jun. 30, 2004		As of Jun. 30, 2003		Change		As of Sep. 30, 2003	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets	49,919	46.0	48,097	44.4	1,821	3.8	44,591	42.6
Fixed assets	58,574	54.0	60,302	55.6	(1,728)	(2.9)	60,063	57.4
Tangible fixed assets	42,131	38.9	42,367	39.1	(236)	(0.6)	41,970	40.1
Intangible fixed assets	356	0.3	362	0.3	(5)	(1.6)	329	0.3
Investments and other assets	16,086	14.8	17,572	16.2	(1,486)	(8.5)	17,763	17.0
Total assets	108,493	100.0	108,400	100.0	92	0.1	104,654	100.0
Liabilities								
Current liabilities	24,256	22.3	24,249	22.4	6	0.0	20,275	19.4
Long-term liabilities	36,733	33.9	36,440	33.6	292	0.8	36,261	34.6
Total liabilities	60,989	56.2	60,690	56.0	299	0.5	56,537	54.0
Shareholders' equity								
Common stock	16,002	14.8	15,896	14.7	106	0.7	15,925	15.2
Capital surplus	15,717	14.5	15,611	14.4	105	0.7	15,640	14.9
Retained earnings	19,901	18.3	17,057	15.7	2,844	16.7	17,229	16.5
Unrealized gain on securities, net of tax	868	0.8	-	0.0	868	-	712	0.7
Less treasury stock, at cost	(4,985)	(4.6)	(854)	(0.8)	(4,130)	483.3	(1,390)	(1.3)
Total shareholders' equity	47,504	43.8	47,710	44.0	(206)	(0.4)	48,117	46.0
Total liabilities and shareholders' equity	108,493	100.0	108,400	100.0	92	0.1	104,654	100.0

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

3rd Quarter Non-consolidated Financial Statements

3rd Quarter Non-consolidated Income Statements

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2004		Nine months ended Jun. 30, 2003		Change		Fiscal year ended Sep. 30,2003	
	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	45,313	100.0	39,133	100.0	6,179	15.8	53,295	100.0
Cost of sales	24,979	55.1	22,421	57.3	2,558	11.4	30,774	57.7
Gross profit	20,333	44.9	16,712	42.7	3,621	21.7	22,521	42.3
Selling, general and administrative expenses	8,769	19.4	8,052	20.6	716	8.9	11,014	20.7
Research and development	6,391	14.1	6,125	15.6	265	4.3	8,113	15.2
Operating income	5,173	11.4	2,534	6.5	2,639	104.2	3,393	6.4
Non-operating income	1,091	2.4	1,075	2.7	16	1.6	1,276	2.4
Non-operating expenses	290	0.6	351	0.9	(61)	(17.4)	619	1.2
Ordinary income	5,975	13.2	3,257	8.3	2,717	83.4	4,050	7.6
Extraordinary income	18	0.0	46	0.1	(28)	(60.5)	105	0.2
Extraordinary loss	771	1.7	537	1.3	234	43.7	735	1.4
Income before income taxes	5,221	11.5	2,767	7.1	2,454	88.7	3,421	6.4
Income taxes	1,827	4.0	1,137	2.9	689	60.6	1,619	3.0
Net income	3,393	7.5	1,629	4.2	1,764	108.3	1,801	3.4

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