

Consolidated Financial Results for the Fiscal Year ended September 30, 2018 (Japanese GAAP)

November 12, 2018

Company name: Hamamatsu Photonics K.K. Stock listing: Tokyo Stock Exchange First Section
 Stock code: 6965 URL: <https://www.hamamatsu.com/ir/index.html>
 Representative: Akira Hiruma, President and Chief Executive Officer
 Contact: Kazuhiko Mori, Director and General Manager of Accounting Div. (Phone: +81-53-452-2141)
 Scheduled date of Annual General Meeting of Shareholders: December 20, 2018
 Scheduled date to file securities report: December 20, 2018
 Scheduled date to begin dividend payments: December 21, 2018
 Supplementary materials to the financial statements have been prepared: Yes
 Presentation will be held to explain the financial statements: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the fiscal year ended Sep. 30, 2018 (From Oct. 1, 2017 through Sep. 30, 2018)

(1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Sep. 30, 2018	144,338	10.6	27,263	19.3	28,088	16.8	21,222	19.4
Fiscal year ended Sep. 30, 2017	130,495	7.1	22,849	11.2	24,037	19.9	17,777	23.3

Note: Comprehensive income

Fiscal year ended Sep. 30, 2018: 21,763 million yen [(6.3)%]

Fiscal year ended Sep. 30, 2017: 23,224 million yen [387.4%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2018	136.50	-	11.2	11.6	18.9
Fiscal year ended Sep. 30, 2017	113.00	-	10.0	10.5	17.5

For reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended Sep. 30, 2018: 119 million yen

Fiscal year ended Sep. 30, 2017: 102 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2018	245,267	193,985	78.8	1,248.84
As of Sep. 30, 2017	239,331	187,558	78.1	1,188.30

For reference: Equity

As of Sep. 30, 2018: 193,317 million yen

As of Sep. 30, 2017: 186,939 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
Fiscal year ended Sep. 30, 2018	23,579	(8,880)	(16,323)	61,824
Fiscal year ended Sep. 30, 2017	26,154	(13,198)	(5,707)	63,385

2. Dividends

(Base date)	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Full FY			
Fiscal year ended Sep. 30, 2017	-	17.00	-	17.00	34.00	5,357	30.1	3.0
Fiscal year ended Sep. 30, 2018	-	17.00	-	20.00	37.00	5,737	27.1	3.0
Fiscal year ending Sep. 30, 2019 (Outlook)	-	20.00	-	20.00	40.00		29.2	

3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)

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

	Net sales		Operating profit		Ordinary profit		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, 2019	74,900	2.5	13,400	(10.6)	13,700	(10.0)	10,300	(1.2)	66.54
Fiscal year ending Sep. 30, 2019	150,400	4.2	27,500	0.9	28,000	(0.3)	21,200	(0.1)	136.95

4. Others

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

(2) 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

(3) Number of shares outstanding

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

As of Sep. 30, 2018: 165,011,568 shares

As of Sep. 30, 2017: 167,529,968 shares

(b) Number of treasury shares at end of period

As of Sep. 30, 2018: 10,213,968 shares

As of Sep. 30, 2017: 10,213,886 shares

(c) Average number of shares issued during the period

Fiscal year ended Sep. 30, 2018: 155,473,008 shares

Fiscal year ended Sep. 30, 2017: 157,316,158 shares

(Reference) Non-consolidated financial results for the fiscal year ended Sep. 30, 2018

1. Non-consolidated financial results for the fiscal year ended Sep. 30, 2018 (From Oct. 1, 2017 through Sep. 30, 2018)

(1) Non-consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Sep. 30, 2018	116,323	5.6	17,607	5.2	21,323	6.4	16,792	4.7
Fiscal year ended Sep. 30, 2017	110,200	8.3	16,742	22.5	20,048	26.5	16,044	34.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Sep. 30, 2018	107.82	-
Fiscal year ended Sep. 30, 2017	101.81	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2018	200,298	159,245	79.5	1,026.95
As of Sep. 30, 2017	198,798	157,483	79.2	999.35

For reference: Equity

As of Sep. 30, 2018: 159,245 million yen

As of Sep. 30, 2017: 157,483 million yen

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

During the fiscal year ended September 30, 2018 (from October 1, 2017 through September 30, 2018), Japan's economy generally traced a gradual recovery trend as capital investment rose backed by improved corporate earnings. Nevertheless, the economic outlook became increasingly opaque towards the end of the term due to concerns about the impacts of global trade disputes and policy trends.

