

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

August 8, 2011

Company name: Hamamatsu Photonics K.K.

ID number: 6965

Stock listing : Tokyo Stock Exchange First Section

URL: <http://www.hamamatsu.com/ir/index.html>

Representative: Akira Hiruma, President and Chief Executive Officer

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Scheduled date to submit Securities Report : August 12, 2011

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

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

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

## 1. Consolidated financial results for the nine months ended June 30, 2011 (From Oct. 1, 2010 through Jun. 30, 2011)

### (1) Consolidated operating results

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

	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, 2011	76,083	14.5	16,650	53.8	17,196	57.6	10,620	37.1
Nine months ended Jun. 30, 2010	66,426	25.5	10,823	329.7	10,908	231.0	7,747	-

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2011	132.10	n/a
Nine months ended Jun. 30, 2010	96.37	n/a

### (2) Consolidated financial position

	Total assets	Net Assets	Shareholders' equity	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
as of Jun. 30, 2011	183,269	131,529	71.3	1,626.40
as of Sep. 30, 2010	176,407	124,481	70.1	1,539.16

Notes: Shareholders' equity

Nine months ended Jun. 30, 2011: 130,754 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 (Outlook)				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: 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
    - Nine months ended Jun. 30, 2011: 83,764,984 shares
    - Fiscal year ended Sep. 30, 2010: 83,764,984 shares
  - (b) Number of treasury stock at end of period
    - Nine months ended Jun. 30, 2011: 3,370,025 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))
    - Nine months ended Jun. 30, 2011: 80,395,051 shares
    - Nine months ended Jun. 30, 2010: 80,395,304 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 third quarter of this Fiscal Year

### (1) Consolidated Operating Results

Stagnation of consumer confidence and a down turn in productivity has slowed the business environment in Japan during the first nine months of this fiscal year. The loss of productivity can be traced to the collapse of productive facilities mainly in the Tohoku and North Kanto areas, and disruption of the supply chain caused by damaged from the Great East Japan Earthquake. In addition, there was an electricity shortage across the country resulting from the accident at the Fukushima No. 1 nuclear power plant.

Against this background, we strove to maintain production capacity, and at the same time, undertook to boost our revenue and income by intensive sales activities. Moreover, we continue to research and develop competitive products utilizing our own photonics technology amassed over the years and plan to expand production capacity in order to increase our sales in the future.

As a result of the above factors, we closed the third quarter with net sales of JPY 76,083 million, up by JPY 9,657 million (14.5%), operating income of JPY 16,650 million, up by JPY 5,827 million (53.8%) and ordinary income of JPY 17,196 million, up by JPY 6,288 million (57.6%) over one year before respectively. Net income resulted in JPY 10,620 million, up by JPY 2,872 million (37.1%).

Performance by segment was as follows;

#### (Electron Tube)

Photomultiplier Tube (PMTs) sales in nuclear medical applications, 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 segment 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 total Electron Tube business closed the third quarter with JPY 32,543 million, up by 11.8% and operating income of JPY 13,042 million, up by 25.2% from one year previous.

#### (Opto-semiconductor)

Sales of Silicon Photodiodes for medical application were up. In addition, sales of CCD X-ray Image Sensors for dental instrumentation in Europe and for semiconductor failure analysis systems in the U.S. increased steadily.

Net sales for this business resulted in JPY 32,371 million, up by 14.9% and operating income was JPY 11,940 million, up by 41.4% 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 9,370 million, up by 21.0% and operating income was JPY 1,301 million, up by 117.0% from one year before.

#### (Others)

Others sales were primarily in the semiconductor laser business and hotel operations. Net sales for the businesses were JPY 1,798 million, up by 29.4% and operating loss was JPY 322 million (3rd Quarter of FY 2010 was JPY 317 million loss).

### (2) Financial Position

#### a. Summary of Assets, Liabilities and Net Assets

Current assets were increased JPY 8,065 million from the year ended September 30, 2010. This is mainly from increases in cash and deposits of JPY 17,607 million and in notes and accounts receivable-trade of JPY 846 million, while there were decreases in securities down by JPY 11,500 million. Noncurrent assets were decreased JPY 1,202 million from the last fiscal year end, due mainly to a decrease in property, plant and equipment of JPY 1,039 million because of depreciation. The total assets at the end of the third quarter were JPY 183,269 million, up by JPY 6,862 million from the year ended September 30, 2010.

