

Please note that the following is an unofficial English translation of the Japanese original text of the 70th Ordinary General Meeting of Shareholders of Hamamatsu Photonics K.K. This translation is provided for reference and convenience purposes only and without any assurance as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

(Securities Code: 6965)

November 30, 2017

To Our Shareholders

Akira Hiruma, President and CEO
Hamamatsu Photonics K.K.
1126-1, Ichino-cho, Higashi-ku
Hamamatsu City, Shizuoka Prefecture

NOTICE OF CONVOCATION OF THE 70th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 70th Ordinary General Meeting of Shareholders of Hamamatsu Photonics K.K. (the “Company”), to be held as follows.

If you are unable to attend the meeting, you may exercise your voting rights in Writing or by Electronic Means (via the Internet, etc.). Please read the attached REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS, and exercise your voting rights by 5:00 p.m., Thursday, December 21, 2017, Japan Time.

1. **Time and Date:** 10:00 a.m., Friday, December 22, 2017
2. **Place:** ACT CITY HAMAMATSU Concert Hall
111-1, Itaya-machi, Naka-ku, Hamamatsu City,
Shizuoka Prefecture
3. **Agenda of the Meeting:**

- Matters to be reported:**
1. Reports on the Business Report and the Consolidated Financial Statements for the 70th Fiscal Year (From October 1, 2016 through September 30, 2017), as well as Results of the Audits of the Consolidated Financial Statements by the Independent Auditors and the Audit & Supervisory Board
 2. Report on the Non-consolidated Financial Statements for the 70th Fiscal Year (From October 1, 2016 through September 30, 2017)

Matters to be resolved:

- Proposal No. 1: Appropriation of Surplus
- Proposal No. 2: Election of 12 Directors
- Proposal No. 3: Election of One (1) Audit & Supervisory Board Member
- Proposal No. 4: Revision to Remuneration for Directors

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1. Please note that “Consolidated Statements of Changes in Net Assets and Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements and “Non-consolidated Statements of Changes in Net Assets and Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements, which are generally provided with this Notice of Convocation of the Ordinary General Meeting of Shareholders, are not attached herein. Instead, these are published on our website (<http://www.hamamatsu.com/ja/ir/index.html>) in accordance with the applicable laws and regulations and Article 15 of the Articles of Incorporation (Japanese only).
 2. If any amendment is made to the REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS or any attachments, the amended information will be posted on the Company’s Website (<http://www.hamamatsu.com/ja/ir/index.html>).

■ Guide to the Exercise of Voting Rights



For those attending the meeting in person

Please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting. (Reception starts at 9:00 a.m.)

For the purpose of resource-saving, please bring this notice with you.



For those exercising voting rights in writing

Please indicate your approval or disapproval on the enclosed Voting Rights Exercise Form, and return it.

If there is no indication of approval or disapproval of the proposal, the Company shall deem that you have indicated your approval of the proposal.

[Voting Rights Exercise Form must reach us by 5:00 p.m., Thursday, December 21, 2017, Japan Time]



For those exercising voting rights via the Internet, etc.

Please access the Website for the Exercise of Voting Rights (<http://www.web54.net>) and exercise voting rights.

You will need the Voting Rights Exercise Code and Password, both of which are indicated on the Voting Rights Exercise Form, to indicate your approval or disapproval by following the instructions displayed on the screen.

[Exercise your voting rights by 5:00 p.m., Thursday, December 21, 2017, Japan Time]

1. If you wish to exercise your voting rights by proxy on the day of the general meeting of shareholders, you may entrust its exercise to a single shareholder other than you who is also a shareholder of the Company with voting rights. In this case, a document certifying the relevant power of representation shall be presented together with your Voting Rights Exercise Form.
2. If you have exercised your voting rights more than once via the Internet, etc., only the final exercise of the voting rights shall be deemed effective.
3. If you have exercised your voting rights both in writing and via the Internet, etc., only the exercise of the voting rights via the Internet, etc. shall be deemed effective.

Notes on the exercise of voting rights via the Internet, etc.

- You may use a personal computer or smartphone.
Please be aware that, depending on your Internet connection environment, you may not be able to use the voting website (e.g. if you connect to the Internet via a firewall, etc., have anti-virus software installed or use a proxy server, etc.).
- The website is inaccessible from mobile phones.
- You will need the Voting Rights Exercise Code and Password, both of which are indicated on the right-hand side of the enclosed Voting Rights Exercise Form, to exercise your voting rights via the Internet, etc. The code and password are applicable only for this General Meeting of Shareholders. Your password will be locked and rendered invalid after certain incorrect password attempts. If you wish to create a new one, please follow the guidance on the screen appearing on the Website for the Exercise of Voting Rights.
- Please be noted that any fees incurred by Internet access (access fees to Internet service providers, telecommunications fees, etc.) are the responsibility of shareholders.

If you have any questions, please feel free to contact the Stock Transfer Agency Web Support.

Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Web Support

Telephone: 0120-652-031 Business hours: 9:00 – 21:00 (toll free within Japan)

■ To Institutional Investors:

With a preliminary application, you can use the platform for electronic exercise of voting rights for institutional investors managed by Investors Communications Japan, Inc.

REFERENCE DOCUMENTS

FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company hereby proposes to appropriate the surplus as described below.

1. Matters Regarding Fiscal Year-end Dividend

The Company places the highest priority on distribution of results through dividends as a measure of returning profits to shareholders. Our basic dividend strategy outlines steadily increasing dividends through continuous growth in earnings per share by enhancing and strengthening its corporate earning capacity based on a long-term perspective. Furthermore, its policy is to achieve the stable increase of dividends, with dividend payout ratio of around 30% of profit attributable to owners of parent.

On the other hand, to maintain its competitiveness based on advanced technical capabilities as the leading company in photonics, the Company believes long-term investment will be essential for the research and development necessary to achieve long-term growth of our corporate value and creation of the photon-based industries. To accomplish this, the Company also recognizes the importance of ensuring a certain level of funds on hand to provide for research and development investment and for capital investment. In addition, while the Company also regards funds on hand as a bulwark against earthquakes and other natural disasters and maintains a high level of retained earnings, it recognizes such funds contribute to the further enhancement of corporate value through business investment for the development of highly competitive future products.

Based on the above policy and a comprehensive review of various factors including its financial results, the Company proposes a year-end dividend of 17 yen per share. The amount of annual dividend will be 34 yen per share including an interim dividend of 17 yen we have already paid.

(1) Type of property for dividends:

Cash

(2) Allotment of property for dividends and total amount thereof:

17 yen per share of common stock of the Company for a total of 2,678,939,679 yen

(3) Effective date for distribution of dividends from surplus:

December 25, 2017

2. Other Matters Regarding Appropriation of Surplus

To reinforce its management base to prepare for business developments in the future, the Company proposes to make an account transfer as follows.

(1) Item of surplus to be increased and amount thereof:

General reserve: 4,000,000,000 yen

(2) Item of surplus to be decreased and amount thereof:

Retained earnings brought forward: 4,000,000,000 yen

Proposal No. 2: Election of 12 Directors

The terms of office of all 14 current Directors will expire at the conclusion of this Meeting. Accordingly, it is proposed that 12 Directors be elected.

The candidates for Director are as follows.

No.	Name (Date of Birth)	Brief History, Positions and Responsibilities in the Company (Significant Positions Concurrently Held)	Number of Shares of the Company Held
1	Akira Hiruma (November 10, 1956)	Oct. 1984 Joined the Company Oct. 2005 President, Hamamatsu Corporation Dec. 2009 Representative Director and President (present) (Significant Positions Concurrently Held) Director and President, Photonics Management Corp. Director, Hamamatsu Corporation Director and President, Research Foundation for Opto-Science and Technology President, Hamamatsu Medical Photonics Foundation President, The Graduate School for the Creation of New Photonics Industries	151,200
	<p>[Reason for nomination as a candidate for Director] The Company proposes the reelection of Akira Hiruma as a Director. He has accumulated extensive business experience cultivated through operations in overseas subsidiaries over many years. In addition, he has appropriately made decisions on important matters in management, supervised business execution and performed other roles as Representative Director and President since December 2009, and he has been contributing to the stable and sustainable development of the Group. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.</p> <p>[Special interest relationship between the Company and the candidate for Director] Akira Hiruma concurrently serves as</p> <ol style="list-style-type: none"> 1) Director and President, Research Foundation for Opto-Science and Technology, which has transactional relationships with the Company such as monetary contributions. 2) President, Hamamatsu Medical Photonics Foundation, which has transactional relationships with the Company such as monetary contributions and building rental. 3) President, The Graduate School for the Creation of New Photonics Industries, which has transactional relationships with the Company such as monetary contributions and sales of electronic components. 		
2	Junichi Takeuchi (September 12, 1942)	Apr. 1958 Joined the Company Dec. 1989 Director Dec. 1993 Managing Director Dec. 2003 Division Director, Electron Tube Division (present) Dec. 2011 Senior Managing Director Dec. 2012 Representative Director and Senior Managing Director (present)	211,900
	<p>[Reason for nomination as a candidate for Director] The Company proposes the reelection of Junichi Takeuchi as a Director. He has accumulated a wealth of business experience and expertise mainly in the Electron Tube business. Currently, he is responsible for management of the Group and oversees the Electron Tube business as Representative Director and Senior Managing Director, and Division Director, Electron Tube Division. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.</p> <p>[Special interest relationship between the Company and the candidate for Director]</p>		

