

Consolidated Financial Results for the Six Months ended March 31, 2008

May 16, 2008

Company name : Hamamatsu Photonics K.K.

ID number : 6965

URL : <http://www.hamamatsu.com/>

Representative : Teruo Hiruma, Chairman of the Board and Chief Executive Officer

Contact : Yukiaki Suzuki, Director and General Manager of Accounting Div. (Phone : +81-53-452-2141)

Scheduled date to submit interim securities report : June 17, 2008

Stock listing : Tokyo Stock Exchange First Section

Scheduled date to begin dividend payments : June 3, 2008

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

1. Consolidated financial results for the six months ended Mar. 31, 2008 (From Oct. 1, 2007 through Mar. 31, 2008)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Mar. 31, 2008	49,475	2.1	10,780	(4.2)	11,454	0.0	7,112	4.0
Six months ended Mar. 31, 2007	48,435	11.7	11,257	20.9	11,449	21.1	6,836	31.4
Fiscal year ended Sep. 30, 2007	96,316	-	19,873	-	20,175	-	12,036	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2008	88.56	87.80
Six months ended Mar. 31, 2007	92.03	84.46
Fiscal year ended Sep. 30, 2007	159.86	148.63

Notes: Gain or (loss) on investments accounted for by equity method

Six months ended Mar. 31, 2007 : 71 million yen

Six months ended Mar. 31, 2008 : 33 million yen

Fiscal year ended Sep. 30, 2007 : 95 million yen

(2) Consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
as of Mar. 31, 2008	172,350	117,989	67.5	1,448.26
as of Mar. 31, 2007	164,594	97,006	58.4	1,278.63
as of Sep. 30, 2007	170,143	113,897	66.4	1,407.96

Notes: Shareholders' equity

Six months ended Mar. 31, 2007 : 96,200 million yen

Six months ended Mar. 31, 2008 : 116,359 million yen

Fiscal year ended Sep. 30, 2007 : 112,995 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended Mar. 31, 2008	10,418	(3,011)	6,084	48,121
Six months ended Mar. 31, 2007	9,350	(13,627)	(2,282)	40,030
Fiscal year ended Sep. 30, 2007	18,188	(18,243)	(11,597)	35,067

2. Dividends

(Base date)	Dividends per share		
	Interim	Year end	Total
	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2007	20.00	23.00	43.00
Fiscal year ended Sep. 30, 2008	20.00		43.00
Fiscal year ended Sep. 30, 2008 (Outlook)		23.00	

3. Forecast of consolidated results for the fiscal year ended Sep. 30, 2008 (From Oct. 1, 2007 through Sep. 30, 2008)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ended Sep. 30, 2008	99,500	3.3	20,100	1.1	21,000	4.1	13,200	9.7	164.29

4. Others

(1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : None

(2) Changes in principles, procedures, presentation methods for the interim consolidated financial statements

(a) Changes arising from revision of accounting principles: None

(b) Changes arising from other factors: None

(3) Number of shares outstanding

(a) Number of shares outstanding at end of period including treasury stock Six months ended Mar. 31, 2008: 83,712,332 shares

Six months ended Mar. 31, 2007: 78,598,941 shares Fiscal year ended Sep. 30, 2007: 83,622,327 shares

(b) Number of treasury stock at end of period Six months ended Mar. 31, 2008: 3,367,998 shares

Six months ended Mar. 31, 2007: 3,361,803 shares Fiscal year ended Sep. 30, 2007: 3,367,039 shares

(Reference) Non-consolidated Financial Results for the Six months ended March 31, 2008

1. Non-consolidated financial results for the six months ended Mar. 31, 2008 (From Oct. 1, 2007 through Mar. 31, 2008)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Mar. 31, 2008	42,805	5.5	8,643	5.7	10,583	5.9	6,898	3.6
Six months ended Mar. 31, 2007	40,570	11.8	8,177	18.4	9,997	26.9	6,661	44.8
Fiscal year ended Sep. 30, 2007	81,489	-	14,905	-	16,861	-	10,812	-

	Net income per share
	Yen
Six months ended Mar. 31, 2008	85.75
Six months ended Mar. 31, 2007	89.51
Fiscal year ended Sep. 30, 2007	143.35

(2) Non-consolidated financial position

	Total assets	Net Assets	Shareholders' equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
as of Mar. 31, 2008	158,375	108,756	68.7	1,351.37
as of Mar. 31, 2007	150,535	88,600	58.9	1,175.52
as of Sep. 30, 2007	155,164	103,987	67.0	1,293.54

Notes: Shareholders' equity

Six months ended Mar. 31, 2008 : 108,756 million yen

Six months ended Mar. 31, 2007 : 88,600 million yen

Fiscal year ended Sep. 30, 2007 : 103,987 million yen

2. Forecast of non-consolidated results for the fiscal year ending Sep. 30, 2008 (From Oct. 1, 2007 through Sep. 30, 2008)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ended Sep. 30, 2008	86,300	5.9	15,000	0.6	17,100	1.4	11,500	6.4	142.90

The above forecast has been prepared based on the information which is currently available at this moment.

Actual results may differ from the forecast due to various factors that may arise in the future.

1. Business Performance

(1) Analysis of Business Performance

Summary of the First Half

The business environment suffered looming uncertainty brought on by the price of oil and materials, while, on the other hand, exports and capital investments continued to increase.

Against this background, our group continued to improve our photonics technology. We strove to anticipate the market's needs in a timely fashion, and to release competitive and high-value-added products utilizing our own photonics technologies. Moreover, we undertook to boost our revenue and income by intensive sales activities.

