

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

February 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: February 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 three months ended Dec. 31, 2015 (From Oct. 1, 2015 through Dec. 31, 2015)

#### (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	%
Three months ended Dec. 31, 2015	29,822	4.3	5,023	(12.5)	5,082	(18.3)	3,736	(18.3)
Three months ended Dec. 31, 2014	28,606	9.4	5,743	38.1	6,218	43.4	4,575	48.9

Notes: Comprehensive income

Three months ended Dec. 31, 2015: 3,385 million yen [(52.8)%]

Three months ended Dec. 31, 2014: 7,176 million yen [48.9%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended Dec. 31, 2015	23.24		-	
Three months ended Dec. 31, 2014	28.46		-	

\*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 Dec. 31, 2015	223,459		181,095		80.8	
As of Sep. 30, 2015	226,179		180,770		79.6	

For reference: Equity

As of Dec. 31, 2015: 180,469 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	-				
Fiscal year ending Sep. 30, 2016 (Forecast)		17.00	-	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
Six months ending Mar. 31, 2016	62,800	0.9	11,200	(18.7)	11,400	(21.8)	8,200	(16.8)	51.00
Fiscal year ending Sep. 30, 2016	126,900	5.1	23,200	(1.7)	23,600	(4.3)	17,200	3.6	106.97

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 Dec. 31, 2015: 167,529,968 shares
    - As of Sep. 30, 2015: 167,529,968 shares
  - (b) Number of treasury shares at end of period
    - As of Dec. 31, 2015: 6,743,675 shares
    - As of Sep. 30, 2015: 6,743,639 shares
  - (c) Average number of shares issued during the period
    - Three months ended Dec. 31, 2015: 160,786,317 shares
    - Three months ended Dec. 31, 2014: 160,788,773 shares

\*Hamamatsu Photonics implemented a two-for-one stock split on April 1, 2015. Average number of shares issued during the period for the three months ended December 31, 2014 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 First Quarter of this Fiscal Year

### (1) Operating Results

In the business environment for the first quarter of this fiscal year (three months ended December 31, 2015), Japan's economy as a whole maintained a gradual recovery as capital investment increased moderately against the backdrop of improved corporate earnings, and personal consumption remained brisk as well. Nevertheless, uncertainty of the economic outlook continued to prevail, as factors such as the prolonged slide in crude oil prices were added to the weakness evident from an export and production aspect, which resulted from the economic slowdown affecting newly developing countries.

Given these circumstances, our Group strove to ensure net sales and earnings by pushing forward with research and development concerning light, and continuing the development of new products to address customers' needs.

As a result, we closed the first quarter with net sales of JPY 29,822 million, up by JPY 1,216 million (4.3%) over one year ago. From an earnings perspective, however, operating income was JPY 5,023 million, down JPY 719 million (12.5%) compared with one year ago, ordinary income was JPY 5,082 million, down by JPY 1,136 million (18.3%) from the previous year and quarterly profit attributable to owners of parent was JPY 3,736 million, down by JPY 839 million (18.3%) from the same period one year ago.

Performance by segment is as follows;

#### (Electron Tube)

In imaging devices and light sources, sales in the industrial field of Microfocus X-ray light sources for non-destructive testing and our Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing improved steadily, and sales of light sources for analytical instruments increased. On the other hand, sales of photomultiplier tubes (PMT) for oil-well logging applications in the measuring instrument field were lower as a result of the drop in oilfield development investment, and sales for inspection and monitoring systems such as blood analyzers struggled to expand.

As a result of the above factors, the Electron Tube business closed the first quarter with net sales of JPY 11,624 million, down by 2.0%, and operating income of JPY 4,026 million, down by 5.3% from the same period one year ago.

#### (Opto-semiconductor)

In opto-semiconductors, sales of our core silicon photodiodes rose, largely for medical devices in North America, thanks to these products' suitability for customers' needs, and sales in the industrial field for luggage inspections increased steadily as well. In addition, sales of Photo ICs, which are used for optical communication networks in automobiles, also remained steady in Europe.

