

Consolidated Financial Results for the First Quarter of Fiscal Year ending September 30, 2014 (Japanese GAAP)

February 10, 2014

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
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 Scheduled date to file quarterly securities report: February 12, 2014
 Scheduled date to begin dividend payments: -
 Supplementary materials to the financial statements have been prepared: None
 Presentation will be held to explain the financial statements: None

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

1. Consolidated financial results for the three months ended Dec. 31, 2013 (From Oct. 1, 2013 through Dec. 31, 2013)

(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	%
Three months ended Dec. 31, 2013	26,156	10.8	4,158	19.6	4,337	13.4	3,073	19.6
Three months ended Dec. 31, 2012	23,612	(0.3)	3,477	(18.6)	3,826	(14.1)	2,568	(12.4)

Notes: Comprehensive income

Three months ended Dec. 31, 2013: 4,820 million yen [10.0%]

Three months ended Dec. 31, 2012: 4,379 million yen [60.8%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Dec. 31, 2013	38.23		-	
Three months ended Dec. 31, 2012	31.95		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Dec. 31, 2013	203,046		157,030		77.1	
As of Sep. 30, 2013	198,278		154,385		77.6	

For reference: Equity

As of Dec. 31, 2013: 156,507 million yen

As of Sep. 30, 2013: 153,873 million yen

2. Dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full FY
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2013	-	23.00	-	27.00	50.00
Fiscal year ending Sep. 30, 2014	-				
Fiscal year ending Sep. 30, 2014 (Forecast)		25.00	-	25.00	50.00

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

Details of year-end dividends for the year ended Sep. 30, 2013: Regular dividends 23 yen Commemorative dividends 4 yen

3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2014 (From Oct. 1, 2013 through Sep. 30, 2014)

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
Six months ending Mar. 31, 2014	54,400	7.8	8,800	3.7	8,900	(2.0)	5,900	2.9	73.39
Fiscal year ending Sep. 30, 2014	110,500	8.2	18,100	7.9	18,300	2.3	12,600	9.3	156.73

Note: Revision of the forecasts for consolidated financial results most recently announced: No

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: 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
 - As of Dec. 31, 2013: 83,764,984 shares
 - As of Sep. 30, 2013: 83,764,984 shares
 - (b) Number of treasury stock at end of period
 - As of Dec. 31, 2013: 3,370,291 shares
 - As of Sep. 30, 2013: 3,370,195 shares
 - (c) Average number of shares issued during the period
 - Three months ended Dec. 31, 2013: 80,394,750 shares
 - Three months ended Dec. 31, 2012: 80,394,959 shares

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

(1) Operating Results

The business environment for the first quarter of this fiscal year (three months ended December 31, 2013) was buoyed as the economy recovered gradually. Positive factors included investment in plant and equipment, which recovered against the backdrop of improved corporate earnings, and brisk personal consumption, as the weakening of the yen and increase in stock prices continued as a result of various economic policies and financial easing measures.

Given these circumstances, our group strove to conduct basic research utilizing our own photonics technologies. Moreover, we undertook to boost our sales and income by developing new products and new technologies that address customers' needs, and maintaining aggressive investment in plant and equipment. As a result of the above factors, we closed the first quarter with net sales of JPY 26,156 million, up by JPY 2,544 million (10.8%), operating income of JPY 4,158 million, up by JPY 681 million (19.6%) and ordinary income of JPY 4,337 million, up by JPY 511 million (13.4%) over one year ago respectively. Net income was JPY 3,073 million, up by JPY 504 million (19.6%).

Performance by segment was as follows;

(Electron Tube)

Sales of Photomultiplier tubes (PMTs) struggled to expand in the industrial field, but in the medical field, sales for nuclear medicine applications such as Positron Emission Tomography (PET) were higher. In addition, in the light sources and imaging devices segment, sales of X-ray scintillators, which convert X-rays into visible light, increased in the medical field, while in the industrial field, sales of microfocus X-ray sources for non-destructive testing rose steadily.

