

Quarterly Report

3rd Quarter : 3 months ended December 31, 2016
3rd Quarter aggregated : 9 months ended December 31, 2016

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

Part .1

3rd Quarter : from October 1 to December 31, 2016 <IFRS>

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Part .2

3rd Quarter aggregated: from April 1 to December 31, 2016 <IFRS>

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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 December 31, 2015 and 2016 (All operations *Notes)

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

	Three months ended		Variance (%)
	Dec. 31, 2015	Dec. 31, 2016	
(1)Revenue and Profit before tax			
Revenue	127,645	122,594	-4.0
Profit before tax	31,179	32,475	4.2
Ratio of profit before tax(%)	24.4%	26.5%	
Profit for the quarter	24,034	25,080	4.4
Ratio of profit for the quarter(%)	18.8%	20.5%	
Profit attributable to owners of the Company	24,059	25,055	4.1
Ratio of profit attributable to owners of the Company(%)	18.8%	20.4%	
Basic earnings per share (yen)	58.14	64.59	
Diluted earnings per share (yen)	57.99	64.46	

	As of	
	Sep. 30, 2016	Dec. 31, 2016
(2)Financial Position		
Total assets	577,787	649,339
Total equity	445,745	505,662
Equity attributable to owners of the Company	441,665	501,042
Ratio of assets attributable to owners of the Company	76.4%	77.2%
Assets attributable to owners of the Company per share (yen)	1,138.87	1,291.52

	Three months ended	
	Dec. 31, 2015	Dec. 31, 2016
(3) Conditions of Cash Flows		
Net cash generated from operating activities	27,832	23,187
Net cash used in investing activities	-4,336	-18,945
Free cash flow	23,496	4,243
Net cash provided by (used in) financing activities	-38,115	-11,460
Cash and cash equivalents at end of period	331,180	273,176

2. Projected Results for the Full Year (Year ending March 31, 2017) for All Operations

	Year ended/ending		Variance (%)
	Mar. 31, 2016	Mar. 31, 2017	
Revenue	505,714	473,000	-6.5
Profit before tax	119,099	111,000	-6.8
Profit for the term	93,317	87,000	-6.8
Profit attributable to owners of the Company	93,175	87,000	-6.6
Profit for the term per share (Yen)	225.45	222.61	-2.84

3. Other

	Three months ended	
	Dec. 31, 2015	Dec. 31, 2016
Capital expenditure	5,118	7,691
R&D expenses	4,951	5,766

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 third quarter of the consolidated fiscal year under review (the three months from October 1 to December 31, 2016), conditions in the world economy were as follows: In the Japanese economy, signs of economic recovery emerged, but trends in foreign currency exchange rates still continued to create instability. In the United States, the economy continued to be strong and expectations of fiscal policies under the new administration were rising, but it was difficult to determine the influence of other policies. In Europe also, moderate economic growth continued, but the future political environment, including the effects of the departure of the United Kingdom from the European Union, remained uncertain. In Asia, in some countries, including China, there were concerns about slower growth caused by structural factors.

Amid this operating environment, within the HOYA Group's Information Technology segment, in the mask blanks for semiconductors business, sales expanded as demand for developing cutting-edge products increased. However, in the photomasks for semiconductors business and LCD photomasks business, sales decreased because of the decline in production capacity in this business due to the decision to close the Kumamoto Plant following the Kumamoto earthquakes. Sales of glass substrates for hard disk drives (HDDs) were approximately the same year on year, because of the impact of the appreciation of the yen. Also, sales of the imaging related products decreased as a result of the decline in demand and the impact of the stronger yen. As a consequence of these factors, sales of the IT segment as a whole were below the level of the same period of the previous year.

In the Life Care segment, sales of contact lenses and intraocular lenses were strong. In the eyeglass lenses business, sales expanded on a local currency basis, mainly in the Americas, Europe, and Asia, but because of the effect of foreign currency fluctuations, overall sales decreased. In the endoscopes business, sales in Europe on a local currency basis expanded but, as a result of the impact of foreign currency movements, sales in yen terms diminished. For the Life Care segment as a whole, sales decreased year on year.

Revenues for the HOYA Group decreased year on year in the third quarter and amounted to 122,594 million yen, which was 4.0% below the level for the same period of the previous year.

Profit before tax of the HOYA Group for the third quarter amounted to 32,475 million yen, and profit for the quarter was 25,080 million yen, which represented increases of 4.2% and 4.4%, respectively. The profit before tax ratio for the quarter was 26.5%, which was a 2.1 percentage point improvement year on year.

Note that all numbers and the rates of increase and decline are based on all continuing operations. There were no discontinued operations during the third 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>

The markets for PCs and tablet computers, which are final products that have HOYA components, are continuing to shrink, but the smartphone market is continuing to grow. In HOYA's mask blanks for semiconductors business, HOYA is capturing demand for blanks for use in R&D for developing cutting-edge products. This factor is absorbing the negative impact of yen appreciation, and sales in this business rose substantially over the same period of the previous year.

In the photomasks for semiconductors business, sales decreased year on year because of the decline in production capacity in this business due to the decision to close the Kumamoto Plant following the Kumamoto earthquakes that occurred in April 2016.

In the photomasks for LCDs business, sales were below the level of the same period of the previous year. This was due to temporary slowdown of the demand for R&D-related demand linked to the development of masks for small- and medium-sized, high precision, high resolution panels for smartphones and masks for the development of large-scale 4K TV panels as well as larger screen sizes. An additional factor accounting for the decline was the continuing impact of the decrease in production capacity following the decision to close the Kumamoto Plant.

