

Quarterly Report

1st Quarter : 3 months ended June 30, 2014

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

1st Quarter : from April 1 to June 30, 2014 <IFRS>

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Notes:

1. HOYA's fiscal year (FY) : from April 1 to March 31 of the following year.
2. These financial statements are excerpt translation of Japanese "*Kessan Tanshin*" and have been prepared for the references only of foreign investors in accordance with accounting principles and practices generally accepted in Japan.
3. HOYA CORPORATION started to disclose its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) from fiscal year ended March 31, 2011, instead of generally accepted accounting principles in Japan (Japanese GAAP).

HOYA CORPORATION

This report is provided solely for the information of professional analysts who are expected to make their own evaluation of the company. This report contains forward-looking statements that are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, currency exchange rates, etc.

We accept no liability whatsoever for any direct or consequential loss arising from any use of this report.

1. Quarterly Consolidated Financial Highlights

HOYA CORPORATION and Consolidated Subsidiaries

1. Performance for the three months ended June 30, 2013 and 2014 (All operations *Notes)

(The yen amounts shown therein are rounded off to the nearest million.)

	Three months ended		Variance
	June 30,2013	June 30,2014	(%)
(1)Revenue and Profit before tax			
Revenue	100,425	113,071	12.6
Profit before tax	20,123	22,443	11.5
Ratio of profit before tax(%)	20.0%	19.8%	
Profit for the quarter	12,334	17,962	45.6
Ratio of profit for the quarter(%)	12.3%	15.9%	
Profit attributable to owners of the Company	12,302	17,798	44.7
Ratio of profit attributable to owners of the Company(%)	12.2%	15.7%	
Basic earnings per share (yen)	28.51	41.36	
Diluted earnings per share (yen)	28.49	41.26	

	As of	
	Mar.31,2014	June 30,2014
(2)Financial Position		
Total assets	704,283	659,997
Total equity	542,648	510,639
Equity attributable to owners of the Company	536,526	504,470
Ratio of assets attributable to owners of the Company	76.2%	76.4%
Assets attributable to owners of the Company per share (yen)	1,241.69	1,187.78

	Three months ended	
	June 30,2013	June 30,2014
(3) Conditions of Cash Flows		
Net cash generated from operating activities	15,578	17,798
Net cash used in investing activities	-1,149	-11,455
Net cash provided by (used in) financing activities	-14,913	-43,731
Cash and cash equivalents at end of period	259,699	289,393

2. Projected Results for the First Half (Six months ending September 30, 2014) for All Operations

	Six months ended/ending		Variance
	Sep.30,2013	Sep.30,2014	(%)
Revenue	202,661	226,000	11.5
Profit before tax	36,095	43,000	19.1
Profit for the term	25,107	34,000	35.4
Profit attributable to owners of the Company	25,030	33,700	34.6
Profit for the term per share (Yen)	58.00	78.95	—

Notes:

"All operations" means here that the figures are including not only "Continuing operations" but also "Discontinued operations".

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.

2. Results of Operations

1) General Overview

The Company started to disclose its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), instead of generally accepted accounting principles in Japan (Japanese GAAP), from the fiscal year ended March 31, 2011.

The global economy for the first quarter of the consolidated fiscal year under review (for the three months from April 1, 2014 through June 30, 2014) showed trends of moderate recovery mainly supported by a healthy economy in the United States. The situation, however, continued to be uncertain with the deceleration of economic growth in emerging countries and the intense circumstances in Ukraine.

In Japan, the economy showed a moderate recovery as the corporate sector performance and employment environment steadily improved along with the government economic stimulus, among other initiatives. However, there were increased economic fluctuations due to last-minute demands seen in March prior to the consumption tax hike and reduction of demand after April.

In the Information Technology segment of the HOYA Group, the products related to smartphones and tablet PCs, and glass disks (substrates) for HDDs, posted steady sales, while the products related to digital cameras continued to post sluggish sales.