	<p>Junichi Takeuchi concurrently serves as</p> <p>1) Chairman, Beijing Hamamatsu Photon Techniques, Inc., which has transactional relationships with the Company such as sales and purchase of electronic components.</p> <p>2) President, Photonics Group Health Insurance Association, which has transactional relationships with the Company such as building rental.</p>		
3	<p>Koei Yamamoto (October 20, 1945)</p>	<p>Mar. 1970 Joined the Company Jan. 1985 Division Director, Solid State Division (present) Dec. 1985 Director Dec. 1987 Managing Director Dec. 2004 Senior Managing Director Jul. 2005 Representative Director and Senior Managing Director (present)</p>	<p>94,700</p>
	<p>[Reason for nomination as a candidate for Director] The Company proposes the reelection of Koei Yamamoto as a Director. He has accumulated a wealth of business experience and expertise mainly in the Opto-semiconductor business. Currently, he is responsible for management of the Group and oversees the Opto-semiconductor business as Representative Director and Senior Managing Director, and Division Director, Solid State Division. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.</p>		
4	<p>Kenji Suzuki (March 22, 1948)</p>	<p>Mar. 1966 Joined the Company Dec. 2009 Director Acting Division Director, Electron Tube Division (currently Deputy Division Director, Electron Tube Division) (present) Dec. 2012 Managing Director (present)</p>	<p>81,000</p>
	<p>[Reason for nomination as a candidate for Director] The Company proposes the reelection of Kenji Suzuki as a Director. He has accumulated a wealth of business experience and expertise mainly in the Electron Tube business. Currently, he is responsible for management of the Group and oversees the Electron Tube business as Managing Director, and Deputy Division Director, Electron Tube Division. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.</p>		
5	<p>Tsutomu Hara (March 22, 1952)</p>	<p>Jun. 1979 Joined the Company Dec. 2009 Director Nov. 2010 Director, Central Research Laboratory (present) Dec. 2012 Managing Director (present)</p>	<p>10,600</p>
	<p>[Reason for nomination as a candidate for Director] The Company proposes the reelection of Tsutomu Hara as a Director. He has accumulated a wealth of business experience and expertise mainly in basic and applied research in photonics. Currently, he is responsible for management of the Group and oversees research and development as Managing Director, and Director, Central Research Laboratory. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.</p>		
6	<p>Kenji Yoshida (December 15, 1948)</p>	<p>Mar. 1971 Joined the Company Jun. 1997 General Manager, President Office Dec. 2010 Director Dec. 2012 Managing Director (present) Dec. 2013 Director, Administrative Division Oct. 2017 Division Director, Administration Headquarters (present)</p>	<p>96,300</p>

	<p>[Reason for nomination as a candidate for Director] The Company proposes the reelection of Kenji Yoshida as a Director. He has accumulated a wealth of business experience and expertise mainly in administration in addition to extensive business experience cultivated through operations in overseas subsidiaries. Currently, he is responsible for management of the Group and oversees administrative divisions as Managing Director, and Division Director, Administration Headquarters. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.</p>			
7	Naofumi Toriyama (March 11, 1958)	Mar. 1981 Oct. 2012 Feb. 2014 Dec. 2015	Joined the Company General Manager, Sales, Electron Tube Division General Manager, Domestic Sales Management (present) Director (present) Deputy Division Director, Business Headquarters (present)	8,468
	<p>[Reason for nomination as a candidate for Director] The Company proposes the reelection of Naofumi Toriyama as a Director. He has accumulated a wealth of business experience and expertise mainly in sales. Currently, he is responsible for management of the Group and oversees all areas of sales as Director, Deputy Division Director, Business Headquarters, and General Manager, Domestic Sales Management. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.</p>			
8	Kazuhiko Mori (December 11, 1956) [Newly appointed]	Apr. 1979 Jul. 2009 Jul. 2011 Dec. 2012	Joined The Kyowa Bank, Ltd.(currently Resona Bank, Limited) General Manager, Shibuya Branch, Resona Bank, Limited Transferred to the Company General Manager, Finance Division Audit & Supervisory Board Member (Standing) of the Company (present)	1,700
	<p>[Reason for nomination as a candidate for Director] The Company proposes the election of Kazuhiko Mori as a Director. He has appropriately accomplished audits of the Directors' execution of their duties, including establishment of the Company's compliance systems, by utilizing his wealth of experience in financial institutions and expertise in the finance and accounting. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and track record up to now as Audit & Supervisory Board Member, and his advanced expertise and extensive insight in finance and accounting, business management and other fields.</p>			
9	Tadashi Maruno (October 6, 1960) [Newly appointed]	Apr. 1983 Oct. 2008 Dec. 2011 Oct. 2016	Joined the Company General Manager, Designing Group 1, System Division Executive Manager (present) Acting Division Director, System Division (currently Deputy Division Director, System Division) (present)	200
	<p>[Reason for nomination as a candidate for Director] The Company proposes the election of Tadashi Maruno as a Director. He has accumulated a wealth of business experience and expertise mainly in the Imaging and Measurement Instruments business. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.</p>			

10	Takayuki Suzuki (October 8, 1961) [Newly appointed]	Jul. 1989	Joined the Company	200
		Apr. 2011	Acting General Manager, The 3rd Mfg., Solid State Division	
Dec. 2011	Executive Manager (present)			
Oct. 2016	General Manager, The 3rd Mfg., Solid State Division			
Apr. 2017	Deputy Division Director, Solid State Division (present)			
[Reason for nomination as a candidate for Director] The Company proposes the election of Takayuki Suzuki as a Director. He has accumulated a wealth of business experience and expertise mainly in the Opto-semiconductor business. The Company is convinced he is a suitable candidate to carry out management trusted by stakeholders that will contribute to improving our corporate value based on his experience and knowledge.				
11	Kashiko Kodate (January 18, 1941) [Outside] [Independent]	Apr. 1992	Professor, Japan Women's University Faculty of Science	300
		Jan. 2008	President and CEO, Photonic System Solutions Inc.	
Apr. 2009	Professor Emeritus, Japan Women's University (present)			
Sep. 2009	Director, Gender Equality Programs, Independent Administrative Agency (then the National Research and Development Agency) Japan Science and Technology Agency			
Apr. 2012	Specially Appointed Professor, The University of Electro-Communications (present)			
Dec. 2015 Apr. 2017	Outside Director (present) Director and Chairman, Photonic System Solutions Inc. (present)			
[Reason for nomination as a candidate for Outside Director] In addition to her experience over many years as a university professor and her extensive expertise in sectors such as information photonics, Kashiko Kodate also possesses experience as a business manager. The Company judges she will be able to further enhance the Company's management organization by utilizing her broad experience and various discernments to provide well-informed advice from an independent standpoint, and is requesting her appointment as an Outside Director. [Service period as an Outside Director of the Company] Kashiko Kodate's service period as an Outside Director will be two (2) years at the conclusion of this General Meeting of Shareholders. [Status of attendance at Board of Directors meetings] Kashiko Kodate attended 16 of the 17 Board of Directors meetings held during the current fiscal period. [Matters concerning independence] The Company is scheduled to file Kashiko Kodate as an independent director/auditor with the Tokyo Stock Exchange, in accordance with the rules of the Exchange. The Company has transactional relationships with Japan Women's University including sales of electronic devices. The scale of such transactions with Japan Women's University is no more than roughly 60 thousand yen on an annual basis (equivalent to 0.00% of the Company's consolidated net sales). Therefore, the Company is sufficiently convinced of her independent status. [Summary of Agreement Limiting Liability] Based on the Articles of Incorporation, the Company has entered Agreement Limiting Liability with Kashiko Kodate regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit her obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act. The Company plans to continue this agreement with Kashiko Kodate if the reappointment of Kashiko Kodate is approved.				

	Ken Koibuchi (November 26, 1966) [Newly appointed] [Outside] [Independent]	Apr. 1993 Jan. 2016 Apr. 2017	Joined Toyota Motor Corporation General Manager/Advanced Safety System Research and Development Div. Executive General Manager/Advanced R&D and Engineering Company	0
		(Significant Positions Concurrently Held) Toyota Motor Corporation Executive General Manager/Advanced R&D and Engineering Company		
12	<p>[Reason for nomination as a candidate for Outside Director] We propose the election of Ken Koibuchi as an Outside Director. Mr. Koibuchi is Executive General Manager/Advanced R&D and Engineering Company of Toyota Motor Corporation. Based on his ample knowledge and experience, the Company expects him to provide well-informed advice, which will contribute to further reinforcing the Company's management structure.</p> <p>[Matters concerning independence] The Company is scheduled to file Ken Koibuchi as an independent director/auditor with the Tokyo Stock Exchange, in accordance with the rules of the Exchange. The Company has transactional relationships with Toyota Motor Corporation including sales of electronic devices. The scale of such transactions with Toyota Motor Corporation is no more than roughly 13 million yen on an annual basis (equivalent to 0.01% of the Company's consolidated net sales). Therefore, the Company is sufficiently convinced of his independent status.</p> <p>[Summary of Agreement Limiting Liability] Based on the Articles of Incorporation, if the appointment of Ken Koibuchi is approved, the Company plans to enter Agreement Limiting Liability with him regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit his obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act.</p>			

Notes:

1. There are no special interest relationships between the Company and the candidates for Directors other than Akira Hiruma and Junichi Takeuchi.
2. Kashiko Kodate and Ken Koibuchi, candidates for Director, are the candidates for Outside Director.
3. Separately from the number of shares indicated above, Tadashi Maruno and Takayuki Suzuki, candidate for Director, held 5,066 shares and 829 shares each as of September 30, 2017 as an interest of Hamamatsu Photonics K.K. employees stock ownership plan.

