

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

August 4, 2014

Company name: Hamamatsu Photonics K.K. Stock listing: Tokyo Stock Exchange First Section  
 Stock code: 6965 URL: <http://www.hamamatsu.com/ir/index.html>  
 Representative: Akira Hiruma, President and Chief Executive Officer  
 Contact: Tadahiko Shimazu, Director and General Manager of Accounting Div. (Phone: +81-53-452-2141)  
 Scheduled date to file quarterly securities report: August 7, 2014  
 Scheduled date to begin dividend payments: -  
 Supplementary materials to the financial statements have been prepared: None  
 Presentation will be held to explain the financial statements: None

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

### 1. Consolidated financial results for the nine months ended Jun. 30, 2014 (From Oct. 1, 2013 through Jun. 30, 2014)

#### (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	%
Nine months ended Jun. 30, 2014	82,912	11.0	15,946	30.2	16,384	24.2	10,872	26.9
Nine months ended Jun. 30, 2013	74,712	0.7	12,245	(11.7)	13,191	(8.0)	8,567	(2.2)

Notes: Comprehensive income

Nine months ended Jun. 30, 2014: 11,976 million yen [(13.1%)]

Nine months ended Jun. 30, 2013: 13,778 million yen [55.7%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Jun. 30, 2014	135.24		-	
Nine months ended Jun. 30, 2013	106.57		-	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Jun. 30, 2014	211,889		162,173		76.3	
As of Sep. 30, 2013	198,278		154,385		77.6	

For reference: Equity

As of Jun. 30, 2014: 161,627 million yen

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

### 2. Dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full FY
	Yen				
Fiscal year ended Sep. 30, 2013	-	23.00	-	27.00	50.00
Fiscal year ending Sep. 30, 2014	-	25.00	-		
Fiscal year ending Sep. 30, 2014 (Forecast)				30.00	55.00

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

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

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending Sep. 30, 2014	115,200	12.8	21,900	30.5	22,300	24.7	15,100	31.0	187.82

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

4. Others

- (1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : None
- (2) Application of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions
  - (a) Changes in accounting principles accompanying revisions in accounting standards: None
  - (b) Changes other than those in (a) above: None
  - (c) Changes in accounting estimates: None
  - (d) Changes in presentation due to revisions: None
- (4) Number of shares outstanding
  - (a) Number of shares outstanding at end of period including treasury stock
    - As of Jun. 30, 2014: 83,764,984 shares
    - As of Sep. 30, 2013: 83,764,984 shares
  - (b) Number of treasury stock at end of period
    - As of Jun. 30, 2014: 3,370,597 shares
    - As of Sep. 30, 2013: 3,370,195 shares
  - (c) Average number of shares issued during the period
    - Nine months ended Jun. 30, 2014: 80,394,608 shares
    - Nine months ended Jun. 30, 2013: 80,394,936 shares

## 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, 2014) Japan's economy maintained its gradual recovery momentum. In spite of a drop in personal spending after the rush buying prior to the hike in consumption tax effected on April 1, 2014, the third quarter saw continued improvements in corporate earnings, capital investment, and employment.

Given these circumstances, our group pushed forward with research and development concerning light, sought to develop the products that address customer needs, and worked to increase net sales and earnings by maintaining aggressive sales activities.

As a result of the above factors, we closed the third quarter with net sales of JPY 82,912 million, up by JPY 8,200 million (11.0%), operating income of JPY 15,946 million, up by JPY 3,701 million (30.2%) and ordinary income of JPY 16,384 million, up by JPY 3,193 million (24.2%) over one year ago respectively. Net income was JPY 10,872 million, up by JPY 2,304 million (26.9%).

Performances by the segment are as follows.

#### (Electron Tube)

Sales of photomultiplier tubes (PMTs) increased, boosted by steady sales for nuclear medicine applications such as Positron Emission Tomography (PET) and higher sales for the academic sector, including deep sea neutrino experiments in foreign countries. However, sales in the industrial field declined.

In the light sources and imaging devices segment, sales in the medical field of X-ray scintillators for converting X-rays into visible light grew, primarily in North America. In addition, in the industrial field, sales of products such as xenon lamps for semiconductor inspection equipment were strong, while microfocus X-ray sources for non-destructive testing, which customers rate highly for their ability to obtain high-definition images, also saw higher sales.