In the Life Care segment, sales from the eyeglass lens business grew substantially due mainly to gaining new customers in overseas markets and inclusion of Seiko Optical Products, a sales company of SEIKO eye wear, as a consolidated subsidiary. Sales from the endoscope business increased with solid performance reported in the United States and Asian markets. On the other hand, the contact lens retail business posted year-on-year decline in sales because of the significant demand reduction after April following the last-minute demand before the tax hike seen in March.

As a result, the Group sales for the first quarter under review totaled 113,071 million yen, increasing by 12.6% from the same period the previous year.

Profit before tax for the quarter totaled 22,443 million yen, while profit for the quarter amounted to 17,962 million yen. These numbers amounted to a profit increase of 11.5% and 45.6%, respectively, from the previous year.

The profit before tax ratio stood at 19.8%, down 0.2 points from 20.0% the same period the previous year.

All numbers and the rates of increase and decline are based on all continuing operations. There were no discontinued operations during the first quarter under review as well as for the same period the previous year.

2) Segment Overview

Performance per reportable segment is as follows. (Sales for each segment are for external customers.)

Information Technology

<Electronics related products>

Regarding semiconductor-related products, revenues increased compared with the same period the previous year due to a stable demand for cutting-edge products for smartphones and tablets and middle-to low-end products.

Revenues from liquid crystal-related products increased compared with the same period the previous year as a result of increasing demand for medium-to small-sized photomasks with higher resolution and specification for the products such as smartphones and tablet PCs. Continued healthy demand for large-scale photomasks for 4K and large-screen television as well as product mix improvement also contributed to larger sales.

Regarding glass disks for HDDs (substrates), overall demand declined due to the effect of weaker demand for laptop PCs equipped with HDD in association with penetration of tablet PCs. Revenues for this products, however, increased compared with the same period the previous year as PC replacement demand after the termination of Windows XP support services underpinned the sluggish market, as well as an additional demand for game consoles and external HDDs use.

<Imaging related products>

Volume shipment continued declining in the market for compact digital cameras and cameras with replacement lenses as the market is eroding due to the popularization of smartphones and lackluster sales as a result of a slowdown in the Chinese economy. Amid such conditions, the Group had aimed at expanding the sales of new types of glass materials with advanced functions as well as products for aftermarket interchangeable lenses. As a result, imaging related products recorded a hike in revenues compared with the same period the previous year.

Sales for the Information Technology segment, consequently, increased by 7.7% from the same period the previous year to 42,025 million yen. Segment-based profits (profit before tax for the quarter) stood at 12,873 million yen, an increase of 45.0% compared with the same period the previous year.

Life Care

<Healthcare related products>

Revenues from eyeglass lenses increased from the same period the previous year due to an increased transaction with new customers in overseas markets and an inclusion of a sales company of SEIKO eye wear as a consolidated subsidiary.

As for contact lenses, opening new stores and other initiatives have been taken. Nonetheless, sales decreased compared to the same period the previous year due to weak demand after April following the last-minute strong demand before the tax hike in March.

<Medical related products>

Sales for medical endoscope products in Europe were on par with the same period the previous year. A decrease in demand in Russia, where the Company performed extremely well last year, and the recent tension in Ukraine, offset brisk sales in developed countries in central Europe.

Sales in the Asia-Pacific region increased from the same period the previous year, especially in China, Korea and India. In North American markets, sales continued to be strong, especially, for the gastroenterological endoscope processor and scopes.

As a result, revenues for the medical endoscope business rose compared with the same period the previous year.

Regarding the intraocular lenses (IOL), the Company suspended production as well as voluntarily recalled certain products of IOL in February 2013. Production resumed in the first quarter and full-fledged marketing overseas restarted during the second quarter in the previous fiscal year. The Company restarted sales of the products for clinical research purposes to a limited number of hospitals and clinics in Japan and slowly resumed marketing with fastidious care in order to regain trust from medical institutes.

Sales for IOL business increased compared with the same period the previous year as a result of expanded sales of the previous products.

Sales for the Life Care segment increased by 15.9 % from the same period the previous year to total 70,433 million yen.

Segment profits (profit before tax for the quarter) stood at 11,659 million yen, posting an increase of 28.8 % from the same period the previous year.