In the glass substrates for hard disk drives (HDDs) usage business, amid continued shrinkage in the size of the PC market and encroachment of solid state drives (SSDs) into the market, sales on a local currency basis expanded. However, this was offset by the effect of yen appreciation, and sales in this business were approximately level with the same period of the prior year.

<Imaging related products>

The market for digital cameras, including compact digital cameras, is continuing to shrink. Amid these business conditions, HOYA is working to expand sales of products for new applications, including surveillance cameras and car-mounted cameras, but these efforts to increase sales were not sufficient to make up for the decline in products for digital cameras. In addition, as a result of the adverse impact of the appreciation of the yen, sales in this business declined year on year.

As a consequence, revenues of the Information Technology segment decreased 7.0% from the same period of the previous year, to 42,950 million yen. Segment profit was down 0.4% year on year, to 16,845 million yen.

Life Care

<Health care related products>

The eyeglass lenses business in the Japanese market has been adversely affected by shrinkage of the retail market, and HOYA's sales have been restrained. In overseas markets, sales in all regions, including the Americas, Europe, and Asia, expanded on a local currency basis, but the impact of yen appreciation has been substantial, and overall sales in the eyeglass lenses business decreased compared with the same quarter of the previous year.

In the contact lenses business, HOYA is continuing to open new specialized Eyecity stores and step up its promotional activities at existing stores. Sales for the third quarter expanded year on year.

<Medical related products>

Sales of endoscopes for medical use in Europe, where the ratio of sales by region is largest, expanded on a local currency basis due to the introduction of new products and the strengthening of HOYA's marketing capabilities. However, because of the adverse impact of the appreciation of the yen, overall sales decreased compared with the same quarter of the previous year.

Sales of intraocular lenses for cataract surgery in the Japanese market, where new products were introduced last fiscal year, continued to be favorable. In addition, in overseas markets also, direct sales and sales through distributors continued to be firm, and expanded substantially over the same period of the previous year.

As a consequence of these trends, revenues of the Life Care segment decreased 2.0% year on year, to 78,708 million yen. Segment profit amounted to 13,886 million yen, a decline of 6.4% year on year.

Other

The Other business segment consists mainly of information system services as well as new business development. Revenues of this segment were 934 million yen, a decrease of 16.2% year on year. Segment profit totaled 230 million yen, a decline of 13.1% 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 Sep. 30, 2016		As of Dec. 31, 2016		Variance		As of Dec. 31, 2015	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment-net	97,764		106,382		8,618		114,268	
Goodwill	8,946		13,781		4,834		9,075	
Intangible assets	14,023		23,805		9,781		16,739	
Investments in associates	171		195		23		186	
Long-term financial assets	16,466		8,419		-8,047		15,779	
Other non-current assets	2,608		2,908		300		3,458	
Deferred tax assets	10,303		8,249		-2,053		10,477	
Total non-current assets	150,282	26.0	163,738	25.2	13,456	9.0	169,982	24.2
CURRENT ASSETS								
Inventories	64,241		70,194		5,954		69,691	
Trade and other receivables	86,296		99,736		13,440		100,980	
Other short-term financial assets	8,494		17,597		9,103		11,391	
Income tax receivables	481		527		46		304	
Other current assets	18,009		24,371		6,362		17,224	
Cash and cash equivalents	249,985		273,176		23,192		331,180	
Sub total	427,505		485,601		58,096		530,770	
Assets held for sale	—		—		—		929	
Total current assets	427,505	74.0	485,601	74.8	58,096	13.6	531,699	75.8
Total assets	577,787	100.0	649,339	100.0	71,552	12.4	701,681	100.0

(Millions of Yen)

	As of Sep. 30, 2016		As of Dec. 31, 2016		Variance		As of Dec. 31, 2015	
	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	-38,986		-7,406		31,580		-30,559	
Other capital reserves	-4,982		-5,211		-229		-4,424	
Retained earnings	505,267		487,669		-17,598		547,248	
Accumulated other comprehensive income/(loss)	-41,797		3,826		45,624		21,370	
Equity attributable to owners of the Company	441,665	76.4	501,042	77.2	59,377	13.4	555,798	0.0
Non-controlling interests	4,080		4,620		540		5,881	
Total equity	445,745	77.1	505,662	77.9	59,917	13.4	561,679	80.0
LIABILITIES								
NON-CURRENT LIABILITIES								
Interest-bearing long-term debt	441		505		64		35,480	
Other long-term financial liabilities	2,730		5,645		2,915		3,544	
Retirement benefits liabilities	1,829		2,013		185		2,014	
Provisions	2,294		2,423		129		2,366	
Other non-current liabilities	761		808		47		1,677	
Deferred tax liabilities	1,597		3,026		1,429		2,088	
Total non-current liabilities	9,652	1.7	14,421	2.2	4,769	49.4	47,169	6.7
CURRENT LIABILITIES								
Interest-bearing short-term debt	36,856		36,895		39		2,008	
Trade and other payables	38,363		42,691		4,328		41,805	
Other short-term financial liabilities	330		373		44		400	
Income tax payables	9,380		7,684		-1,697		9,325	
Provisions	1,204		1,346		143		1,137	
Other current liabilities	36,257		40,267		4,010		38,159	
Total current liabilities	122,390	21.2	129,256	19.9	6,867	5.6	92,833	13.2
Total liabilities	132,042	22.9	143,677	22.1	11,635	8.8	140,002	20.0
Total equity and liabilities	577,787	100.0	649,339	100.0	71,552	12.4	701,681	100.0
Total number of issued shares in thousand	387,809		387,948		139		409,987	
Equity attributable to owner of the Company per share	1,138.87 Yen		1,291.52 Yen		152.65 Yen		1,355.65 Yen	