The first half closed with net sales of JPY 49,475 million, up by JPY 1,040 million (2.1%), operating income of JPY 10,780 million, down by JPY 477 million (4.2%) and ordinary income of JPY 11,454 million, up by JPY 5 million (0.0%) over one year before respectively. Net income resulted in JPY 7,112 million, up by JPY 276 million (4.0%).

Segment Information (sales amounts include inter-segmental transactions)

1. Sales by Business Sector

a. Opto-Electronic Devices:

Sales of **Photomultiplier Tubes (PMTs)** in the fields of environmental emission analyses, and blood analysis continued to increase steadily. However the sales of PMTs for Positron Emission Tomography (PET) decreased due to the Deficit Reduction Act (DRA) by the US government. In addition, PMTs used in the oil well logging market mainly in the US were down because of inventory adjustments.

In the **Light Sources and Imaging Devices sector**, the sale of X-ray Scintillators, which converts X-rays into Optical images for dental and breast imaging, continued to grow steadily in Europe and the US. This was driven as well by progress in the adoption of digitization of X-ray films. Sales of UV Spot Light Source for UV cure bonding in the industrial field increased in Japan and South East Asia. Also contributing to increased sales are Light Sources Units used for Laser Dicing (Stealth Dicing Engine).

In the **Opto-semiconductor** sector, sales of Silicon Photodiodes for the medical field continued to command good result. Sales of X-ray Image Sensors for dental and non-destructive internal inspection rose substantially due to their high sensitivity and resolution. Photo ICs for communication network applications for the European automotive industry also recorded steady growth.

Given these factors, net sales for this sector were JPY 41,850 million, up by 3.4% and operating profits JPY 14,352 million, up by 0.3% over last year.

b. Imaging and Measurement Instruments:

Digital Camera increased market share in the fields of biology basic research in both domestic and the export arena due to their high sensitivity. Sales of Functional Drug Screening System (FDSS) grew due to the launch of the new series to meet the needs of development of drug discovery manufacturers. However, sales of Semiconductor Failure Analysis Systems were down in Japan and Europe due to a drop in a price of flash memories and a decrease in capital investment in the semiconductor industry.

Net sales for this sector were JPY 7,641 million, down by 3.3% and operating profit JPY 1,267 million, down by 13.7% over last year respectively.

c. Others:

Net sales for the first half of this fiscal year were JPY 339 million, down by 2.0% over last year and operating loss JPY 43 million (For the first half of FY 2007 was JPY 60 million loss).

2. Sales by Region

In **Japan**, sales of Opto-semiconductor such as X-ray Image Sensors for dental and non-destructive internal inspection increased rapidly, while export sales of PMTs for PET in the US and domestic sales of Semiconductor Failure Analysis Systems were down. Sales of Photo ICs for communication network applications for the European automotive industry increased steadily. In addition, UV Spot Light Sources posted record growth in domestic sales and export sales to South East Asia. The total sales in Japan were JPY 43,222 million, up by 5.3% over last year and operating profits JPY 13,302 million, up by 5.9% compared with one year before.

In **North America**, sales of Imaging and Measurement Instruments such as FDSS increased steadily. However, in the medical field, PMTs used in PET were reduced. In addition, a strong yen/US dollar exchange rate caused decreased sales. The total sales for the region were JPY 12,291 million, down by 5.5% and operating profit JPY 171 million, down by 87.1% over last year respectively.

Europe experienced a steady increase in Photo ICs for automotive and PMTs for blood analysis, while sales of Semiconductor Failure Analysis Systems decreased. The total sales were JPY 12,142 million, up by 3.0% and operating profit JPY 1,719 million, down by 9.1% over last year respectively.

In **Other Regions** mostly represented by China, net sales were JPY 1,083 million; up by 20.3% and operating profit JPY 193 million, up by 65.2%.

Projection for the year

We expect the US economy is slowing down while the global economic environment continues to be weak. We recognize that our group needs to make a contribution to society through our own photonics technology and introduce such technology that meets market's need in order to continue as an essential company.

We have made the following revisions on our forecast for the fiscal year ended September 30, 2008, that was announced on November 9, 2007. We anticipate our business to continue experiencing this difficult situation during the rest of the year and the sales forecast for the last six month is expected to remain unchanged.

(Millions of Japanese Yen)

	First Half	Projection for the Year		
		compared with previous year		compared with previous year
Net Sales	49,475	2.1%	99,500	3.3%
Operating Income	10,780	-4.2%	20,100	1.1%
Ordinary Income	11,454	0.0%	21,000	4.1%
Net Income	7,112	4.0%	13,200	9.7%

(2) Analysis of Financial Conditions

Summary of Financial Position

Total assets at the end of the first half of the fiscal year ended September 30, 2008 increased by JPY 2,206 million from the end of previous financial year, to JPY 172,350 million. This is mainly from an increase in inventories mainly work in progress, up by JPY 1,385 million and cash on hand and in banks, while investment securities were down by JPY 617 million due to decreases in the market values.

Total liabilities were JPY 54,361 million, down by JPY 1,884 million due to short-term debts repayment, down by JPY 2,117 million and decreases in allowance for bonuses, down by JPY 1,360 million, while there were increases in trade notes and accounts payable, up by JPY 2,055 million due to increases in the purchase of materials.

Net assets were JPY 117,989 million, up by JPY 4,091 million, due mainly to increased net income for the first 6 months of JPY 7,112 million.

Against these factors, the equity ratio was 67.5%.

Summary of Cash Flow

Cash flow created from operations for the period was JPY 10,418 million, up by JPY 1,067 million over last year. This is mainly from an increase in accounts payable and depreciations, while there were increases in inventories.