In total, the Electron Tube business closed the first quarter with sales of JPY 10,985 million, up by 11.1%, and operating income of JPY 3,808 million, up by 8.0% from the same period one year ago.

(Opto-semiconductor)

Sales of opto-semiconductor devices were higher, driven by increased sales in the medical field, particularly flat panel sensors for dental CT equipment, and by the major product line of silicon photodiodes, which also enjoyed rising sales in both the medical and industrial fields.

Net sales for this business were JPY 11,910 million, up by 17.6%, and operating income was JPY 3,834 million, up by 25.3% from the same period one year ago.

(Imaging and Measurement Instruments)

Sales of image processing and measurement systems were supported by the growth in sales of digital cameras in the field of biomedical science, but in the industrial field, sales of failure analysis systems for semiconductor manufacturing were lower, while sales of Functional Drug Screening System (FDSS) used in the medical field for applications such as drug discovery achieved only sluggish growth.

Net sales for this business were JPY 2,556 million, down by 13.5% from the same period one year ago, and the operating loss was JPY 22 million (operating income of JPY 246 million in the first quarter of the prior fiscal year).

(Other)

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

Net sales were JPY 704 million, up by 9.4%, and operating income was JPY 84 million (operating loss of JPY 61 million in the first quarter of the prior fiscal year).

(2) Financial Conditions

The major changes in current assets were a decrease in cash and deposits, down by JPY 1,611 million, an increase in notes and account receivable-trade, up by JPY 1,810 million and an increase in inventories, up by JPY 1,140 million. As a result, current assets increased by JPY 1,187 million from the end of the year ended September 30, 2013.

Noncurrent assets increased by JPY 3,580 million from the end of the prior fiscal year. This was mainly an increase in property, plant and equipment, up by JPY 3,530 million, which reflected an increase in construction in progress.

Total assets at the end of the first quarter were JPY 203,046 million, up by JPY 4,768 million from the end of the year ended September 30, 2013.

Current liabilities were up by JPY 2,500 million from the end of the prior fiscal year. The main changes in current liabilities were a decrease in notes and accounts payable-trade, down by JPY 2,324 million, an increase in notes payable-facilities (current liabilities-other), up by JPY 3,103 million, and an increase in electronically recorded obligations-operating, up by JPY 2,481 million.

Noncurrent liabilities decreased by JPY 377 million from the end of the prior fiscal year, mainly because of a decrease in the provision for retirement benefits, down by JPY 334 million.

Total liabilities at the end of the first quarter were JPY 46,015 million, up by JPY 2,123 million from the end of the year ended September 30, 2013.

Net assets were JPY 157,030 million, up by JPY 2,645 million, due mainly to an increase in retained earnings, up by JPY 899 million because of net income for the first quarter of this fiscal year, and an increase in foreign currency translation adjustment, up by JPY 1,745 million.

(3) Projection for the year

There is no change to the projection for the first six months ending March 31, 2014 and for the fiscal year ending September 30, 2014 released on November 11, 2013.

We assume the yen/US dollar exchange rate is JPY 95 and the yen/Euro exchange rate is JPY 130.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2013	As of Dec. 31, 2013
Assets		
Current assets		
Cash and deposits	78,603	76,991
Notes and accounts receivable-trade	24,183	25,993
Merchandise and finished goods	6,277	6,815
Work in process	12,977	13,186
Raw materials and supplies	5,849	6,244
Other	5,062	4,924
Allowance for doubtful accounts	(158)	(172)
Total current assets	132,795	133,983
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	21,485	21,173
Machinery, equipment and vehicles, net	7,801	7,930
Tools, furniture and fixtures, net	3,391	3,425
Land	15,822	15,931
Lease assets, net	207	195
Construction in progress	4,831	8,416
Total property, plant and equipment	53,541	57,072
Intangible assets	1,697	1,744
Investments and other assets		
Investment securities	2,412	2,413
Deferred tax assets	6,217	6,182
Other	1,633	1,668
Allowance for doubtful accounts	(18)	(19)
Total investments and other assets	10,243	10,245
Total noncurrent assets	65,482	69,063
Total assets	198,278	203,046

