

Consolidated Financial Results for the Third Quarter of Fiscal Year ending September 30, 2016 (Japanese GAAP)

August 8, 2016

Company name: Hamamatsu Photonics K.K. Stock listing: Tokyo Stock Exchange First Section
 Stock code: 6965 URL: <http://www.hamamatsu.com/ir/index.html>
 Representative: Akira Hiruma, President and Chief Executive Officer
 Contact: Tadahiko Shimazu, Director and General Manager of Accounting Div. (Phone: +81-53-452-2141)
 Scheduled date to file quarterly securities report: August 10, 2016
 Scheduled date to begin dividend payments: -
 Supplementary materials to the financial statements have been prepared: None
 Presentation will be held to explain the financial statements: None

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

1. Consolidated financial results for the nine months ended Jun. 30, 2016 (From Oct. 1, 2015 through Jun. 30, 2016)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Jun. 30, 2016	91,157	1.0	15,727	(13.6)	15,439	(20.0)	11,124	(14.7)
Nine months ended Jun. 30, 2015	90,278	8.9	18,209	14.2	19,300	17.8	13,036	19.9

Notes: Comprehensive income

Nine months ended Jun. 30, 2016: 5,296 million yen [(67.5)%]

Nine months ended Jun. 30, 2015: 16,314 million yen [36.2%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Jun. 30, 2016	69.27		-	
Nine months ended Jun. 30, 2015	81.08		-	

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

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Jun. 30, 2016	219,246		173,197		78.7	
As of Sep. 30, 2015	226,179		180,770		79.6	

For reference: Equity

As of Jun. 30, 2016: 172,586 million yen

As of Sep. 30, 2015: 180,141 million yen

2. Dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full FY
	Yen				
Fiscal year ended Sep. 30, 2015	-	30.00	-	19.00	-
Fiscal year ending Sep. 30, 2016	-	17.00	-		
Fiscal year ending Sep. 30, 2016 (Forecast)				17.00	34.00

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

*Hamamatsu Photonics implemented a two-for-one stock split on April 1, 2015. The interim dividend for the fiscal year ended September 30, 2015 is stated as the amount before this stock split was executed.

3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2016 (From Oct. 1, 2015 through Sep. 30, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending Sep. 30, 2016	121,900	1.0	20,400	(13.5)	20,700	(16.1)	14,900	(10.2)	94.11

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

4. Others

- (1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : None
- (2) Application of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions
 - (a) Changes in accounting principles accompanying revisions in accounting standards: Yes
 - (b) Changes other than those in (a) above: None
 - (c) Changes in accounting estimates: None
 - (d) Changes in presentation due to revisions: None

(4) Number of shares outstanding

- (a) Number of shares outstanding at end of period including treasury shares

As of Jun. 30, 2016: 167,529,968 shares

As of Sep. 30, 2015: 167,529,968 shares

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

As of Jun. 30, 2016: 9,199,058 shares

As of Sep. 30, 2015: 6,743,639 shares

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

Nine months ended Jun. 30, 2016: 160,613,206 shares

Nine months ended Jun. 30, 2015: 160,788,005 shares

*Hamamatsu Photonics implemented a two-for-one stock split on April 1, 2015. Average number of shares issued during the period for the nine months ended June 30, 2015 has been calculated by assuming this stock split was executed at the beginning of the fiscal year ended September 30, 2015.

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

(1) Operating Results

During the third quarter of this fiscal year (nine months ended June 30, 2016), Japan's economy continued to show improvements in the employment and income environment, but shadows could be seen over personal spending, while conditions prevented further improvement of corporate earnings as well. The economy also labored under a difficult environment as the yen strengthened further, driven by the uncertain outlook for the global economy.

Given these circumstances, our Group pursued research and development that utilizes the proprietary photonics technologies we have cultivated over many years and undertook aggressive capital investments for future growth, and strove to ensure net sales and earnings.

As a result of the above factors, we closed the third quarter with net sales of JPY 91,157 million, up by JPY 879 million (1.0%). On the other hand, operating income was JPY 15,727 million, down by JPY 2,482 million (13.6%), and ordinary income was JPY 15,439 million, down by JPY 3,860 million (20.0%), respectively, and quarterly profit attributable to owners of parent was JPY 11,124 million, down by JPY 1,911 million (14.7%) from the same period one year ago.

Performance by segment is as follows;

(Electron Tube)

Sales of photomultiplier tubes (PMT) for environmental analysis expanded steadily in overseas markets. In other product segments, however, sales for oil-well logging applications in the measuring instrument field contracted sharply because of the prolonged slump in oilfield development investment and sales in the medical field for inspection and monitoring systems such as blood analyzers decreased.

