

# Quarterly Report

1st Quarter : 3 months ended June 30, 2016

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

**Part .1**

**1st Quarter : from April 1 to June 30, 2016 <IFRS>**

1. Quarterly Consolidated Financial Highlights : p.1
2. Results of Operations : p.2
3. Quarterly Consolidated Financial Statements
  - (1) Quarterly Consolidated Statement of Financial Position : p.4
  - (2) Quarterly Consolidated Statement of Cash Flows : p.6
  - (3) Quarterly Consolidated Statement of Comprehensive Income : p.7
  - (4) Segment Information : p.8
4. Projected Results for the First Half : p.11
5. <Reference> Supplementary data for 1st Quarter : p.12

**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.

## 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, 2015 and 2016 (All operations \*Notes)

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

	Three months ended		Variance
	Jun. 30, 2015	Jun. 30, 2016	(%)
(1)Revenue and Profit before tax			
Revenue	126,238	115,165	-8.8
Profit before tax	30,901	22,274	-27.9
Ratio of profit before tax(%)	24.5%	19.3%	
Profit for the quarter	23,650	17,978	-24.0
Ratio of profit for the quarter(%)	18.7%	15.6%	
Profit attributable to owners of the Company	23,344	17,908	-23.3
Ratio of profit attributable to owners of the Company(%)	18.5%	15.5%	
Basic earnings per share (yen)	55.33	45.28	
Diluted earnings per share (yen)	55.17	45.20	

	As of	
	Mar. 31, 2016	Jun. 30, 2016
(2)Financial Position		
Total assets	639,007	582,578
Total equity	498,174	455,158
Equity attributable to owners of the Company	493,265	450,969
Ratio of assets attributable to owners of the Company	77.2%	77.4%
Assets attributable to owners of the Company per share (yen)	1,243.69	1,140.37

	Three months ended	
	Jun. 30, 2015	Jun. 30, 2016
(3) Conditions of Cash Flows		
Net cash generated from operating activities	32,368	18,006
Net cash used in investing activities	-3,112	-2,257
Free cash flow	29,256	15,750
Net cash provided by (used in ) financing activities	-57,760	-23,153
Cash and cash equivalents at end of period	326,902	255,284

### 2. Projected Results for the First Half (Six months ending September 30, 2016) for All Operations

	Six months ended/ending		Variance
	Sep. 30, 2015	Sep. 30, 2016	(%)
Revenue	256,403	230,000	-10.3
Profit before tax	64,759	48,000	-25.9
Profit for the term	50,790	38,500	-24.2
Profit attributable to owners of the Company	50,381	38,500	-23.6
Profit for the term per share (Yen)	120.40	97.35	-23.05

### 3. Other

	Three months ended	
	Jun. 30, 2015	Jun. 30, 2016
Capital expenditure	5,301	3,825
R&D expenses	5,217	5,099

#### 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

During the first quarter of the consolidated fiscal year under review (the three months from April 1, 2016 through June 30, 2016), economic conditions in the global economy became more uncertain. In the United States, personal consumption was firm and overall economic activity was relatively strong. In the European region, following the announcement of the results of the referendum in the United Kingdom to decide whether to leave the European Union (EU), European economies were surrounded by uncertainty. In China, with the decline in real estate investment, the high level of debt, and changes in the composition of the population, the slowing of economic growth became clearer. In Japan, although the economy was on a gradual recovery trend, a pause in private consumption, sharp appreciation of the yen, a slowing of the pace of improvement in corporate profits, and other factors strengthened the feeling of stagnation in the economy, and uncertainty in the global economy became clearer.

Amid these conditions, in the Information Technology segment of the HOYA Group, mask blanks for semiconductors reported an increase in revenues, but, because of the earthquake damage to the Kumamoto Plant, production of photomasks for semiconductors and photomasks for LCDs decreased. Also, the volume of shipment of glass substrates for hard disk drives (HDDs) declined because of market conditions, and orders for imaging-related products decreased because of the Kumamoto earthquakes and other factors. These conditions, combined with the effects of appreciation of the yen, led to a drop in revenues for the Information Technology segment as a whole.

