

Consolidated Financial Results for the Second Quarter of Fiscal Year ending September 30, 2012

May 7, 2012

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: May 11, 2012

Scheduled date to begin dividend payments: June 4, 2012

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, 2012 (From Oct. 1, 2011 through Mar. 31, 2012)

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, 2012	50,726	(1.6)	9,760	(12.1)	10,180	(12.0)	6,113	(11.9)
Six months ended Mar. 31, 2011	51,545	18.4	11,105	66.2	11,572	68.8	6,938	42.1

Note: Comprehensive income

Six months ended Mar. 31, 2012: 6,824 million yen (-2.3%)

Six months ended Mar. 31, 2011: 6,984 million yen (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2012	76.05	-
Six months ended Mar. 31, 2011	86.30	-

(2) Consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
as of Mar. 31, 2012	191,535	138,485	72.0
as of Sep. 30, 2011	188,091	133,434	70.5

For Reference: Shareholders' equity

Six months ended Mar. 31, 2012: 137,911 million yen

Fiscal year ended Sep. 30, 2011: 132,670 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, 2011	-	22.00	-	22.00	44.00
Fiscal year ending Sep. 30, 2012	-	23.00			
Fiscal year ending Sep. 30, 2012 (Outlook)			-	23.00	46.00

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

3. Forecast of consolidated results for the fiscal year ending Sep. 30, 2012 (From Oct. 1, 2011 through Sep. 30, 2012)

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, 2012	101,400	(0.5)	17,700	(18.9)	18,100	(18.5)	10,900	(20.5)	135.58

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

4. Others

- (1) Changes in the state of material subsidiaries during the period (Changes regarding significant subsidiaries accompanying changes in the scope of consolidation): None
- (2) The application of special accounting treatment for the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions
 - (a) Changes in accounting principles accompanying revisions in accounting standards: None
 - (b) Changes other than those in (a) above: None
 - (c) Changes in accounting estimates: None
 - (d) Changes in presentation due to revisions: None
- (4) Number of shares outstanding
 - (a) Number of shares outstanding at end of period including treasury stock
 - Six months ended Mar. 31, 2012: 83,764,984 shares
 - Fiscal year ended Sep. 30, 2011: 83,764,984 shares
 - (b) Number of treasury stock at end of period
 - Six months ended Mar. 31, 2012: 3,370,025 shares
 - Fiscal year ended Sep. 30, 2011: 3,370,025 shares
 - (c) Average number of shares issued during the period (first-quarter accumulation (Six months))
 - Six months ended Mar. 31, 2012: 80,394,959 shares
 - Six months ended Mar. 31, 2011: 80,395,093 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.

Discussion of Consolidated Performance for the second quarter of this Fiscal Year

(1) Consolidated Operating Results

The domestic economy has in the second quarter of this fiscal year been uncertain. It risked facing a downward swing due to the debt crisis in the EU, the protracted yen appreciation and the rise in the oil prices. On the other hand there was a modest increase in corporate capital investments due to demands for earthquake disaster reconstruction.

Against this background, our group strove to research and develop our own photonics technologies focusing on product development that meets our customers' needs. Moreover, we undertook to boost our revenue and income by intensive sales activities and streamlining to reduce operating expenses.

As a result of the above factors, we closed the second quarter with net sales of JPY 50,726 million, down by JPY 818 million (1.6%), operating income of JPY 9,760 million, down by JPY 1,344 million (12.1%) and ordinary income of JPY 10,180 million, down by JPY 1,391 million (12.0%) over one year before respectively. Net income resulted in JPY 6,113 million, down by JPY 824 million (11.9%).

Performance by segment was as follows;

(Electron Tube)

Sales of Photomultiplier Tubes (PMTs) in medical applications, such as Positron Emission Tomography (PET) and Single Photon Emission Computed Tomography (SPECT) imaging, decreased due to inventory adjustment by our customers. Sales associated with medical diagnostics equipment such as blood analyzers also were down. However, PMTs sales in measurement applications such as for oil well logging and radiation monitoring increased steadily. The Light Sources and Imaging Devices industrial market segment, such as Microfocus X-ray sources for non-destructive inspection systems, were down. However sales of X-ray Scintillators, which converts X-rays into Optical Images for dental and breast imaging systems were up, along with sales of the Stealth Dicing Engine, that provides high-speed and high-quality cutting of LED wafers.

In total Electron Tube business closed the second quarter with JPY 21,939 million, up by 1.1% and operating income of JPY 8,363 million, down by 1.4% from one year previous.

(Opto-semiconductor)

Sales of Silicon Photodiodes were down due to inventory adjustments by customers. The sales of X-ray Image Sensors in the industrial instruments market also decreased. However, sales of X-ray Flat Panel Sensors for use in X-ray dental imaging systems were up due to our achieving stable quality production.

Net sales for this segment resulted in JPY 21,156 million, down by 1.9% and operating income was JPY 7,358 million, down by 4.5% from one year before.