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Kazuhiko Mori will resign at the conclusion of the General Meeting, and the Company seeks to appoint One (1) Audit & Supervisory Board Member as an alternate.

The Audit & Supervisory Board has given its consent to this proposal.

The candidate for Audit & Supervisory Board Member is as follows.

Name (Date of Birth)	Brief History and Positions in the Company (Significant Positions Concurrently Held)	Number of Shares of the Company Held
Akira Utsuyama (June 12, 1960) [Newly appointed]	Apr. 1983 Oct. 2004 Jul. 2006	4,000
<p>[Reason for nomination as a candidate for Audit & Supervisory Board Member] The Company proposes the election of Akira Utsuyama as an Audit & Supervisory Board Member. He has accumulated a wealth of business experience and expertise in all areas of corporate</p>		

operations, including photonics technology and business management, through his work on intellectual property over many years. The Company expects that his wealth of experience and knowledge can be utilized in the Company as product manufacturer.

Notes:

1. Because Akira Utsuyama, candidate for Audit & Supervisory Board Member, will be elected as an alternate, his term of office shall be until the conclusion of the term of office of his predecessor, as set forth in the Company's Articles of Incorporation.
2. There are no special interest relationships between the Company and Akira Utsuyama, candidate for Audit & Supervisory Board Member.
3. Separately from the number of shares indicated above, Akira Utsuyama, candidate for Audit & Supervisory Board Member, held 1,624 shares as of September 30, 2017 as an interest of Hamamatsu Photonics K.K. employees stock ownership plan.

Proposal No. 4: Revision to Remuneration for Directors

By a resolution of the 65th Ordinary General Meeting of Shareholders held on December 20, 2012, remuneration for Directors of the Company was capped at monthly amounts of 55 million yen (capped at 1 million yen for Outside Directors), and this monthly limit has been applied to date.

Taking into account the fact the Company recently increased the number of Outside Directors by one (1) to strengthen corporate governance and the fact the responsibilities and expected roles of Outside Directors will increase further in the future, the Company proposes to keep the cap on remuneration for Directors at the current monthly limit of 55 million yen and revise the cap on remuneration for Outside Directors to a monthly limit of 3 million yen. The Company also proposes that remuneration for Directors continues to exclude, as is conventionally done, the salary payable to the service rendered in the capacity of employees by the Directors concurrently serving as employees.

The Company currently has 14 Directors (including two (2) Outside Directors). If Proposal No. 2 is approved and adopted as originally proposed, the number of Directors will be 12 (including two (2) Outside Directors).

(Attachments)

Business Report

(From October 1, 2016 through September 30, 2017)

1. Matters Concerning the Corporate Group

(1) Business Operations and Results

During the fiscal year ended September 30, 2017 (from October 1, 2016 through September 30, 2017), Japan's economy generally maintained its recovery trajectory, despite concerns that included the political instability in Europe and the United States and elevated geopolitical risks in East Asia, as movement toward a recovery in exports was evident, and capital investment also exhibited modest growth as corporate earnings improved.

Given these circumstances, our Group strove to expand net sales and earnings by further improving the proprietary photonics technologies we have cultivated over many years, and continuing to make capital investments aimed at boosting production capacity and enhancing product development capabilities.

As a result, we closed the fiscal year 2017 with net sales of JPY 130,495 million, up by JPY 8,643 million (7.1%), thanks to higher domestic sales and overseas sales. From an earnings perspective as well, ordinary profit was JPY 24,037 million, up by JPY 3,986 million (19.9%) from the previous year and profit attributable to owners of parent was JPY 17,777 million, up by JPY 3,357 million (23.3%) from the previous year.

A summary of business performance by business segment and product is reported below.

<Electron Tube>

Photomultiplier tubes (PMT)

Sales of photomultiplier tubes (PMT) increased in the medical field for inspection and monitoring systems such as blood analyzers, particularly in overseas markets, where these products enjoy a favorable reputation for highly sensitive, low-noise, high-speed operations. In addition, in the measuring instrument field, sales for oil-well logging devices that offer superior ruggedness to withstand against harsh work conditions such as high temperatures, shocks, and vibrations were higher. Further, sales for academic applications such as high-energy physics experiments also increased. As a result, net sales of photomultiplier tubes (PMT) increased.

Imaging devices and light sources

In imaging devices and light sources, sales in the industrial field of microfocus X-ray sources for non-destructive testing were brisk, primarily in overseas markets. Sales in the medical field of scintillators for converting X-rays into visible light increased. Further, sales of deuterium lamps for environmental analysis also were brisk. Net sales of imaging devices and light sources grew as a result.

In total, the Electron Tube business comprised of photomultiplier tubes (PMT) and imaging devices and light sources closed the fiscal year 2017 with net sales of JPY 48,744 million, up by 6.9% from the previous year.

<Opto-semiconductor>

Opto-semiconductors

In opto-semiconductor devices, sales of flat panel sensors, which enjoy an excellent reputation for the high performance and superb quality, went up significantly, mainly in Europe and China, in conjunction with expansion of the dental equipment market. In the industrial field, sales of Photo ICs and LED increased mainly in domestic market in the FA (Factory Automation) sector for applications such as controls for industrial-use robots and other equipment, and sales of image sensors for semiconductor fabrication and inspection equipment turned in a strong performance as well. As a result, net sales of opto-semiconductors increased.

In total, net sales for the Opto-semiconductor business were JPY 60,589 million, up by 9.0% from the previous year.

<Imaging and Measurement Instruments>

Image processing and measurement systems

In the image processing and measurement systems, failure analysis systems for semiconductor devices were steady overseas, but domestic sales contracted, affected by constraints on semiconductor capital investment. However, sales of X-ray line sensor cameras rose strongly primarily for food inspection applications, partly due to the launch of new longer-life-type products. In addition, new products addressing customers' needs for digital slide scanners in pathology also contributed to increased sales, particularly in Europe. As a result, net sales of image processing and measurement systems increased.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 17,214 million, up by 5.3% from the previous year.

Net sales by business segment and by product

(Millions of Japanese Yen)

Business segment	Product		FY2017	FY2016	Increase (decrease)	
			Amount	Amount	Amount	Percentage
Electron tube	Photomultiplier tubes (PMT)	Japan	4,306	4,202	103	2.5 %
		Overseas	21,475	20,215	1,260	6.2
		Total	25,782	24,417	1,364	5.6
	Imaging devices and light sources	Japan	7,616	7,483	133	1.8
		Overseas	15,345	13,706	1,638	12.0
		Total	22,962	21,190	1,772	8.4
	Subtotal	Japan	11,922	11,685	237	2.0
		Overseas	36,821	33,922	2,899	8.5
		Total	48,744	45,608	3,136	6.9
Opto-semiconductor	Opto-semiconductors	Japan	19,171	17,334	1,837	10.6
		Overseas	41,417	38,258	3,159	8.3
		Total	60,589	55,592	4,996	9.0
Imaging and measurement instruments	Image processing and measurement systems	Japan	5,340	5,442	△101	△1.9
		Overseas	11,873	10,909	963	8.8
		Total	17,214	16,352	861	5.3
Other business segments		Japan	1,943	1,795	147	8.2
		Overseas	2,003	2,503	△499	△19.9
		Total	3,947	4,299	△351	△8.2
Total		Japan	39,378	36,258	2,120	5.8
		Overseas	92,116	85,593	6,522	7.6
		Total	130,495	121,852	8,643	7.1

The status of our research and development is reported below.

<Basic Research Sector>

In the medical care sector, we are working to establish a technique for the early determination of cancer radiotherapy efficacy. Because determining efficacy at an early stage without damaging living organisms is difficult using existing radiotherapy efficacy determination techniques, the search is on to establish a new determination technique. This research¹ focused on controlling cancer cell proliferation by using irradiation to activate cancer cell mitochondria². The level of mitochondria activation in mouse cancer cells following irradiation was then measured by positron emission tomography (PET), using a PET probe compound developed by the Company that increases the quantity absorbed into cancer cells in proportion to mitochondria activation. As a result, the mitochondria activation in cancer cells could be detected at the stage when external appearance shows no change in cancer tissue size, and the usefulness of PET examination using the newly developed PET probe compound as a technique for the early determination of radiotherapy efficacy could be confirmed.