In the Life Care segment, revenues in the eyeglass lens business in Europe and the United States increased, but due to the effect of appreciation of the yen, overall revenues in this business declined. Although contact lenses and intraocular lenses held firm, endoscope revenues decreased because of the effects of foreign currency fluctuations. For the Life Care segment as a whole, revenues were below the level of the same quarter of the previous year.

As a result, Group revenues for the first quarter under review totaled 115,165 million yen, representing a decline of 8.8% year on year. In part because of a loss on foreign exchange of 3.4 billion yen (compared with a gain on foreign exchange of 2.0 billion yen in the same period of the previous year), profit before tax for the quarter was 22,274 million yen, and profit for the quarter amounted to 17,978 million yen, representing declines of 27.9% and 24.0%, respectively.

The profit before tax ratio stood at 19.3%, 5.1 percentage points lower than the 24.5% for the same quarter of 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 and none for the same period of 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>

Among semiconductor-related products, as the markets for final products, namely PCs and tablets, are shrinking, the smartphone market, which had shown strong growth, has begun to show slower growth. Under these operating conditions, growth has weakened in the semiconductor market. On the other hand, since HOYA's semiconductor-related products are used not only at the mass production stage but also at the R&D stage, there is strong demand for these products for use in developing cutting-edge products. Therefore, in the mask blanks for semiconductors business, HOYA was able to absorb the negative impact of the appreciation of the yen, and showed an increase in revenues over the same period of the previous year. But in the case of photomasks for semiconductors, HOYA's plant was damaged by the Kumamoto earthquakes that occurred in April, production declined, and overall sales of semiconductors were below the level of the same month of the previous year.

In the LCD related product business, there is demand for products used in R&D for development of high-precision, high-resolution products for small to medium-sized masks for smartphones, and demand for R&D use related to large masks for 4K and large screens is holding firm. However, as a result of the earthquake damage to the Kumamoto Plant, production of photomasks for LCDs has declined, and revenues were below the level of the previous year.

In the glass substrates for HDDs business, the market for PCs is shrinking, and encroachments of SSDs into the HDD market are proceeding. This, together with the negative impact of the appreciation of the yen, led to revenues below the level of the same quarter of the previous year.

#### <Imaging related products>

In the digital camera market, demand for compact digital cameras and cameras with interchangeable lenses is continuing to shrink. Amid this environment, HOYA is aiming to expand sales of products for new applications, including surveillance cameras and car-mounted cameras. However, overall, this has been insufficient in offsetting the decline in demand for digital cameras. Combined with the drop in orders due to the Kumamoto earthquakes and the effects of yen appreciation, sales have declined below previous year's levels.

As a result, revenue in the IT segment amounted to 37,819 million yen, 16.9% below the same period of the previous year. Segment profit amounted to 11,200 million yen, and were down 31.0% year on year, because the temporary gain from the sale of non-current assets reported in the same period of the previous year was absent in the quarter under review.

### Life Care

#### <Health care related products>

In the eyeglass lenses business, because of the impact of intensive competition at the retail level, prices are declining, and, as a result, revenues are weak. In overseas markets, in Europe and the United States, sales through independent, small and medium-sized retail stores and large retail chains are both expanding steadily, but because of the strong impact of yen appreciation, overall revenues in this business were below the same period of the previous year.

In the contact lenses business, revenues of specialty retailer Eyecity rose because of the opening of additional stores and strengthening of promotion activities at existing stores, but overall revenues were above the same period of the previous year.

#### <Medical related products>

In the medical endoscopes business, in part because of the contribution of new product revenue on a local currency basis in Europe, Japan, and elsewhere in Asia, revenues in those regions expanded year on year, but because of the effects of yen appreciation combined with the continuation of delays in introducing new products in North America, overall revenue decreased year on year.

In the intraocular lenses for cataract surgery business (IOL), sales of products newly launched in the Japanese market last year continued to be favorable. In addition, overseas also sales through HOYA direct outlets and dealers held firm and expanded, thus rising substantially over the same period of the previous year.