Other

The Other businesses segment mainly consists of information system services offered to the HOYA Group and outside customers as well as new business development. Revenues from this segment stood at 607 million yen, which is equal to a drop in revenue of 6.8% from the same period the previous year. The segment profit totaled 129 million yen, an increase of 76.2% compared with the same period the previous year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Statement of Financial Position

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Mar. 31, 2014		As of June 30, 2014		Variance		As of June 30, 2013	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment-net	129,513		124,796		-4,717		139,024	
Goodwill	10,961		10,997		36		9,341	
Intangible assets	23,947		22,673		-1,275		18,822	
Investments in associates	140		185		45		1,501	
Long-term financial assets	9,062		17,366		8,304		8,337	
Other non-current assets	2,527		2,526		-0		2,601	
Deferred tax assets	13,421		11,829		-1,592		14,928	
Total non-current assets	189,571	26.9	190,371	28.8	800	0.4	194,553	30.9
CURRENT ASSETS								
Inventories	62,647		63,494		847		65,029	
Trade and other receivables	95,529		92,176		-3,353		83,197	
Other short-term financial assets	10,492		8,866		-1,626		11,097	
Income tax receivables	982		1,285		303		999	
Other current assets	13,970		14,413		443		14,883	
Cash and cash equivalents	331,094		289,393		-41,701		259,699	
Sub total	514,712		469,626		-45,086		434,904	
Assets held for sale	—		—		—		43	
Total current assets	514,712	73.1	469,626	71.2	-45,086	-8.8	434,947	69.1
Total assets	704,283	100.0	659,997	100.0	-44,286	-6.3	629,500	100.0

(Millions of Yen)

	As of Mar. 31, 2014		As of June 30, 2014		Variance		As of June 30, 2013	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6,264		6,264		—		6,264	
Capital reserves	15,899		15,899		—		15,899	
Treasury shares	-8,890		-32,670		-23,780		-10,635	
Other capital reserves	-2,839		-3,108		-269		-2,279	
Retained earnings	516,243		514,597		-1,646		483,035	
Accumulated other comprehensive income/(loss)	9,850		3,489		-6,361		-11,989	
Equity attributable to owners of the Company	536,526		504,470		-32,056		480,295	
Non-controlling interests	6,121		6,168		47		-160	
Total equity	542,648	77.0	510,639	77.4	-32,009	-5.9	480,135	76.3
LIABILITIES								
NON-CURRENT LIABILITIES								
Interest-bearing long-term debt	35,829		35,746		-83		60,777	
Retirement benefits liabilities	1,675		1,534		-141		1,520	
Provisions	2,155		2,058		-98		2,051	
Other non-current liabilities	2,188		2,148		-40		2,366	
Deferred tax liabilities	2,911		3,065		154		3,546	
Total non-current liabilities	44,758	6.4	44,551	6.8	-208	-0.5	70,260	11.2
CURRENT LIABILITIES								
Interest-bearing short-term debt	27,450		27,379		-71		1,402	
Trade and other payables	40,291		38,365		-1,926		37,907	
Other short-term financial liabilities	152		205		53		812	
Income tax payables	13,369		3,994		-9,376		9,311	
Provisions	955		947		-8		761	
Other current liabilities	34,660		33,917		-742		28,911	
Total current liabilities	116,877	16.6	104,807	15.9	-12,070	-10.3	79,105	12.6
Total liabilities	161,635	23.0	149,358	22.6	-12,277	-7.6	149,365	23.7
Total equity and liabilities	704,283	100.0	659,997	100.0	-44,286	-6.3	629,500	100.0