Compared with normal individuals, patients with dementia suffer a reduction in brain glucose metabolism, and it is known that each type of dementia shows a characteristic pattern of reduction. Therefore, the Company developed a computer-aided diagnosis system for dementia, by converting the PET brain glucose metabolism images of numerous normal individuals into a database for comparison with the brain glucose metabolism images of patients with dementia, based on a proprietary method of statistical analysis. This system is employed for the “Brain Option Course” at the Hamamatsu Medical Imaging Center³, where results for about 2,400 cases have been accumulated so far. To introduce this system to other facilities, in the future the Company will conduct verification tests through wide area network between the Hamamatsu University School of Medicine and the Hamamatsu Medical Imaging Center, and move forward with preparations for pharmaceutical approval.

In the photonics basic research sector, we are pursuing research on an ultrafast quantum simulator. In materials, atoms and molecules exchange energy. And such phenomenon determines the characteristics of products such as semiconductor devices, superconductors, and drugs. A quantum simulator is a device for performing simulations of the activity inside an artificial atomic ensemble to clarify this mechanism, and is expected to assist the development of new products, including new functional materials and new drugs. Using the spatial light modulation technology the Company has cultivated over many years, it has created technology for forming arbitrary optical patterns with excellent reproducibility⁴. This is one of the photonics technologies required to develop a quantum simulator, and is used to examine the effect that stimulation from an external source exerts atomic ensembles. Moreover, we can anticipate further research and development because this technology is not limited only to pure research but can be applied to new super-resolution microscopes and three-dimensional measurement technology as well.

<Development Sector>

World’s smallest high-voltage power supply module with high stability

Because of the high voltage required for operation of photomultiplier tubes (PMT), the Company also develops and manufactures various high-voltage power supplies. This includes high-voltage power supply modules, small devices that can step up a voltage of several volts to about 1,000 volts. In addition to photomultiplier tubes (PMT), these modules have been adopted for a variety of small measurement instruments, such as simple testing equipment for medical care

1 We are conducting joint research with Tokai University.

2 While cells can repair themselves naturally when damaged slightly, it is known they will die a spontaneous, natural death, which prevents the cells from becoming cancerous, when the damage is substantial and cannot be repaired, a process called apoptosis. By activating mitochondria, irradiation induces this apoptosis, and controls the proliferation of cancer cells.

3 The Hamamatsu Medical Imaging Center is managed by the Hamamatsu Medical Photonics Foundation, an organization established by the Company.

4 This result was achieved through joint research with the Institute for Molecular Science of the National Institutes of Natural Sciences, based on “Addressing Quantum Many-Body Dynamics by Ultrafast Coherent Control with Attosecond Precision”, a Grant-in-Aid for Scientific Research (Specially Promoted Research) from the Japan Society for the Promotion of Science.

and airport baggage inspection machines. With the advances in miniaturization of measurement devices in recent years, their application has spread to fields such as sanitation management, medical care, and environmental measurement, and even further miniaturization is being demanded. Given such demand, the Company developed the world's smallest high-voltage power supply module with high stability, which achieved the same high performance as traditional devices but with less than half the size, by improving the structural design and circuit design and devising a proprietary manufacturing technique. As a high-performance, high-voltage power supply module for photomultiplier tubes (PMT), this product supports automated mounting processes for the first time anywhere in the world, enabling customers to greatly shorten working times in their manufacturing processes. Furthermore, by making mass production feasible, these modules also will enable the Company to support future market growth. In the future the Company will pursue the development of even smaller high-voltage power supply modules, and strive to expand their use not only in photomultiplier tubes (PMT) but in a broad range of applications.

Infrared detectors for gas analysis

In infrared detectors that use InAsSb (indium arsenide antimonide) as a material, the Company developed high-speed, high sensitivity infrared detectors that operate at normal temperatures and expand the sensitivity wavelength band from $8\ \mu\text{m}$ to $11\ \mu\text{m}$. This was achieved with the proprietary thin film crystal growth technology and processing technology cultivated by the Company. As a result, it has become possible to measure substances such as ammonia and ozone that absorb wavelengths in the vicinity of $10\ \mu\text{m}$, and together with measurement of air pollutants such as nitrogen oxide and sulfur oxide that absorb in the shorter wavelength bands, which has been gaining attention for some time, has made it feasible using only this detector. The Company is one of the few firms in the world producing devices for both light detection and emission in the infrared wavelength band. As devices enabling gas analysis at higher speeds, higher sensitivity, and higher resolution than was feasible in the past, through the combination of these detectors with Company-produced light emission devices possessing oscillation wavelengths in the infrared wavelength band, further growth in demand can be expected.

“iPHEMOS-DD” failure analysis systems for semiconductor manufacturing that can be connected directly to a LSI tester

Because of miniaturization and the increased complexity of semiconductors, in addition to the existing need for analysis under static conditions to inspect short circuits and circuit malfunctions caused by foreign matter or a defective process, the need to analyze circuit failure locations while configuring semiconductors under operating conditions, in order to specify failure locations, has grown in recent years. Analysis under operating conditions requires connection to a LSI tester failure analysis device that will input an electric signal to and drive the semiconductor. Traditionally, this connection was handled using long cables, but because of the time lag between the actual operating state and the analytical information received using this system, the reproduction of defects under an environment identical to a manufacturing process inspection was challenging, and accurate failure analysis was difficult. Given these considerations, the Company pushed to optimize the design and developed the iPHEMOS-DD, which not only enables direct connection to a LSI tester but also significantly improves analytical capabilities under operating conditions. We can anticipate market deployment of this device to semiconductor manufacturers of the logic systems⁵ required for highly precise analysis under an operational state.

As reported above, we are using the proprietary photonics technologies our Group has cultivated over many years to pursue basic research aimed at the creation of new knowledge and new industries and undertake development that seeks to create new products and further enhance the high performance and added value of existing products in sectors such as biotechnology, medical care, information, telecommunications, energy, materials, space and astronomy, and agriculture.

⁵ Semiconductors are broadly divided into memory systems to accumulate information, and logic systems for processing operations, and traditionally the Company has supplied its devices mainly to the manufacturers of semiconductor memory systems.

For the fiscal year ended September 30, 2017, research and development expenses decreased to JPY 11,776 million (down by 0.8%) compared with the previous fiscal year.

(2) Capital Investment

For the fiscal year ended September 30, 2017, we made total capital investments of JPY 13,572 million for purposes such as expanding production capacity and strengthening our development capabilities. The amount of capital investment by business segment was JPY 2,650 million for Electron Tube, JPY 5,579 million for Opto-semiconductor, JPY 784 million for Imaging and Measurement Instruments and JPY 4,557 million for Other.

(3) Fund Procurement

There was no fund procurement during the fiscal year ended September 30, 2017.

(4) Issues to be Addressed

With regard to the business environment surrounding our Group, the economy fluctuated around a gradual recovery trend, with an increase in capital investment against the backdrop of improved corporate earnings. Nevertheless, the economic outlook remains to be lack of optimism by uncertain circumstances, including the future direction of the economies of newly developing countries and the political trends in Europe and the United States.

Given such circumstances, the scope of application for the photonics technologies pursued by our Group can be seen to be expanding on a worldwide scale, and these technologies have become a key enabling technology in the manufacture of state-of-the-art devices in fields such as medicine and industry, improvements in performance, or new technical innovations.

Since being established, the Company has honed the core technologies such as photodetectors that drive our business growth, and has responded promptly and flexibly to changes and issues in the external environment. In sectors such as the medical and industrial fields, where the pace of change is accelerating, expectations are high that photonics technologies will lead to high-value-added products in the future as well, and our Company is being called upon to possess ever greater capacity to meet these expectations. Together with further strengthening the Group's domestic and overseas organization to address this growing demand for photonics technologies, the Company will press forward with aggressive research and development investment and capital investments aimed at broadening the scope of application of new applications opened up by the evolution of elemental and photonics technologies.

As the Group, we will live up to our shareholders' expectations, and contribute to the development of industry and society, by expanding our business domain and creating a sustainable, stable and strong earnings organization through the introduction of competitive, high-value-added products to the market, while never forgetting the venture mentality from the Company's conception.

We look forward to continuing to receive your unwavering support and encouragement in the future.

(5) Change in Business Results and Financial Position for the Three Most Recent Fiscal Years

(Millions of Japanese Yen, except for net income per share and net assets per share, which are in Japanese Yen)

Year Classification	FY2014	FY2015	FY2016	FY2017
Net sales	112,092	120,691	121,852	130,495
Ordinary income	22,531	24,658	20,050	24,037
Profit attributable to owners of parent	15,155	16,598	14,419	17,777
Earning per share	188.52	103.23	90.23	113.00
Total assets	215,412	226,179	217,300	239,331
Net assets	168,815	180,770	169,716	187,558
Net assets per share	2,093.11	1,120.38	1,075.31	1,188.30

- Notes:
1. Net income per share is calculated using the number of shares after deducting treasury shares from the average total shares issued during the period. Net assets per share are calculated using the number of shares after deducting treasury shares from the total shares issued at the end of the period.
 2. The Company implemented a two-for-one stock split during FY2015 (fiscal year ended September 30, 2015). Earnings per share and net assets per share for FY2015 (fiscal year ended September 30, 2015) have been calculated by assuming this stock split was executed at the beginning of the fiscal year.
 3. Amounts less than 0.01 yen are rounded.