(2)Quarterly Consolidated Statement of Cash Flows

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the three months ended		Variance	Three months ended Sep. 30, 2016
	Dec. 31, 2015	Dec. 31, 2016		
Cash flows from operating activities				
Profit before tax	31,179	32,475	1,296	31,637
Depreciation and amortization	8,260	7,243	-1,017	7,171
Impairment losses	—	—	—	18
Finance income	-419	-483	-63	-6,590
Finance costs	269	264	-4	251
Share of (profits)/loss of associates	-1	-3	-2	-4
(Gain)/loss on sales of property, plant and equipment	-438	-339	99	-33
Loss on disposal of property, plant and equipment	219	19	-200	68
Foreign exchange (gain)/loss	64	-3,182	-3,245	1,209
Others	1,090	1,912	822	1,133
Net cash generated from operating activities (Before adjustment of movements in working capital)	40,222	37,906	-2,315	34,860
Movements in working capital				
Decrease/(increase) in inventories	-542	308	849	-976
Decrease/(increase) in trade and other receivables	-2,668	-6,419	-3,751	-1,667
Increase/(decrease) in trade and other payables	548	-244	-792	64
Increase/(decrease) in retirement benefits liabilities and provisions	-3	-9	-6	50
Sub total	37,558	31,542	-6,016	32,331
Interests received	484	391	-93	430
Dividends received	0	42	41	1
Interests paid	-85	-33	52	-378
Income taxes paid	-10,194	-8,834	1,360	-2,846
Income taxes refunded	69	80	11	29
Net cash generated from operating activities	27,832	23,187	-4,645	29,568
Cash flows from investing activities				
Withdrawals of time deposit	3,588	3,290	-298	292
Payments for time deposit	-4,650	-4,016	633	-18
Proceeds from sales of property, plant and equipment	1,367	461	-906	78
Payments for acquisition of property, plant and equipment	-4,408	-5,560	-1,151	-5,851
Proceeds from sales of investment	—	—	—	5,804
Payments for acquisition of investment	-0	—	0	—
Payments for purchase of subsidiary	-586	-6,360	-5,774	—
Payments to non-controlling interests upon merger	—	-17	-17	-2
Payments for business transfer	-50	-6,189	-6,139	—
Other proceeds	1,165	128	-1,037	186
Other payments	-762	-682	81	-514
Net cash used in investing activities	-4,336	-18,945	-14,608	-25
Cash flows from financing activities				
Dividends paid to owners of the Company	-12,453	-11,655	798	43
Dividends paid to non-controlling interests	-527	—	527	—
Increase (decrease) in short-term debt	-57	-1	56	-1
Repayments of long-term borrowings	-71	-65	6	-60
Payments for redemption of bonds	-11	-11	0	—
Proceeds from disposal of treasury shares	0	—	-0	0
Payments for purchase of treasury shares	-25,240	-1	25,239	-30,016
Proceeds from exercise of stock options	244	272	28	59
Net cash used in financing activities	-38,115	-11,460	26,655	-29,975
Net increase/(decrease) in cash and cash equivalents	-14,619	-7,218	7,401	-431
Cash and cash equivalents at the beginning of the term	347,151	249,985	-97,166	255,284
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	-1,351	30,409	31,761	-4,868
Cash and cash equivalents at the end of the term	331,180	273,176	-58,004	249,985

(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	
	Dec. 31,2015		Dec. 31,2016		Amount	(%)	Sep. 30,2016	
	Amount	(%)	Amount	(%)			Amount	(%)
All operations								
Revenue:								
Sales	127,645	100.0	122,594	100.0	-5,051	-4.0	114,865	100.0
Finance income	419	0.3	483	0.4	63	15.1	6,590	5.7
Share of profit of associates	1	0.0	3	0.0	2	128.4	4	0.0
Other income	971	0.8	1,024	0.8	53	5.4	327	0.3
Total Revenue	129,037	101.1	124,103	101.2	-4,934	-3.8	121,786	106.0
Expenses:								
Changes in inventories of goods, products and work in progress	-97	-0.1	852	0.7	950	—	-136	-0.1
Raw materials and consumables used	23,371	18.3	19,161	15.6	-4,210	-18.0	17,472	15.2
Employee benefits expense	28,957	22.7	28,313	23.1	-644	-2.2	27,273	23.7
Depreciation and amortization	8,260	6.5	7,243	5.9	-1,017	-12.3	7,171	6.2
Subcontracting cost	1,739	1.4	1,236	1.0	-503	-28.9	1,243	1.1
Advertising and promotion expense	3,197	2.5	3,246	2.6	49	1.5	3,130	2.7
Commission expense	6,602	5.2	7,042	5.7	441	6.7	6,924	6.0
Impairment losses	—	—	—	—	—	—	18	0.0
Finance costs	269	0.2	264	0.2	-4	-1.6	251	0.2
Foreign exchange (gain)/loss	382	0.3	-3,777	-3.1	-4,159	—	1,505	1.3
Other expenses	25,179	19.7	28,047	22.9	2,868	11.4	25,298	22.0
Total expense	97,858	76.7	91,628	74.7	-6,230	-6.4	90,149	78.5
Profit before tax	31,179	24.4	32,475	26.5	1,296	4.2	31,637	27.5
Income tax expense	7,145	5.6	7,395	6.0	250	3.5	6,818	5.9
Profit for the term from all operations	24,034	18.8	25,080	20.5	1,046	4.4	24,819	21.6
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss								
Remeasurements of the net defined benefit liability(asset)	—		—		—	—	13	
Total items that will not be reclassified subsequently to profit or loss	—		—		—	—	13	
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	-10		-79		-70	714.2	-3	
Exchange differences on translation of foreign operations	-94		46,173		46,267	—	-4,401	
Share of other comprehensive income of associates	-3		20		23	—	-4	
Income tax relating to components of other comprehensive income	11		24		13	115.5	1	
Total items that may be reclassified subsequently to profit or loss	-95		46,138		46,233	—	-4,407	
Total other comprehensive income/(loss)	-95		46,138		46,233	—	-4,394	
Total comprehensive income for the quarter	23,939		71,218		47,279	197.5	20,425	
Profit attributable to :								
Owners of the Company	24,059	18.8	25,055	20.4	995	4.1	24,854	21.6
Non-controlling interests	-26	-0.0	25	0.0	51	—	-36	0.0
Total	24,034	18.8	25,080	20.5	1,046	4.4	24,819	21.6
Total comprehensive income/(loss) attributable to :								
Owners of the Company	24,097		70,678		46,581	193.3	20,533	
Non-controlling interests	-158		540		698	—	-108	
Total	23,939		71,218		47,279	197.5	20,425	
Basic earnings/(loss) per share (yen)								
Continuing operations	58.14		64.59		6.45		63.42	
Discontinued operations	—		—		—		—	
Basic earnings per share (yen)	58.14		64.59		6.45		63.42	
Diluted earnings/(loss) per share (yen)								
Continuing operations	57.99		64.46		6.47		63.31	
Discontinued operations	—		—		—		—	
Diluted earnings per share (yen)	57.99		64.46		6.47		63.31	