Given these circumstances, our Group strove to expand net sales and earnings by promoting basic and applied research leveraging our proprietary photonics technologies, as well as continuing to move forward with development of high-value-added products that addressed customers' needs and to make capital investments aimed at boosting production capacity.

As a result, we closed the fiscal year 2018 with net sales of JPY 144,338 million, up by JPY 13,842 million (10.6%), thanks to higher domestic sales and overseas sales. From an earnings perspective as well, operating profit was JPY 27,263 million, up by JPY 4,414 million (19.3%) compared with one year ago, ordinary profit was JPY 28,088 million, up by JPY 4,050 million (16.8%) from the previous year, and profit attributable to owners of parent was JPY 21,222 million, up by JPY 3,444 million (19.4%) from the previous year, reaching a record high respectively.

Performance by segment is as follows;

(Electron Tube)

In the medical field, sales of photomultiplier tubes (PMT) for nuclear medicine testing applications such as Positron Emission Tomography (PET) contracted. On the other hand, sales of products for inspection and monitoring systems such as blood analyzers increased both inside and outside Japan, thanks to their strong reputation for their high sensitivity, low-noise and high-speed operations. In addition, in the measuring instrument field, sales for oil-well logging devices that offer superior ruggedness to withstand against harsh work conditions such as high temperatures, shocks and vibrations were higher, thanks to the recovery in oilfield investment. As a result, net sales of photomultiplier tubes (PMT) increased.

In imaging devices and light sources, sales in the industrial field of microfocus X-ray sources for non-destructive testing devices continued to achieve strong sales, thanks to their strong reputation for high-definition, high reliability and excellent stability. In addition, sales in the medical field of scintillators for converting X-rays into visible light increased. Further, sales of light sources for semiconductor inspection equipment grew, and as a result, net sales of imaging devices and light sources increased.

In total, the Electron Tube business comprised of photomultiplier tubes (PMT) and imaging devices and light sources closed fiscal year 2018 with net sales of JPY 56,184 million, up by 15.3%, and operating profit of JPY 19,697 million, up by 15.9% from the previous year.

(Opto-semiconductor)

In opto-semiconductor devices, sales of image sensors for semiconductor fabrication and inspection equipment in the industrial field maintained a strong performance. In addition, sales of Photo ICs, photodiodes and LED in the FA (Factory Automation) sector for applications such as controls for industrial-use robots and other equipment increased, as well as higher sales of silicon photodiodes for baggage inspections. Opto-semiconductor devices also performed well in the medical field, and as a result, net sales of opto-semiconductors increased.

As a result, net sales in the Opto-semiconductor business were JPY 66,569 million, up by 9.9%, and operating profit was JPY 21,320 million, up by 17.4% from the same period one year ago.

(Imaging and Measurement Instruments)

In image processing and measurement systems, sales of digital slide scanners for remote pathologic diagnosis systems and other pathologic applications grew primarily in Europe thanks to the release of new products. In addition, sales of failure analysis systems for semiconductor devices recovered in the second half and increased. However, sales of X-ray line sensor cameras contracted under the impact of inventory adjustment by customers. As a result, net sales of image processing and measurement systems decreased. As a result, net sales for the Imaging and Measurement Instruments business were JPY 17,145 million, down by 0.4%, and operating profit was JPY 3,584 million, up by 1.1% from the same period one year ago.

(Other)

Sales from other operations include the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the unique products of Beijing Hamamatsu Photon Techniques Inc., which is also a subsidiary.

In our other businesses, net sales were JPY 4,439 million, up by 12.5%, and operating profit was JPY 69 million, down by 75.3% from the previous year.

(2) Overview of Financial Position for the Fiscal Year

Current assets decreased by JPY 2,863 million from the end of the previous fiscal year, despite an increase in inventories of JPY 2,732 million and an increase in notes and accounts receivable-trade of JPY 2,305 million, mainly reflecting a decrease in cash and deposits of JPY 9,443 million.

Non-current assets increased by JPY 8,798 million from the end of the previous fiscal year. This mainly reflected an increase in property, plant and equipment of JPY 3,438 million that resulted from an increase in buildings and structures, and an increase in intangible assets of JPY 4,581 million that resulted from an increase in customer relationships related to the acquisition of a subsidiary in the United States.