Investment activity required a cash flow of JPY 3,011 million, down by JPY 10,616 million from previous year due mainly to decreases in time deposits and acquisitions of tangible fixed assets.

Financial activity increased cash flow of JPY 6,084 million due mainly to reimbursement of redemption of convertible debentures, while there was long-term debts repayment.

At the end of the first half of this fiscal year, cash and cash equivalent stood at JPY 48,121 million, up by JPY 13,054 million from the end of the previous fiscal year.

(Reference) Trends in Cash-Flow Indicators

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008 Interim
Net Assets Ratio (%)	42.8	40.4	54.2	66.4	67.5
Net Assets Ratio Based on Current Market Price (%)	101.0	117.9	166.2	156.6	129.6
Debt Redemption Period (Years)	2.8	2.2	1.5	0.8	1.2
Interest Coverage Ratio (Times)	54.7	82.7	111.1	123.0	118.3

Notes: Calculation Methods of the above indicators are as following;

Net Assets Ratio: Net Assets / Total assets

Net Assets Ratio based on Current Market Price: Total market value of common stock / Total assets

Debt Redemption Period: Interest-bearing debt / Net cash provided by operating activities

Interest Coverage Ratio: Net cash provided by operating activities / interest payments

- * All indicators are calculated based on consolidated financial figures.
- * Total market value of common stock is calculated by multiplying the closing stock price at the end of each period by the number of shares issued (excluding treasury stock) at that end of the period.
- * Net cash provided by operating activities refers to activities detailed in the Consolidated Statements of Cash Flows.
- * Interest-bearing debt refers to all the debts in the Consolidated Balance Sheets which involve interest payment. Interest payments refer to the figure for the amount of interest paid in the Consolidated Statements of Cash Flows.

(3) Basic Policy for Allocation of Profit and Dividend for FY 2007

Our group understands that investment in technical development and the creation of a new industry aimed towards the increase in our business value is essential for establishing our status as the leading company in the industry of Light in the 21st century. We maintain a high level of retained earnings to reach that goal.

Regarding our shareholders, we will continue to place the highest priority on an allocation of profit as dividends. Our dividend policy centers on efforts to maintain stable growth of profit per share and dividend along with increased corporate profitability based on our long-term vision.

Based on this policy, for the first half of FY 2008, we are schedule to pay JPY 20 per share as an interim dividend. We anticipate paying another JPY 23 per share as a year-end dividend.

Interim Consolidated Financial Statements

Interim Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2007		As of Mar. 31, 2008		As of Sep. 30, 2007	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash on hand and in banks	50,407		56,340		44,323	
Trade notes and accounts receivable	24,203		24,086		24,108	
Inventories	16,298		19,195		17,809	
Deferred income taxes	2,533		2,841		3,262	
Other	1,808		2,408		11,829	
Allowance for doubtful receivables	(164)		(290)		(175)	
Total current assets	95,086	57.8	104,581	60.7	101,158	59.5
Fixed assets						
Tangible fixed assets						
Buildings and structures	25,157		24,223		24,770	
Machinery and transportation equipment	11,181		12,081		12,262	
Furniture, fixtures and office equipment	4,018		4,352		4,172	
Land	13,559		13,623		13,627	
Construction in progress	2,853		2,573		2,501	
Total tangible fixed assets	56,770	34.5	56,854	33.0	57,334	33.7
Intangible fixed assets	358	0.2	260	0.1	282	0.1
Investments and other assets						
Investment securities	5,254		2,954		3,572	
Investment properties	266		403		237	
Deferred income taxes	4,978		5,897		5,615	
Other	1,896		1,416		1,960	
Allowance for doubtful receivables	(16)		(16)		(16)	
Total investments and other assets	12,378	7.5	10,654	6.2	11,368	6.7
Total fixed assets	69,507	42.2	67,769	39.3	68,985	40.5
Total assets	164,594	100.0	172,350	100.0	170,143	100.0

Interim Consolidated Financial Statements

Interim Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2007		As of Mar. 31, 2008		As of Sep. 30, 2007	
	Amount	%	Amount	%	Amount	%
Liabilities						
Current liabilities						
Trade notes and accounts payable	12,174		13,580		11,525	
Short-term bank loans and current portion of long-term debt	8,517		2,699		3,726	
Current portion of convertible debentures	12,580		-		-	
Income taxes payable	3,446		3,505		3,458	
Accrued bonuses	2,613		2,654		4,014	
Notes payable - construction	1,725		762		797	
Other	8,591		8,471		8,885	
Total current liabilities	49,649	30.2	31,673	18.4	32,407	19.1
Long-term liabilities						
Non-collateral bonds with warrants to buy stocks	2,568		1,473		1,673	
Long-term bank loans	1,946		7,307		8,398	
Allowance for employees' retirement and severance benefits	11,831		12,315		12,085	
Allowance for retirement benefits for directors and corporate auditors	1,419		1,487		1,452	
Other	174		104		229	
Total long-term liabilities	17,938	10.9	22,687	13.1	23,838	14.0
Total liabilities	67,588	41.1	54,361	31.5	56,246	33.1
Net asset						
Shareholders' equity						
Common stock	28,057		34,870		34,770	
Capital surplus	27,805		34,614		34,514	
Retained earnings	44,156		53,146		47,835	
Less treasury stock, at cost	(6,021)		(6,042)		(6,039)	
Total shareholders' equity	93,998	57.1	116,588	67.7	111,080	65.3
Unrealized gains and adjustment						
Unrealized gain on securities, net of tax	1,764		627		1,103	
Deferred Hedge Gain (Loss)	(22)		62		0	
Foreign Currency Translation Adjustment	460		(919)		811	
Total Unrealized gains and adjustment	2,202	1.3	(228)	(0.1)	1,915	1.1
Minority interests in consolidated subsidiaries	805	0.5	1,629	0.9	901	0.5
Total net asset	97,006	58.9	117,989	68.5	113,897	66.9
Total liabilities and net asset	164,594	100.0	172,350	100.0	170,143	100.0