In imaging devices and light sources, sales of deuterium lamps rose as the demand for environmental analysis in Asia increased. However, sales in the medical field of scintillators for converting X-rays into visible light moved lower.

The resulting net sales for this business were JPY 34,333 million, down by 6.7%, and operating income was JPY 11,804 million, down by 14.9%, from one year before.

(Opto-semiconductor)

In opto-semiconductors, sales in the medical field of our core silicon photodiodes continued to climb steadily in North America in particular, where these products enjoy a positive reputation for accurately addressing customers' needs, while sales of our flat panel sensors remained strong, centered on dental applications. In addition, sales of Photo ICs used for optical communication networks in automobiles were higher in Europe, and sales of silicon photodiodes for luggage inspection increased as well.

As a result, net sales in the Opto-semiconductor business came to JPY 41,251 million, up by 5.3%, and operating income was JPY 12,410 million, down by 0.4% from one year before.

(Imaging and Measurement Instruments)

In the image processing and measurement systems business, sales of failure analysis systems for semiconductor devices increased substantially, especially in the Asia region, reflecting favorable response these systems have earned for achieving high-resolution and high sensitivity in a wide range of fields and enabling diverse analyses tailored to applications. In addition, sales of X-ray line sensor cameras, primarily for food inspection applications, also expanded.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 12,415 million, up by 9.3%, and operating income was JPY 2,689 million, up by 7.2% from one year before.

(Other)

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

Net sales were JPY 3,157 million, up by 6.6%, and operating income was JPY 331 million, up by 97.7% from the same period one year ago.

(2) Financial Conditions

Current assets decreased by JPY 4,165 million from the end of the prior fiscal year. This mainly reflected an increase in work in process of JPY 1,359 million, and a decrease in cash and deposits of JPY 7,412 million. Non-current assets decreased by JPY 2,768 million from the end of the prior fiscal year. This was mainly the result of a decrease in property, plant and equipment of JPY 2,355 million as the result of a decrease in buildings and structures.

Total assets at the end of the third quarter were JPY 219,246 million, down by JPY 6,933 million from the end of the fiscal year ended September 30, 2015.

Current liabilities increased by JPY 691 million from the end of the prior fiscal year. Although income taxes payable were JPY 1,549 million lower, the provision for bonuses increased by JPY 1,580 million and notes payable-facilities (current liabilities-other) increased by JPY 948 million, respectively.

Non-current liabilities decreased by JPY 52 million from the prior fiscal year-end, due mainly to a decrease in net defined benefit liability of JPY 113 million.

Total liabilities at the end of the third quarter were JPY 46,048 million, up by JPY 639 million from the end of the fiscal year ended September 30, 2015.

Net assets for the third quarter of this fiscal year were JPY 173,197 million, down by JPY 7,572 million from the end of the fiscal year ended September 30, 2015, despite an increase in retained earnings of JPY 5,326 million as the result of reporting a quarterly profit attributable to owners of parent, due mainly to a decrease in purchase of treasury shares of JPY 7,070 million and a decrease in foreign currency translation adjustment of JPY 5,697 million, respectively.

(3) Projection for the year

There is no change to the projection for the fiscal year ending September 30, 2016, released on May 9, 2016. We assume the applicable yen/US dollar exchange rate will be JPY 110 and the yen/Euro exchange rate will be JPY 125.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2015	As of Jun. 30, 2016
Assets		
Current assets		
Cash and deposits	81,548	74,136
Notes and accounts receivable-trade	28,736	27,811
Securities	-	1,000
Merchandise and finished goods	7,383	6,919
Work in process	15,689	17,048
Raw materials and supplies	6,403	6,548
Other	7,554	9,703
Allowance for doubtful accounts	(155)	(174)
Total current assets	147,160	142,994
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,342	30,044
Machinery, equipment and vehicles, net	11,497	10,706
Tools, furniture and fixtures, net	3,451	3,558
Land	16,644	16,416
Leased assets, net	181	186
Construction in progress	2,737	3,586
Total property, plant and equipment	66,854	64,499
Intangible assets	1,766	1,531
Investments and other assets		
Investment securities	2,465	2,299
Deferred tax assets	5,955	5,977
Other	1,997	1,962
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	10,398	10,220
Total non-current assets	79,019	76,251
Total assets	226,179	219,246