As a result, net sales in the Opto-semiconductor business came to JPY 13,446 million, up by 5.5%, and operating income was JPY 4,095 million, down by 4.2% from the same period one year ago.

#### (Imaging and Measurement Instruments)

In the image processing and measurement systems business, failure analysis systems for semiconductor devices have earned a solid reputation for high-definition and high sensitivity in a wide range of fields, which drove an advance in sales in Japan as well as overseas. In addition, sales of digital cameras, particularly for the field of life sciences and biotechnology expanded, as did sales of digital slide scanners in pathology, which also were robust.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 3,817 million, up by 16.8%, and operating income was JPY 756 million, up by 9.1% 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 933 million, up by 28.1%, and operating income was JPY 85 million, up by 9.3% from the same period one year ago.

## **(2) Financial Conditions**

Current assets decreased by JPY 1,760 million from the year ended September 30, 2015. This mainly reflected an increase in inventories of JPY 1,133 million, and a decrease in cash and deposits of JPY 2,469 million.

Non-current assets decreased by JPY 959 million from the end of the prior fiscal year. This was mainly from property, plant and equipment, which decreased by JPY 967 million, a change that reflected decreases in construction in progress and buildings and structures.

Total assets at the end of the first quarter were JPY 223,459 million, down by JPY 2,719 million from the year ended September 30, 2015.

Current liabilities were down by JPY 2,764 million from the end of the prior fiscal year. Total current liabilities fell because the provision for bonuses decreased by JPY 1,783 million and income taxes payable decreased by JPY 1,526 million, respectively.

Non-current liabilities decreased by JPY 280 million from the prior fiscal year-end, mainly due to a decrease in net defined benefit liability of JPY 180 million.

As a result, total liabilities at the end of the first quarter were JPY 42,364 million, down by JPY 3,044 million from the year ended September 30, 2015.

Net assets were JPY 181,095 million, up by JPY 324 million from the prior fiscal year-end, due mainly to a decrease in foreign currency translation adjustment of JPY 518 million, and an increase in retained earnings of JPY 676 million as the result of posting a quarterly profit attributable to owners of parent.

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

There is no change to the projection for the first six months ending March 31, 2016 and for the fiscal year ending September 30, 2016 released on November 9, 2015.

