

Consolidated Financial Results for the Second Quarter of Fiscal Year ending September 30, 2015 (Japanese GAAP)

May 11, 2015

Company name: Hamamatsu Photonics K.K. Stock listing: Tokyo Stock Exchange First Section
 Stock code: 6965 URL: <http://www.hamamatsu.com/ir/index.html>
 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 file quarterly securities report: May 14, 2015
 Scheduled date to begin dividend payments: June 2, 2015
 Supplementary materials to the financial statements have been prepared: Yes
 Presentation will be held to explain the financial statements: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the six months ended Mar. 31, 2015 (From Oct. 1, 2014 through Mar. 31, 2015)

(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	%
Six months ended Mar. 31, 2015	62,229	9.8	13,777	24.4	14,582	27.7	9,861	32.0
Six months ended Mar. 31, 2014	56,680	12.3	11,078	30.6	11,422	25.8	7,468	30.3

Notes: Comprehensive income

Six months ended Mar. 31, 2015: 12,284 million yen [32.6%]

Six months ended Mar. 31, 2014: 9,261 million yen [(4.0%)]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Mar. 31, 2015	61.33		-	
Six months ended Mar. 31, 2014	46.45		-	

*Hamamatsu Photonics implemented a two-for-one stock split on April 1, 2015. Net income per share has been calculated by assuming this stock split was executed at the beginning of the fiscal year ended September 30, 2014.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Mar. 31, 2015	226,044		176,267		77.7	
As of Sep. 30, 2014	215,412		168,815		78.1	

For reference: Equity

As of Mar. 31, 2015: 175,642 million yen

As of Sep. 30, 2014: 168,274 million yen

2. Dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full FY
	Yen				
Fiscal year ended Sep. 30, 2014	-	25.00	-	30.00	55.00
Fiscal year ending Sep. 30, 2015	-	30.00			
Fiscal year ending Sep. 30, 2015 (Forecast)			-	16.00	46.00

Note: Revision of the forecasts for dividends most recently announced: No

*Hamamatsu Photonics implemented a two-for-one stock split on April 1, 2015. The year-end per-share dividend forecast shown herein for the fiscal year ending September 30, 2015 takes this stock split into consideration. The forecast of the year-end per-share dividend is ¥32.00 prior to factoring in the stock split.

3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2015 (From Oct. 1, 2014 through Sep. 30, 2015)

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, 2015	124,300	10.9	25,200	16.3	26,100	15.8	18,300	20.7	113.81

Note: Revision of the forecasts for consolidated financial results most recently announced: Yes

*Hamamatsu Photonics implemented a two-for-one stock split on April 1, 2015. The net income per share shown in the forecast of consolidated financial results for the fiscal year ending September 30, 2015 takes this stock split into consideration. The net income per share for the fiscal year ending September 30, 2015 is ¥227.63 prior to factoring in the stock split.

4. Others

- (1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : None
- (2) Application of special accounting treatment for preparing 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: Yes
 - (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 shares

As of Mar. 31, 2015: 167,529,968 shares

As of Sep. 30, 2014: 167,529,968 shares

- (b) Number of treasury shares at end of period

As of Mar. 31, 2015: 6,741,335 shares

As of Sep. 30, 2014: 6,741,195 shares

- (c) Average number of shares issued during the period

Six months ended Mar. 31, 2015: 160,788,710 shares

Six months ended Mar. 31, 2014: 160,789,343 shares

*Hamamatsu Photonics implemented a two-for-one stock split on April 1, 2015. The number of shares outstanding at end of period including treasury shares, number of treasury shares at end of period and average number of shares issued during the period shown above have been calculated by assuming this stock split was executed at the beginning of the fiscal year ended September 30, 2014.

1. Qualitative Information Related to Consolidated Performance for the Second Quarter of this Fiscal Year

(1) Operating Results

During the second quarter of this fiscal year (six months ended March 31, 2015), the global economic climate generally improved steadily, including in the U.S. the gradual recovery trend continued, despite a sense that China's economy is slowing. Domestically, on the other hand, the economy maintained a gradual recovery trend, with personal consumption also changing steadily overall, in addition to moves to improve corporate earnings.

Given these circumstances, our Group increased net sales and earnings year-on-year by pursuing research and development and product development and continuing to invest in plant and equipment for the future, and by using the technologies we have developed over many years to further increase the added value of our products.