(2)Quarterly Consolidated Statement of Cash Flows

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the three months ended		Variance	Three months ended Mar.31,2014
	June 30,2013	June 30,2014		
Cash flows from operating activities				
Profit before tax	20,123	22,443	2,320	19,892
Depreciation and amortization	8,506	8,304	-202	8,538
Impairment losses	692	—	-692	2,714
Finance income	-930	-360	570	-349
Finance costs	305	313	8	330
Share of (profits)/loss of associates	373	12	-361	-6
(Gain)/loss on sales of property, plant and equipment	0	-145	-145	-132
Loss on disposal of property, plant and equipment	35	3	-32	96
Others	-3,992	-177	3,815	3,777
Net cash generated from operating activities (Before adjustment of movements in working capital)	25,111	30,393	5,281	34,860
Movements in working capital				
Decrease/(increase) in inventories	3,215	-1,556	-4,771	3,564
Decrease/(increase) in trade and other receivables	1,110	2,720	1,609	-1,655
Increase/(decrease) in trade and other payables	-3,468	-1,411	2,057	3,910
Increase/(decrease) in retirement benefits liabilities and provisions	-24	-216	-192	110
Sub total	25,945	29,929	3,984	40,789
Interests received	201	340	139	275
Dividends received	43	37	-6	—
Interests paid	-24	-30	-6	-596
Income taxes paid	-10,586	-12,478	-1,892	-3,150
Net cash generated from operating activities	15,578	17,798	2,220	37,318
Cash flows from investing activities				
Withdrawals of time deposit	279	3,503	3,224	387
Deposits for time deposit	-1,082	-2,136	-1,054	-1,595
Proceeds from sales of property, plant and equipment	84	29	-55	141
Payments for acquisition of property, plant and equipment	-3,711	-4,048	-337	-4,173
Proceeds from disposal of investment	980	—	-980	—
Payments for purchase of investment	-1,320	-58	1,262	1,439
Payments for purchase of subsidiary	-1,594	—	1,594	-1,968
Payments to non-controlling interests on merger	-3	-1	3	—
Other proceeds	7,132	153	-6,978	109
Other payments	-1,914	-8,897	-6,983	-695
Net cash used in investing activities	-1,149	-11,455	-10,306	-6,355
Cash flows from financing activities				
Dividends paid to owners of the Company	-14,475	-19,449	-4,975	17
Dividends paid to non-controlling interests	-6	—	6	—
Increase (decrease) in short-term debt	-2	-0	2	0
Repayments of long-term borrowings	-426	-82	343	-57
Payments for redemption of bonds	-43	-43	0	-53
Proceeds from disposal of treasury shares	—	0	0	—
Payments for purchase of treasury shares	-0	-24,741	-24,741	-1
Proceeds from exercise of stock options	39	586	546	614
Net cash used in financing activities	-14,913	-43,731	-28,818	520
Net increase/(decrease) in cash and cash equivalents	-483	-37,388	-36,904	31,483
Cash and cash equivalents at the beginning of the term	248,896	331,094	82,198	305,278
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	11,286	-4,313	-15,599	-5,668
Cash and cash equivalents at the end of the term	259,699	289,393	29,694	331,094