As a consequence, revenues in the Life Care segment amounted to 76,380 million yen, which was 4.3% below the level of the previous year. Segment profit amounted to 14,247 million yen, 1.8% lower year on year.

### Other

The Other businesses segment mainly consists mainly of information system services offered to the HOYA Group and outside customers as well as new business development. Revenues of this segment stood at 965 million yen, an increase of 8.0% year on year. Segment profit totaled 170 million yen, an increase of 35.1% year on 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, 2016		As of Jun. 30, 2016		Variance		As of Jun. 30, 2015	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>ASSETS</b>								
<b>NON-CURRENT ASSETS</b>								
Property, plant and equipment-net	108,751		99,288		-9,463		126,013	
Goodwill	9,502		9,113		-389		10,348	
Intangible assets	16,317		14,718		-1,599		19,140	
Investments in associates	182		171		-11		204	
Long-term financial assets	15,820		15,574		-246		7,325	
Other non-current assets	3,283		2,792		-491		3,039	
Deferred tax assets	11,231		9,822		-1,408		10,556	
Total non-current assets	165,086	25.8	151,477	26.0	-13,608	-8.2	176,624	24.8
<b>CURRENT ASSETS</b>								
Inventories	66,408		63,899		-2,509		71,999	
Trade and other receivables	92,887		85,424		-7,462		98,482	
Other short-term financial assets	10,984		8,448		-2,536		18,659	
Income tax receivables	587		707		120		351	
Other current assets	16,764		17,337		573		17,447	
Cash and cash equivalents	286,292		255,284		-31,008		326,902	
Sub total	473,922		431,100		-42,821		533,840	
Assets held for sale	—		—		—		570	
Total current assets	473,922	74.2	431,100	74.0	-42,821	-9.0	534,410	75.2
Total assets	639,007	100.0	582,578	100.0	-56,430	-8.8	711,034	100.0

(Millions of Yen)