As a result of the above factors, we closed the second quarter with net sales of JPY 62,229 million, up by JPY 5,548 million (9.8%), operating income of JPY 13,777 million, up by JPY 2,698 million (24.4%) and ordinary income of JPY 14,582 million, up by JPY 3,159 million (27.7%) over one year ago respectively. Net income was JPY 9,861 million, up by JPY 2,392 million (32.0%) from one year ago.

Performance by segment is as follows;

(Electron Tube)

Sales of photomultiplier tubes (PMT) increased in the medical field for inspection and monitoring systems such as blood analyzers. Demand was higher both domestically and overseas, and sales remained steady thanks to these products' strong reputation for highly sensitive, high-speed operations. Sales for nuclear medicine applications such as Positron Emission Tomography (PET) also trended solidly.

In imaging devices and light sources, sales of Micro focus X-ray sources for non-destructive testing, which have earned a solid reputation in the industrial field for their high reliability and excellent stability centered on in-line applications, grew in both in Europe and Japan. In addition, sales of our Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing and of UV-LED light sources for highly accurate bonding of large-scale panels rose higher as well.

In total, the Electron Tube business closed the second quarter with net sales of JPY 25,278 million, up by 9.5%, and operating income of JPY 9,672 million, up by 12.5% from the same period one year ago.

(Opto-semiconductor)

In opto-semiconductor devices, sales in the medical field of our core silicon photodiodes expanded significantly, mainly in overseas markets, while sales of our flat panel sensors also remained steady centered on dental applications. Additionally, Photo ICs and LEDs, which have various applications in the FA (Factory Automation) field, including for industrial robotic control technology, achieved higher sales as well.

As a result, net sales in the Opto-semiconductor business came to JPY 26,864 million, up by 9.2%, and operating income was JPY 8,808 million, up by 8.0% from the same period one year ago.

(Imaging and Measurement Instruments)

In the image processing and measurement systems business, sales of failure analysis systems for semiconductor devices continued to expand steadily, driven by growing demand in the Asia region and Japan. Sales of digital cameras, which enjoy a reputation for excellent performance that meets customers' needs, including high speed and low noise, increased as well, particularly for the field of life sciences and biology. Sales of X-ray line sensor cameras, primarily for food inspection applications, also rose briskly.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 8,287 million, up by 17.7%, and operating income was JPY 2,263 million, up by 96.7% from the same period one year ago.

(Other)

Sales of other operations are primarily in the semiconductor laser business and hotel operations.

Net sales were JPY 1,799 million, down by 6.9%, and operating income was JPY 96 million, down by 68.6% from the same period one year ago.

(2) Financial Conditions

a. Summary of Assets, Liabilities and Net Assets

Current assets increased by JPY 4,875 million from the end of the prior fiscal year. This mainly reflected increases in notes and accounts receivable-trade, up by JPY 3,794 million and increases in cash and deposits, up by JPY 1,234 million.

Non-current assets increased by JPY 5,755 million from the end of the prior fiscal year. This was mainly from property, plant and equipment, which rose by JPY 3,821 million, an increase that reflected additions to machinery, equipment and vehicles.

Total assets at the end of the second quarter were JPY 226,044 million, up by JPY 10,631 million from the end of the fiscal year ended September 30, 2014.

Current liabilities were down by JPY 693 million from the end of the prior fiscal year. Although accrued expenses (current liabilities-other) were higher, total current liabilities fell because of a decrease in accounts payable-facilities (current liabilities-other) of JPY 677 million and a decrease in notes and accounts payable-trade of JPY 469 million, respectively.

Non-current liabilities increased by JPY 3,873 million from the end of the prior fiscal year, mainly due to an increase in net defined benefit liability of JPY 3,914 million owing to changes in accounting principles.

Total liabilities at the end of the second quarter were JPY 49,776 million, up by JPY 3,180 million from the end of the fiscal year ended September 30, 2014.

Net assets for the second quarter of this fiscal year were JPY 176,267 million, up by JPY 7,451 million from the end of the fiscal year ended September 30, 2014, due mainly to an increase in retained earnings, up by JPY 5,038 million because of net income for the second quarter and an increase in foreign currency translation adjustment, up JPY 2,348 million.

b. Summary of Cash Flows

At the end of the second quarter, cash and cash equivalents (referred to below as "cash") stood at JPY 47,977 million, down by JPY 1,304 million from the year ended September 30, 2014.