Total assets at the fiscal year-end were JPY 245,267 million, up by JPY 5,935 million from the end of the previous fiscal year.

Current liabilities decreased by JPY 1,959 million from the end of the previous fiscal year, despite an increase in provision for bonuses of JPY 567 million, mainly reflecting a decrease in electronically recorded obligations-operating of JPY 2,599 million.

Non-current liabilities increased by JPY 1,467 million from the previous fiscal year-end, mainly due to an increase in deferred tax liabilities of JPY 677 million and an increase in reserve for loss on dissolution of employees' pension fund of JPY 529 million.

As a result, total liabilities at the fiscal year-end were JPY 51,281 million, down by JPY 492 million from the end of the previous fiscal year.

Net assets at the fiscal year-end were JPY 193,985 million, up by JPY 6,427 million from the end of the previous fiscal year, despite a decrease of JPY 4,735 million due to purchase of treasury shares, mainly reflecting an increase in retained earnings of JPY 10,642 million as a result of reporting profit attributable to owners of parent.

(3) Overview of Cash Flows for the Fiscal Year

At the end of this fiscal year, cash and cash equivalents stood at JPY 61,824 million, down by JPY 1,561 million from the end of the previous fiscal year.

Cash flows for the fiscal year ended September 30, 2018 (from Oct. 1, 2017 through Sep. 30, 2018) were as follows.

Net cash provided by operating activities during the year was JPY 23,579 million, down by JPY 2,574 million over the previous year. Despite an increase in profit before income taxes of JPY 4,006 million, this mainly reflected an increase in income taxes paid, etc. of JPY 3,247 million and an increase in inventories of JPY 2,186 million.

Net cash used in investing activities was JPY 8,880 million, down by JPY 4,318 million from the previous year. This mainly reflected an increase in withdrawal from time deposits (over three months; a non-cash item) of JPY 7,286 million, which offset the JPY 3,916 million in purchase of shares of subsidiaries in the United

States.

Net cash used in financing activities was JPY 16,323 million, up by JPY 10,616 million from the previous year. This mainly reflected an increase in expenditures for purchase of treasury shares of JPY 10,103 million.

(4) Future Outlook

With regard to the business environment surrounding our Group, the economy fluctuated around a gradual recovery trend, with an increase in capital investment against the backdrop of improved corporate earnings. Nevertheless, we recognize that the economic outlook is highly uncertain and unpredictable, clouded by factors that include the political trends in Europe and the United States and the rising global trade tensions. In this business environment, we expect consolidated net sales for the next year of JPY 150,400 million, up by 4.2%. On the other hand, from an earnings perspective we are planning for operating profit of JPY 27,500 million, up by 0.9%, ordinary profit of JPY 28,000 million, down by 0.3% and profit attributable to owners of parent of JPY 21,200 million, down by 0.1% respectively from the previous year. We assume the yen/US dollar exchange rate will be JPY 105 and the yen/Euro exchange rate will be JPY 125.

FY 2019 (From Oct. 1, 2018 through Sep. 30, 2019)

Forecast for consolidated financial results for the fiscal year ending Sep. 30, 2019

(Millions of Japanese Yen)

	Through the second quarter	Compared with previous year	Forecast for the year	
			Forecast for the year	Compared with previous year
Net sales	74,900	2.5%	150,400	4.2%
Operating profit	13,400	(10.6)%	27,500	0.9%
Ordinary profit	13,700	(10.0)%	28,000	(0.3)%
Profit attributable to owners of parent	10,300	(1.2)%	21,200	(0.1)%

2. Basic Policy Regarding Selection of Accounting Standards

The Group adopts a policy to prepare its consolidated financial statements in accordance with the Japanese GAAP for the time being, taking into account the year-on-year comparability and intercompany comparability of consolidated financial statements.

With respect to the adoption of the International Financial Reporting Standards (IFRS), we intend to address the matter appropriately, factoring in our future business development and the trends of the system.