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	131,087	122,594	-8,494	3,442	2.7%
Profit before tax	34,252	32,475	-1,777	3,073	9.9%
Profit for the quarter	26,565	25,080	-1,485	2,531	10.5%

For the three months ended			
	Dec. 31, 2015	Dec. 31, 2016	Variance(%)
2. Average rates of major foreign currencies			
US\$ Yen	121.44	111.26	8.4%
Euro Yen	131.50	119.15	9.4%
Thai Baht Yen	3.39	3.13	7.7%

(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 Other 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.

Other 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 Dec. 31, 2015	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	46,198	80,331	1,115	127,644	1	127,645
Inter-segment	283	—	461	743	-743	—
Total	46,481	80,331	1,575	128,388	-743	127,645
Segment profit before tax	16,919	14,838	264	32,021	-842	31,179
Segment profit before tax ratio	36.4%	18.5%	16.8%	24.9%	—	24.4%
Ref: Profit from ordinary operating activities	17,442	15,105	257	32,804	-1,220	31,583
% of revenue	37.5%	18.8%	16.3%	25.6%	—	24.7%

For the three months ended Dec. 31, 2016	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	42,950	78,708	934	122,592	1	122,594
Inter-segment	109	—	473	582	-582	—
Total	43,059	78,708	1,408	123,175	-581	122,594
Segment profit before tax	16,845	13,886	230	30,960	1,514	32,475
Segment profit before tax ratio	39.1%	17.6%	16.3%	25.1%	—	26.5%
Ref: Profit from ordinary operating activities	15,528	14,071	242	29,841	-1,632	28,209
% of revenue	36.1%	17.9%	17.2%	24.2%	—	23.0%

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	-3,248	-1,623	-180	-5,052	1	-5,051
Variance	-7.0%	-2.0%	-16.2%	-4.0%	—	-4.0%
Inter-segment	-174	—	13	-161	161	—
Total	-3,422	-1,623	-168	-5,213	162	-5,051
Segment profit before tax	-74	-952	-34	-1,061	2,357	1,296
Variance	-0.4%	-6.4%	-13.1%	-3.3%	—	4.2%
Profit from ordinary operating activities	-1,914	-1,033	-15	-2,963	-412	-3,375
Variance	-11.0%	-6.8%	-5.8%	-9.0%	33.8%	-10.7%

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	45,742	42,950	-2,792	-457	-1.0%
Segment profit before tax	17,841	16,845	-996	922	5.4%
Life Care					
Revenue from external customers	84,387	78,708	-5,679	4,056	5.0%
Segment profit before tax	14,702	13,886	-816	-137	-0.9%

Ref : Results of the previous quarter are as follows:

For the three months ended Sep. 30, 2016	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	38,276	75,601	987	114,864	0	114,865
Inter-segment	247	—	467	714	-714	—
Total	38,523	75,601	1,454	115,578	-713	114,865
Segment profit before tax	12,884	14,237	248	27,369	4,268	31,637
Segment profit before tax ratio	33.4%	18.8%	17.1%	23.7%	—	27.5%
Ref: Profit from ordinary operating activities	13,495	14,901	233	28,628	-942	27,686
% of revenue	35.0%	19.7%	16.0%	24.8%	—	24.1%

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)

	For the three months ended				Variance		For the three months ended	
	Dec. 31,2015		Dec. 31,2016				Sep. 30,2016	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

Revenue from all operations

Information Technology	46,198	36.2	42,950	35.0	-3,248	-7.0	38,276	33.3
Electronics related products	34,684	[75.1]	33,029	[76.9]	-1,655	-4.8	29,181	[76.2]
Imaging related products	11,514	[24.9]	9,921	[23.1]	-1,594	-13.8	9,096	[23.8]
Life Care	80,331	62.9	78,708	64.2	-1,623	-2.0	75,601	65.8
Health care related products	59,272	[73.8]	58,063	[73.8]	-1,210	-2.0	56,861	[75.2]
Medical related products	21,059	[26.2]	20,645	[26.2]	-414	-2.0	18,741	[24.8]
Other	1,115	0.9	934	0.8	-180	-16.2	987	0.9
Corporate (including R&D)	1	0.0	1	0.0	1	111.0	0	0.0
Total revenue from all operations	127,645	100.0	122,594	100.0	-5,051	-4.0	114,865	100.0