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2013	As of Dec. 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,752	4,427
Electronically recorded obligations-operating	4,432	6,913
Short-term loans payable	1,380	1,388
Current portion of long-term loans payable	186	184
Income taxes payable	1,418	1,506
Provision for bonuses	3,156	1,604
Other	9,951	13,752
Total current liabilities	27,277	29,777
Noncurrent liabilities		
Long-term loans payable	7,084	7,038
Provision for retirement benefits	7,609	7,274
Other	1,921	1,923
Total noncurrent liabilities	16,614	16,237
Total liabilities	43,892	46,015
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	90,309	91,208
Treasury stock	(6,048)	(6,049)
Total shareholders' equity	153,862	154,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	541	531
Foreign currency translation adjustment	(530)	1,215
Total accumulated other comprehensive income	11	1,746
Minority interests	512	523
Total net assets	154,385	157,030
Total liabilities and net assets	198,278	203,046

Consolidated Financial Statements

Consolidated Statements of Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2012	Three months ended Dec. 31, 2013
Net sales	23,612	26,156
Cost of sales	11,893	12,834
Gross profit	11,718	13,322
Selling, general and administrative expenses	8,241	9,163
Operating income	3,477	4,158
Non-operating income		
Interest income	48	56
Rent of real estate for investment	8	7
Foreign exchange gains	226	51
Equity in earnings of affiliates	30	19
Other	78	78
Total non-operating income	391	213
Non-operating expenses		
Interest expenses	26	21
Rent expenses on real estates	12	12
Other	2	1
Total non-operating expenses	41	35
Ordinary income	3,826	4,337
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on sales of noncurrent assets	6	2
Loss on retirement of noncurrent assets	6	8
Total extraordinary losses	13	10
Income before income taxes and minority interests	3,814	4,327
Income taxes	1,234	1,241
Income before minority interests	2,579	3,086
Minority interests in income	10	12
Net income	2,568	3,073

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2012	Three months ended Dec. 31, 2013
Income before minority interests	2,579	3,086
Other comprehensive income		
Valuation difference on available-for-sale securities	136	(10)
Foreign currency translation adjustment	1,672	1,745
Share of other comprehensive income of associates accounted for using equity method	(8)	(1)
Total other comprehensive income	1,800	1,733
Comprehensive income	4,379	4,820
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,376	4,808
Comprehensive income attributable to minority interests	3	11

Segment Information

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

Three months ended December 31, 2012 (From Oct. 1, 2012 through Dec. 31, 2012)

(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	9,886	10,125	2,955	22,967	644	23,612	-	23,612
Intersegment	322	120	12	456	178	634	(634)	-
Total net sales	10,209	10,246	2,967	23,423	822	24,246	(634)	23,612
Segment income (loss)	3,526	3,058	246	6,831	(61)	6,769	(3,292)	3,477

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 3,292 million represents intersegment transactions of negative JPY 187 million and unallocated corporate expenses of negative JPY 3,105 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.

Three months ended December 31, 2013 (From Oct. 1, 2013 through Dec. 31, 2013)

(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	10,985	11,910	2,556	25,452	704	26,156	-	26,156
Intersegment	298	172	8	479	284	764	(764)	-
Total net sales	11,284	12,083	2,564	25,932	989	26,921	(764)	26,156
Segment income (loss)	3,808	3,834	(22)	7,620	84	7,704	(3,546)	4,158

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 3,546 million represents intersegment transactions of negative JPY 287 million and unallocated corporate expenses of negative JPY 3,258 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.