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2017	As of Sep. 30, 2018
Assets		
Current assets		
Cash and deposits	83,902	74,458
Notes and accounts receivable - trade	33,608	35,914
Merchandise and finished goods	8,742	8,874
Work in process	16,389	17,933
Raw materials and supplies	6,620	7,677
Deferred tax assets	3,545	3,774
Other	4,184	5,501
Allowance for doubtful accounts	(159)	(162)
Total current assets	156,834	153,971
Non-current assets		
Property, plant and equipment		
Buildings and structures	74,585	79,738
Accumulated depreciation	(42,917)	(45,621)
Buildings and structures, net	31,668	34,117
Machinery, equipment and vehicles	78,393	84,361
Accumulated depreciation	(68,549)	(71,996)
Machinery, equipment and vehicles, net	9,843	12,364
Tools, furniture and fixtures	31,005	32,169
Accumulated depreciation	(27,054)	(27,810)
Tools, furniture and fixtures, net	3,951	4,359
Land	16,545	16,789
Leased assets	567	616
Accumulated depreciation	(267)	(344)
Leased assets, net	299	272
Construction in progress	5,983	3,826
Total property, plant and equipment	68,291	71,730
Intangible assets		
Customer relationships	-	2,634
Other	1,697	3,644
Total intangible assets	1,697	6,278
Investments and other assets		
Investment securities	3,684	4,158
Real estate for investment	1,972	2,205
Accumulated depreciation	(1,405)	(1,409)
Real estate for investment, net	566	795
Deferred tax assets	6,412	6,833
Other	1,862	1,518
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	12,507	13,286
Total non-current assets	82,497	91,295
Total assets	239,331	245,267

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2017	As of Sep. 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,232	5,101
Electronically recorded obligations - operating	8,866	6,266
Short-term loans payable	2,230	1,662
Current portion of long-term loans payable	3,194	3,178
Income taxes payable	3,517	2,892
Provision for bonuses	4,570	5,138
Other	12,446	13,860
Total current liabilities	40,059	38,099
Non-current liabilities		
Long-term loans payable	3,683	3,512
Deferred tax liabilities	272	950
Reserve for loss on dissolution of employees' pension fund	-	529
Net defined benefit liability	7,025	7,393
Other	731	795
Total non-current liabilities	11,713	13,181
Total liabilities	51,773	51,281
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	131,678	142,321
Treasury shares	(16,060)	(20,795)
Total shareholders' equity	185,219	191,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,259	1,545
Foreign currency translation adjustment	1,210	1,259
Remeasurements of defined benefit plans	(750)	(614)
Total accumulated other comprehensive income	1,719	2,190
Non-controlling interests	618	668
Total net assets	187,558	193,985
Total liabilities and net assets	239,331	245,267

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2017	Fiscal year ended Sep. 30, 2018
Net sales	130,495	144,338
Cost of sales	65,670	70,385
Gross profit	64,825	73,952
Selling, general and administrative expenses		
Freightage and packing expenses	1,111	1,232
Advertising expenses	925	944
Salaries	10,558	11,478
Provision for bonuses	1,436	1,619
Retirement benefit expenses	857	899
Depreciation	1,547	2,340
Commission fee	3,721	4,358
Research and development expenses	11,776	12,830
Provision of allowance for doubtful accounts	(30)	24
Other	10,070	10,959
Total selling, general and administrative expenses	41,975	46,688
Operating profit	22,849	27,263
Non-operating income		
Interest income	207	194
Dividend income	45	46
Insurance income	5	153
Rent income on non-current assets	70	73
Rent of real estate for investment	76	100
Foreign exchange gains	495	64
Share of profit of entities accounted for using equity method	102	119
Gain on sales of scraps	81	130
Other	321	322
Total non-operating income	1,407	1,205
Non-operating expenses		
Interest expenses	121	65
Rent expenses on real estates	81	125
Commission for purchase of treasury shares	-	103
Other	15	86
Total non-operating expenses	219	381
Ordinary profit	24,037	28,088
Extraordinary income		
Gain on sales of non-current assets	20	34
Subsidy income	214	277
Gain on sales of investment securities	0	16
Insurance income	-	266
Total extraordinary income	234	594

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2017	Fiscal year ended Sep. 30, 2018
Extraordinary losses		
Loss on sales of non-current assets	6	54
Loss on retirement of non-current assets	484	52
Loss on reduction of non-current assets	206	263
Loss on disaster	-	194
Loss on valuation of investment securities	5	5
Provision for loss on dissolution of employees' pension fund	-	534
Total extraordinary losses	701	1,105
Profit before income taxes	23,570	27,577
Income taxes - current	6,137	7,282
Income taxes - deferred	(409)	(995)
Total income taxes	5,727	6,287
Profit	17,842	21,289
Profit attributable to non-controlling interests	65	67
Profit attributable to owners of parent	17,777	21,222