(3) Quarterly Consolidated Statement of Comprehensive Income

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the three months ended				Variance		For the three months ended	
	June 30,2013		June 30,2014				Mar.31,2014	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
All operations								
Revenue:								
Sales	100,425	100.0	113,071	100.0	12,646	12.6	115,224	100.0
Finance income	930	0.9	360	0.3	-570	-61.3	349	0.3
Share of profit of associates	—	—	—	—	—	—	6	0.0
Other income	537	0.5	844	0.7	307	57.2	1,332	1.2
Total Revenue	101,892	101.5	114,276	101.1	12,383	12.2	116,911	101.5
Expenses:								
Changes in inventories of goods, products and work in progress	525	0.5	-2,795	-2.5	-3,320	-632.3	3,565	3.1
Raw materials and consumables used	21,003	20.9	22,681	20.1	1,679	8.0	20,955	18.2
Employee benefits expense	25,822	25.7	27,895	24.7	2,073	8.0	27,191	23.6
Depreciation and amortization	8,506	8.5	8,304	7.3	-202	-2.4	8,538	7.4
Subcontracting cost	1,103	1.1	1,783	1.6	681	61.7	1,222	1.1
Advertising and promotion expense	2,719	2.7	3,078	2.7	359	13.2	3,092	2.7
Commission expense	5,061	5.0	5,502	4.9	440	8.7	5,736	5.0
Impairment losses	692	0.7	—	—	-692	—	2,714	2.4
Finance costs	305	0.3	313	0.3	8	2.5	330	0.3
Share of losses from associates	373	0.4	12	0.0	-361	-96.9	—	—
Foreign exchange (gain)/loss	-5,809	-5.8	470	0.4	6,279	-108.1	1,666	1.4
Other expenses	21,470	21.4	24,589	21.7	3,119	14.5	22,010	19.1
Total expense	81,769	81.4	91,832	81.2	10,063	12.3	97,018	84.2
Profit before tax	20,123	20.0	22,443	19.8	2,320	11.5	19,892	17.3
Income tax expense	7,789	7.8	4,481	4.0	-3,307	-42.5	7,135	6.2
Profit for the quarter from all operations	12,334	12.3	17,962	15.9	5,628	45.6	12,758	11.1
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss								
Remeasurements of the net defined benefit liability(asset)	—	—	—	—	—	—	81	—
Income tax relating to components of other comprehensive income	—	—	—	—	—	—	-15	—
Total Items that will not be reclassified subsequently to profit or loss	—	—	—	—	—	—	66	—
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	-235	—	-27	—	208	-88.6	-117	—
Exchange differences on translation of foreign operations	12,390	—	-6,426	—	-18,816	-151.9	-8,618	—
Income tax relating to components of other comprehensive income	97	—	-16	—	-113	-116.7	-38	—
Total Items that may be reclassified subsequently to profit or loss	12,252	—	-6,469	—	-18,721	-152.8	-8,774	—
Total other comprehensive income/(loss)	12,252	—	-6,469	—	-18,721	-152.8	-8,707	—
Total comprehensive income for the quarter	24,586	—	11,493	—	-13,093	-53.3	4,051	—
Profit attributable to :								
Owners of the Company	12,302	12.2	17,798	15.7	5,496	44.7	12,727	11.0
Non-controlling interests	33	0.0	164	0.1	131	398.4	31	0.0
Total	12,334	12.3	17,962	15.9	5,628	45.6	12,758	11.1
Total comprehensive income/(loss) attributable to :								
Owners of the Company	24,554	—	11,437	—	-13,116	-53.4	4,128	—
Non-controlling interests	33	—	56	—	23	71.7	-77	—
Total	24,586	—	11,493	—	-13,093	-53.3	4,051	—
Basic earnings/(loss) per share (yen)								
Continuing operations	28.51	—	41.36	—	12.85	—	29.46	—
Discontinued operations	—	—	—	—	—	—	—	—
Basic earnings per share (yen)	28.51	—	41.36	—	12.85	—	29.46	—
Diluted earnings/(loss) per share (yen)								
Continuing operations	28.49	—	41.26	—	12.77	—	29.39	—
Discontinued operations	—	—	—	—	—	—	—	—
Diluted earnings per share (yen)	28.49	—	41.26	—	12.77	—	29.39	—

Notes:

- Effect of Exchange Rate Change on Net Sales and Incomes ("2014 A" is the actual value of this period. "2014 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2014 B	2014 A	influences	real change	(%)
Sales	110,479	113,071	2,592	10,054	10.0%
Profit before tax	22,165	22,443	278	2,042	10.1%
Profit for the quarter	17,766	17,962	196	5,431	44.0%

For the three months ended				
	June 30,2013	June 30,2014	Variance(%)	Mar.31,2014
2. Average rates of major foreign currencies				
US\$	Yen 99.23	101.88	-2.7%	102.57
Euro	Yen 129.56	139.46	-7.6%	140.28
Thai Baht	Yen 3.29	3.14	4.6%	3.14

(4) Segment Information

<Overview of major products and services of reportable segments>

The reportable segments are constituent units of the Group for which separate financial information is obtained and examined on a regular basis by the Board of Directors, the chief operation decision maker, to determine the allocation of management resources and evaluate the business performance.

In accordance with its management philosophy, the Group has categorized "information technology" and "life and culture" as its business domains. To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments: the Information Technology business, the Life Care business and the Others business, which are consistent with the above business domains.