In total, the Electron Tube business closed the third quarter with net sales of JPY 33,974 million, up by 5.1%, and operating income of JPY 12,616 million, up by 5.4% from the same period one year ago.

#### (Opto-semiconductor)

In opto-semiconductor devices, sales in the medical field rose as growth in sales of our core silicon photodiodes were driven by the recovery of demand and our flat panel sensors, which enjoy a strong reputation for features such as high definition and high resolution, continued to expand steadily centered on dental applications. Furthermore, in the industrial field sales of image sensors were boosted by higher demand for applications in semiconductor inspection equipment.

Net sales for this business were JPY 36,536 million, up by 19.0%, and operating income was JPY 12,238 million, up by 36.6% from the same period one year ago.

#### (Imaging and Measurement Instruments)

Sales of image processing and measurement systems rose supported by strong growth in sales of digital cameras in the field of life sciences and biology, and increased sales of X-ray TDI cameras, which are used in applications such as inspection of substrates for electronic devices and have earned a positive reputation for their high-speed operation. Sales of digital slide scanners in pathology also gained based on new product launches.

Net sales for this business were JPY 9,866 million, up by 2.9%, and operating income was JPY 1,486 million, up by 25.5% from the same period one year ago.

(Other)

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

Net sales were JPY 2,534 million, up by 21.3%, and operating income was JPY 272 million, up by 390.9% from the same period one year ago.

## **(2) Financial Conditions**

Current assets increased by JPY 6,534 million from the end of the prior fiscal year. This mainly reflected increases in cash and deposits, up by JPY 3,497 million and increases in notes and accounts receivable-trade, up by JPY 1,056 million.

Noncurrent assets increased by JPY 7,077 million from the end of the prior fiscal year. This was mainly from an increase in property, plant and equipment, up by JPY 7,391 million as a result of an increase in construction in progress due to new plant construction.

Total assets at the end of the third quarter were JPY 211,889 million, up by JPY 13,611 million from the end of the fiscal year ended September 30, 2013.

Current liabilities increased by JPY 10,067 million from the end of the prior fiscal year. This was mainly from an increase in electronically recorded obligations-operating, up by JPY 3,080 million and an increase in current portion of long-term loans payable, up by JPY 2,995 million.

Noncurrent liabilities decreased by JPY 4,242 million from the end of the prior fiscal year, mainly because of a decrease in long-term loans payable, down by JPY 3,135 million.

Total liabilities at the end of the third quarter were JPY 49,716 million, up by JPY 5,824 million from the end of the fiscal year ended September 30, 2013.

Net assets were JPY 162,173 million, up by JPY 7,787 million, due mainly to an increase in retained earnings, up by JPY 6,685 million because of net income for the third quarter of this fiscal year, and an increase in foreign currency translation adjustment, up by JPY 1,053 million.

## **(3) Projection for the year**

There is no change to the projection for the fiscal year ending September 30, 2014, released on May 12, 2014. We assume the applicable yen/US dollar exchange rate will be JPY 100 and the yen/Euro exchange rate will be JPY 140.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2013	As of Jun. 30, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	78,603	82,101
Notes and accounts receivable-trade	24,183	25,240
Merchandise and finished goods	6,277	6,661
Work in process	12,977	13,787
Raw materials and supplies	5,849	6,522
Other	5,062	5,193
Allowance for doubtful accounts	(158)	(176)
<b>Total current assets</b>	<b>132,795</b>	<b>139,329</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	21,485	21,133
Machinery, equipment and vehicles, net	7,801	7,812
Tools, furniture and fixtures, net	3,391	3,356
Land	15,822	15,909
Lease assets, net	207	155
Construction in progress	4,831	12,566
<b>Total property, plant and equipment</b>	<b>53,541</b>	<b>60,933</b>
Intangible assets	1,697	1,702
<b>Investments and other assets</b>		
Investment securities	2,412	2,458
Deferred tax assets	6,217	6,170
Other	1,633	1,314
Allowance for doubtful accounts	(18)	(19)
<b>Total investments and other assets</b>	<b>10,243</b>	<b>9,924</b>
<b>Total noncurrent assets</b>	<b>65,482</b>	<b>72,560</b>
<b>Total assets</b>	<b>198,278</b>	<b>211,889</b>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2013	As of Jun. 30, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	6,752	5,327
Electronically recorded obligations-operating	4,432	7,512
Short-term loans payable	1,380	1,510
Current portion of long-term loans payable	186	3,182
Income taxes payable	1,418	2,183
Provision for bonuses	3,156	4,668
Other	9,951	12,961
<b>Total current liabilities</b>	<b>27,277</b>	<b>37,344</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	7,084	3,948
Provision for retirement benefits	7,609	6,570
Other	1,921	1,853
<b>Total noncurrent liabilities</b>	<b>16,614</b>	<b>12,372</b>
<b>Total liabilities</b>	<b>43,892</b>	<b>49,716</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	90,309	96,995
Treasury stock	(6,048)	(6,050)
<b>Total shareholders' equity</b>	<b>153,862</b>	<b>160,546</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	541	557
Foreign currency translation adjustment	(530)	523
<b>Total accumulated other comprehensive income</b>	<b>11</b>	<b>1,081</b>
<b>Minority interests</b>	<b>512</b>	<b>546</b>
<b>Total net assets</b>	<b>154,385</b>	<b>162,173</b>
<b>Total liabilities and net assets</b>	<b>198,278</b>	<b>211,889</b>