Interim Consolidated Financial Statements
Interim Consolidated Statements of Income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2007		Six months ended Mar. 31, 2008		Fiscal year ended Sep. 30, 2006	
	Amount	%	Amount	%	Amount	%
Net sales	48,435	100.0	49,475	100.0	96,316	100.0
Cost of sales	21,856	45.1	22,565	45.6	44,356	46.1
Gross profit	26,578	54.9	26,909	54.4	51,960	53.9
Selling, general and administrative expenses	15,321	31.7	16,129	32.6	32,086	33.3
Operating income	11,257	23.2	10,780	21.8	19,873	20.6
Non-operating income						
Interest income	147		242		342	
Dividend income	10		20		46	
Rental income on fixed assets	57		55		115	
Rental income on investment property	72		68		129	
Foreign exchange gain	-		309		-	
Gain on investments accounted for by the equity method	71		33		95	
Other	118	479	108	839	192	923
		1.0		1.7		1.0
Non-operating expenses						
Interest expenses	75		88		147	
Expenses for investment property	43		65		64	
Foreign exchange loss	166		-		387	
Other	1	287	11	165	21	621
		0.6		0.3		0.7
Ordinary income	11,449	23.6	11,454	23.2	20,175	20.9
Extraordinary income						
Gain on sales of fixed assets	7		59		14	
Subsidy income	173		178		327	
Gain on sales of investment securities	-	180	26	264	5	346
		0.4		0.5		0.4
Extraordinary loss						
Loss on sales and disposal of fixed assets	110		62		238	
Advanced depreciations	71		153		222	
Loss on revaluation of investment securities	-		7		33	
Impairment of assets held for sale	121		-		122	
Loss on reorganization of subsidiary	27		-		65	
Provision of retirement benefit for directors and corporate auditors for prior years	8	339	-	223	8	691
		0.7		0.5		0.7
Income before income taxes and minority interests	11,290	23.3	11,494	23.2	19,831	20.6
Income taxes	3,635		3,877		7,464	
Income taxes in previous years	-		245		100	
Income taxes refund in previous years	-		-		(257)	
Deferred income taxes	760	4,395	197	4,320	381	7,688
		9.1		8.7		8.0
Minority interests in consolidated subsidiaries	57	0.1	61	0.1	106	0.1
Net income	6,836	14.1	7,112	14.4	12,036	12.5

Interim Consolidated Financial Statements

Interim Consolidated Statements of Changes in Shareholders' Equity

Six Months ended March 31, 2007

(Millions of Japanese Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at Sep. 30, 2006	26,487	26,236	38,802	(6,016)	85,509
Changes during the period					
Conversion of convertible debentures	1,043	1,043	-	-	2,086
Exercise of stock subscription rights	525	526	-	-	1,052
Dividends from surplus	-	-	(1,482)	-	(1,482)
Net income for the period	-	-	6,836	-	6,836
Purchases of treasury stock	-	-	-	(4)	(4)
Changes, net, in items other than shareholders' equity	-	-	-	-	-
Total changes during the period	1,569	1,569	5,353	(4)	8,488
Balance at Mar. 31, 2007	28,057	27,805	44,156	(6,021)	93,998

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments				Minority interests	Total net assets
	Unrealized gain/loss on securities	Deferred hedge gain/loss	Foreign currency translation adjustments	Total revaluation & translation adjustments		
Balance at Sep. 30, 2006	1,712	(53)	135	1,794	839	88,143
Changes during the period						
Conversion of convertible debentures	-	-	-	-	-	2,086
Exercise of stock subscription rights	-	-	-	-	-	1,052
Dividends from surplus	-	-	-	-	-	(1,482)
Net income for the period	-	-	-	-	-	6,836
Purchases of treasury stock	-	-	-	-	-	(4)
Changes, net, in items other than shareholders' equity	51	30	324	407	(33)	373
Total changes during the period	51	30	324	407	(33)	8,862
Balance at Mar. 31, 2007	1,764	(22)	460	2,202	805	97,006

Consolidated Financial Statements

Consolidated Statements of Changes in Shareholders' Equity

Six Months ended March 31, 2008

(Millions of Japanese Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at Sep. 30, 2007	34,770	34,514	47,835	(6,039)	111,080
Changes during the period					
Exercise of stock subscription rights	99	100	-	-	200
Dividends from surplus	-	-	(1,848)	-	(1,848)
Net income for the period	-	-	7,112	-	7,112
Employee's bonus and welfare fund	-	-	(16)	-	(16)
Changes of interests in subsidiaries	-	-	64	-	64
Purchases of treasury stock	-	-	-	(3)	(3)
Changes, net, in items other than shareholders' equity	-	-	-	-	-
Total changes during the period	99	100	5,311	(3)	5,507
Balance at Mar. 31, 2008	34,870	34,614	53,146	(6,042)	116,588