In the Information Technology business, the Group has developed an extensive range of products following the digitalization of information and the emergence of the internet. The Group produces and sells a broad array of I/O (Input/Output Device) related products in the information and communication sector, including electronics related products that are essential for the modern digital information and communication technologies, and imaging related products that are necessary to import pictures and video images as digital information based on optical technologies.

In the Life Care business, the Group produces and sells health care related products that are used in the healthcare and medical sectors and medical related products, including medical equipment and medical materials that are used in medical treatments. In operating this business, it is typically required to obtain approvals and permissions in accordance with the Pharmaceutical Affairs Act in Japan and other regulations, and sophisticated technologies and highly reliable quality control systems represent the critical elements for operating this business.

The Others business mainly includes the business that provides information system services and new businesses.

The main products and services for each "reportable segment" described above are as follows:

Reportable Segment		Major Products and Services
Information Technology	Electronics related products	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs), etc.
	Imaging related products	Optical lenses, optical glasses, Digital camera modules, Optical Devices, Lazer equipments, etc.
Life Care	Health Care related products	Eyeglass lenses, Contact lenses, etc.
	Medical related products	Endoscopes, Intraocular lenses, Artificial bone, Metallic implant for orthopedics, etc.
Other		Design of information systems, etc.

1-1. Segment revenues and results

(Millions of Yen)

For the three months ended June 30, 2013	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	39,005	60,759	652	100,415	10	100,425
Inter-segment	60	—	538	598	-598	—
Total	39,065	60,759	1,190	101,014	-589	100,425
Segment profit before tax	8,881	9,051	73	18,005	2,118	20,123
Segment profit before tax ratio	22.7%	14.9%	6.1%	17.8%	—	20.0%
Ref: Profit from ordinary operating activities	8,439	9,709	104	18,252	-2,085	16,167
% of revenue	21.6%	16.0%	8.8%	18.1%	—	16.1%

For the three months ended June 30, 2014	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	42,025	70,433	607	113,065	6	113,071
Inter-segment	56	0	431	487	-487	—
Total	42,082	70,432	1,038	113,552	-481	113,071
Segment profit before tax	12,873	11,659	129	24,661	-2,217	22,443
Segment profit before tax ratio	30.6%	16.6%	12.4%	21.7%	—	19.8%
Ref: Profit from ordinary operating activities	13,413	11,564	124	25,101	-1,588	23,513
% of revenue	31.9%	16.4%	11.9%	22.1%	—	20.8%

Ref : Difference between the results of the quarter under review and the same period the previous year is as follows:

	Information Technology	Life Care	Other	Total	Adjustments	All operations
Variance						
Revenue from external customers	3,020	9,674	-44	12,650	-3	12,646
Variance	7.7%	15.9%	-6.8%	12.6%	—	12.6%
Inter-segment	-4	-0	-107	-111	111	—
Total	3,016	9,674	-151	12,539	108	12,646
Segment profit before tax	3,992	2,608	56	6,656	-4,336	2,320
Variance	45.0%	28.8%	76.2%	37.0%	—	11.5%
Profit from ordinary operating activities	4,974	1,856	19	6,849	497	7,346
Variance	58.9%	19.1%	18.4%	37.5%	-23.8%	45.4%

Note: Effect of Exchange Rate Change on Net Sales and Incomes ("2014 A" is the actual value of this period. "2014 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period the previous year. unit : millions of Yen)

	2014B	2014A	influences	real change	(%)
Information Technology					
Revenue from external customers	41,201	42,025	825	2,196	5.6%
Segment profit before tax	12,720	12,873	153	3,839	43.2%
Life Care					
Revenue from external customers	68,676	70,433	1,757	7,917	13.0%
Segment profit before tax	11,563	11,659	96	2,512	27.8%

Ref : Results of the previous quarter are as follows:

For the three months ended Mar.31, 2014	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	40,246	74,193	780	115,219	5	115,224
Inter-segment	40	-0	502	542	-542	—
Total	40,286	74,193	1,282	115,761	-537	115,224
Segment profit before tax	6,825	15,739	183	22,747	-2,854	19,892
Segment profit before tax ratio	16.9%	21.2%	14.2%	19.6%	—	17.3%
Ref: Profit from ordinary operating activities	9,010	16,603	189	25,802	-1,775	24,027
% of revenue	22.4%	22.4%	14.7%	22.3%	—	20.9%

Note: Profit from ordinary operating activities is operating profit before finance income/costs, share of profit(loss) of associates, foreign exchange gain/loss and other temporary gain/loss.