(Cash flows from operating activities)

Cash provided by operating activities during the second quarter totaled JPY 10,027 million. This mainly reflected income before income taxes and minority interests and depreciation, and was down by JPY 851 million compared with JPY 10,878 million in the same period in the prior fiscal year.

(Cash flows from investment activities)

Cash used in investment activities totaled JPY 10,548 million. This was mainly for purchases of property, plant and equipment, which increased expenditures, up by JPY 3,469 million compared with cash used in investment activities of JPY 7,078 million in the same period of the prior year.

(Cash flows from financing activities)

Cash used in financing activities was JPY 2,471 million. This mainly reflected cash used for dividend payments, which increased expenditures, up by JPY 155 million compared with cash used in financing activities of JPY 2,316 million in the same period of the prior year.

(3) Projection for the year

Based on factors such as the environment in markets where we are developing our businesses and the improvement in operating performance in the most recent quarter, we have made the following revisions to our forecast of consolidated financial results for the fiscal year ending Sep. 30, 2015, which we announced on November 10, 2014.

We assume the applicable yen/US dollar exchange rate will be JPY 115 and the yen/Euro exchange rate will be JPY 135.

Forecast of Consolidated Financial Results for the fiscal year ending Sep. 30, 2015

(From Oct. 1, 2014 through Sep. 30, 2015)

(Millions of Japanese Yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
					(Yen)
Previous forecast (A)	118,200	22,900	23,200	16,300	101.38
Revised forecast (B)	124,300	25,200	26,100	18,300	113.81
Change (B-A)	6,100	2,300	2,900	2,000	-
Change (%)	5.2	10.0	12.5	12.3	-

*Hamamatsu Photonics implemented a two-for-one stock split on April 1, 2015. The net income per share shown in the forecast of consolidated financial results for the fiscal year ending September 30, 2015 takes this stock split into consideration.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2014	As of Mar. 31, 2015
Assets		
Current assets		
Cash and deposits	83,758	84,993
Notes and accounts receivable-trade	25,956	29,751
Merchandise and finished goods	6,726	6,689
Work in process	13,802	14,094
Raw materials and supplies	6,349	6,028
Other	6,496	6,419
Allowance for doubtful accounts	(143)	(153)
Total current assets	142,947	147,823
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,544	23,875
Machinery, equipment and vehicles, net	7,811	11,294
Tools, furniture and fixtures, net	3,202	3,205
Land	15,897	15,954
Leased assets, net	129	125
Construction in progress	11,037	10,989
Total property, plant and equipment	61,623	65,445
Intangible assets	1,735	1,762
Investments and other assets		
Investment securities	2,621	2,610
Deferred tax assets	5,168	6,562
Other	1,333	1,858
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	9,105	11,012
Total non-current assets	72,464	78,220
Total assets	215,412	226,044

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2014	As of Mar. 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,033	4,563
Electronically recorded obligations-operating	7,946	8,058
Short-term loans payable	1,733	1,858
Current portion of long-term loans payable	3,179	3,177
Income taxes payable	4,133	3,803
Provision for bonuses	3,735	3,295
Other	10,283	10,596
Total current liabilities	36,046	35,353
Non-current liabilities		
Long-term loans payable	3,904	3,894
Net defined benefit liability	4,830	8,745
Other	1,814	1,783
Total non-current liabilities	10,550	14,423
Total liabilities	46,596	49,776
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	101,278	106,316
Treasury shares	(6,050)	(6,050)
Total shareholders' equity	164,828	169,866
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	695	659
Foreign currency translation adjustment	1,589	3,938
Remeasurements of defined benefit plans	1,160	1,178
Total accumulated other comprehensive income	3,445	5,776
Minority interests	541	624
Total net assets	168,815	176,267
Total liabilities and net assets	215,412	226,044

Consolidated Financial Statements

Consolidated Statements of Income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2014	Six months ended Mar. 31, 2015
Net sales	56,680	62,229
Cost of sales	27,181	29,196
Gross profit	29,498	33,032
Selling, general and administrative expenses	18,420	19,254
Operating income	11,078	13,777
Non-operating income		
Interest income	114	95
Rent of real estate for investment	38	39
Foreign exchange gains	106	525
Share of profit of entities accounted for using equity method	34	53
Other	148	204
Total non-operating income	443	918
Non-operating expenses		
Interest expenses	42	48
Rent expenses on real estates	39	40
Other	17	23
Total non-operating expenses	99	113
Ordinary income	11,422	14,582
Extraordinary income		
Gain on sales of non-current assets	2	63
Total extraordinary income	2	63
Extraordinary losses		
Loss on sales of non-current assets	2	11
Loss on retirement of non-current assets	12	34
Loss on sales of shares of subsidiaries	—	3
Total extraordinary losses	14	49
Income before income taxes and minority interests	11,410	14,596
Income taxes	3,923	4,708
Income before minority interests	7,487	9,888
Minority interests in income	19	26
Net income	7,468	9,861