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2017	Fiscal year ended Sep. 30, 2018
Profit	17,842	21,289
Other comprehensive income		
Valuation difference on available-for-sale securities	804	285
Foreign currency translation adjustment	4,136	55
Remeasurements of defined benefit plans, net of tax	420	136
Share of other comprehensive income of entities accounted for using equity method	20	(3)
Total other comprehensive income	5,381	473
Comprehensive income	23,224	21,763
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,134	21,693
Comprehensive income attributable to non-controlling interests	90	70

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2017

(Millions of Japanese Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	34,928	34,672	119,259	(16,059)	172,800
Changes of items during period					
Dividends of surplus			(5,357)		(5,357)
Profit attributable to owners of parent			17,777		17,777
Purchase of treasury shares				(0)	(0)
Retirement of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	12,419	(0)	12,419
Balance at end of current period	34,928	34,672	131,678	(16,060)	185,219

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	455	(2,921)	(1,170)	(3,637)	553	169,716
Changes of items during period						
Dividends of surplus						(5,357)
Profit attributable to owners of parent						17,777
Purchase of treasury shares						(0)
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	804	4,132	420	5,357	65	5,422
Total changes of items during period	804	4,132	420	5,357	65	17,841
Balance at end of current period	1,259	1,210	(750)	1,719	618	187,558

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2018

(Millions of Japanese Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	34,928	34,672	131,678	(16,060)	185,219
Changes of items during period					
Dividends of surplus			(5,315)		(5,315)
Profit attributable to owners of parent			21,222		21,222
Purchase of treasury shares				(10,000)	(10,000)
Retirement of treasury shares			(5,264)	5,264	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	10,642	(4,735)	5,907
Balance at end of current period	34,928	34,672	142,321	(20,795)	191,126

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,259	1,210	(750)	1,719	618	187,558
Changes of items during period						
Dividends of surplus						(5,315)
Profit attributable to owners of parent						21,222
Purchase of treasury shares						(10,000)
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	285	48	136	470	49	520
Total changes of items during period	285	48	136	470	49	6,427
Balance at end of current period	1,545	1,259	(614)	2,190	668	193,985

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Cash Flows

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2017	Fiscal year ended Sep. 30, 2018
Cash flows from operating activities		
Profit before income taxes	23,570	27,577
Depreciation	10,043	11,335
Increase (decrease) in allowance for doubtful accounts	(45)	3
Increase (decrease) in provision for bonuses	911	567
Increase (decrease) in net defined benefit liability	468	556
Interest and dividend income	(253)	(241)
Interest expenses	121	65
Foreign exchange losses (gains)	(26)	(99)
Share of loss (profit) of entities accounted for using equity method	(102)	(119)
Loss on retirement of property, plant and equipment	484	50
Loss (gain) on sales of property, plant and equipment	(13)	19
Decrease (increase) in notes and accounts receivable - trade	(4,106)	(2,324)
Decrease (increase) in inventories	(563)	(2,749)
Increase (decrease) in notes and accounts payable - trade	(994)	(2,665)
Other, net	1,193	(656)
Subtotal	30,688	31,319
Interest and dividend income received	247	234
Interest expenses paid	(121)	(65)
Income taxes (paid) refund	(4,660)	(7,908)
Net cash provided by (used in) operating activities	26,154	23,579
Cash flows from investing activities		
Net decrease (increase) in time deposits	590	7,876
Proceeds from sales of securities	1,000	-
Purchase of property, plant and equipment	(13,773)	(12,755)
Proceeds from sales of property, plant and equipment	31	97
Purchase of intangible assets	(741)	(490)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(3,916)
Other, net	(305)	307
Net cash provided by (used in) investing activities	(13,198)	(8,880)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(29)	(591)
Proceeds from long-term loans payable	38	3,008
Repayments of long-term loans payable	(224)	(3,195)
Purchase of treasury shares	(0)	(10,103)
Cash dividends paid	(5,359)	(5,304)
Other, net	(132)	(136)
Net cash provided by (used in) financing activities	(5,707)	(16,323)
Effect of exchange rate change on cash and cash equivalents	2,541	61
Net increase (decrease) in cash and cash equivalents	9,790	(1,561)
Cash and cash equivalents at beginning of period	53,595	63,385
Cash and cash equivalents at end of period	63,385	61,824

Segment Information

1. Summary of Reportable Segments

The Company's reportable segments are components of the Company for which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Company's business divisions are based on product and service categories. Each of the divisions conducts business based on comprehensive strategies formulated for the products and services it handles.