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2015	As of Jun. 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,518	4,666
Electronically recorded obligations-operating	8,994	8,839
Short-term loans payable	2,040	2,185
Current portion of long-term loans payable	3,172	3,183
Income taxes payable	2,763	1,213
Provision for bonuses	3,480	5,060
Other	10,863	11,376
Total current liabilities	35,833	36,525
Non-current liabilities		
Long-term loans payable	3,808	3,918
Net defined benefit liability	3,956	3,842
Other	1,810	1,761
Total non-current liabilities	9,575	9,522
Total liabilities	45,409	46,048
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	110,637	115,964
Treasury shares	(6,059)	(13,129)
Total shareholders' equity	174,179	172,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	520	347
Foreign currency translation adjustment	4,367	(1,329)
Remeasurements of defined benefit plans	1,074	1,132
Total accumulated other comprehensive income	5,962	150
Non-controlling interests	629	611
Total net assets	180,770	173,197
Total liabilities and net assets	226,179	219,246

Consolidated Financial Statements

Consolidated Statements of Income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2015	Nine months ended Jun. 30, 2016
Net sales	90,278	91,157
Cost of sales	42,781	44,580
Gross profit	47,496	46,577
Selling, general and administrative expenses	29,286	30,849
Operating income	18,209	15,727
Non-operating income		
Interest income	129	163
Rent of real estate for investment	69	75
Foreign exchange gains	626	-
Share of profit of entities accounted for using equity method	71	48
Other	353	346
Total non-operating income	1,250	634
Non-operating expenses		
Interest expenses	75	71
Rent expenses on real estates	56	57
Foreign exchange losses	-	763
Other	28	29
Total non-operating expenses	160	922
Ordinary income	19,300	15,439
Extraordinary income		
Gain on sales of non-current assets	69	29
Subsidy income	241	781
Total extraordinary income	311	811
Extraordinary losses		
Loss on sales of non-current assets	12	2
Loss on retirement of non-current assets	43	22
Loss on reduction of non-current assets	241	707
Loss on valuation of investment securities	1	0
Loss on sales of shares of subsidiaries	3	-
Total extraordinary losses	302	732
Income before income taxes and minority interests	19,308	15,518
Income taxes	6,234	4,356
Profit	13,074	11,162
Profit attributable to non-controlling interests	37	37
Profit attributable to owners of parent	13,036	11,124

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2015	Nine months ended Jun. 30, 2016
Profit	13,074	11,162
Other comprehensive income		
Valuation difference on available-for-sale securities	(40)	(172)
Foreign currency translation adjustment	3,272	(5,732)
Remeasurements of defined benefit plans, net of tax	(21)	58
Share of other comprehensive income of entities accounted for using equity method	29	(19)
Total other comprehensive income	3,240	(5,865)
Comprehensive income	16,314	5,296
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,210	5,313
Comprehensive income attributable to non-controlling interests	104	(16)

Segment Information

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

Nine months ended June 30, 2015 (From Oct. 1, 2014 through Jun. 30, 2015)

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron tube	Opto- semiconductor	Imaging and measurement instruments	Total				
Net Sales								
Outside customers	36,785	39,170	11,359	87,315	2,963	90,278	-	90,278
Intersegment	894	717	9	1,622	726	2,348	(2,348)	-
Total net sales	37,679	39,888	11,369	88,937	3,690	92,627	(2,348)	90,278
Segment income	13,865	12,454	2,508	28,828	167	28,995	(10,785)	18,209

Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is mainly the semiconductor laser business and hotel operations.
2. Adjustment of segment income of negative JPY 10,785 million represents intersegment transactions of negative JPY 914 million and unallocated corporate expenses of negative JPY 9,871 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment income has been reconciled with operating income presented in the consolidated financial statements.

Nine months ended June 30, 2016 (From Oct. 1, 2015 through Jun. 30, 2016)

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron tube	Opto- semiconductor	Imaging and measurement instruments	Total				
Net Sales								
Outside customers	34,333	41,251	12,415	88,000	3,157	91,157	-	91,157
Intersegment	924	660	9	1,593	685	2,279	(2,279)	-
Total net sales	35,257	41,912	12,424	89,594	3,842	93,437	(2,279)	91,157
Segment income	11,804	12,410	2,689	26,905	331	27,236	(11,509)	15,727

Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is mainly the semiconductor laser business and hotel operations.
2. Adjustment of segment income of negative JPY 11,509 million represents intersegment transactions of negative JPY 925 million and unallocated corporate expenses of negative JPY 10,584 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment income has been reconciled with operating income presented in the consolidated financial statements.