2. Revenue from major products and services

Revenue from external customers

(Millions of Yen)

	For the three months ended				Variance		For the three months ended Mar.31,2014	
	June 30,2013		June 30,2014					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Revenue from all operations								
Information Technology								
Electronics related products	28,220	[72.3]	30,820	[73.3]	2,600	9.2	30,049	[74.7]
Imaging related products	10,785	[27.7]	11,206	[26.7]	421	3.9	10,197	[25.3]
Information Technology Total	39,005	38.8	42,025	37.2	3,020	7.7	40,246	34.9
Life Care								
Health Care related products	45,261	[74.5]	51,880	[73.7]	6,619	14.6	54,534	[73.5]
Medical related products	15,498	[25.5]	18,552	[26.3]	3,055	19.7	19,659	[26.5]
Life Care Total	60,759	60.5	70,433	62.3	9,674	15.9	74,193	64.4
Other	652	0.6	607	0.5	-44	-6.8	780	0.7
Corporate (including R&D)	10	0.0	6	0.0	-3	-33.7	5	0.0
Total revenue from all operations	100,425	100.0	113,071	100.0	12,646	12.6	115,224	100.0

Notes 1. Figures in [] are percentages of each segment.

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2014 A" is the actual value of this period. "2014 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2014A	2014B	influences	real change	(%)
Electronics related products	30,108	30,820	712	1,888	6.7%
Imaging related products	11,093	11,206	113	308	2.9%
Information Technology Total	41,201	42,025	825	2,196	5.6%
Health Care related products	50,750	51,880	1,130	5,489	12.1%
Medical related products	17,926	18,552	627	2,428	15.7%
Life Care Total	68,676	70,433	1,757	7,917	13.0%

3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

	For the three months ended				Variance		For the three months ended Mar.31,2014	
	June 30,2013		June 30,2014					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Revenue from all operations								
Japan	34,307	34.2	33,384	29.5	-922	-2.7	38,933	33.8
Americas	13,999	13.9	16,137	14.3	2,138	15.3	16,171	14.0
Europe	16,725	16.7	25,169	22.3	8,444	50.5	22,748	19.7
Asia/Oceania	34,409	34.3	37,192	32.9	2,783	8.1	35,784	31.1
Others	985	1.0	1,189	1.1	204	20.7	1,588	1.4
Total revenue from all operations	100,425	100.0	113,071	100.0	12,646	12.6	115,224	100.0

Note: Geographical areas are based on the location of customers.

4. Projected Results for the First Half (All Operations)

(Six months ending Sep. 30, 2014)

	<u>Millions of Yen</u>		
	<u>Six months ended/ending</u>		variance
	Sep.30,2013	Sep.30,2014	(%)
Revenue	202,661	226,000	11.5
Profit before tax	36,095	43,000	19.1
Profit for the term	25,107	34,000	35.4
Profit attributable to owners of the Company	25,030	33,700	34.6
Basic earnings per share (Yen)	58.00	78.95	20.95

Ref: for the 2nd quarter

1. Year-on-year comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Sep.30,2013	Sep.30,2014	(%)
Revenue	102,236	112,929	10.5
Profit before tax	15,972	20,557	28.7
Profit for the term	12,773	16,038	25.6
Profit attributable to owners of the Company	12,729	15,902	24.9
Basic earnings per share (Yen)	29.50	37.59	8.09

2. Quarter-on-quarter comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	June 30,2014	Sep.30,2014	(%)
Revenue	113,071	112,929	-0.1
Profit before tax	22,443	20,557	-8.4
Profit for the term	17,962	16,038	-10.7
Profit attributable to owners of the Company	17,798	15,902	-10.7
Basic earnings per share (Yen)	41.36	37.59	-3.77

Notes:

To calculate expected profit for the term per share, expected profit for the term is divided by expected average number of shares through the term.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.