Therefore the Company's business segments based on the products and services handled by each of the divisions comprise its three principal reportable segments, which are Electron Tube, Opto-semiconductor, and Imaging and Measurement Instruments.

The Electron Tube business segment manufactures and sells photomultiplier tubes (PMTs), light sources and imaging devices. The Opto-semiconductor business segment manufactures and sells opto-semiconductor devices. The Imaging and Measurement Instruments business segment manufactures and sells image processing and measurement systems.

2. Method for Calculating the Sales, Profit (Loss), Assets, Liabilities, and Other Items for Reportable Segments

Figures for income in reportable segments are on an operating profit basis. Intersegment sales and transfers are based on prevailing market prices.

3. Information on the Amounts of Sales, Profit (Loss), Assets, Liabilities, and Other Items for Reportable Segments

Fiscal year ended September 30, 2017 (From Oct. 1, 2016 through Sep. 30, 2017)

(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	48,744	60,589	17,214	126,547	3,947	130,495	-	130,495
Intersegment	1,704	937	27	2,670	640	3,310	(3,310)	-
Total net sales	50,449	61,526	17,242	129,218	4,587	133,805	(3,310)	130,495
Segment profit	16,992	18,155	3,544	38,692	281	38,973	(16,124)	22,849
Segment assets	47,110	50,243	12,437	109,791	6,183	115,974	123,356	239,331
Other items								
Depreciation and amortization	3,420	3,903	869	8,193	338	8,531	1,468	10,000
Increase in property, plant and equipment and intangible assets	2,801	5,654	1,222	9,678	285	9,963	4,360	14,324

Notes:

- The "Other" classification encompasses business segments not included in the reportable segments, and is the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.

2.

- (1) Adjustment of segment income of negative JPY 16,124 million represents intersegment transactions of negative JPY 1,506 million and unallocated corporate expenses of negative JPY 14,617 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
- (2) Adjustment of segment assets of JPY 123,356 million consists of common assets that are not distributed to reportable segments.
- (3) Adjustment of depreciation and amortization of JPY 1,468 million is depreciation and amortization of common assets that are not distributed to reportable segments.
- (4) Adjustment of increase in property, plant and equipment and intangible assets of JPY 4,360 million is an increase in common non-current assets that are not distributed to reportable segments.

3. Segment income has been reconciled with operating profit presented in the consolidated financial statements.

Fiscal year ended September 30, 2018 (From Oct. 1, 2017 through Sep. 30, 2018)

(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	56,184	66,569	17,145	139,898	4,439	144,338	-	144,338
Intersegment	1,596	924	24	2,545	677	3,222	(3,222)	-
Total net sales	57,781	67,494	17,169	142,444	5,116	147,561	(3,222)	144,338
Segment profit	19,697	21,320	3,584	44,602	69	44,671	(17,407)	27,263
Segment assets	52,386	53,938	14,005	120,329	6,924	127,254	118,012	245,267
Other items								
Depreciation and amortization	3,719	4,055	902	8,677	366	9,043	2,180	11,224
Amortization of goodwill	153	-	-	153	-	153	9	162
Increase in property, plant and equipment and intangible assets (Note 4)	2,348	5,086	743	8,177	512	8,689	6,023	14,712

Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.
2.
 - (1) Adjustment of segment profit of negative JPY 17,407 million represents intersegment transactions of negative JPY 1,445 million and unallocated corporate expenses of negative JPY 15,962 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
 - (2) Adjustment of segment assets of JPY 124,278 million consists of common assets that are not distributed to reportable segments.
 - (3) Adjustment of depreciation and amortization of JPY 2,180 million is depreciation and amortization of common assets that are not distributed to reportable segments.
 - (4) Adjustment of amortization of goodwill of JPY 9 million is amortization of goodwill that is not distributed to reportable segments.
 - (5) Adjustment of increase in property, plant and equipment and intangible assets of JPY 6,023 million is an

increase in common non-current assets that are not distributed to reportable segments.