	As of Mar. 31, 2016		As of Jun. 30, 2016		Variance		As of Jun. 30, 2015	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>EQUITY AND LIABILITIES</b>								
<b>EQUITY</b>								
Share capital	6,264		6,264		—		6,264	
Capital reserves	15,899		15,899		—		15,899	
Treasury shares	-34,633		-39,464		-4,831		-44,312	
Other capital reserves	-4,956		-5,040		-84		-3,833	
Retained earnings	510,787		510,774		-13		551,430	
Accumulated other comprehensive income/(loss)	-96		-37,463		-37,367		40,392	
Equity attributable to owners of the Company	493,265		450,969		-42,295		565,839	
Non-controlling interests	4,909		4,189		-720		6,710	
Total equity	498,174	78.0	455,158	78.1	-43,016	-8.6	572,549	80.5
<b>LIABILITIES</b>								
<b>NON-CURRENT LIABILITIES</b>								
Interest-bearing long-term debt	35,404		35,418		14		35,493	
Other long-term financial liabilities	3,110		2,841		-269		3,501	
Retirement benefits liabilities	1,859		1,780		-79		2,151	
Provisions	2,335		2,308		-27		2,393	
Other non-current liabilities	808		701		-107		1,017	
Deferred tax liabilities	1,902		1,674		-228		2,682	
Total non-current liabilities	45,419	7.1	44,723	7.7	-696	-1.5	47,236	6.6
<b>CURRENT LIABILITIES</b>								
Interest-bearing short-term debt	1,924		1,885		-38		2,049	
Trade and other payables	41,407		38,913		-2,494		42,063	
Other short-term financial liabilities	311		1,249		939		812	
Income tax payables	13,243		5,085		-8,158		8,734	
Provisions	1,284		1,221		-63		1,194	
Other current liabilities	37,247		34,343		-2,903		36,396	
Total current liabilities	95,415	14.9	82,697	14.2	-12,718	-13.3	91,249	12.8
Total liabilities	140,834	22.0	127,420	21.9	-13,414	-9.5	138,485	19.5
Total equity and liabilities	639,007	100.0	582,578	100.0	-56,430	-8.8	711,034	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. 31,2016
	Jun. 30,2015	Jun. 30,2016		
Cash flows from operating activities				
Profit before tax	30,901	22,274	-8,627	23,161
Depreciation and amortization	8,865	7,517	-1,348	7,741
Impairment losses	485	72	-413	348
Finance income	-424	-470	-46	-470
Finance costs	206	270	64	240
Share of (profits)/loss of associates	1	-3	-4	-3
(Gain)/loss on sales of property, plant and equipment	-32	-68	-35	-287
Loss on disposal of property, plant and equipment	65	30	-34	50
Foreign exchange (gain)/loss	-1,243	2,699	3,942	2,610
Others	55	-1,420	-1,475	-432
Net cash generated from operating activities (Before adjustment of movements in working capital)	38,879	30,901	-7,978	32,958
Movements in working capital				
Decrease/(increase) in inventories	-2,474	-2,476	-2	397
Decrease/(increase) in trade and other receivables	2,678	1,654	-1,024	5,008
Increase/(decrease) in trade and other payables	-328	-679	-350	683
Increase/(decrease) in retirement benefits liabilities and provisions	229	125	-104	151
Sub total	38,984	29,525	-9,458	39,196
Interests received	449	430	-19	384
Dividends received	7	7	0	0
Interests paid	-29	-80	-51	-379
Income taxes paid	-7,071	-11,952	-4,881	-2,076
Income taxes refunded	29	76	47	128
Net cash generated from operating activities	32,368	18,006	-14,362	37,253
Cash flows from investing activities				
Withdrawals of time deposit	2,139	5,569	3,430	1,724
Payments for time deposit	-553	-3,867	-3,314	-1,770
Proceeds from sales of property, plant and equipment	58	169	111	1,218
Payments for acquisition of property, plant and equipment	-4,334	-3,924	410	-5,698
Proceeds from sales of investment	101	—	-101	12
Payments for acquisition of investment	-17	—	17	—
Payments for purchase of subsidiary	0	—	0	—
Payments to non-controlling interests upon merger	—	—	—	-1,206
Proceeds from sales of subsidiary	-1	—	1	-1
Payments for business transfer	—	—	—	-61
Other proceeds	63	137	74	108
Other payments	-568	-339	229	-452
Net cash used in investing activities	-3,112	-2,257	856	-6,125
Cash flows from financing activities				
Dividends paid to owners of the Company	-19,082	-17,852	1,230	15
Increase (decrease) in short-term debt	0	-1	-1	-87
Repayments of long-term borrowings	-69	-64	6	-77
Payments for redemption of bonds	-11	-11	0	—
Payments for purchase of treasury shares	-39,281	-4,989	34,291	-59,864
Proceeds from exercise of stock options	683	64	-618	155
Payments for purchase of non-controlling interests	—	-301	-301	-832
Net cash used in financing activities	-57,760	-23,153	34,607	-60,691
Net increase/(decrease) in cash and cash equivalents	-28,504	-7,403	21,101	-29,563
Cash and cash equivalents at the beginning of the term	348,819	286,292	-62,527	331,180
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	6,586	-23,605	-30,191	-15,325
Cash and cash equivalents at the end of the term	326,902	255,284	-71,618	286,292

