

Consolidated Financial Results for the Third Quarter of Fiscal Year ending September 30, 2010 (Japanese GAAP)

August 2, 2010

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: August 6, 2010

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 nine months ended June 30, 2010 (From Oct. 1, 2009 through Jun. 30, 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	%
Nine months ended Jun. 30, 2010	66,426	25.5	10,823	329.7	10,908	231.0	7,747	-
Nine months ended Jun. 30, 2009	52,918	-	2,518	-	3,295	-	7	-

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2010	96.37	-
Nine months ended Jun. 30, 2009	0.09	0.09

(2) Consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
as of Jun. 30, 2010	170,285	121,231	70.8	1,498.60
as of Sep. 30, 2009	158,026	117,452	73.3	1,441.44

Notes: Shareholders' equity

Nine months ended Jun. 30, 2010 : 120,480 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	88,900	23.5	14,700	292.8	14,900	210.8	10,500	486.0	130.60

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: None
- (4) Number of shares outstanding
 - (a) Number of shares outstanding at end of period including treasury stock
 - Nine months ended Jun. 30, 2010: 83,764,984 shares
 - Fiscal year ended Sep. 30, 2009: 83,764,984 shares
 - (b) Number of treasury stock at end of period
 - Nine months ended Jun. 30, 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))
 - Nine months ended Jun. 30, 2010: 80,395,304 shares
 - Nine months ended Jun. 30, 2009: 80,393,867 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 Third Quarter of this Fiscal Year

The business environment during the first nine months of this fiscal year recovered moderately. The domestic economic stimulus package is boosting consumer spending, especially spending for durable goods. The unemployment rate is still rather high and exports keep increasing due to improvement in overseas economic conditions. In this environment, our group strove to increase sales and profit by releasing products with high value added to satisfy customers' requirements and through aggressive sales approaches, while we continue research and development activities utilizing our own photonics technologies accumulated over the years.

As a result of the above factors, we closed the third quarter with net sales of JPY 66,426 million, up by JPY 13,507 million (25.5%), operating income of JPY 10,823 million, up by JPY 8,304 million (329.7%) and ordinary income of JPY 10,908 million, up by JPY 7,613 million (231.0%) over one year before respectively. Net income resulted in JPY 7,747 million, up by JPY 7,739 million (Net income for 3rd quarter in last FY was only JPY 7 million).

(2) Sales by Segment

a. Opto-Electronic Devices:

Total sales of Photomultiplier Tube (PMTs) steadily increased. PMTs for Positron Emission Tomography gained market share due to their high performance. Sales of PMTs for laboratory use such as blood and cell inspection system increased due to their high performance and incorporating them into modules for easier handling.

In the Light Sources and Imaging Devices, sales of the innovative Stealth Dicing Engine, using the world's first laser dicing technology developed by us, showed a substantial increase mainly in the Asian markets. The sales of X-ray Scintillators increased steadily and the sales of UV Spot Light Source rapidly recovered.

In the Opto-semiconductor sector, sales of Silicon Photodiodes increased for medical applications as well as for an encoder application in controlling industrial machines. This increase was primarily in China and Korea due to a brisk capital investment environment. 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 58,741 million, up by 28.4% and operating income of JPY 17,431 million, up by 79.3% 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 sequencers, along with digital slide observation systems used in medical pathology, increased. On the other hand, sales of Semiconductor Failure Analysis Systems were lower than expected due to the downturn in the industrial market. Sales of Functional Drug Screening systems also were not favorable because of reorganization and integration in the industry.

Net sales for this sector resulted in JPY 7,946 million, up by 8.8% from one year before operating income was JPY 590 million, up by 320.4% from one year previous.

c. Others:

Net sales for the third quarter of this fiscal year were JPY 391 million, down by 8.8% over last year and operating loss was JPY 38 million (3rd Quarter of FY 2009 was JPY 14 million loss).

(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 and US markets, and Image Sensors for dental instrumentation mainly in the EU along with the domestic markets were up. The total sales in Japan were JPY 58,407 million, up by 26.9% and operating profits JPY 15,340 million, up by 98.5% compared with one year before respectively.

In North America, Silicon Photodiodes for X-ray medical diagnostic instruments and Photomultiplier Tubes for PET application boosted sales. Also the sales of X-ray Scintillator for medical diagnostic instruments and Image Sensors for semiconductor inspection systems increased steadily. The total sales for the region were JPY 19,534 million, up by 27.6% and operating profit JPY 1,008 million, up by 281.5% over last year respectively.

In Europe, the sales of X-ray Scintillator and Image Sensor for medical diagnostic instruments such as dental applications steadily increased and the sales of Photo ICs used for automotive network applications recovered. The total sales were JPY 15,852 million, up by 16.5% and operating profit JPY 1,303 million, up by 26.4% over last year respectively.

In Other Regions mostly represented by China, net sales were JPY 1,823 million, down by 7.1% and operating profit JPY 340 million, increased by 23.0%.