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	45,742	42,950	-2,792	-457	-1.0%
Electronics related products	35,157	33,029	-2,127	473	1.4%
Imaging related products	10,585	9,921	-664	-929	-8.1%
Life Care	84,387	78,708	-5,679	4,056	5.0%
Health care related products	61,909	58,063	-3,846	2,637	4.4%
Medical related products	22,478	20,645	-1,833	1,419	6.7%

3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

	For the three months ended				Variance		For the three months ended	
	Dec. 31,2015		Dec. 31,2016				Sep. 30,2016	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

Revenue from all operations

Total revenue from all operations	127,645	100.0	122,594	100.0	-5,051	-4.0	114,865	100.0
Japan	38,772	30.4	38,148	31.1	-624	-1.6	37,917	33.0
Americas	18,433	14.4	17,877	14.6	-556	-3.0	17,229	15.0
Europe	25,954	20.3	24,627	20.1	-1,327	-5.1	21,737	18.9
Asia/Oceania	42,971	33.7	40,351	32.9	-2,620	-6.1	36,625	31.9
Others	1,515	1.2	1,591	1.3	76	5.0	1,357	1.2

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

<Reference>

Supplementary data for 3rd Quarter: from October 1 to December 31, 2016

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY15-3Q	FY16-3Q	Variance	Foreign exchange	Adjustment	Others
Revenue	127,645	122,594	-5,051	-8,494		3,442
Information Technology	46,198	42,950	-3,248	-2,792		-457
Electronics related products	34,684	33,029	-1,655	-2,127		473
Imaging related products	11,514	9,921	-1,594	-664		-929
Life Care	80,331	78,708	-1,623	-5,679		4,056
Health care related products	59,272	58,063	-1,210	-3,846		2,637
Medical related products	21,059	20,645	-414	-1,833		1,419
Profit before tax	31,179	32,475	1,296	-1,777	① 4,671	-1,598
Information Technology	16,919	16,845	-74	-996	② 1,840	-918
Life Care	14,838	13,886	-952	-816	③ 81	-217
Other, adjustment (Corporate)	-578	1,744	2,322	35	④ 2,749	-462

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

	All operations		
	FY15-3Q	FY16-3Q	Variance
Profit before tax	31,179	32,475	1,296
Adjustments	-404	4,266	① 4,671
Finance income	419	483	63
Finance costs	-269	-264	4
Share of loss of associates	1	3	2
Foreign exchange (gain)/loss	-382	3,777	4,159
Gain on sale of assets	446	344	-102
Others	-620	-76	544
Profit from ordinary operating activities	31,583	28,209	-3,375

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

	Information Technology			Life Care			Other, adjustment (Corporate)		
	FY15-3Q	FY16-3Q	Variance	FY15-3Q	FY16-3Q	Variance	FY15-3Q	FY16-3Q	Variance
Profit before tax	16,919	16,845	-74	14,838	13,886	-952	-578	1,744	2,322
Adjustments	-523	1,317	② 1,840	-266	-185	③ 81	385	3,135	④ 2,749
Finance income	94	115	22	71	90	19	255	277	22
Finance costs	-73	-52	21	-97	-140	-43	-98	-73	26
Share of loss of associates	1	2	1	0	1	1	-	-	-
Foreign exchange (gain)/loss	-328	911	1,239	-71	-95	-25	16	2,960	2,944
Gain on sale of assets	14	308	294	432	31	-401	-	5	5
Others	-230	32	263	-602	-73	529	212	-35	-248
Profit from ordinary operating activities	17,442	15,528	-1,914	15,105	14,071	-1,033	-964	-1,390	-427

1. Consolidated Financial Highlights

HOYA CORPORATION and Consolidated Subsidiaries

1. Performance for the nine months ended December 31, 2015 and 2016 (All operations *Notes)

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

	Nine months ended		Variance
	Dec. 31,2015	Dec. 31,2016	(%)
(1)Revenue and Profit before tax			
Revenue	384,048	352,623	-8.2
Profit before tax	95,938	86,386	-10.0
Ratio of profit before tax(%)	25.0%	24.5%	
Profit for the term	74,824	67,877	-9.3
Ratio of profit for the term(%)	19.5%	19.2%	
Profit attributable to owners of the Company	74,440	67,817	-8.9
Ratio of profit attributable to owners of the Company(%)	19.4%	19.2%	
Basic earnings per share (yen)	178.56	173.11	
Diluted earnings per share (yen)	178.06	172.79	
(2)Financial Position	As of		
	Mar.31,2016	Dec. 31,2016	
Total assets	639,007	649,339	
Total equity	498,174	505,662	
Equity attributable to owners of the Company	493,265	501,042	
Ratio of assets attributable to owners of the Company	77.2%	77.2%	
Assets attributable to owners of the Company per share (yen)	1,243.69	1,291.52	
(3) Conditions of Cash Flows	Nine months ended		
	Dec. 31,2015	Dec. 31,2016	
Net cash generated from operating activities	94,636	70,762	
Net cash used in investing activities	-9,037	-21,226	
Free cash flow	85,600	49,536	
Net cash provided by (used in) financing activities	-100,827	-64,588	
Cash and cash equivalents at end of period	331,180	273,176	

2.Other

	Nine months ended	
	Dec. 31,2015	Dec. 31,2016
Capital expenditure	14,737	17,258
R&D expenses	15,238	16,126