Current liabilities were decreased JPY 1,171 million from the last fiscal year end. This is mainly from decreases in income taxes payable of JPY 2,247 million. Noncurrent liabilities were increased JPY 986 million from the last fiscal year end, due mainly to an increase in long-term debts of JPY 996 million. The total liabilities at the end of the third quarter were JPY 51,740 million, down by JPY 184 million.

Net Assets were JPY 131,529 million, up by JPY 7,047 million, due mainly to an increase of retained earnings, up by JPY 7,076 million, because of net income for the third quarter of this fiscal year, while there was a decrease in foreign currency translation adjustments, down by JPY 304 million.

b. Summary of Cash Flow

At the end of the third quarter, cash and cash equivalent stood at JPY 34,713 million, up by JPY 5,966 million from the year ended September 30, 2010.

Cash flow created from operations during the third quarter was JPY 14,353 million, down by JPY 6,387 million over last year. This is mainly from an income tax paid of JPY 8,618 million, while there was an income tax refund of JPY 1,959 million in the corresponding period of the last year and from an increase of net income before tax, up by JPY 5,712 million over last year.

Investment activity used a cash flow of JPY 4,839 million, down by JPY 4,831 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 3,382 million, up by JPY 1,316 million from previous year due mainly to increase in payment of dividend, up by JPY 1,521 million over last year.

(3) Projection for the year

There is no change to the projection for the fiscal year ending September 30, 2011 released on May 9, 2011. 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 Jun. 30, 2011	As of Sep. 30, 2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	60,631	43,023
Notes and accounts receivable-trade	23,866	23,020
Short-term investment securities	8,500	20,000
Merchandise and finished goods	5,436	5,193
Work in process	10,866	10,927
Raw materials and supplies	5,465	4,605
Other	4,706	4,635
Allowance for doubtful accounts	(136)	(134)
<b>Total current assets</b>	<b>119,335</b>	<b>111,270</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	24,110	24,503
Machinery, equipment and vehicles, net	8,100	8,422
Tools, furniture and fixtures, net	2,641	2,823
Land	13,492	12,888
Lease assets, net	301	133
Construction in progress	3,767	4,681
<b>Total property, plant and equipment</b>	<b>52,413</b>	<b>53,453</b>
Intangible assets	793	715
Investments and other assets		
Investment securities	2,191	2,184
Deferred tax assets	6,978	6,984
Other	1,574	1,816
Allowance for doubtful accounts	(18)	(17)
<b>Total investments and other assets</b>	<b>10,726</b>	<b>10,967</b>
<b>Total noncurrent assets</b>	<b>63,933</b>	<b>65,136</b>
<b>Total assets</b>	<b>183,269</b>	<b>176,407</b>

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Jun. 30, 2011	As of Sep. 30, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	12,969	12,575
Short-term loans payable	979	1,954
Current portion of long-term loans payable	253	132
Income taxes payable	2,698	4,945
Provision for bonuses	4,204	3,103
Other	7,675	7,241
<b>Total current liabilities</b>	<b>28,781</b>	<b>29,952</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	7,189	6,192
Provision for retirement benefits	14,053	14,264
Provision for directors' retirement benefits	1,229	1,288
Other	486	226
<b>Total noncurrent liabilities</b>	<b>22,959</b>	<b>21,972</b>
<b>Total liabilities</b>	<b>51,740</b>	<b>51,925</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	71,820	64,743
Treasury stock	(6,048)	(6,047)
<b>Total shareholders' equity</b>	<b>135,373</b>	<b>128,296</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	285	43
Foreign currency translation adjustment	(4,904)	(4,599)
<b>Total valuation and translation adjustments</b>	<b>(4,618)</b>	<b>(4,556)</b>
<b>Minority interests</b>	<b>775</b>	<b>740</b>
<b>Total net assets</b>	<b>131,529</b>	<b>124,481</b>
<b>Total liabilities and net assets</b>	<b>183,269</b>	<b>176,407</b>