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments				Minority interests	Total net assets
	Unrealized gain/loss on securities	Deferred hedge gain/loss	Foreign currency translation adjustments	Total revaluation & translation adjustments		
Balance at Sep. 30, 2007	1,103	0	811	1,915	901	113,897
Changes during the period						
Exercise of stock subscription rights	-	-	-	-	-	200
Dividends from surplus	-	-	-	-	-	(1,848)
Net income for the period	-	-	-	-	-	7,112
Employee's bonus and welfare fund	-	-	-	-	-	(16)
Changes of interests in subsidiaries	-	-	-	-	-	64
Purchases of treasury stock	-	-	-	-	-	(3)
Changes, net, in items other than shareholders' equity	(476)	62	(1,730)	(2,144)	728	(1,416)
Total changes during the period	(476)	62	(1,730)	(2,144)	728	4,091
Balance at Mar. 31, 2008	627	62	(919)	(228)	1,629	117,989

Consolidated Financial Statements

Consolidated Statements of Changes in Shareholders' Equity

Fiscal year ended September 30, 2007

(Millions of Japanese Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at Sep. 30, 2006	26,487	26,236	38,802	(6,016)	85,509
Changes during the period					
Conversion of convertible debentures	7,309	7,304	-	-	14,613
Exercise of stock subscription rights	973	973	-	-	1,947
Dividends from surplus	-	-	(2,990)	-	(2,990)
Net income for the period	-	-	12,036	-	12,036
Employee's bonus and welfare fund	-	-	(13)	-	(13)
Purchases of treasury stock	-	-	-	(22)	(22)
Changes, net, in items other than shareholders' equity	-	-	-	-	-
Total changes during the period	8,282	8,277	9,033	(22)	25,570
Balance at Sep. 30, 2007	34,770	34,514	47,835	(6,039)	111,080

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments				Minority interests	Total net assets
	Unrealized gain/loss on securities	Deferred hedge gain/loss	Foreign currency translation adjustments	Total revaluation & translation adjustments		
Balance at Sep. 30, 2006	1,712	(53)	135	1,794	839	88,143
Changes during the period						
Conversion of convertible debentures	-	-	-	-	-	14,613
Exercise of stock subscription rights	-	-	-	-	-	1,947
Dividends from surplus	-	-	-	-	-	(2,990)
Net income for the period	-	-	-	-	-	12,036
Employee's bonus and welfare fund	-	-	-	-	-	(13)
Purchases of treasury stock	-	-	-	-	-	(22)
Changes, net, in items other than shareholders' equity	(608)	53	676	120	61	182
Total changes during the period	(608)	53	676	120	61	25,753
Balance at Sep. 30, 2007	1,103	0	811	1,915	901	113,897

Interim Consolidated Financial Statements
Interim Consolidated Statements of Cash Flow

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2007	Six months ended Mar. 31, 2008	Fiscal year ended Sep. 30, 2007
Cash flows from operating activities			
Income before income taxes and minority interests	11,290	11,494	19,831
Depreciation	3,630	4,281	8,031
Increase (decrease) in allowance for doubtful accounts	15	140	26
Increase (decrease) in allowance for bonuses	(2,395)	(1,351)	(1,004)
Increase in allowance for retirement and severance benefits	355	230	609
Increase in allowance for retirement benefit for directors and corporate auditors	33	34	66
Interest and dividend income	(158)	(263)	(389)
Interest expense	75	88	147
Foreign exchange (gain) loss	(18)	(32)	(55)
(Gain) loss on investments accounted for by the equity method	(71)	(33)	(95)
Loss on disposal of fixed assets	105	55	233
(Gain) loss on sales of fixed assets	(2)	(51)	(9)
(Increase) decrease in receivables, trade	(1,001)	(687)	(839)
(Increase) decrease in inventories	(804)	(1,829)	(2,231)
Increase (decrease) in payables, trade	711	2,673	72
Payment of bonuses to directors and corporate auditors	(60)	-	(60)
Other	1,966	(811)	2,055
Subtotal	13,673	13,937	26,390
Interest and dividend received	158	263	394
Interest expense paid	(75)	(88)	(147)
Income taxes paid	(4,405)	(3,694)	(8,449)
Net cash provided by operating activities	9,350	10,418	18,188
Cash flows from investing activities			
(Increase) decrease in time deposits	(7,242)	1,529	(6,142)
Payments for acquisition of marketable securities	(73)	(1,925)	(75)
Proceeds from sales of marketable securities	-	1,398	-
Payments for acquisition of fixed assets	(6,220)	(4,060)	(11,889)
Proceeds from sales of fixed assets	19	119	33
Payments for acquisition of intangible fixed assets	(74)	(87)	(164)
Proceeds from sales of investment securities	-	35	8
Other	(36)	(21)	(12)
Net cash used in investing activities	(13,627)	(3,011)	(18,243)
Cash flows from financing activities			
Increase (decrease) in short-term debt	(675)	(19)	(785)
Proceeds from long-term debt	26	16	6,676
Payment of long-term debt	(110)	(2,115)	(5,008)
Payments for acquisition of treasury stock	(4)	(3)	(22)
Proceeds from redemption of convertible debenture	-	9,372	-
Dividends paid by the parent company	(1,479)	(1,849)	(2,988)
Other	(40)	683	(9,470)
Net cash provided by (used in) financing activities	(2,282)	6,084	(11,597)
Effect of exchange rate changes on cash and cash equivalents	157	(438)	286
Net increase (decrease) in cash and cash equivalents	(6,402)	13,054	(11,365)
Cash and cash equivalents at beginning of period	46,433	35,067	46,433
Cash and cash equivalents at end of period	40,030	48,121	35,067