2. Comments on Financial Position

(1) Summary of Financial Position

Current assets were increased JPY 11,366 million from the year ended September 30, 2009. This is mainly from increases in notes and accounts receivable-trade up by JPY 5,522 million, in securities by JPY 6,003 million and in cash and deposits up by JPY 2,113 million, due to a sales growth. Noncurrent assets were increased JPY 892 million from the last fiscal year end, due mainly to an increase in long-term investment of JPY 2,997 million, while there was a decrease in property, plant and equipment, down by JPY 2,138 million because of the depreciation. The total assets at the end of the third quarter were JPY 170,285 million, up by JPY 12,258 million from the year ended September 30, 2009.

Current liabilities were increased JPY 4,951 million. This is mainly from increase in notes and accounts payable-trade, up by JPY 5,110 million due to increase in raw material purchases and increase in income taxes payable, up by JPY 2,598 million and decrease in current portion of long-term debts, down by JPY 3,092 million, over last year respectively. Noncurrent liabilities were increased JPY 3,528 million from the last fiscal year end, due mainly to increases in long-term debts up by JPY 3,010 million and in provision for retirement benefits up by JPY 641 million. The total liabilities at the end of the second quarter were JPY 49,054 million, up by JPY 8,479 million.

Net Assets were JPY 121,231 million, up by JPY 3,779 million, due mainly to an increase of retained earnings, up by JPY 5,734 million, because of net income for the nine months of JPY 7,747 million, while there was a decrease in foreign currency translation adjustments, down by JPY 1,167 million.

(2) Summary of Cash Flow

Cash flow created from operations during the third quarter was JPY 20,740 million, up by JPY 13,083 million over last year. This is mainly from net income before tax, up by JPY 8,962 and also an income tax refund of JPY 1,959 million, while there was an income tax paid of JPY 6,053 million in the corresponding period of the last year.

Investment activity used a cash flow of JPY 9,671 million, down by JPY 20,729 million from previous year due mainly to a proceed from sales of short-term investment securities and a payback in time deposits (over 3 months) of JPY 3,222 million while there was a net increase in time deposits of JPY 12,341 million.

Financial activity required a cash flow of JPY 2,065 million, down by JPY 3,395 million from previous year due mainly to decreases in payment of dividend, down by JPY 1,870 million and increase of long-term loans payable.

At the end of the third quarter, cash and cash equivalent stood at JPY 26,340 million, up by JPY 8,333 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 July 23, 2010.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Jun. 30, 2010	As of Sep. 30, 2009
Assets		
Current assets		
Cash and deposits	43,621	41,507
Notes and accounts receivable-trade	22,310	16,788
Short-term investment securities	14,003	8,000
Merchandise and finished goods	4,945	4,856
Work in process	10,590	10,810
Raw materials and supplies	4,711	4,322
Other	4,379	6,904
Allowance for doubtful accounts	(131)	(125)
Total current assets	104,430	93,064
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	25,108	21,983
Machinery, equipment and vehicles, net	8,745	9,674
Tools, furniture and fixtures, net	2,909	3,370
Land	12,890	12,747
Lease assets, net	146	89
Construction in progress	1,527	5,600
Total property, plant and equipment	51,328	53,466
Intangible assets	707	434
Investments and other assets		
Investment securities	2,359	2,356
Deferred tax assets	6,581	6,578
Other	4,910	2,143
Allowance for doubtful accounts	(31)	(17)
Total investments and other assets	13,818	11,060
Total noncurrent assets	65,854	64,962
Total assets	170,285	158,026

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Jun. 30, 2010	As of Sep. 30, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,447	7,337
Short-term loans payable	1,570	1,549
Current portion of long-term loans payable	3,161	6,253
Income taxes payable	2,935	336
Provision for bonuses	3,939	2,534
Other	6,249	7,339
Total current liabilities	30,302	25,351
Noncurrent liabilities		
Long-term loans payable	3,237	226
Provision for retirement benefits	14,032	13,390
Provision for directors' retirement benefits	1,270	1,413
Other	211	191
Total noncurrent liabilities	18,751	15,222
Total liabilities	49,054	40,574
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	60,999	55,265
Treasury stock	(6,047)	(6,046)
Total shareholders' equity	124,553	118,819
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	215	186
Foreign currency translation adjustment	(4,288)	(3,121)
Total valuation and translation adjustments	(4,073)	(2,934)
Minority interests	751	1,566
Total net assets	121,231	117,452
Total liabilities and net assets	170,285	158,026