(Imaging and Measurement Instruments)

In the Imaging and Measurement Instruments segment, sales of X-ray Line Scan Cameras sold mainly for the nondestructive inspection of food increased steadily. However sales of digital cameras dropped sharply due to the an adjustment of our largest customer's production. Largely centered in the US, sales of digital slide observation systems used in medical pathology stayed stagnant.

Net sales for this sector resulted in JPY 6,027 million, down by 12.5% from one year before and operating income was JPY 501 million, down by 60.0% from one year before.

(Others)

Others sales were primarily in the semiconductor laser business and hotel operations. Net sales for the businesses were JPY 1,603 million, up by 15.7% and operating loss was JPY 148 million (2nd Quarter of FY 2011 was JPY 276 million loss).

(2) Analysis of Financial Conditions

a. Summary of Assets, Liabilities and Net Assets

Current assets were increased JPY 2,695 million from the year ended September 30, 2011. This is mainly from increases in cash and deposits, up by JPY 2,421 million and notes and accounts receivable-trade of JPY 1,162 million, while there was decrease in securities, down by JPY 1,500 million. Noncurrent assets were increased JPY 748 million from the last fiscal year end, due mainly to an increase in property, plant and equipment of JPY 520 million because of an increase in construction in progress. The total assets at the end of the second quarter were JPY 191,535 million, up by JPY 3,444 million from the year ended September 30, 2011.

Current liabilities were decreased JPY 1,308 million from the last fiscal year end. This is mainly from decreases in notes and account payable-trade of JPY 1,107 million and income taxes payable of JPY 938 million. Noncurrent liabilities were decreased JPY 298 million from the last fiscal year end, due mainly to a decrease in provision for retirement benefits of JPY 326 million. The total liabilities at the end of the second quarter were JPY 53,050 million, down by JPY 1,606 million.

Net Assets were JPY 138,485 million, up by JPY 5,051 million, due mainly to an increase of retained earnings, up by JPY 4,342 million, because of net income for the second quarter of this fiscal year, and in foreign currency translation adjustments, up by JPY 821 million.

b. Summary of Cash Flow

At the end of the second quarter, cash and cash equivalent stood at JPY 34,988 million, up by JPY 1,942 million from the year ended September 30, 2011.

Cash flow created from operations such as net income before tax and depreciation during the second quarter was JPY 6,917 million, down by JPY 2,818 million over one year before of JPY 9,736 million.

Investment activity such as proceeds of fixed assets used a cash flow of JPY 3,527 million, down by JPY 212 million from previous year of JPY 3,740 million.

Financial activity such as payment of dividend used a cash flow of JPY 1,814 million, up by JPY 188 million from previous year of JPY 1,625 million.

(3) Projection for the year

We expect that the business environment surrounding our group will be severe due to a risk of downward swing for the worldwide economic resulting from the debt crisis in the EU and the energy issue in Japan. We have made the following revisions on our forecast for the fiscal year ending September 30, 2012, which was announced on November 7, 2011. We assume that yen/US dollar exchange rate is JPY 78.38 and yen/Euro exchange rate is JPY 104.22.

Forecast of Consolidated Performance for the fiscal year ending Sep. 30, 2012

(Millions of Japanese Yen)

	Sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	107,700	22,200	22,400	14,700	182.85
Revised forecast (B)	101,400	17,700	18,100	10,900	135.58
Difference (B-A)	(6,300)	(4,500)	(4,300)	(3,800)	-
Differential ratio (%)	(5.8%)	(20.3%)	(19.2%)	(25.9%)	-

Forecast of Non-consolidated Performance for the fiscal year ending Sep. 30, 2012

(Millions of Japanese Yen)

	Sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	96,400	18,500	20,200	13,600	168.88
Revised forecast (B)	88,900	14,500	16,100	9,800	121.69
Difference (B-A)	(7,500)	(4,000)	(4,100)	(3,800)	-
Differential ratio (%)	(7.8%)	(21.6%)	(20.3%)	(27.9%)	-

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2011	As of Mar. 31, 2012
Assets		
Current assets		
Cash and deposits	71,073	73,495
Notes and accounts receivable-trade	23,781	24,944
Short-term investment securities	1,500	-
Merchandise and finished goods	6,014	6,174
Work in process	11,183	11,456
Raw materials and supplies	5,147	5,269
Other	4,986	5,022
Allowance for doubtful accounts	(145)	(123)
Total current assets	123,542	126,238
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	24,008	22,979
Machinery, equipment and vehicles, net	8,009	8,491
Tools, furniture and fixtures, net	2,610	2,861
Land	15,565	15,281
Lease assets, net	275	277
Construction in progress	1,777	2,877
Total property, plant and equipment	52,247	52,768
Intangible assets	1,581	1,691
Investments and other assets		
Investment securities	2,052	2,165
Deferred tax assets	7,130	7,131
Other	1,554	1,559
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	10,719	10,837
Total noncurrent assets	64,549	65,297
Total assets	188,091	191,535