(6) Key Subsidiaries

Company name	Capital stock	Percent owned	Main businesses
Photonics Management Corp.	33,521,000 US dollars	100.0 %	Holding company
Hamamatsu Photonics (China) Co., Ltd.	50,000,000 Chinese yuan	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Deutschland GmbH	2,000,000 euros	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics France S.A.R.L.	1,136,000 euros	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Italia S.r.l.	728,000 euros	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Taiwan Co., Ltd.	30,000,000 Taiwan dollars	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics UK Limited	400,000 UK pounds	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Koso Corporation	85,000,000 yen	100.0	Manufacture of light sources
Hamamatsu Photonics Norden AB	2,700,000 Swedish krona	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Photonics Europe GmbH	200,000 euros	100.0	Sales promotion in Europe
Beijing Hamamatsu Photon Techniques, Inc.	200,000,000 Chinese yuan	94.0	Manufacture and sale of photomultiplier tubes (PMT) and related products
Takaoka Electronics Co., Ltd.	98,000,000 yen	88.6	Manufacture of photomultiplier tubes (PMT)
Hamamatsu Electronic Press Co., Ltd.	95,000,000 yen	72.1	Manufacture of electronic components and molds
Iwata Grand Hotel Inc.	480,000,000 yen	57.1	Hotel operations
Hamamatsu Photonics Medical Technology (Lang Fang) Co., Ltd.	18,000,000 Chinese yuan	<100.0>	Manufacture and sale of medical equipment and related products
Hamamatsu Photonics Scientific Instrument (Beijing) Co., Ltd.	5,000,000 Chinese yuan	[100.0]	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems
Hamamatsu Corporation	426,000 US dollars	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems

- Notes: 1. The figures in 〈 〉 for percent owned are the indirect ownership percentage held by Beijing Hamamatsu Photon Techniques, Inc.
2. The figures in [] for percent owned are the indirect ownership percentage held by Hamamatsu Photonics (China) Co., Ltd..
3. The figures in () for percent owned are the indirect ownership percentage held by Photonics Management Corp.
4. Hamamatsu Photonics Medical Technology (Lang Fang) Co., Ltd. increased its capital by implementing a capital increase.
5. In September 2017, the Company resolved that Photonics Management Corp. will acquire all of the shares of Energetiq Technology Inc. and convert that firm into its corporate subsidiary, with the goal of expanding the lineup of light source products.

(7) Main Businesses (As of September 30, 2017)

The main business of our Group is the manufacture and sale of light-related products such as photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, and image processing and measurement systems, and activities incidental to these businesses.

Our main products and business activities are described below.

Business segment	Product	Main products and business activities
Electron tube	Photomultiplier tubes (PMT)	Photomultiplier tubes (PMT), Photomultiplier tube modules, Photon counting heads, Hybrid photo-detectors, Accessories for photomultiplier tube, Electron multipliers, Image intensifiers, High-speed gate image intensifier units, Phototubes, Photon detection units, UV power meters, Immunochromato-readers, Pinhole inspection units, Fast decay phosphors, Flow cells, High voltage power supplies
	Imaging devices and light sources	Microfocus X-ray sources, X-ray scintillators, X-ray image intensifiers, Microchannel plates, FOP (fiber optic plates), Streak tubes, Deuterium lamps, Xenon lamps, Mercury xenon lamps, Xenon flash lamps, Stealth Dicing Engine (SDE), UV-LED light sources, Products using light sources, Electrostatic removers (photoionizer), Flame sensors (UV TRON), Excimer lamps, Energy-differentiation-type radiation line sensors
Opto-semiconductor	Opto-semiconductors	Photodiodes (Si, GaAs, GaAsP, GaP), APD (Si, InGaAs), MPPC, photo ICs, PSD (position sensitive detectors), Infrared detectors (InGaAs, InAsSb, InSb, InAs, Photon drag detectors, Thermopile), InGaAs image sensors, CCD image sensors, CMOS image sensors, Photodiode arrays with amplifier, NMOS image sensors, X-ray flat panel sensors, LED, LCOS-SLM (phase spatial light modulators), Mini-spectrometers, Photosensor amplifiers, APD/MPPC modules, Distance sensors, Image sensor driver circuits and application products, Optical communication devices, Automotive devices, Special detectors for high energy particles, Radiation detection modules
Imaging and measurement instruments	Image processing and measurement systems	Digital CCD cameras for measurement, CMOS cameras for scientific measurement, TDI cameras, X-ray line sensor cameras, Streak cameras, Fluorescence lifetime spectrometers, Multichannel spectrographs, Quantum yield measurement systems, Failure analysis systems for semiconductor manufacturing, Plasma process monitors, Thickness measurement systems, Optical NanoGauge/MicroGauge, Imaging and analysis devices for life sciences, Drug screening systems, Non-invasive brain oxygen monitors, Biological tissue fluorescent monitoring systems, Pathology digital slide scanners
	Other	Semiconductor laser business, Hotel operations, etc.

(8) Main Office Locations & Factories (As of September 30, 2017)

a. Hamamatsu Photonics K.K.

Office name	Location	Office name	Location
Headquarters	Naka-ku, Hamamatsu City	Sendai Sales Office	Aoba-ku, Sendai City
Main Factory	Higashi-ku, Hamamatsu City	Tsukuba Sales Office	Tsukuba City, Ibaraki Pref.
Mitsue Factory	Iwata City, Shizuoka Pref.	Tokyo Sales Office	Minato-ku, Tokyo
Shingai Factory	Minami-ku, Hamamatsu City	Chubu Sales Office	Naka-ku, Hamamatsu City
Toyooka Factory	Iwata City, Shizuoka Pref.	Osaka Sales Office	Chuo-ku, Osaka City
Tenno Glass Works	Higashi-ku, Hamamatsu City	Nishinohon Sales Office	Hakata-ku, Fukuoka City
Joko Factory	Higashi-ku, Hamamatsu City	Central Research Laboratory	Hamakita-ku, Hamamatsu City
Miyakoda Factory	Kita-ku, Hamamatsu City	Tsukuba Research Laboratory	Tsukuba City, Ibaraki Pref.
Tokyo Branch Office	Minato-ku, Tokyo	Industries Development Laboratory	Nishi-ku, Hamamatsu City

b. Subsidiaries

Company Name		Location
Japan	Koso Corporation	Iwata City, Shizuoka Pref.
	Takaoka Electronics Co., Ltd.	Naka-ku, Hamamatsu City
	Hamamatsu Electronic Press Co., Ltd.	Iwata City, Shizuoka Pref.
	Iwata Grand Hotel Inc.	Iwata City, Shizuoka Pref.
Overseas	Photonics Management Corp.	USA
	Hamamatsu Photonics (China) Co., Ltd.	China
	Hamamatsu Photonics Deutschland GmbH	Germany
	Hamamatsu Photonics France S.A.R.L.	France
	Hamamatsu Photonics Italia S.r.l.	Italy
	Hamamatsu Photonics Taiwan Co., Ltd.	Taiwan
	Hamamatsu Photonics UK Limited	UK
	Hamamatsu Photonics Norden AB	Sweden
	Hamamatsu Photonics Europe GmbH	Germany
	Beijing Hamamatsu Photon Techniques, Inc.	China
	Hamamatsu Photonics Medical Technology (Lang Fang) Co., Ltd.	China
	Hamamatsu Photonics Scientific Instrument (Beijing) Co., Ltd.	China
	Hamamatsu Corporation	USA

(9) Employees (As of September 30, 2017)

Business segment	No. of employees
Electron tube	1,875
Opto-semiconductor	1,321
Imaging and measurement instruments	516
Other	306
Corporate (shared)	665
Total	4,683

- Notes: 1. The number of employees is the numbers of full-time employees.
2. Employees designated as “Corporate (shared)” are individuals affiliated with management departments who cannot be classified in a specific business segment.

(10) Main Banks and Amount of Borrowing (As of September 30, 2017)

(Millions of Japanese Yen)

Bank	Amount
Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000
Resona Bank, Limited	2,480
Shizuoka Bank, Ltd.	1,340

(11) Summary of Other Important Matters Concerning the Corporate Group

Not applicable

2. Matters Concerning the Company's Stock (As of September 30, 2017)

Common stock

- a. Authorized: 500,000,000 shares
- b. Issued: 167,529,968 shares (including 9,945,281 shares of treasury shares)
- c. Number of shareholders: 24,254
- e. Major shareholders:

Name of shareholder	No. of shares	Percentage of shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,114,000	5.8
Toyota Motor Corporation	8,400,000	5.3
State Street Bank and Trust Company	7,136,166	4.5
Japan Trustee Services Bank, Ltd. (Trust Account 9)	6,912,400	4.4
JP Morgan Chase Bank 380055	6,467,433	4.1
Japan Trustee Services Bank, Ltd. (Trust Account)	5,607,100	3.6
Hamamatsu Photonics K.K. employees	4,995,313	3.2
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2,872,100	1.8
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,749,700	1.7
State Street Bank West Client – Treaty 505234	2,276,332	1.4

- Notes: 1. The Company holds 9,945,281 shares of treasury shares that is not included in the shares of the major shareholders shown above.
2. The percentage of shareholding is calculated after excluding treasury shares. Fractional amounts of less than a single unit have been rounded.