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.Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Mar. 31, 2016		As of Dec. 31, 2016		Variance		As of Dec. 31, 2015	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment-net	108,751		106,382		-2,369		114,268	
Goodwill	9,502		13,781		4,278		9,075	
Intangible assets	16,317		23,805		7,488		16,739	
Investments in associates	182		195		13		186	
Long-term financial assets	15,820		8,419		-7,401		15,779	
Other non-current assets	3,283		2,908		-375		3,458	
Deferred tax assets	11,231		8,249		-2,981		10,477	
Total non-current assets	165,086	25.8	163,738	25.2	-1,348	-0.8	169,982	24.2
CURRENT ASSETS								
Inventories	66,408		70,194		3,786		69,691	
Trade and other receivables	92,887		99,736		6,849		100,980	
Other short-term financial assets	10,984		17,597		6,613		11,391	
Income tax receivables	587		527		-60		304	
Other current assets	16,764		24,371		7,607		17,224	
Cash and cash equivalents	286,292		273,176		-13,116		331,180	
Sub total	473,922		485,601		11,679		530,770	
Assets held for sale	—		—		—		929	
Total current assets	473,922	74.2	485,601	74.8	11,679	2.5	531,699	75.8
Total assets	639,007	100.0	649,339	100.0	10,331	1.6	701,681	100.0

(Millions of Yen)

	As of Mar. 31, 2016		As of Dec. 31, 2016		Variance		As of Dec. 31, 2015	
	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	-34,633		-7,406		27,228		-30,559	
Other capital reserves	-4,956		-5,211		-255		-4,424	
Retained earnings	510,787		487,669		-23,118		547,248	
Accumulated other comprehensive income/(loss)	-96		3,826		3,922		21,370	
Equity attributable to owners of the Company	493,265	77.2	501,042	77.2	7,777	1.6	555,798	79.2
Non-controlling interests	4,909		4,620		-289		5,881	
Total equity	498,174	78.0	505,662	77.9	7,488	1.5	561,679	80.0
LIABILITIES								
NON-CURRENT LIABILITIES								
Interest-bearing long-term debt	35,404		505		-34,899		35,480	
Other long-term financial liabilities	3,110		5,645		2,534		3,544	
Retirement benefits liabilities	1,859		2,013		154		2,014	
Provisions	2,335		2,423		87		2,366	
Other non-current liabilities	808		808		1		1,677	
Deferred tax liabilities	1,902		3,026		1,124		2,088	
Total non-current liabilities	45,419	7.1	14,421	2.2	-30,998	-68.2	47,169	6.7
CURRENT LIABILITIES								
Interest-bearing short-term debt	1,924		36,895		34,971		2,008	
Trade and other payables	41,407		42,691		1,284		41,805	
Other short-term financial liabilities	311		373		62		400	
Income tax payables	13,243		7,684		-5,559		9,325	
Provisions	1,284		1,346		62		1,137	
Other current liabilities	37,247		40,267		3,020		38,159	
Total current liabilities	95,415	14.9	129,256	19.9	33,841	35.5	92,833	13.2
Total liabilities	140,834	22.0	143,677	22.1	2,843	2.0	140,002	20.0
Total equity and liabilities	639,007	100.0	649,339	100.0	10,331	1.6	701,681	100.0
Total number of issued shares in thousand	396,615		387,948		-8,667		409,987	
Equity attributable to owner of the Company per share	1,243.69 Yen		1,291.52 Yen		47.83 Yen		1,355.65 Yen	

(2) Consolidated Statement of Cash Flows

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the nine months ended		Variance	The year ended Mar 31, 2016
	Dec. 31, 2015	Dec. 31, 2016		
Cash flows from operating activities				
Profit before tax	95,938	86,386	-9,552	119,099
Depreciation and amortization	25,783	21,931	-3,852	33,524
Impairment losses	633	90	-543	981
Finance income	-1,251	-7,543	-6,292	-1,721
Finance costs	735	786	50	976
Share of (profits)/loss of associates	0	-10	-10	-3
(Gain)/loss on sales of property, plant and equipment	-555	-440	114	-842
Loss on disposal of property, plant and equipment	350	117	-232	400
Foreign exchange (gain)/loss	336	726	390	2,946
Others	-1,608	1,625	3,233	-2,040
Net cash generated from operating activities (Before adjustment of movements in working capital)	120,361	103,667	-16,694	153,319
Movements in working capital				
Decrease/(increase) in inventories	-3,155	-3,144	11	-2,758
Decrease/(increase) in trade and other receivables	-2,267	-6,432	-4,165	2,741
Increase/(decrease) in trade and other payables	-328	-858	-531	355
Increase/(decrease) in retirement benefits liabilities and provisions	116	166	50	267
Sub total	114,728	93,398	-21,329	153,924
Interests received	1,316	1,251	-65	1,699
Dividends received	8	50	41	8
Interests paid	-499	-490	8	-878
Income taxes paid	-21,130	-23,632	-2,501	-23,206
Income taxes refunded	214	185	-29	342
Net cash generated from operating activities	94,636	70,762	-23,874	131,889
Cash flows from investing activities				
Withdrawals of time deposit	10,185	9,151	-1,034	11,909
Payments for time deposit	-10,345	-7,902	2,443	-12,115
Proceeds from sales of property, plant and equipment	1,528	708	-820	2,746
Payments for acquisition of property, plant and equipment	-12,486	-15,335	-2,849	-18,184
Proceeds from sales of investment	117	5,804	5,687	128
Payments for acquisition of investment	-391	—	391	-391
Proceeds from sales of subsidiary	0	—	-0	0
Payments for acquisition of subsidiaries	-586	-6,360	-5,774	-1,792
Payments to non-controlling interests upon merger	-1	-19	-18	-2
Payments for business transfer	-50	-6,189	-6,139	-111
Other proceeds	4,795	450	-4,344	4,903
Other payments	-1,802	-1,535	267	-2,254
Net cash used in investing activities	-9,037	-21,226	-12,190	-15,161
Cash flows from financing activities				
Dividends paid to owners of the Company	-31,511	-29,464	2,047	-31,496
Dividends paid to non-controlling interests	-625	—	625	-625
Increase (decrease) in short-term debt	-7	-3	4	-94
Repayments of long-term borrowings	-202	-189	13	-279
Payments for redemption of bonds	-21	-21	0	-21
Proceeds from disposal of treasury shares	0	0	-0	0
Payments for purchase of treasury shares	-70,287	-35,006	35,281	-130,151
Proceeds from exercise of stock options	1,826	396	-1,430	1,980
Payments for purchase of non-controlling interests	—	-301	-301	-832
Net cash used in financing activities	-100,827	-64,588	36,239	-161,519
Net increase/(decrease) in cash and cash equivalents	-15,228	-15,052	175	-44,791
Cash and cash equivalents at the beginning of the term	348,819	286,292	-62,527	348,819
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	-2,412	1,937	4,348	-17,737
Cash and cash equivalents at the end of the term	331,180	273,176	-58,004	286,292