### (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	
	Jun. 30, 2015		Jun. 30, 2016				Mar. 31, 2016	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>All operations</b>								
<b>Revenue:</b>								
Sales	126,238	100.0	115,165	100.0	-11,073	-8.8	121,666	100.0
Finance income	424	0.3	470	0.4	46	11.0	470	0.4
Share of profit of associates	—	—	3	0.0	3	—	3	0.0
Other income	459	0.4	667	0.6	207	45.2	1,930	1.6
<b>Total Revenue</b>	<b>127,121</b>	<b>100.7</b>	<b>116,304</b>	<b>101.0</b>	<b>-10,816</b>	<b>-8.5</b>	<b>124,070</b>	<b>102.0</b>
<b>Expenses:</b>								
Changes in inventories of goods, products and work in progress	-2,517	-2.0	-982	-0.9	1,535	-61.0	-327	-0.3
Raw materials and consumables used	24,416	19.3	18,611	16.2	-5,805	-23.8	21,994	18.1
Employee benefits expense	29,251	23.2	28,374	24.6	-877	-3.0	30,178	24.8
Depreciation and amortization	8,865	7.0	7,517	6.5	-1,348	-15.2	7,741	6.4
Subcontracting cost	1,800	1.4	1,283	1.1	-518	-28.7	572	0.5
Advertising and promotion expense	3,318	2.6	3,235	2.8	-82	-2.5	3,002	2.5
Commission expense	6,666	5.3	6,783	5.9	117	1.8	6,609	5.4
Impairment losses	485	0.4	72	0.1	-413	-85.2	348	0.3
Finance costs	206	0.2	270	0.2	64	31.1	240	0.2
Share of loss of associates	1	0.0	—	—	-1	—	—	—
Foreign exchange (gain)/loss	-2,043	-1.6	3,394	2.9	5,437	—	3,107	2.6
Other expenses	25,771	20.4	25,473	22.1	-298	-1.2	27,445	22.6
<b>Total expense</b>	<b>96,220</b>	<b>76.2</b>	<b>94,030</b>	<b>81.6</b>	<b>-2,190</b>	<b>-2.3</b>	<b>100,908</b>	<b>82.9</b>
Profit before tax	30,901	24.5	22,274	19.3	-8,627	-27.9	23,161	19.0
Income tax expense	7,251	5.7	4,296	3.7	-2,954	-40.7	4,668	3.8
<b>Profit for the quarter from all operations</b>	<b>23,650</b>	<b>18.7</b>	<b>17,978</b>	<b>15.6</b>	<b>-5,673</b>	<b>-24.0</b>	<b>18,493</b>	<b>15.2</b>
<b>Other comprehensive income:</b>								
Items that will not be reclassified subsequently to profit or loss								
Remeasurements of the net defined benefit liability(asset)	—	—	-35	—	-35	—	136	—
Income tax relating to components of other comprehensive income	—	—	-39	—	-39	—	11	—
<b>Total Items that will not be reclassified subsequently to profit or loss</b>	<b>—</b>	<b>—</b>	<b>-74</b>	<b>—</b>	<b>-74</b>	<b>—</b>	<b>147</b>	<b>—</b>
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	-5	—	-9	—	-5	104.4	-6	—
Exchange differences on translation of foreign operations	10,440	—	-37,932	—	-48,371	—	-21,713	—
Share of other comprehensive income of associates	3	—	-14	—	-16	—	-7	—
Income tax relating to components of other comprehensive income	-80	—	-0	—	79	-99.4	0	—
<b>Total Items that may be reclassified subsequently to profit or loss</b>	<b>10,358</b>	<b>—</b>	<b>-37,955</b>	<b>—</b>	<b>-48,313</b>	<b>—</b>	<b>-21,725</b>	<b>—</b>
<b>Total other comprehensive income/(loss)</b>	<b>10,358</b>	<b>—</b>	<b>-38,029</b>	<b>—</b>	<b>-48,387</b>	<b>—</b>	<b>-21,578</b>	<b>—</b>
<b>Total comprehensive income for the quarter</b>	<b>34,008</b>	<b>—</b>	<b>-20,051</b>	<b>—</b>	<b>-54,060</b>	<b>—</b>	<b>-3,085</b>	<b>—</b>
<b>Profit attributable to :</b>								
Owners of the Company	23,344	18.5	17,908	15.5	-5,436	-23.3	18,734	15.4
Non-controlling interests	306	0.2	70	0.1	-236	-77.2	-241	-0.2
<b>Total</b>	<b>23,650</b>	<b>18.7</b>	<b>17,978</b>	<b>15.6</b>	<b>-5,673</b>	<b>-24.0</b>	<b>18,493</b>	<b>15.2</b>
<b>Total comprehensive income/(loss) attributable to :</b>								
Owners of the Company	33,379	—	-19,532	—	-52,911	—	-2,584	—
Non-controlling interests	629	—	-519	—	-1,148	—	-501	—
<b>Total</b>	<b>34,008</b>	<b>—</b>	<b>-20,051</b>	<b>—</b>	<b>-54,060</b>	<b>—</b>	<b>-3,085</b>	<b>—</b>
<b>Basic earnings/(loss) per share (yen)</b>								
Continuing operations	55.33	—	45.28	—	-10.05	—	46.56	—
Discontinued operations	—	—	—	—	—	—	—	—
<b>Basic earnings per share (yen)</b>	<b>55.33</b>	<b>—</b>	<b>45.28</b>	<b>—</b>	<b>-10.05</b>	<b>—</b>	<b>46.56</b>	<b>—</b>
<b>Diluted earnings/(loss) per share (yen)</b>								
Continuing operations	55.17	—	45.20	—	-9.97	—	46.46	—
Discontinued operations	—	—	—	—	—	—	—	—
<b>Diluted earnings per share (yen)</b>	<b>55.17</b>	<b>—</b>	<b>45.20</b>	<b>—</b>	<b>-9.97</b>	<b>—</b>	<b>46.46</b>	<b>—</b>