Consolidated Financial Statements

Consolidated Statements of income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2009	Nine months ended Jun. 30, 2010
Net sales	52,918	66,426
Cost of sales	28,467	33,677
Gross profit	24,451	32,748
Selling, general and administrative expenses	21,932	21,925
Operating income	2,518	10,823
Non-operating income		
Interest income	311	200
Foreign exchange gain	218	-
Equity in earnings of affiliates	77	31
Other	380	365
Total non-operating income	987	597
Non-operating expenses		
Interest expenses	117	106
Rent expenses on real estates	89	76
Foreign exchange losses	-	308
Other	4	21
Total non-operating expenses	211	512
Ordinary income	3,295	10,908
Extraordinary income		
Gain on sales of noncurrent assets	6	2
Subsidy income	236	395
Reversal of provision for directors' retirement benefits	-	155
Other	0	-
Total extraordinary income	243	553
Extraordinary loss		
Loss on sales of noncurrent assets	16	1
Loss on retirement of noncurrent assets	59	32
Advanced depreciations	211	376
Impairment loss	1,075	-
Loss on valuation of investment securities	1	17
Loss on liquidation of subsidiaries and affiliates	108	4
Total extraordinary losses	1,472	432
Income before income taxes and minority interests	2,066	11,029
Income taxes	1,992	3,237
Minority interests in income	66	44
Net income	7	7,747

Consolidated Financial Statements

Consolidated statements of cash flows

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2009	Nine months ended Jun. 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,066	11,029
Depreciation and amortization	7,133	6,273
Impairment loss	1,075	-
Increase (decrease) in provision for bonuses	995	1,425
Interest and dividends income	(335)	(222)
Interest expenses	117	106
Equity in (earnings) losses of affiliates	(77)	(31)
Decrease (increase) in notes and accounts receivable-trade	7,763	(6,262)
Decrease (increase) in inventories	(2,017)	(708)
Increase (decrease) in notes and accounts payable-trade	(4,036)	6,015
Other, net	807	1,040
Subtotal	13,492	18,666
Interest and dividends income received	335	222
Interest expenses paid	(117)	(106)
Income taxes (paid) refund	(6,053)	1,959
Net cash provided by (used in) operating activities	7,657	20,740
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(12,341)	3,222
Purchase of short-term investment securities	(18,646)	(33,794)
Proceeds from sales of short-term investment securities	9,184	27,821
Purchase of property, plant and equipment	(7,876)	(5,883)
Payments of loans receivable	(723)	(0)
Purchase of investments in subsidiaries	-	(895)
Other, net	3	(140)
Net cash provided by (used in) investing activities	(30,400)	(9,671)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	15	23
Proceeds from long-term loans payable	-	3,040
Repayment of long-term loans payable	(1,622)	(3,121)
Cash dividends paid	(3,827)	(1,956)
Other, net	(25)	(49)
Net cash provided by (used in) financing activities	(5,460)	(2,065)
Effect of exchange rate change on cash and cash equivalents	(798)	(671)
Net increase (decrease) in cash and cash equivalents	(29,002)	8,333
Cash and cash equivalents at beginning of period	44,805	18,007
Cash and cash equivalents at end of period	15,802	26,340

Segment Information

Business Segment

Nine months ended Jun. 30, 2009

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	45,211	7,278	429	52,918	-	52,918
Intersegment	520	26	-	547	(547)	-
Total net sales	45,731	7,305	429	53,465	(547)	52,918
Operating expenses	36,009	7,164	443	43,617	6,782	50,400
Operating income	9,722	140	(14)	9,848	(7,329)	2,518

Nine months ended Jun. 30, 2010

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	58,123	7,911	391	66,426	-	66,426
Intersegment	617	34	-	652	(652)	-
Total net sales	58,741	7,946	391	67,078	(652)	66,426
Operating expenses	41,309	7,355	429	49,095	6,507	55,603
Operating income	17,431	590	(38)	17,983	(7,160)	10,823

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 (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

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 7,072 million and JPY 6,877 million for the nine months ended Jun. 30, 2009 and 2010, respectively.

Segment Information

Geographical Segment

Nine months ended Jun. 30, 2009

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	23,334	15,044	13,443	1,096	52,918	-	52,918
Intersegment	22,684	259	170	865	23,979	(23,979)	-
Total net sales	46,018	15,304	13,613	1,962	76,898	(23,979)	52,918
Operating expenses	38,288	15,039	12,582	1,685	67,596	(17,195)	50,400
Operating income	7,730	264	1,031	276	9,302	(6,784)	2,518

Nine months ended Jun. 30, 2010

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	30,722	19,124	15,607	971	66,426	-	66,426
Intersegment	27,685	409	245	851	29,191	(29,191)	-
Total net sales	58,407	19,534	15,852	1,823	95,617	(29,191)	66,426
Operating expenses	43,066	18,525	14,549	1,482	77,624	(22,021)	55,603
Operating income	15,340	1,008	1,303	340	17,993	(7,170)	10,823

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 7,072 million and JPY 6,877 million for the nine months ended Jun. 30, 2009 and 2010, respectively.

Segment Information

Overseas sales

Nine months ended Jun. 30, 2009

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	14,393	13,281	6,823	281	34,780
Consolidated net sales	-	-	-	-	52,918
Ratio of overseas sales to consolidated net sales	27.2%	25.1%	12.9%	0.5%	65.7%

Nine months ended Jun. 30, 2010

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	18,360	15,413	9,047	222	43,042
Consolidated net sales	-	-	-	-	66,426
Ratio of overseas sales to consolidated net sales	27.7%	23.2%	13.6%	0.3%	64.8%

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