3. Segment income has been reconciled with operating profit presented in the consolidated financial statements.
4. Increase in property, plant and equipment and intangible assets does not include the increase arising from newly consolidated subsidiaries.

Per Share Information

(Japanese Yen)

	Fiscal year ended September 30, 2017 (From Oct. 1, 2016 through Sep. 30, 2017)	Fiscal year ended September 30, 2018 (From Oct. 1, 2017 through Sep. 30, 2018)
Net assets per share	1,188.30	1,248.84
Earnings per share	113.00	136.50

Notes:

1. There are no latent shares, and no figures for the diluted earnings per share have been disclosed.
2. Basis for calculations of earnings per share is as follows.

(Millions of Japanese Yen)

	Fiscal year ended September 30, 2017 (From Oct. 1, 2016 through Sep. 30, 2017)	Fiscal year ended September 30, 2018 (From Oct. 1, 2017 through Sep. 30, 2018)
Profit attributable to owners of parent	17,777	21,222
Value not attributed to common stock	-	-
Profit attributable to owners of parent attributed to common stock	17,777	21,222
Average number of common stock outstanding during the period (Thousands shares)	157,316	155,473

Important Subsequent Events

Not applicable

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2017	As of Sep. 30, 2018
Assets		
Current assets		
Cash and deposits	58,115	53,599
Notes receivable - trade	5,777	6,282
Accounts receivable - trade	24,730	23,440
Merchandise and finished goods	2,773	2,855
Work in process	15,996	17,327
Raw materials and supplies	6,086	6,841
Deferred tax assets	2,338	2,198
Accounts receivable - other	2,893	3,907
Other	232	237
Allowance for doubtful accounts	(33)	(33)
Total current assets	118,911	116,657
Non-current assets		
Property, plant and equipment		
Buildings	25,441	27,413
Structures	1,683	1,727
Machinery and equipment	9,105	11,496
Vehicles	28	19
Tools, furniture and fixtures	2,963	3,152
Land	14,520	14,785
Leased assets	247	245
Construction in progress	5,433	3,784
Total property, plant and equipment	59,424	62,624
Intangible assets		
Patent right	243	138
Software	668	638
Other	15	16
Total intangible assets	928	793
Investments and other assets		
Investment securities	2,599	2,992
Shares of subsidiaries and associates	8,381	8,381
Investments in capital	1	1
Investments in capital of subsidiaries and associates	1,414	1,414
Deferred tax assets	6,075	6,547
Real estate for investment	117	362
Other	964	543
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	19,534	20,223
Total non-current assets	79,886	83,641
Total assets	198,798	200,298

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2017	As of Sep. 30, 2018
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	8,866	6,266
Accounts payable - trade	4,869	5,214
Current portion of long-term loans payable	3,000	3,000
Lease obligations	80	84
Accounts payable - other	3,347	2,470
Accrued expenses	1,213	1,223
Income taxes payable	3,007	2,412
Advances received	142	32
Deposits received	341	473
Provision for bonuses	4,037	4,485
Electronically recorded obligations-facilities	1,459	2,841
Deposits received from employees	1,753	2,040
Other	32	180
Total current liabilities	32,151	30,725
Non-current liabilities		
Long-term loans payable	3,000	3,000
Lease obligations	194	184
Reserve for loss on dissolution of employees' pension fund	-	529
Provision for retirement benefits	5,503	6,051
Asset retirement obligations	150	246
Other	315	315
Total non-current liabilities	9,163	10,327
Total liabilities	41,315	41,053
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus		
Legal capital surplus	34,636	34,636
Total capital surpluses	34,636	34,636
Retained earnings		
Legal retained earnings	695	695
Other retained earnings		
Reserve for special depreciation	14	9
Reserve for dividends	4,500	4,500
General reserve	78,600	82,600
Retained earnings brought forward	18,904	21,121
Total retained earnings	102,713	108,926
Treasury shares	(16,056)	(20,791)
Total shareholders' equity	156,223	157,700
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,259	1,545
Total valuation and translation adjustments	1,259	1,545
Total net assets	157,483	159,245
Total liabilities and net assets	198,798	200,298