(3) Consolidated Statement of Comprehensive Income

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the nine months ended				Variance		The year ended	
	Dec. 31,2015		Dec. 31,2016				Mar 31,2016	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
All operations								
Revenue:								
Sales	384,048	100.0	352,623	100.0	-31,425	-8.2	505,714	100.0
Finance income	1,251	0.3	7,543	2.1	6,292	503.0	1,721	0.3
Share of profit of associates	0	—	10	0.0	10	39,413.3	3	0.0
Other income	5,817	1.5	2,018	0.6	-3,799	-65.3	7,747	1.5
Total Revenue	391,116	101.8	362,194	102.7	-28,922	-7.4	515,186	101.9
Expenses:								
Changes in inventories of goods, products and work in progress	-3,781	-1.0	-266	-0.1	3,516	-93.0	-4,108	-0.8
Raw materials and consumables used	72,142	18.8	55,244	15.7	-16,898	-23.4	94,136	18.6
Employee benefits expense	88,044	22.9	83,960	23.8	-4,085	-4.6	118,222	23.4
Depreciation and amortization	25,783	6.7	21,931	6.2	-3,852	-14.9	33,524	6.6
Subcontracting cost	5,236	1.4	3,762	1.1	-1,474	-28.2	5,808	1.1
Advertising and promotion expense	10,074	2.6	9,611	2.7	-463	-4.6	13,077	2.6
Commission expense	20,523	5.3	20,749	5.9	226	1.1	27,132	5.4
Impairment losses	633	0.2	90	0.0	-543	-85.8	981	0.2
Finance costs	735	0.2	786	0.2	50	6.8	976	0.2
Foreign exchange (gain)/loss	-540	-0.1	1,123	0.3	1,662	—	2,567	0.5
Other expenses	76,328	19.9	78,818	22.4	2,490	3.3	103,773	20.5
Total Expenses	295,178	76.9	275,807	78.2	-19,371	-6.6	396,086	78.3
Profit before tax	95,938	25.0	86,386	24.5	-9,552	-10.0	119,099	23.6
Income tax expense	21,114	5.5	18,510	5.2	-2,605	-12.3	25,782	5.1
Profit for the term from all operations	74,824	19.5	67,877	19.2	-6,947	-9.3	93,317	18.5
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss								
Remeasurements of the net defined benefit liability(asset)	15		-22		-37	—	152	
Income tax relating to components of other comprehensive income	—		-39		-39	—	11	
Total Items that will not be reclassified subsequently to profit or loss	15		-61		-76	—	163	
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	-14		-92		-77	550.0	-20	
Exchange differences on translation of foreign operations	-8,845		3,840		12,685	—	-30,558	
Share of other comprehensive income of associates	-17		3		20	—	-24	
Income tax relating to components of other comprehensive income	-68		25		93	—	-68	
Total Items that may be reclassified subsequently to profit or loss	-8,945		3,776		12,720	—	-30,670	
Total other comprehensive income/(loss)	-8,929		3,715		12,644	—	-30,507	
Total comprehensive income for the quarter	65,894		71,592		5,697	8.7	62,810	
Profit attributable to :								
Owners of the Company	74,440	19.4	67,817	19.2	-6,623	-8.9	93,175	18.4
Non-controlling interests	383	0.1	59	0.0	-324	-84.5	142	0.0
Total	74,824	19.5	67,877	19.2	-6,947	-9.3	93,317	18.5
Total comprehensive income/(loss) attributable to :								
Owners of the Company	65,469		71,679		6,210	9.5	62,885	
Non-controlling interests	426		-88		-513	—	-75	
Total	65,894		71,592		5,697	8.7	62,810	
Basic earnings/(loss) per share (yen)								
Continuing operations	178.56		173.11		-5.45		225.45	
Discontinued operations	—		—		—		—	
Basic earnings per share (yen)	178.56		173.11		-5.45		225.45	
Diluted earnings/(loss) per share (yen)								
Continuing operations	178.06		172.79		-5.27		224.85	
Discontinued operations	—		—		—		—	
Diluted earnings per share (yen)	178.06		172.79		-5.27		224.85	

Notes:

1. Effect of exchange rate change on net sales and incomes ("2015 A" is the actual value of this period. "2015 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)

	2015 B	2015 A	Influences	Real change	(%)
Sales	384,211	352,623	-31,588	163	0.0%
Profit before tax	93,011	86,386	-6,625	-2,927	-3.1%
Profit for the term	73,558	67,877	-5,682	-1,266	-1.7%

2. Average rates of major foreign currencies

		For the nine months ended		
		Dec. 31,2015	Dec. 31,2016	Variance(%)
US\$	Yen	121.63	107.34	11.7%
Euro	Yen	134.04	118.18	11.8%
Thai Baht	Yen	3.47	3.05	12.1%

(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 Other 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.