Notes:

- Effect of Exchange Rate Change on Net Sales and Incomes ("2016 A" is the actual value of this period. "2016 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)

	2016 B	2016 A	Influences	Real change	(%)
Sales	125,280	115,165	-10,116	-957	-0.8%
Profit before tax	24,513	22,274	-2,239	-6,388	-20.7%
Profit for the quarter	19,959	17,978	-1,981	-3,692	-15.6%

For the three months ended			
	Jun. 30, 2015	Jun. 30, 2016	Variance(%)
2. Average rates of major foreign currencies			
US\$	Yen 121.73	107.87	11.4%
Euro	Yen 135.04	120.72	10.6%
Thai Baht	Yen 3.64	3.05	16.2%

## (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, Laser equipment, etc.
Life Care	Health care related products	Eyeglass lenses, Contact lenses, etc.
	Medical related products	Endoscopes, Medical accessories, Intraocular lenses, Artificial bone, Metallic implants for orthopedics, etc.
Other		Design of information systems, etc.

# 1. Segment revenues and results

(Millions of Yen)

For the three months ended June 30, 2015	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	45,512	79,830	894	126,236	2	126,238
Inter-segment	214	—	408	621	-621	—
<b>Total</b>	<b>45,726</b>	<b>79,830</b>	<b>1,302</b>	<b>126,857</b>	<b>-619</b>	<b>126,238</b>
Segment profit before tax	16,237	14,502	126	30,865	36	30,901
Segment profit before tax ratio	35.5%	18.2%	9.7%	24.3%	—	24.5%
Ref: Profit from ordinary operating activities	16,043	14,397	122	30,562	-1,282	29,280
% of revenue	35.1%	18.0%	9.3%	24.1%	—	23.2%

For the three months ended June 30, 2016	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	37,819	76,380	965	115,164	1	115,165
Inter-segment	173	—	437	611	-611	—
<b>Total</b>	<b>37,992</b>	<b>76,380</b>	<b>1,402</b>	<b>115,774</b>	<b>-610</b>	<b>115,165</b>
Segment profit before tax	11,200	14,247	170	25,617	-3,343	22,274
Segment profit before tax ratio	29.5%	18.7%	12.2%	22.1%	—	19.3%
Ref: Profit from ordinary operating activities	13,493	14,599	164	28,256	-1,316	26,940
% of revenue	35.5%	19.1%	11.7%	24.4%	—	23.4%

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
<b>Variance</b>						
Revenue from external customers	-7,694	-3,450	71	-11,072	-1	-11,073
Variance	-16.9%	-4.3%	8.0%	-8.8%	—	-8.8%
Inter-segment	-40	—	30	-11	11	—
<b>Total</b>	<b>-7,734</b>	<b>-3,450</b>	<b>101</b>	<b>-11,083</b>	<b>10</b>	<b>-11,073</b>
Segment profit before tax	-5,037	-255	44	-5,248	-3,379	-8,627
Variance	-31.0%	-1.8%	35.1%	-17.0%	—	-27.9%
Profit from ordinary operating activities	-2,550	202	42	-2,306	-34	-2,340
Variance	-15.9%	1.4%	34.4%	-7.5%	2.7%	-8.0%