3. Matters Concerning Company Stock Acquisition Rights

Not applicable

4. Matters Concerning Company Directors

(1) Directors and Audit & Supervisory Board Members (As of September 30, 2017)

Name	Company Position	Responsibilities and Significant Positions Concurrently Held
Teruo Hiruma	Director and Chairman of the Board	
Akira Hiruma	Representative Director and President	(Note 1)
Haruji Ohtsuka	Representative Director and Vice President	
Koei Yamamoto	Representative Director and Senior Managing Director	Divison Director, Solid State Division
Junichi Takeuchi	Representative Director and Senior Managing Director	Divison Director, Electron Tube Division
Hitoshi Iida	Managing Director	Divison Director, System Division
Kenji Suzuki	Managing Director	Deputy Divison Director, Electron Tube Division
Mitsutaka Takemura	Managing Director	Deputy Divison Director, Solid State Division
Tsutomu Hara	Managing Director	Director, Central Research Laboratory
Kenji Yoshida	Managing Director	Director, Administrative Division
Tadahiko Shimazu	Director	General Manager, Accounting Division
Kiyotaka Ise	Director	Senior Managing Officer, Toyota Motor Corporation Outside Audit & Supervisory Board Member, Tokai Rika Co., Ltd.
Naofumi Toriyama	Director	Deputy Division Director, Business Headquarters General Manager, Domestic Sales Management
Kashiko Kodate	Director	Professor Emeritus, Japan Women's University
Kazuhiko Mori	Audit & Supervisory Board Member (Standing)	
Hiroshi Mizushima	Audit & Supervisory Board Member (Standing)	
Yuji Maki	Audit & Supervisory Board Member	Managing Officer, Toyota Motor Corporation
Saburo Sano	Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member, Mitsubishi Precision Company, Limited

Notes: 1. The following significant positions are concurrently held by Representative Director and President Akira Hiruma.

Company Name	Position
Photonics Management Corp.	Director and President
Hamamatsu Corporation	Director
Research Foundation for Opto-Science and Technology	Director and President
Hamamatsu Medical Photonics Foundation	President
The Graduate School for the Creation of New Photonics Industries	President

- Director Kiyotaka Ise and Director Kashiko Kodate are Outside Directors.
- Audit & Supervisory Board member Yuji Maki and Audit & Supervisory Board member Saburo Sano are Outside Audit & Supervisory Board members.
- The Company has notified the Tokyo Stock Exchange of Director Kiyotaka Ise, Director Kashiko Kodate, Audit & Supervisory Board Member Yuji Maki and Audit & Supervisory Board Member Saburo Sano as independent directors/auditors, as provided by the securities listing regulations of the Tokyo Stock

Exchange.

5. All of Audit & Supervisory Board Members were reelected at the 69th Ordinary General Meeting of Shareholders held on December 16, 2016, Audit & Supervisory Board Member (Standing) was appointed at the Audit & Supervisory Board meeting held on the same day, and assumed their respective positions. Changes to Audit & Supervisory Board Members, other than reappointments, were as follows.

Appointed Audit & Supervisory Board Member Saburo Sano
Resigned Audit & Supervisory Board Member Masaharu Hamakawa

6. Changes to responsibilities of Directors during the fiscal year ended September 30, 2017 were as follows.

Name	Prior to change	After change	Date of change
Kenji Suzuki	Acting Division Director, Electron Tube Division	Deputy Division Director, Electron Tube Division	April 1, 2017
Mitsutaka Takemura	Acting Division Director, Solid State Division	Deputy Division Director, Solid State Division	April 1, 2017

7. Director Kashiko Kodate assumed the position as Director and Chairman of Photonic System Solutions Inc. on April 24, 2017 and retired as President and CEO of the aforementioned company on the same day.
8. Change to responsibility of Director after the end of the fiscal year ended September 30, 2017 was as follows.

Name	Prior to change	After change	Date of change
Kenji Yoshida	Director, Administrative Division	Division Director, Administration Headquarters	October 1, 2017

9. In addition to his many years of experience at Resona Bank, limited, Audit & Supervisory Board member Kazuhiko Mori is engaged in accounting and financial activities as General Manager of the Company's Finance Division and has the appropriate degree of knowledge concerning financial affairs and accounting.
10. Audit & Supervisory Board member Saburo Sano has many years of experience at The Bank of Tokyo-Mitsubishi, Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.) and Mitsubishi UFJ Financial Group, Inc., and has the appropriate degree of knowledge concerning financial affairs and accounting.

(2) Remuneration and Other Amounts Paid to Directors and Audit & Supervisory Board Members

- a. Total remuneration and other benefits pertaining to the fiscal year ended September 30, 2017

Classification	Number of compensated individuals	Amount paid	Summary
Director	14	JPY 449 million	(2 Outside Directors JPY 9 million)
Audit & Supervisory Board Member	5	JPY 47 million	(3 Outside Audit & Supervisory Board Members JPY 8 million)
Total	19	JPY 497 million	

- Notes: 1. The amount of remuneration for Directors was established at a monthly amount of up to JPY 55 million (up to JPY 1 million for Outside Directors), excluding the salary payable in the capacity of employees, by a resolution of the 65th Ordinary General Meeting of Shareholders convened on December 20, 2012.
2. The amount of remuneration for Audit & Supervisory Board members was established at a monthly amount up to JPY 6 million by a resolution of the 65th Ordinary General Meeting of Shareholders convened on December 20, 2012.
3. Total remuneration paid to Directors does not include the employee salary portions paid to Directors serving concurrently as employees.
4. The number of compensated individuals shown above includes one Audit & Supervisory Board Member who resigned on December 16, 2016.

- b. Retirement benefits paid in the fiscal year ended September 30, 2017

Not applicable

(3) Outside Officers

- a. Significant positions concurrently held at other corporations etc. and relationship between the Company and said other corporations etc.

Name	Significant Positions Concurrently Held
Kiyotaka Ise (Outside Director)	Senior Managing Officer, Toyota Motor Corporation Outside Audit & Supervisory Board Member, Tokai Rika Co., Ltd.
Kashiko Kodate (Outside Director)	Professor Emeritus, Japan Women's University
Yuji Maki (Outside Audit & Supervisory Board Member)	Managing Officer, Toyota Motor Corporation
Saburo Sano (Outside Audit & Supervisory Board Member)	Outside Audit & Supervisory Board Member, Mitsubishi Precision Company, Limited

- Notes: 1. Toyota Motor Corporation is a major shareholder and owns 5.3% of the Company's total shares issued (excluding treasury shares). The Company has business transactions, including the sale and purchase of products, with Toyota Motor Corporation and Tokai Rika Co., Ltd..
2. The Company has business transactions, including the sale and purchase of products, with Mitsubishi Precision Company, Limited.

- b. Main activities

Name	Remarks etc. at meetings of the Board of Directors and Audit & Supervisory Board
Kiyotaka Ise (Outside Director)	Contributes remarks and advice based on his extensive experience and deep insights, mainly in sectors such as corporate management. Attended 15 of the 17 Board of Directors meetings.
Kashiko Kodate (Outside Director)	Contributes remarks and advice based on her extensive specialized knowledge as a university professor and extensive experience in corporate management. Attended 16 of the 17 Board of Directors meetings.
Yuji Maki (Outside Audit & Supervisory Board Member)	Contributes remarks and advice based on his practical experience and perspective in the accounting division of a listed company. Attended 15 of the 17 Board of Directors meetings and 6 of the 6 Audit & Supervisory Board meetings.
Saburo Sano (Outside Audit & Supervisory Board Member)	Takes advantage of his experience in the banking industry to contribute remarks and advice on all aspects of corporate management, including operations management and the financial accounting system. Attended 14 of the 14 Board of Directors meetings held following his appointment, and 4 of the 4 Audit & Supervisory Board meetings held following his appointment.

- c. Summary of contents of agreements to limit liability

Based on the Articles of Incorporation, the Company has entered Agreement Limiting Liability between the Company and each Outside Director and Outside Audit & Supervisory Board Member regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit their obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act.

5. Independent Auditor

(1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

(2) Amount of Compensation and Other Benefits Paid to the Independent Auditor Pertaining to the Fiscal Year Ended September 30, 2017

Classification	Amount
Amount of compensation and other fees related to activities prescribed in Article 2 paragraph (1) of the Certified Public Accountants Act (Law No. 103 of 1948)	JPY 60 million
Total amount of cash and other financial interests the Company and its subsidiary companies will pay to the Company's independent auditor	JPY 60 million

Notes: 1. The amount of compensation and other benefits pertaining to the fiscal year ended September 30, 2016 is reported in these total amounts because the amounts of the audit fees etc. for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not classified separately and cannot be substantively classified in the audit agreement between the Company and its independent auditor.

2. After performing the verification necessary to determine whether the details of the audit plan, status of performance of audit duties, grounds for calculation of estimated compensation and other matters pertaining to the independent auditor are appropriate, the Company's Audit & Supervisory Board has given its consent for the amount of compensation and other benefits paid to the independent auditor.