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2014	Six months ended Mar. 31, 2015
Income before minority interests	7,487	9,888
Other comprehensive income		
Valuation difference on available-for-sale securities	(47)	(35)
Foreign currency translation adjustment	1,816	2,383
Remeasurements of defined benefit plans, net of tax	-	17
Share of other comprehensive income of entities accounted for using equity method	5	30
Total other comprehensive income	1,773	2,396
Comprehensive income	9,261	12,284
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,214	12,191
Comprehensive income attributable to minority interests	47	92

Consolidated Financial Statements
Consolidated Statements of Cash Flows

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2014	Six months ended Mar. 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	11,410	14,596
Depreciation	3,712	3,934
Increase (decrease) in provision for bonuses	(51)	(431)
Interest and dividend income	(130)	(110)
Interest expenses	42	48
Share of (profit) loss of entities accounted for using equity method	(34)	(53)
Decrease (increase) in notes and accounts receivable-trade	(1,959)	(3,252)
Decrease (increase) in inventories	382	414
Increase (decrease) in notes and accounts payable-trade	587	(810)
Other, net	(637)	758
Subtotal	13,322	15,094
Interest and dividend income received	130	109
Interest expenses paid	(42)	(48)
Income taxes (paid) refund	(2,531)	(5,128)
Net cash provided by (used in) operating activities	10,878	10,027
Cash flows from investing activities		
Net decrease (increase) in time deposits	565	(2,432)
Purchase of property, plant and equipment	(7,388)	(7,644)
Other, net	(255)	(471)
Net cash provided by (used in) investing activities	(7,078)	(10,548)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	0	(2)
Proceeds from long-term loans payable	-	216
Repayments of long-term loans payable	(93)	(228)
Cash dividends paid	(2,174)	(2,414)
Other, net	(48)	(41)
Net cash provided by (used in) financing activities	(2,316)	(2,471)
Effect of exchange rate change on cash and cash equivalents	1,040	1,688
Net increase (decrease) in cash and cash equivalents	2,524	(1,304)
Cash and cash equivalents at beginning of period	42,852	49,281
Cash and cash equivalents at end of period	45,376	47,977

Segment Information

Information on the Amounts of Sales and Income (Loss) for Reportable Segments

Six months ended March 31, 2014 (From Oct. 1, 2013 through Mar. 31, 2014)

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron tube	Opto- semiconductor	Imaging and measurement instruments	Total				
Net Sales								
Outside customers	23,092	24,610	7,044	54,747	1,933	56,680	-	56,680
Intersegment	631	339	22	994	485	1,479	(1,479)	-
Total net sales	23,724	24,950	7,066	55,741	2,418	58,159	(1,479)	56,680
Segment income	8,598	8,158	1,150	17,908	308	18,216	(7,137)	11,078

Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is mainly the semiconductor laser business and hotel operations.
2. Adjustment of segment income of negative JPY 7,137 million represents intersegment transactions of negative JPY 554 million and unallocated corporate expenses of negative JPY 6,583 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment income has been reconciled with operating income presented in the consolidated financial statements.

Six months ended March 31, 2015 (From Oct. 1, 2014 through Mar. 31, 2015)

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron tube	Opto- semiconductor	Imaging and measurement instruments	Total				
Net Sales								
Outside customers	25,278	26,864	8,287	60,430	1,799	62,229	-	62,229
Intersegment	606	407	4	1,017	513	1,531	(1,531)	-
Total net sales	25,884	27,271	8,291	61,447	2,312	63,760	(1,531)	62,229
Segment income	9,672	8,808	2,263	20,743	96	20,840	(7,062)	13,777

Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is mainly the semiconductor laser business and hotel operations.
2. Adjustment of segment income of negative JPY 7,062 million represents intersegment transactions of negative JPY 591 million and unallocated corporate expenses of negative JPY 6,471 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment income has been reconciled with operating income presented in the consolidated financial statements.