Note: Effect of Exchange Rate Change on Net Sales and Incomes ("2016 A" is the actual value of this period. "2016 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)

	2016B	2016A	Influences	Real change	(%)
Information Technology					
Revenue from external customers	41,105	37,819	-3,286	-4,408	-9.7%
Segment profit before tax	12,193	11,200	-993	-4,044	-24.9%
Life Care					
Revenue from external customers	83,181	76,380	-6,801	3,351	4.2%
Segment profit before tax	15,503	14,247	-1,256	1,001	6.9%

Ref : Results of the previous quarter are as follows:

For the three months ended Mar.31, 2016	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	39,422	80,942	1,302	121,666	1	121,666
Inter-segment	210	0	569	779	-779	—
<b>Total</b>	<b>39,631</b>	<b>80,942</b>	<b>1,871</b>	<b>122,445</b>	<b>-779</b>	<b>121,666</b>
Segment profit before tax	12,516	13,668	349	26,532	-3,371	23,161
Segment profit before tax ratio	31.6%	16.9%	18.6%	21.7%	—	19.0%
Ref: Profit from ordinary operating activities	13,472	14,073	338	27,883	-1,323	26,560
% of revenue	34.0%	17.4%	18.0%	22.8%	—	21.8%

Note: Profit from ordinary operating activities is operating profit before finance income/costs, share of profits(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)

Revenue from external customers						(millions of Yen)			
	For the three months ended				Variance		For the three months ended Mar. 31, 2016		
	Jun. 30, 2015		Jun. 30, 2016						
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	

### Revenue from all operations

Information Technology	45,512	36.1	37,819	32.8	-7,694	-16.9	39,422	32.4
Electronics related products	33,526	[ 73.7 ]	29,560	[ 78.2 ]	-3,966	-11.8	30,103	[ 76.4 ]
Imaging related products	11,986	[ 26.3 ]	8,259	[ 21.8 ]	-3,728	-31.1	9,319	[ 23.6 ]
Life Care	79,830	63.2	76,380	66.3	-3,450	-4.3	80,942	66.5
Health care related products	59,879	[ 75.0 ]	57,312	[ 75.0 ]	-2,567	-4.3	60,658	[ 74.9 ]
Medical related products	19,951	[ 25.0 ]	19,068	[ 25.0 ]	-883	-4.4	20,285	[ 25.1 ]
Other	894	0.7	965	0.8	71	8.0	1,302	1.1
Corporate (including R&D)	2	0.0	1	0.0	-1	-44.0	1	0.0
<b>Total revenue from all operations</b>	<b>126,238</b>	<b>100.0</b>	<b>115,165</b>	<b>100.0</b>	<b>-11,073</b>	<b>-8.8</b>	<b>121,666</b>	<b>100.0</b>

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

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2016 A" is the actual value of this period. "2016 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)

	2016B	2016A	Influences	Real change	(%)
Information Technology	41,105	37,819	-3,286	-4,408	-9.7%
Electronics related products	32,167	29,560	-2,607	-1,359	-4.1%
Imaging related products	8,938	8,259	-679	-3,048	-25.4%
Life Care	83,181	76,380	-6,801	3,351	4.2%
Health care related products	62,144	57,312	-4,832	2,265	3.8%
Medical related products	21,037	19,068	-1,969	1,086	5.4%

## 3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

								(Millions of Yen)
	For the three months ended				Variance		For the three months ended Mar. 31, 2016	
	Jun. 30, 2015		Jun. 30, 2016					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

### Revenue from all operations

Total revenue from all operations	126,238	100.0	115,165	100.0	-11,073	-8.8	121,666	100.0
Japan	37,875	30.0	36,939	32.1	-936	-2.5	38,032	31.3
Americas	18,469	14.6	17,303	15.0	-1,167	-6.3	18,720	15.4
Europe	26,587	21.1	24,145	21.0	-2,443	-9.2	26,888	22.1
Asia/Oceania	41,935	33.2	35,440	30.8	-6,495	-15.5	36,248	29.8
Others	1,371	1.1	1,339	1.2	-33	-2.4	1,777	1.5