(3) Consolidated Subsidiary Audits

The following important consolidated subsidiaries of the Company are subject to audits by certified public accountants or audit entities other than the Company's independent auditor (including individuals in other countries holding qualifications that correspond to these qualifications).

Corporation Name
Hamamatsu Corporation
Hamamatsu Photonics Deutschland GmbH

(4) Company Policy Concerning Decisions to Dismiss or Not Reappoint the Independent Auditor

The Company's Audit & Supervisory Board will dismiss the independent auditor by a resolution of the Audit & Supervisory Board based on the consensus of all Audit & Supervisory Board members if the independent auditor corresponds to any of the reasons provided in the sub-paragraphs of Article 340 paragraph (1) of the Companies Act. In this case, an Audit & Supervisory Board member selected by the Audit & Supervisory Board will report on the dismissal and the reason at the first Ordinary General Meeting of Shareholders convened after such dismissal.

In addition the situation described above, if it recognizes the independent auditor will have difficulty in appropriately accomplishing their duties, the Company's Audit & Supervisory Board will conduct a study based on the facts, and if it is judged dismissal or non-reappointment is reasonable the Audit and Supervisory Board will decide to make that intent a purpose of the Ordinary General Meeting of Shareholders.

(5) Matter with respect to business suspension order in the past two years received by the Independent Auditor

On December 22, 2015, the Financial Services Agency issued an administrative order to Ernst & Young ShinNihon LLC, the Company's Independent Auditor, suspending that firm from accepting

new engagements for a three-month period from January 1, 2016 to March 31, 2016 and ordering the firm to improve its operations. The audit firm submitted a business remediation plan to the Financial Services Agency on January 29, 2016, and the plan was accepted.

6. Systems for ensuring proper business activities and operating status of said systems **Systems for ensuring proper business activities**

A summary of matters resolved by the Board of Directors meeting is provided below.

[Basic Policy on Company-wide Efforts for Corporate Management]

- The Company's business is carried out based on the conduct of its employees. Therefore we will strive to foster each individual and create an organization that will grow and develop as a sound, trusted company.
- Each individual must study through their daily work, and foster a corporate culture to engage in absorption of new knowledge, correct communication of information and correct conduct, with a sense of responsibility, duty, and awareness.

(1) System to ensure the execution of the Board of Directors' duties complies with laws and regulations and the Articles of Incorporation

The Company strives to clarify its basic approach concerning corporate ethics and compliance, and ensure all employees are well-acquainted with the Company's thinking.

The Company seeks to strengthen governance by regularly convening, in addition to the Board of Directors meeting, an Executive Committee chaired by the Representative Director and attended by the Directors, Audit & Supervisory Board Members and managers of the General Manager class and higher, which from time to time reports and studies issues.

(2) System for retaining and managing information concerning the execution of Directors' duties

1. The Company prepares and retains minutes of the Board of Directors meetings, the Executive Committee, and other important meetings.
2. Information will be computerized and retained in an easy to inspect format.

(3) Rules and other systems related to management of loss risks

The Company will establish respective divisions responsible for risks related to information security, quality, environment, disasters, export control, etc., and these divisions prepare rules and guidelines concerning such risks, and conduct training and education.

(4) Systems to ensure the execution of Directors' duties is performed efficiently, and systems to ensure the execution of employees' duties complies with laws and regulations and the Articles of Incorporation

1. The regular Board of Directors meeting is held once every month under the Board of Directors Meeting Rules, and fulfills responsibilities such as making decisions concerning important matters and monitoring the execution of operations. In addition, through formation of the Executive Manager System, the Company seeks to invigorate the Board of Directors meeting and accelerate communications by granting non-board members the right to attend (without voting rights) the Board of Directors meeting.
2. To accelerate the execution of operations and improve efficiency, and share information among the Directors and Executive Managers, an Executive Committee attended by managers of the General Manager class and higher, in addition to the Directors and Audit & Supervisory Board Members, is held regularly under the Executive Committee Provisions to conduct multifaceted studies of basic matters and important issues regarding the execution of operations and provide explanations and instructions to directly concerned parties. This committee also disseminates information to other employees through various other meetings.

3. The Company will prepare the organization regulations, division of duties provisions, and administrative authority provisions, and clarify responsibilities and authorities.
4. To understand budget execution status and operating results trends, the Company will establish a Budget Committee to study progress reports and actions to be taken.
5. The Company will conduct training to improve areas such as the safety and health of employees and compliance awareness at the time when individuals join the Company and when individuals are appointed to management positions, and continually after that.
6. The Company will prepare a system for responding accurately, and on a timely basis, to disclosures of inside information.
7. The Company will prepare various guidelines based on the Personal Information Management Guidelines to address the management of personal information.
8. The Company will clarify the basic policy for eliminating anti-social forces, and thoroughly acquaint all employees with it.
9. Based on the Internal Controls and Audit Provisions, the Company will prepare the internal control systems necessary to ensure the appropriateness of financial reporting.

(5) Systems to ensure appropriate business operations in our Group (meaning the Company and consolidated subsidiaries)

1. For domestic and foreign consolidated subsidiaries, the Company will establish a management division responsible for ensuring appropriate operations while respecting, as a rule, each company's autonomy. The Company will respond as follows based on the size and business of consolidated subsidiaries.
 - a) At domestic consolidated subsidiaries, the Company executes operations in accordance with the Company's policy and monitors the execution of operations by dispatching Directors or Executive Officers of the Company to serve as Directors of these subsidiaries. In addition, the Company strives to avoid risks by dispatching Directors or Executive Officers of the Company to serve as Audit & Supervisory Board Members.
 - b) In addition to a) above, at overseas consolidated subsidiaries, the Company periodically bring together responsible individuals of the overseas consolidated subsidiaries for reporting and conferring, to build a consensus about the management. In addition, the Company dispatches or seconds responsible individuals to subsidiaries in order to collect information as necessary.
2. Domestic and foreign consolidated subsidiaries shall regularly report on their operating results etc. to the Company, and if necessary the Company shall convene a liaison meeting to encourage communication, in order to promote cooperation within our Group.
3. The Company will address the risks at domestic and foreign consolidated subsidiaries by sharing risk information corresponding to size and business category, preparing and disseminating various provisions, and implementing training and education, with using the responsible division of the Company as a contact.
4. The Company will formulate a consolidated earnings plan while sharing information between the Company and consolidated subsidiaries.
5. The Company will make the Fundamental CSR Policy and the Corporate Code of Conduct known to consolidated subsidiaries, with the goal of improving compliance within our Group.

(6) Matters concerning employees to be appointed when the Audit & Supervisory Board Members have requested that employees be assigned to assist their duties

If the Audit & Supervisory Board Members have requested staff to assist an audit, the Company will appoint individuals from among its employees based on the Audit & Supervisory Board meeting's request about the number and the abilities of staff.

(7) Matters concerning ensuring the independence of the employees in the preceding paragraph from the Directors and ensuring the effectiveness of instructions to said employees

As dedicated staff to assist the Audit & Supervisory Board meeting, the relevant employees

must act solely in accordance with the standards set by the Audit & Supervisory Board meeting, and must follow the Audit & Supervisory Board Members' instructions and orders. Furthermore, they are not to serve concurrently in an office related to the execution of operations or as employees in other divisions.

(8) System for directors and employees of our Group to report to Audit & Supervisory Board Members, and system concerning other reports to Audit & Supervisory Board Members

When Directors and employees (including Directors, Audit & Supervisory Board Members, and employees of consolidated subsidiaries) are requested to report on matters concerning the execution of operations by Audit & Supervisory Board Members of the Company, they will make an appropriate report promptly.

Furthermore, as soon as they have discovered any facts that might cause a significant loss to our Group, including acts that will violate laws and regulations or the Company's Articles of Incorporation, they shall make a report immediately to an Audit & Supervisory Board Member, or to the Audit & Supervisory Board meeting.

(9) System to ensure individuals who have made a report under the preceding paragraph are not subjected to disadvantageous treatment because they made said report

The Company will not subject a Director or employee of our Group who made a report to an Audit & Supervisory Board Member to disadvantageous treatment because they made said report.

(10) Matters concerning the policy with respect to the procedure for advances or reimbursements of expenses incurred with respect to the execution of an Audit & Supervisory Board Member's duties or other processing of expenses or debts incurred with respect to the execution of said duties

When an Audit & Supervisory Board Member has submitted a request for advance payment of expenses with respect to the execution of duties based on Article 388 of the Companies Act, the Company will process said expenses or debts promptly except when it has determined, based on discussions with the responsible division, that the expenses or debts with respect to the relevant payment request were not necessary for execution of said Audit & Supervisory Board Member's duties.

(11) Other systems to ensure that audits by Audit & Supervisory Board Member are conducted effectively

The Company will ensure that the Audit & Supervisory Board Members will conduct effective audit activities for operating audits and accounting audits, based on a system of appropriate reports from parties such as the Independent Auditor, the Internal Audit & Control Division, the Internal Audit Division, subsidiaries' Directors and Audit & Supervisory Board Members and the audit assistance staff, as well as coordination and information sharing with them.

Operation status of the systems for ensuring appropriate business operations

A summary of the operation status of the systems for ensuring appropriate business operations is provided below.