Segment Information

Business Segment

Six months ended March 31, 2007

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	40,190	7,898	346	48,435	-	48,435
Intersegment	275	4	-	280	(280)	-
Total net sales	40,465	7,903	346	48,715	(280)	48,435
Operating expenses	26,152	6,433	407	32,993	4,184	37,177
Operating income(loss)	14,313	1,469	(60)	15,722	(4,464)	11,257

Six months ended March 31, 2008

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	41,518	7,617	339	49,475	-	49,475
Intersegment	332	23	-	356	(356)	-
Total net sales	41,850	7,641	339	49,831	(356)	49,475
Operating expenses	27,498	6,373	382	34,254	4,440	38,695
Operating income(loss)	14,352	1,267	(43)	15,577	(4,796)	10,780

Fiscal year ended September 30, 2007

(Millions of Japanese Yen)

	Opto-electronic devices	Imaging and measurement instruments	Other	Segment total	Elimination or corporate	Consolidated total
Net sales						
Outside customers	79,966	15,685	664	96,316	-	96,316
Intersegment	542	10	-	552	(552)	-
Total net sales	80,509	15,695	664	96,869	(552)	96,316
Operating expenses	53,476	13,012	788	67,278	9,164	76,442
Operating income(loss)	27,032	2,682	(124)	29,590	(9,716)	19,873

Notes:

- Business segments are classified based on the similarities of products, markets and so on.
- Major products in each business segment :

Opto-electronic devices	Photomultiplier Tubes, Imaging Devices and Light Sources (X-ray Scintillator, X-ray Image Intensifier, Microchannel Plate, Deuterium Lamp, Spot Light Source, Microfocus X-ray Source), Opto-semiconductors (Photo Diode, Infrared Detector, Image Sensor, Light Emitting Diode, Photo IC)
Imaging and measurement instruments	Image Processing and Measurement Systems (Special Purpose Video Camera, Image Processing System, Low-Level Light Image Acquisition System, Ultrafast Optical Measurement System, Image Processing and Analysis System for Optical Microscope, Nondestructive Inspection System)
Other	Photosensitizer R&D, Hotel operations

- Operating expenses in elimination or corporate are principally basic research and corporate general and administrative expenses which can not be allocated to each business segment. The amounts of those expenses were 4,336 million yen, 4,632 million yen and 9,472 million yen for the six months ended Mar. 31, 2007, 2008 and the fiscal year ended Sep. 30, 2007, respectively.

Segment Information

Geographical Segment

Six months ended March 31, 2007

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	23,727	12,741	11,535	431	48,435	-	48,435
Intersegment	17,323	272	253	469	18,319	(18,319)	-
Total net sales	41,050	13,013	11,789	901	66,754	(18,319)	48,435
Operating expenses	28,486	11,687	9,898	784	50,857	(13,679)	37,177
Operating income(loss)	12,563	1,326	1,890	116	15,897	(4,640)	11,257

Six months ended March 31, 2008

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	25,015	11,969	11,873	616	49,475	-	49,475
Intersegment	18,206	322	268	467	19,265	(19,265)	-
Total net sales	43,222	12,291	12,142	1,083	68,741	(19,265)	49,475
Operating expenses	29,920	12,120	10,423	890	53,355	(14,659)	38,695
Operating income(loss)	13,302	171	1,719	193	15,386	(4,605)	10,780

Fiscal year ended September 30, 2007

(Millions of Japanese Yen)

	Japan	North America	Europe	Other	Segment total	Elimination or corporate	Consolidated total
Net sales							
Outside customers	46,717	25,695	22,925	979	96,316	-	96,316
Intersegment	35,701	542	460	873	37,578	(37,578)	-
Total net sales	82,418	26,237	23,385	1,852	133,894	(37,578)	96,316
Operating expenses	57,992	24,538	19,944	1,603	104,079	(27,636)	76,442
Operating income(loss)	24,426	1,698	3,441	248	29,815	(9,941)	19,873

Notes :

- The countries or areas are classified based on the geographical proximity.
- Major countries and areas which belong to each classification:
 North America : The United States
 Europe : Germany, France, U.K.
 Other : China
- Operating expenses in elimination or corporate which can not be allocated to each business segment were 4,336 million yen, 4,632 million yen and 9,472 million yen for the six months ended Mar. 31, 2007, 2008 and the fiscal year ended Sep. 30, 2007, respectively.

Segment Information

Overseas sales

Six months ended March 31, 2007

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	12,446	11,475	5,909	257	30,088
Consolidated net sales	-	-	-	-	48,435
Ratio of overseas sales to consolidated net sales	25.7%	23.7%	12.2%	0.5%	62.1%

Six months ended March 31, 2008

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	11,778	11,772	7,002	255	30,809
Consolidated net sales	-	-	-	-	49,475
Ratio of overseas sales to consolidated net sales	23.8%	23.8%	14.2%	0.5%	62.3%

Fiscal year ended September 30, 2007

(Millions of Japanese Yen)

	North America	Europe	Asia	Other	Consolidated total
Overseas sales	25,108	22,690	12,825	534	61,159
Consolidated net sales	-	-	-	-	96,316
Ratio of overseas sales to consolidated net sales	26.1%	23.6%	13.3%	0.5%	63.5%

Notes :

1. The countries or areas are classified based on the geographical proximity.
2. Major countries and areas which belong to each classification:
North America : The United States
Europe : Germany, France, U.K.
Asia : Israel, India, China, Korea, Taiwan
Other : Australia