Non-consolidated Financial Statements

Non-consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2017	Fiscal year ended Sep. 30, 2018
Net sales	110,200	116,323
Cost of sales	64,358	67,337
Gross profit	45,842	48,986
Selling, general and administrative expenses	29,099	31,378
Operating profit	16,742	17,607
Non-operating income		
Interest income	15	5
Dividend income	3,036	3,459
Rent of real estate for investment	22	33
Miscellaneous income	394	537
Total non-operating income	3,468	4,035
Non-operating expenses		
Interest expenses	36	37
Rent expenses on real estates	48	106
Foreign exchange losses	68	28
Commission for purchase of treasury shares	-	103
Miscellaneous loss	9	42
Total non-operating expenses	162	319
Ordinary profit	20,048	21,323
Extraordinary income		
Gain on sales of non-current assets	9	18
Subsidy income	214	277
Gain on sales of investment securities	0	16
Insurance income	-	266
Total extraordinary income	224	578
Extraordinary losses		
Loss on sales of non-current assets	5	1
Loss on retirement of non-current assets	456	44
Loss on reduction of non-current assets	206	263
Loss on disaster	-	194
Loss on valuation of investment securities	5	5
Provision for loss on dissolution of employees' pension fund	-	534
Total extraordinary losses	673	1,043
Profit before income taxes	19,599	20,858
Income taxes - current	4,345	4,517
Income taxes - deferred	(790)	(451)
Total income taxes	3,555	4,065
Profit	16,044	16,792

Non-consolidated Financial Statements
Non-consolidated Statements of Changes in Equity
Fiscal year ended Sep. 30, 2017

(Millions of Japanese Yen)

	Shareholders' equity								Total retained earnings
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				
		Legal capital surplus	Total capital surplus		Other retained earnings				
					Reserve for special depreciation	Reserve for dividends	General reserve	Retained earnings brought forward	
Balance at beginning of current period	34,928	34,636	34,636	695	18	4,500	71,600	15,213	92,027
Changes of items during period									
Reversal of reserve for special depreciation					(4)			4	-
Provision of general reserve							7,000	(7,000)	-
Dividends of surplus								(2,678)	(2,678)
Dividends from surplus (interim dividends)								(2,678)	(2,678)
Profit								16,044	16,044
Purchase of treasury shares									
Retirement of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	(4)	-	7,000	3,690	10,686
Balance at end of current period	34,928	34,636	34,636	695	14	4,500	78,600	18,904	102,713

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(16,055)	145,537	455	455	145,992
Changes of items during period					
Reversal of reserve for special depreciation			-		-
Provision of general reserve			-		-
Dividends of surplus		(2,678)			(2,678)
Dividends from surplus (interim dividends)		(2,678)			(2,678)
Profit		16,044			16,044
Purchase of treasury shares	(0)	(0)			(0)
Retirement of treasury shares					
Net changes of items other than shareholders' equity			804	804	804
Total changes of items during period	(0)	10,685	804	804	11,490
Balance at end of current period	(16,056)	156,223	1,259	1,259	157,483

Non-consolidated Financial Statements
Non-consolidated Statements of Changes in Equity
Fiscal year ended Sep. 30, 2018

(Millions of Japanese Yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				
		Legal capital surplus	Total capital surplus		Other retained earnings				Total retained earnings
					Reserve for special depreciation	Reserve for dividends	General reserve	Retained earnings brought forward	
Balance at beginning of current period	34,928	34,636	34,636	695	14	4,500	78,600	18,904	102,713
Changes of items during period									
Reversal of reserve for special depreciation					(4)			4	-
Provision of general reserve							4,000	(4,000)	-
Dividends of surplus								(2,678)	(2,678)
Dividends from surplus (interim dividends)								(2,636)	(2,636)
Profit								16,792	16,792
Purchase of treasury shares									
Retirement of treasury shares								(5,264)	(5,264)
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	(4)	-	4,000	2,216	6,212
Balance at end of current period	34,928	34,636	34,636	695	9	4,500	82,600	21,121	108,926

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(16,056)	156,223	1,259	1,259	157,483
Changes of items during period					
Reversal of reserve for special depreciation			-		-
Provision of general reserve			-		-
Dividends of surplus		(2,678)			(2,678)
Dividends from surplus (interim dividends)		(2,636)			(2,636)
Profit		16,792			16,792
Purchase of treasury shares	(10,000)	(10,000)			(10,000)
Retirement of treasury shares	5,264	-			-
Net changes of items other than shareholders' equity			285	285	285
Total changes of items during period	(4,735)	1,477	285	285	1,762
Balance at end of current period	(20,791)	157,700	1,545	1,545	159,245