We assume the yen/US dollar exchange rate will be JPY 120 and the yen/Euro exchange rate will be JPY 130.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2015	As of Dec. 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	81,548	79,079
Notes and accounts receivable-trade	28,736	29,050
Securities	-	1,000
Merchandise and finished goods	7,383	7,507
Work in process	15,689	16,543
Raw materials and supplies	6,403	6,559
Other	7,554	5,828
Allowance for doubtful accounts	(155)	(169)
<b>Total current assets</b>	<b>147,160</b>	<b>145,399</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	32,342	31,766
Machinery, equipment and vehicles, net	11,497	11,627
Tools, furniture and fixtures, net	3,451	3,495
Land	16,644	16,636
Leased assets, net	181	203
Construction in progress	2,737	2,157
<b>Total property, plant and equipment</b>	<b>66,854</b>	<b>65,886</b>
<b>Intangible assets</b>	<b>1,766</b>	<b>1,715</b>
<b>Investments and other assets</b>		
Investment securities	2,465	2,568
Deferred tax assets	5,955	5,879
Other	1,997	2,029
Allowance for doubtful accounts	(19)	(19)
<b>Total investments and other assets</b>	<b>10,398</b>	<b>10,458</b>
<b>Total non-current assets</b>	<b>79,019</b>	<b>78,060</b>
<b>Total assets</b>	<b>226,179</b>	<b>223,459</b>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2015	As of Dec. 31, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	4,518	4,490
Electronically recorded obligations-operating	8,994	8,679
Short-term loans payable	2,040	2,231
Current portion of long-term loans payable	3,172	3,174
Income taxes payable	2,763	1,237
Provision for bonuses	3,480	1,696
Other	10,863	11,559
<b>Total current liabilities</b>	<b>35,833</b>	<b>33,069</b>
<b>Non-current liabilities</b>		
Long-term loans payable	3,808	3,763
Net defined benefit liability	3,956	3,775
Other	1,810	1,755
<b>Total non-current liabilities</b>	<b>9,575</b>	<b>9,295</b>
<b>Total liabilities</b>	<b>45,409</b>	<b>42,364</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	110,637	111,313
Treasury shares	(6,059)	(6,059)
<b>Total shareholders' equity</b>	<b>174,179</b>	<b>174,855</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	520	600
Foreign currency translation adjustment	4,367	3,848
Remeasurements of defined benefit plans	1,074	1,165
<b>Total accumulated other comprehensive income</b>	<b>5,962</b>	<b>5,614</b>
<b>Non-controlling interests</b>	<b>629</b>	<b>625</b>
<b>Total net assets</b>	<b>180,770</b>	<b>181,095</b>
<b>Total liabilities and net assets</b>	<b>226,179</b>	<b>223,459</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2014	Three months ended Dec. 31, 2015
Net sales	28,606	29,822
Cost of sales	13,365	14,388
Gross profit	15,240	15,433
Selling, general and administrative expenses	9,497	10,410
Operating income	5,743	5,023
Non-operating income		
Interest income	43	68
Rent of real estate for investment	24	36
Foreign exchange gains	349	-
Share of profit of entities accounted for using equity method	29	25
Other	72	90
Total non-operating income	520	220
Non-operating expenses		
Interest expenses	23	24
Rent expenses on real estates	15	18
Foreign exchange losses	-	110
Other	6	8
Total non-operating expenses	44	161
Ordinary income	6,218	5,082
Extraordinary income		
Gain on sales of non-current assets	49	26
Total extraordinary income	49	26
Extraordinary losses		
Loss on sales of non-current assets	6	0
Loss on retirement of non-current assets	33	4
Total extraordinary losses	40	4
Income before income taxes and minority interests	6,228	5,104
Income taxes	1,640	1,354
Profit	4,587	3,750
Profit attributable to non-controlling interests	11	14
Profit attributable to owners of parent	4,575	3,736

## Consolidated Financial Statements

### Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2014	Three months ended Dec. 31, 2015
Profit	4,587	3,750
Other comprehensive income		
Valuation difference on available-for-sale securities	(71)	80
Foreign currency translation adjustment	2,670	(531)
Remeasurements of defined benefit plans, net of tax	(22)	90
Share of other comprehensive income of entities accounted for using equity method	12	(4)
Total other comprehensive income	2,589	(364)
Comprehensive income	7,176	3,385
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,134	3,388
Comprehensive income attributable to non-controlling interests	42	(2)



## Segment Information

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

Three months ended December 31, 2014 (From Oct. 1, 2014 through Dec. 31, 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	11,866	12,743	3,266	27,877	728	28,606	-	28,606
Intersegment	302	240	2	545	264	810	(810)	-
Total net sales	12,169	12,983	3,269	28,423	993	29,416	(810)	28,606
Segment income	4,250	4,276	693	9,220	77	9,298	(3,554)	5,743

#### Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is mainly the semiconductor laser business and hotel operations.
2. Adjustment of segment income of negative JPY 3,554 million represents intersegment transactions of negative JPY 317 million and unallocated corporate expenses of negative JPY 3,237 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment income has been reconciled with operating income presented in the consolidated financial statements.

Three months ended December 31, 2015 (From Oct. 1, 2015 through Dec. 31, 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	11,624	13,446	3,817	28,888	933	29,822	-	29,822
Intersegment	304	226	1	532	244	776	(776)	-
Total net sales	11,929	13,673	3,818	29,421	1,177	30,598	(776)	29,822
Segment income	4,026	4,095	756	8,878	85	8,963	(3,939)	5,023

#### Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is mainly the semiconductor laser business and hotel operations.
2. Adjustment of segment income of negative JPY 3,939 million represents intersegment transactions of negative JPY 312 million and unallocated corporate expenses of negative JPY 3,627 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.