## Consolidated Financial Statements

### Consolidated Statements of income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2010	Nine months ended Jun. 30, 2011
Net sales	66,426	76,083
Cost of sales	33,677	36,706
Gross profit	32,748	39,377
Selling, general and administrative expenses	21,925	22,726
Operating income	10,823	16,650
Non-operating income		
Interest income	200	107
Foreign exchange gains	-	100
Equity in earnings of affiliates	31	71
Other	365	451
Total non-operating income	597	731
Non-operating expenses		
Interest expenses	106	85
Rent expenses on real estates	76	68
Foreign exchange losses	308	-
Other	21	31
Total non-operating expenses	512	185
Ordinary income	10,908	17,196
Extraordinary income		
Gain on sales of noncurrent assets	2	7
Subsidy	395	507
Reversal of allowance for doubtful accounts	-	5
Reversal of provision for directors' retirement benefits	155	-
Total extraordinary income	553	519
Extraordinary loss		
Loss on sales of noncurrent assets	1	9
Loss on retirement of noncurrent assets	32	114
Loss on reduction of noncurrent assets	376	483
Loss on valuation of investment securities	17	268
Loss on liquidation of subsidiaries and affiliates	4	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	99
Total extraordinary losses	432	975
Income before income taxes and minority interests	11,029	16,741
Income taxes	3,237	6,073
Income before minority interests	-	10,667
Minority interests in income	44	47
Net income	7,747	10,620

## Consolidated Financial Statements

### Consolidated statements of cash flows

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2010	Nine months ended Jun. 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,029	16,741
Depreciation and amortization	6,273	5,819
Increase (decrease) in provision for bonuses	1,425	1,099
Interest and dividends income	(222)	(130)
Interest expenses	106	85
Equity in (earnings) losses of affiliates	(31)	(71)
Decrease (increase) in notes and accounts receivable-trade	(6,262)	(945)
Decrease (increase) in inventories	(708)	(1,119)
Increase (decrease) in notes and accounts payable-trade	6,015	508
Other, net	1,040	935
Subtotal	18,666	22,924
Interest and dividends income received	222	132
Interest expenses paid	(106)	(85)
Income taxes (paid) refund	1,959	(8,618)
Net cash provided by (used in) operating activities	20,740	14,353
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	3,222	(11,643)
Purchase of short-term investment securities	(33,794)	(10,000)
Proceeds from sales of short-term investment securities	27,821	21,500
Purchase of property, plant and equipment	(5,883)	(4,459)
Payments of loans receivable	(0)	-
Purchase of investments in subsidiaries	(895)	-
Other, net	(140)	(237)
Net cash provided by (used in) investing activities	(9,671)	(4,839)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	23	(959)
Proceeds from long-term loans payable	3,040	1,213
Repayment of long-term loans payable	(3,121)	(95)
Cash dividends paid	(1,956)	(3,478)
Other, net	(49)	(61)
Net cash provided by (used in) financing activities	(2,065)	(3,382)
Effect of exchange rate change on cash and cash equivalents	(671)	(165)
Net increase (decrease) in cash and cash equivalents	8,333	5,966
Cash and cash equivalents at beginning of period	18,007	28,747
Cash and cash equivalents at end of period	26,340	34,713



## Segment Information

### Business Segment

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 (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 6,877 million for the nine months ended Jun. 30, 2010.

## Segment Information

### Geographical Segment

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 6,877 million for the nine months ended Jun. 30, 2010.

### Overseas sales

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	-	-	-	-	-
Ratio of overseas sales to consolidated net sales	27.7%	23.2%	13.6%	0.3%	64.8%

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

Nine months ended Jun. 30, 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	32,543	32,371	9,370	74,285	1,798	76,083	-	76,083
Intersegment	1,025	559	65	1,651	358	2,009	(2,009)	-
Total net sales	33,569	32,931	9,436	75,936	2,156	78,093	(2,009)	76,083
Segment income	13,042	11,940	1,301	26,284	(322)	25,962	(9,311)	16,650

#### 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 9,311 million represents intersegment transactions of negative JPY 803 million and unallocated corporate expenses of negative JPY 8,508 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.