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2011	As of Mar. 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,454	12,347
Short-term loans payable	865	990
Current portion of long-term loans payable	281	274
Income taxes payable	4,698	3,760
Provision for bonuses	3,398	2,876
Other	8,999	10,140
Total current liabilities	31,698	30,390
Noncurrent liabilities		
Long-term loans payable	7,326	7,236
Provision for retirement benefits	13,929	13,602
Provision for directors' retirement benefits	1,245	1,334
Other	457	486
Total noncurrent liabilities	22,958	22,660
Total liabilities	54,657	53,050
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	74,902	79,244
Treasury stock	(6,048)	(6,048)
Total shareholders' equity	138,455	142,797
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163	240
Foreign currency translation adjustment	(5,948)	(5,126)
Total accumulated other comprehensive income	(5,785)	(4,886)
Minority interests	764	573
Total net assets	133,434	138,485
Total liabilities and net assets	188,091	191,535

Consolidated Financial Statements
Consolidated Statements of income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2011	Six months ended Mar. 31, 2012
Net sales	51,545	50,726
Cost of sales	25,549	24,947
Gross profit	25,995	25,779
Selling, general and administrative expenses	14,890	16,018
Operating income	11,105	9,760
Non-operating income		
Interest income	63	63
Rent of real estate for investment	77	170
Foreign exchange gains	207	57
Equity in earnings of affiliates	48	54
Other	196	195
Total non-operating income	594	540
Non-operating expenses		
Interest expenses	57	55
Rent expenses on real estates	53	44
Other	16	20
Total non-operating expenses	127	120
Ordinary income	11,572	10,180
Extraordinary income		
Gain on sales of noncurrent assets	4	9
Subsidy	156	625
Reversal of allowance for doubtful accounts	4	-
Total extraordinary income	165	634
Extraordinary loss		
Loss on sales of noncurrent assets	8	1
Loss on retirement of noncurrent assets	82	22
Loss on reduction of noncurrent assets	141	616
Impairment loss	-	424
Loss on valuation of investment securities	259	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	99	-
Total extraordinary losses	591	1,065
Income before income taxes and minority interests	11,146	9,749
Income taxes	4,179	3,820
Income before minority interests	6,967	5,928
Minority interests in income	29	(184)
Net income	6,938	6,113

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2011	Six months ended Mar. 31, 2012
Income before minority interests	6,967	5,928
Other comprehensive income		
Valuation difference on available-for-sale securities	162	77
Foreign currency translation adjustment	(118)	830
Share of other comprehensive income of associates accounted for using equity method	(26)	(12)
Total other comprehensive income	17	895
Comprehensive income	6,984	6,824
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,975	7,012
Comprehensive income attributable to minority interests	9	(188)

Consolidated Financial Statements

Consolidated statements of cash flows

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2011	Six months ended Mar. 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,146	9,749
Depreciation and amortization	3,827	3,977
Increase (decrease) in provision for bonuses	(297)	(528)
Interest and dividends income	(79)	(81)
Interest expenses	57	55
Equity in (earnings) losses of affiliates	(48)	(54)
Decrease (increase) in notes and accounts receivable-trade	(1,331)	(646)
Decrease (increase) in inventories	937	(142)
Increase (decrease) in notes and accounts payable-trade	(81)	(1,694)
Other, net	1,134	1,103
Subtotal	15,265	11,738
Interest and dividends income received	79	80
Interest expenses paid	(57)	(55)
Income taxes (paid) refund	(5,550)	(4,845)
Net cash provided by (used in) operating activities	9,736	6,917
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(8,822)	(480)
Purchase of short-term investment securities	(8,500)	-
Proceeds from sales of short-term investment securities	17,000	1,500
Purchase of property, plant and equipment	(3,249)	(4,267)
Other, net	(168)	(280)
Net cash provided by (used in) investing activities	(3,740)	(3,527)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(975)	124
Proceeds from long-term loans payable	1,213	-
Repayment of long-term loans payable	(53)	(96)
Cash dividends paid	(1,772)	(1,775)
Other, net	(37)	(66)
Net cash provided by (used in) financing activities	(1,625)	(1,814)
Effect of exchange rate change on cash and cash equivalents	(70)	368
Net increase (decrease) in cash and cash equivalents	4,299	1,942
Cash and cash equivalents at beginning of period	28,747	33,045
Cash and cash equivalents at end of period	33,047	34,988

Segment Information

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- semiconductor	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 :

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 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.
3. Segment income is adjusted with operating income in the quarterly consolidated statements of income.

Six months ended Mar. 31, 2012

(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	21,939	21,156	6,027	49,123	1,603	50,726	-	50,726
Intersegment	602	324	31	959	98	1,057	(1,057)	-
Total net sales	22,542	21,481	6,058	50,082	1,701	51,783	(1,057)	50,726
Segment income	8,363	7,358	501	16,224	(148)	16,075	(6,315)	9,760

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 6,315 million represents intersegment transactions of negative JPY 303 million and unallocated corporate expenses of negative JPY 6,011 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.