1. Execution of Directors' duties

The Company has reviewed a basic policy concerning corporate governance and has disclosed it on the Company's website. The Company also introduced evaluations of the effectiveness of the Board of Directors based on self-assessment. Based on the results of these evaluations of Board of Directors effectiveness, the Company revised the administrative authority provisions stipulating matters that the Board of Directors entrusts to managers, including each Director and General Managers.

The Company has made its basic thinking concerning corporate ethics and compliance, its Fundamental CSR Policy and its Corporate Code of Conduct known to employees by posting this

information on its intranet website and through various educational efforts. In addition, the Company has enacted whistleblower provisions, and taken steps to strengthen its compliance system. The Company has upheld the 10 principles of the UN Global Compact, and became a signatory to it. Furthermore, for Directors the Company continuously provides opportunities to acquire and broaden the knowledge needed to accomplish their expected roles and obligations.

On the other hand, the Company holds an Executive Committee attended by managers of the General Manager class and higher, in addition to the Directors and Audit & Supervisory Board Members once every week under the Executive Committee Provisions to conduct multifaceted studies of basic matters and important issues regarding the execution of operations and from time to time prepares reports and studies on various issues. This committee prepares and retains all the Executive Directors Committee minutes.

2. Management of loss risk

The Company has formulated a business continuity plan, which it continuously revises through means such as training, to prepare for disasters such as earthquakes. It also has strengthened its risk management system for overseas business travel. Training with regard to other risks related to information security, quality, environment, disasters, and export control, etc., is implemented by each responsible division.

3. Execution of employees' duties

The Company holds the Executive Committee once every week and communicates information through various discussions, including our Group's management policies and conformity with our corporate culture, to Executive Officers. In addition, the Company holds a meeting of its employees holding the managerial position once every month, where together with giving reports from the management side which seeks to deliver and share information in their own words.

The Company has also prepared rules and provided education to prevent research activity misconduct and the improper use of public research funds.

4. Ensuring proper operations in our Group

To ensure the propriety of operations, including those of consolidated subsidiaries, the Company works to revise the matters concerning subsidiaries in the administrative authority provisions, create risk management systems for our entire Group and achieve thorough compliance with laws and regulations. Furthermore, in addition to dispatching or seconding executives to consolidated subsidiaries, for domestic consolidated subsidiaries the Company exchanges information monthly if necessary, and for overseas consolidated subsidiaries implements meetings where all managers attend.

The Company also works to familiarize consolidated subsidiaries with its Fundamental CSR Policy and Corporate Code of Conduct, with the aim of improving compliance within our Group.

5. Systems to ensure audits and supervision are conducted effectively

To improve the effectiveness of audits by the Audit & Supervisory Board Members, if necessary the Company confers beforehand with the Audit & Supervisory Board Members concerning the contents of materials to be submitted to the Board of Directors meeting. Furthermore, to improve the effectiveness of audits and supervision by the Outside Directors and Outside Audit & Supervisory Board Members, the Company creates an opportunity to provide and explain the necessary information by sending beforehand the materials related to matters to be resolved at the regular Board of Directors meeting.

Note: The figures presented in this Business Report are rounded down to the nearest whole unit of presentation.

Consolidated Balance Sheets

(As of September 30, 2017)

(Millions of Japanese Yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	156,834	Current liabilities	40,059
Cash and deposits	83,902	Notes and accounts payable-trade	5,232
Notes and accounts receivable-trade	33,608	Electronically recorded obligations-operating	8,866
Merchandise and finished goods	8,742	Short-term loans payable	2,230
Work in process	16,389	Current portion of long-term loans payable	3,194
Raw materials and supplies	6,620	Income taxes payable	3,517
Deferred tax assets	3,545	Provision for bonuses	4,570
Other	4,184	Other	12,446
Allowance for doubtful accounts	(159)	Non-current liabilities	11,713
Non-current assets	82,497	Long-term loans payable	3,683
Property, plant and equipment	68,291	Deferred tax liabilities	272
Buildings and structures	31,668	Net defined benefit liability	7,025
Machinery, equipment and vehicles	9,843	Other	731
Tools, furniture and fixtures	3,951	Total liabilities	51,773
Land	16,545	Net assets	
Leased assets	299	Shareholders' equity	185,219
Construction in progress	5,983	Capital stock	34,928
Intangible assets	1,697	Capital surplus	34,672
Investments and other assets	12,507	Retained earnings	131,678
Investment securities	3,684	Treasury shares	(16,060)
Real estate for investment	566	Accumulated other comprehensive income	1,719
Deferred tax assets	6,412	Valuation difference on available-for-sale securities	1,259
Other	1,862	Foreign currency translation adjustment	1,210
Allowance for doubtful accounts	(19)	Remeasurements of defined benefit plans	(750)
		Non-controlling interests	618
		Total net assets	187,558
Total assets	239,331	Total liabilities and net assets	239,331

Consolidated Statements of Income

(From October 1, 2016 through September 30, 2017)

(Millions of Japanese Yen)

Item	Amount	
Net sales		130,495
Cost of sales		65,670
Gross profit		64,825
Selling, general and administrative expenses		41,975
Operating profit		22,849
Non-operating income		
Interest income	207	
Dividend income	45	
Rent income on non-current assets	70	
Rent of real estate for investment	76	
Foreign exchange gains	495	
Share of profit of entities accounted for using equity method	102	
Other	409	1,407
Non-operating expenses		
Interest expenses	121	
Rent expenses on real estates	81	
Other	15	219
Ordinary profit		24,037
Extraordinary income		
Gain on sales of non-current assets	20	
Subsidy income	214	
Gain on sales of investment securities	0	234
Extraordinary loss		
Loss on sales of non-current assets	6	
Loss on retirement of non-current assets	484	
Loss on reduction of non-current assets	206	
Loss on valuation of investment securities	5	701
Profit before income taxes		23,570
Income taxes-current	6,137	
Income taxes-deferred	△409	5,727
Profit		17,842
Profit attributable to non-controlling interests		65
Profit attributable to owners of parent		17,777

Non-consolidated Balance Sheets

(As of September 30, 2017)

(Millions of Japanese Yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	118,911	Current liabilities	32,151
Cash and deposits	58,115	Electronically recorded obligations - operating	8,866
Notes receivable - trade	5,777	Accounts payable - trade	4,869
Accounts receivable - trade	24,730	Current portion of long-term loans payable	3,000
Merchandise and finished goods	2,773	Lease obligations	80
Work in process	15,996	Accounts payable - other	3,347
Raw materials and supplies	6,086	Accrued expenses	1,213
Deferred tax assets	2,338	Income taxes payable	3,007
Accounts receivable - other	2,893	Advances received	142
Other	232	Deposits received	341
Allowance for doubtful accounts	(33)	Provision for bonuses	4,037
		Electronically recorded obligations - facilities	1,459
Non-current assets	79,886	Deposits received from employees	1,753
Property, plant and equipment	59,424	Other	32
Buildings	25,441	Non-current liabilities	9,163
Structures	1,683	Long-term loans payable	3,000
Machinery and equipment	9,105	Lease obligations	194
Vehicles	28	Provision for retirement benefits	5,503
Tools, furniture and fixtures	2,963	Asset retirement obligations	150
Land	14,520	Other	315
Leased assets	247	Total liabilities	41,315
Construction in progress	5,433	Net assets	
Intangible assets	928	Shareholders' equity	156,223
Patent right	243	Capital stock	34,928
Software	668	Capital surplus	34,636
Other	15	Legal capital surplus	34,636
Investments and other assets	19,534	Retained earnings	102,713
Investment securities	2,599	Legal retained earnings	695
Shares of subsidiaries and associates	8,381	Other retained earnings	102,018
Investments in capital	1	Reserve for special depreciation	14
Investments in capital of subsidiaries and associates	1,414	Reserve for dividends	4,500
Deferred tax assets	6,075	General reserve	78,600
Real estate for investment	117	Retained earnings brought forward	18,904
Other	964	Treasury shares	(16,056)
Allowance for doubtful accounts	(19)	Valuation and translation adjustments	1,259
		Valuation difference on available-for-sale securities	1,259
		Total net assets	157,483
Total assets	198,798	Total liabilities and net assets	198,798

Non-consolidated Statements of Income

(From October 1, 2016 through September 30, 2017)

(Millions of Japanese Yen)

Item	Amount	
Net sales		110,200
Cost of sales		64,358
Gross profit		45,842
Selling, general and administrative expenses		29,099
Operating profit		16,742
Non-operating income		
Interest income	15	
Dividend income	3,036	
Rent of real estate for investment	22	
Miscellaneous income	394	3,468
Non-operating expenses		
Interest expenses	36	
Rent expenses on real estates	48	
Foreign exchange losses	68	
Miscellaneous loss	9	162
Ordinary profit		20,048
Extraordinary income		
Gain on sales of non-current assets	9	
Subsidy income	214	
Gain on sales of investment securities	0	224
Extraordinary losses		
Loss on sales of non-current assets	5	
Loss on retirement of non-current assets	456	
Loss on reduction of non-current assets	206	
Loss on valuation of investment securities	5	673
Profit before income taxes		19,599
Income taxes - current	4,345	
Income taxes - deferred	△ 790	3,555
Profit		16,044

- END -