# Consolidated Financial Statements

## Consolidated Statements of Income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2013	Nine months ended Jun. 30, 2014
Net sales	74,712	82,912
Cost of sales	37,161	39,399
Gross profit	37,550	43,513
Selling, general and administrative expenses	25,305	27,566
Operating income	12,245	15,946
Non-operating income		
Interest income	110	146
Rent of real estate for investment	32	63
Foreign exchange gains	534	29
Equity in earnings of affiliates	63	50
Other	349	291
Total non-operating income	1,089	582
Non-operating expenses		
Interest expenses	75	64
Rent expenses on real estates	32	56
Other	34	23
Total non-operating expenses	143	144
Ordinary income	13,191	16,384
Extraordinary income		
Gain on sales of noncurrent assets	16	5
Subsidy income	49	2
Gain on sales of investment securities	46	-
Total extraordinary income	112	7
Extraordinary loss		
Loss on sales of noncurrent assets	6	3
Loss on retirement of noncurrent assets	21	39
Loss on reduction of noncurrent assets	37	2
Loss on valuation of investment securities	-	3
Total extraordinary losses	65	49
Income before income taxes and minority interests	13,238	16,343
Income taxes	4,664	5,447
Income before minority interests	8,573	10,895
Minority interests in income	5	23
Net income	8,567	10,872

## Consolidated Financial Statements

### Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2013	Nine months ended Jun. 30, 2014
Income before minority interests	8,573	10,895
Other comprehensive income		
Valuation difference on available-for-sale securities	285	16
Foreign currency translation adjustment	4,854	1,063
Share of other comprehensive income of associates accounted for using equity method	64	1
Total other comprehensive income	5,205	1,081
Comprehensive income	13,778	11,976
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	13,690	11,942
Comprehensive income attributable to minority interests	88	34



## Segment Information

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

Nine months ended June 30, 2013 (From Oct. 1, 2012 through Jun. 30, 2013)

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron tube	Opto- semiconductor	Imaging and measurement instruments	Total				
Net Sales								
Outside customers	32,338	30,700	9,584	72,623	2,088	74,712	-	74,712
Intersegment	949	456	40	1,447	496	1,944	(1,944)	-
Total net sales	33,288	31,157	9,624	74,070	2,585	76,656	(1,944)	74,712
Segment income (loss)	11,972	8,956	1,184	22,113	55	22,168	(9,923)	12,245

#### 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 9,923 million represents intersegment transactions of negative JPY 713 million and unallocated corporate expenses of negative JPY 9,210 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, 2014 (From Oct. 1, 2013 through Jun. 30, 2014)

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron tube	Opto- semiconductor	Imaging and measurement instruments	Total				
Net Sales								
Outside customers	33,974	36,536	9,866	80,377	2,534	82,912	-	82,912
Intersegment	974	541	35	1,551	684	2,235	(2,235)	-
Total net sales	34,949	37,078	9,901	81,929	3,219	85,148	(2,235)	82,912
Segment income (loss)	12,616	12,238	1,486	26,341	272	26,613	(10,666)	15,946

#### 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 10,666 million represents intersegment transactions of negative JPY 852 million and unallocated corporate expenses of negative JPY 9,813 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.