Interim Non-consolidated Financial Statements

Interim Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2007		As of Mar. 31, 2008		As of Sep. 30, 2007	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash on hand and in banks	43,070		48,546		36,580	
Trade notes receivable	3,870		3,639		3,548	
Accounts receivable	19,339		20,578		19,490	
Inventories	13,261		15,695		14,627	
Deferred income taxes	1,558		1,681		2,205	
Other	1,104		930		11,195	
Allowance for doubtful receivables	(80)		(142)		(125)	
Total current assets	82,124	54.6	90,930	57.4	87,521	56.4
Fixed assets						
Tangible fixed assets						
Buildings and structures	20,026		18,979		19,401	
Machinery and transportation equipment	10,512		11,427		11,588	
Furniture, fixtures and office equipment	3,367		3,741		3,547	
Land	11,907		11,960		11,908	
Construction in progress	2,596		2,539		2,255	
Other	749		934		784	
Total tangible fixed assets	49,160	32.6	49,583	31.3	49,486	31.9
Intangible fixed assets	334	0.2	280	0.2	301	0.2
Investments and other assets						
Shares of affiliates	7,414		7,798		7,414	
Deferred income taxes	4,952		5,876		5,590	
Investment property	266		403		237	
Other	6,298		3,518		4,628	
Allowance for doubtful receivables	(16)		(16)		(16)	
Total investments and other assets	18,915	12.6	17,580	11.1	17,854	11.5
Total fixed assets	68,410	45.4	67,444	42.6	67,642	43.6
Total assets	150,535	100.0	158,375	100.0	155,164	100.0

Interim Non-consolidated Financial Statements

Interim Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2007		As of Mar. 31, 2008		As of Sep. 30, 2007	
	Amount	%	Amount	%	Amount	%
Liabilities						
Current liabilities						
Trade notes payable	4,771		5,406		4,751	
Trade accounts payable	7,252		7,937		6,946	
Current portion of convertible debentures	12,580		-		-	
Current portion of long-term debt	6,263		1,263		2,263	
Income taxes payable	2,399		3,001		2,843	
Accrued bonuses	2,411		2,437		3,707	
Notes payable - construction	1,717		760		794	
Other	7,032		7,118		7,149	
Total current liabilities	44,428	29.5	27,924	17.6	28,456	18.3
Long-term liabilities						
Non-collateral bonds with warrants to buy stocks	2,568		1,473		1,673	
Long-term debt	1,706		6,442		7,530	
Allowance for employees' retirement and severance benefits	11,813		12,291		12,065	
Allowance for retirement benefits for directors and corporate auditors	1,419		1,487		1,452	
Total long-term liabilities	17,506	11.6	21,693	13.7	22,721	14.7
Total liabilities	61,935	41.1	49,618	31.3	51,177	33.0

Interim Non-consolidated Financial Statements

Interim Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Mar. 31, 2007		As of Mar. 31, 2008		As of Sep. 30, 2007	
	Amount	%	Amount	%	Amount	%
Net asset						
Shareholders' equity						
Common stock	28,057	18.6	34,870	22.0	34,770	22.4
Capital surplus						
Additional paid-in capital	27,769		34,578		34,478	
Total Capital surplus	27,769	18.5	34,578	21.8	34,478	22.2
Retained earnings						
Legal reserve	695		695		695	
Other earned surplus	36,331		44,024		38,974	
Reserve for special depreciation	260		186		186	
Reserve for dividends	3,500		3,500		3,500	
General reserve	23,600		28,600		23,600	
Earned surplus carried forward	8,971		11,738		11,688	
Total Retained earnings	37,026	24.6	44,719	28.3	39,670	25.6
Less treasury stock, at cost	(6,017)	(4.0)	(6,038)	(3.8)	(6,035)	(3.9)
Total Shareholders' equity	86,836	57.7	108,129	68.3	102,883	66.3
Revaluation and Translation Adjustments						
Unrealized gain on securities, net of tax	1,764		627		1,103	
Total Revaluation and Translation Adjustments	1,764	1.2	627	0.4	1,103	0.7
Total net asset	88,600	58.9	108,756	68.7	103,987	67.0
Total liabilities and net asset	150,535	100.0	158,375	100.0	155,164	100.0

Interim Non-consolidated Financial Statements

Interim Non-consolidated Income Statements

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2007		Six months ended Mar. 31, 2008		Fiscal year ended Sep. 30, 2007	
	Amount	%	Amount	%	Amount	%
Net sales	40,570	100.0	42,805	100.0	81,489	100.0
Cost of sales	21,520	53.0	22,828	53.3	43,279	53.1
Gross profit	19,049	47.0	19,977	46.7	38,209	46.9
Selling, general and administrative expenses	10,872	26.8	11,333	26.5	23,304	28.6
Operating income	8,177	20.2	8,643	20.2	14,905	18.3
Non-operating income	1,966	4.8	2,354	5.5	2,245	2.8
Non-operating expenses	145	0.4	414	1.0	289	0.4
Ordinary income	9,997	24.6	10,583	24.7	16,861	20.7
Extraordinary income	180	0.4	211	0.5	342	0.4
Extraordinary loss	177	0.4	221	0.5	479	0.6
Income before income taxes	10,000	24.6	10,573	24.7	16,723	20.5
Income taxes	2,417		3,058		5,442	
Income taxes in previous years	-		245		97	
Income taxes return in previous years	-		-		(257)	
Deferred income taxes	921		371		628	
Net income	6,661	16.4	6,898	16.1	10,812	13.3

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Shareholders' Equity

Six Months ended March 31, 2007

(Millions of Japanese Yen)