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

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

(Six months ending Sep. 30, 2016)

	<u>Millions of Yen</u>		
	<u>Six months ended/ending</u>		variance
	Sep. 30, 2015	<b>Sep. 30, 2016E</b>	(%)
Revenue	256,403	230,000	-10.3
Profit before tax	64,759	48,000	-25.9
Profit for the term	50,790	38,500	-24.2
Profit attributable to owners of the Company	50,381	38,500	-23.6
Basic earnings per share (Yen)	120.40	97.35	-23.05

Ref: for the 2nd quarter

### 1. Year-on-year comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Sep. 30, 2015	<b>Sep. 30, 2016E</b>	(%)
Revenue	130,165	114,835	-11.8
Profit before tax	33,858	25,726	-24.0
Profit for the term	27,140	20,522	-24.4
Profit attributable to owners of the Company	27,037	20,592	-23.8
Basic earnings per share (Yen)	65.15	52.07	-13.08

### 2. Quarter-on-quarter comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Jun. 30, 2016	<b>Sep. 30, 2016E</b>	(%)
Revenue	115,165	114,835	-0.3
Profit before tax	22,274	25,726	15.5
Profit for the term	17,978	20,522	14.2
Profit attributable to owners of the Company	17,908	20,592	15.0
Basic earnings per share (Yen)	45.28	52.07	6.79

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.*

<Reference>

**Supplementary data for 1st Quarter: from April 1 to June 30, 2016**

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY15-1Q	FY16-1Q	Variance	Foreign exchange	Adjustment	Others
Revenue	126,238	115,165	-11,073	-10,116		-957
Information Technology	45,512	37,819	-7,694	-3,286		-4,408
Electronics related products	33,526	29,560	-3,966	-2,607		-1,359
Imaging related products	11,986	8,259	-3,728	-679		-3,048
Life Care	79,830	76,380	-3,450	-6,801		3,351
Health care related products	59,879	57,312	-2,567	-4,832		2,265
Medical related products	19,951	19,068	-883	-1,969		1,086
Profit before tax	30,901	22,274	-8,627	-2,239	① -6,287	-101
Information Technology	16,237	11,200	-5,037	-993	② -2,487	-1,557
Life Care	14,502	14,247	-255	-1,256	③ -457	1,458
Other, adjustment (Corporate)	162	-3,173	-3,335	9	④ -3,343	-1

<All operations ~ Adjustments to "Profit from ordinary operating activities">

	All operations		
	FY15-1Q	FY16-1Q	Variance
Profit before tax	30,901	22,274	-8,627
Adjustments	1,621	-4,666	① -6,287
Finance income	424	470	46
Finance costs	-206	-270	-64
Share of loss of associates	-1	3	4
Foreign exchange (gain)/loss	2,043	-3,394	-5,437
Impairment losses	-485	-72	413
Others	-152	-1,402	-1,250
Profit from ordinary operating activities	29,280	26,940	-2,340

<Segment ~ Adjustments to "Profit from ordinary operating activities">

	Information Technology			Life Care			Other, adjustment (Corporate)		
	FY15-1Q	FY16-1Q	Variance	FY15-1Q	FY16-1Q	Variance	FY15-1Q	FY16-1Q	Variance
Profit before tax	16,237	11,200	-5,037	14,502	14,247	-255	162	-3,173	-3,335
Adjustments	193	-2,294	② -2,487	105	-351	③ -457	1,323	-2,021	④ -3,343
Finance income	113	74	-39	86	117	31	224	279	55
Finance costs	-86	-73	13	-68	-123	-55	-52	-74	-22
Share of loss of associates	-0	1	1	-1	2	4	-	-	-
Foreign exchange (gain)/loss	379	-946	-1,325	628	-87	-714	1,036	-2,362	-3,397
Impairment losses	-	-	-	-485	-72	413	-	-	-
Others	-213	-1,350	-1,137	-54	-189	-135	115	136	21
Profit from ordinary operating activities	16,043	13,493	-2,550	14,397	14,599	202	-1,160	-1,152	8