	Shareholders' Equity								
	Common stock	Capital surplus	Retained earnings					Treasury stock	Total Shareholders' Equity
		Additional paid-in capital	Legal reserve	Other earned surplus					
				Reserve for special depreciation	Reserve for dividends	General reserve	Earned surplus carried forward		
Balance at Sep. 30, 2006	26,487	26,200	695	260	-	21,600	9,291	(6,012)	78,522
Changes during the period									
Conversion of convertible debentures	1,043	1,043	-	-	-	-	-	-	2,086
Exercise of stock subscription rights	525	526	-	-	-	-	-	-	1,052
Addition to Reserve for dividends	-	-	-	-	3,500	-	(3,500)	-	-
Addition to general reserve	-	-	-	-	-	2,000	(2,000)	-	-
Dividends from surplus	-	-	-	-	-	-	(1,482)	-	(1,482)
Net income for the period	-	-	-	-	-	-	6,661	-	6,661
Purchases of treasury stock	-	-	-	-	-	-	-	(4)	(4)
Changes, net, in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes during the period	1,569	1,569	-	-	3,500	2,000	(320)	(4)	8,313
Balance at Mar. 31, 2007	28,057	27,769	695	260	3,500	23,600	8,971	(6,017)	86,836

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments	Total Net Assets
	Unrealized gain on securities	
Balance at Sep. 30, 2006	1,712	80,235
Changes during the period		
Conversion of convertible debentures	-	2,086
Exercise of stock subscription rights	-	1,052
Addition to Reserve for dividends	-	-
Addition to general reserve	-	-
Dividends from surplus	-	(1,482)
Net income for the period	-	6,661
Purchases of treasury stock	-	(4)
Changes, net, in items other than shareholders' equity	51	51
Total changes during the period	51	8,365
Balance at Mar. 31, 2007	1,764	88,600

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Shareholders' Equity

Six Months ended March 31, 2008

(Millions of Japanese Yen)

	Shareholders' Equity								
	Common stock	Capital surplus	Retained earnings					Treasury stock	Total Shareholders' Equity
		Additional paid-in capital	Legal reserve	Other earned surplus			Earned surplus carried forward		
				Reserve for special depreciation	Reserve for dividends	General reserve			
Balance at Sep. 30, 2007	34,770	34,478	695	186	3,500	23,600	11,688	(6,035)	102,883
Changes during the period									
Exercise of stock subscription rights	99	100	-	-	-	-	-	-	200
Addition to general reserve	-	-	-	-	-	5,000	(5,000)	-	-
Dividends from surplus	-	-	-	-	-	-	(1,848)	-	(1,848)
Net income for the period	-	-	-	-	-	-	6,898	-	6,898
Purchases of treasury stock	-	-	-	-	-	-	-	(3)	(3)
Changes, net, in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes during the period	99	100	-	-	-	5,000	49	(3)	5,246
Balance at Mar. 31, 2008	34,870	34,578	695	186	3,500	28,600	11,738	(6,038)	108,129

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments	Total Net Assets
	Unrealized gain on securities	
Balance at Sep. 30, 2007	1,103	103,987
Changes during the period		
Exercise of stock subscription rights	-	200
Addition to general reserve	-	-
Dividends from surplus	-	(1,848)
Net income for the period	-	6,088
Purchases of treasury stock	-	(3)
Changes, net, in items other than shareholders' equity	(476)	(476)
Total changes during the period	(476)	4,769
Balance at Mar. 31, 2008	627	108,756

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Shareholders' Equity

Fiscal year ended September 30, 2007

(Millions of Japanese Yen)

	Shareholders' Equity								
	Common stock	Capital surplus	Retained earnings					Treasury stock	Total Shareholders' Equity
		Additional paid-in capital	Legal reserve	Other earned surplus			Earned surplus carried forward		
				Reserve for special depreciation	Reserve for dividends	General reserve			
Balance at Sep. 30, 2006	26,487	26,200	695	260	-	21,600	9,291	(6,012)	78,522
Changes during the period									
Conversion of convertible debentures	7,309	7,304	-	-	-	-	-	-	14,613
Exercise of stock subscription rights	973	973	-	-	-	-	-	-	1,947
Reversal of reserve for special depreciation	-	-	-	(74)	-	-	74	-	-
Addition to Reserve for dividends	-	-	-	-	3,500	-	(3,500)	-	-
Addition to general reserve	-	-	-	-	-	2,000	(2,000)	-	-
Dividends from surplus	-	-	-	-	-	-	(1,482)	-	(1,482)
Interim dividends from surplus	-	-	-	-	-	-	(1,507)	-	(1,507)
Net income for the period	-	-	-	-	-	-	10,812	-	10,812
Purchases of treasury stock	-	-	-	-	-	-	-	(22)	(22)
Changes, net, in items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes during the period	8,282	8,277	-	(74)	3,500	2,000	2,396	(22)	24,360
Balance at Sep. 30, 2007	34,770	34,478	695	186	3,500	23,600	11,688	(6,035)	102,883

(Millions of Japanese Yen)

	Revaluation and Translation Adjustments	Total Net Assets
	Unrealized gain on securities	
Balance at Sep. 30, 2006	1,712	80,235
Changes during the period		
Conversion of convertible debentures	-	14,613
Exercise of stock subscription rights	-	1,947
Reversal of reserve for special depreciation	-	-
Addition to Reserve for dividends	-	-
Addition to general reserve	-	-
Dividends from surplus	-	(1,482)
Interim dividends from surplus	-	(1,507)
Net income for the period	-	10,812
Purchases of treasury stock	-	(22)
Changes, net, in items other than shareholders' equity	(608)	(608)
Total changes during the period	(608)	23,751
Balance at Sep. 30, 2007	1,103	103,987