Other 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 nine months ended Dec. 31, 2015	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	139,327	241,731	2,987	384,045	3	384,048
Inter-segment	706	—	1,293	2,000	-2,000	—
Total	140,033	241,731	4,281	386,045	-1,997	384,048
Segment profit before tax	52,975	44,080	616	97,671	-1,733	95,938
Segment profit before tax ratio	37.8%	18.2%	14.4%	25.3%	—	25.0%
Ref: Profit from ordinary operating activities	50,458	44,856	596	95,911	-3,559	92,351
% of revenue	36.0%	18.6%	13.9%	24.8%	—	24.0%

For the nine months ended Dec. 31, 2016	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	119,045	230,689	2,886	352,621	2	352,623
Inter-segment	529	—	1,378	1,906	-1,906	—
Total	119,574	230,689	4,264	354,527	-1,904	352,623
Segment profit before tax	40,929	42,370	648	83,947	2,439	86,386
Segment profit before tax ratio	34.2%	18.4%	15.2%	23.7%	—	24.5%
Profit from ordinary operating activities	42,516	43,571	638	86,725	-3,891	82,834
% of revenue	35.6%	18.9%	15.0%	24.5%	—	23.5%

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	-20,282	-11,042	-101	-31,424	-1	-31,425
Variance	-14.6%	-4.6%	-3.4%	-8.2%	—	-8.2%
Inter-segment	-178	—	84	-94	94	—
Total	-20,460	-11,042	-17	-31,518	93	-31,425
Segment profit before tax	-12,047	-1,710	32	-13,724	4,172	-9,552
Variance	-22.7%	-3.9%	5.3%	-14.1%	—	-10.0%
Profit from ordinary operating activities	-7,942	-1,285	42	-9,186	-332	-9,517
Variance	-15.7%	-2.9%	7.0%	-9.6%	9.3%	-10.3%

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	129,694	119,045	-10,649	-9,633	-6.9%
Segment profit before tax ratio	44,277	40,929	-3,348	-8,698	-16.4%
Life Care					
Revenue from external customers	251,549	230,689	-20,860	9,818	4.1%
Segment profit before tax ratio	45,709	42,370	-3,339	1,629	3.7%

2. Revenue from major products and services

Revenue from external customers

(Millions of Yen)

Revenue from external customers				(millions of Yen)				
	For the nine months ended				Variance		The year ended Mar 31, 2016	
	Dec. 31, 2015		Dec. 31, 2016					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

Revenue from all operations

Information Technology	139,327	36.3	119,045	33.8	-20,282	-14.6	178,749	35.3
Electronics related products	102,759	[73.8]	91,770	[77.1]	-10,989	-10.7	132,861	[74.3]
Imaging related products	36,568	[26.2]	27,275	[22.9]	-9,293	-25.4	45,887	[25.7]
Life Care	241,731	62.9	230,689	65.4	-11,042	-4.6	322,673	63.8
Health care related products	180,638	[74.7]	172,235	[74.7]	-8,403	-4.7	241,296	[74.8]
Medical related products	61,093	[25.3]	58,454	[25.3]	-2,639	-4.3	81,378	[25.2]
Other	2,987	0.8	2,886	0.8	-101	-3.4	4,289	0.8
Corporate (including R&D)	3	0.0	2	0.0	-1	-17.7	4	0.0
Total revenue from all operations	384,048	100.0	352,623	100.0	-31,425	-8.2	505,714	100.0

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

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2015 A" is the actual value of this period. "2015 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)

	2015B	2015A	Influences	Real change	(%)
Information Technology	129,694	119,045	-10,649	-9,633	-6.9%
Electronics related products	100,015	91,770	-8,245	-2,744	-2.7%
Imaging related products	29,679	27,275	-2,404	-6,890	-18.8%
Life Care	251,550	230,689	-20,860	9,818	4.1%
Health care related products	186,557	172,235	-14,322	5,919	3.3%
Medical related products	64,992	58,454	-6,538	3,899	6.4%

3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)			
	For the nine months ended				Variance		The year ended Mar 31, 2016		
	Dec. 31, 2015		Dec. 31, 2016						
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	

Revenue from all operations

Total revenue from all operations	384,048	100.0	352,623	100.0	-31,425	-8.2	505,714	100.0
Japan	116,301	30.3	113,003	32.0	-3,298	-2.8	154,334	30.5
Americas	55,909	14.6	52,409	14.9	-3,500	-6.3	74,629	14.8
Europe	77,803	20.3	70,509	20.0	-7,293	-9.4	104,691	20.7
Asia/Oceania	129,485	33.7	112,416	31.9	-17,069	-13.2	165,733	32.8
Others	4,550	1.2	4,286	1.2	-264	-5.8	6,328	1.3

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

<Reference>

Supplementary data for 3rd Quarter aggregated : from April 1 to December 31, 2016

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY15-3Q	FY16-3Q	Variance	Foreign exchange	Adjustment	Others
Revenue	384,048	352,623	-31,425	-31,588		163
Information Technology	139,327	119,045	-20,282	-10,649		-9,633
Electronics related products	102,759	91,770	-10,989	-8,245		-2,744
Imaging related products	36,568	27,275	-9,293	-2,404		-6,890
Life Care	241,731	230,689	-11,042	-20,860		9,818
Health care related products	180,638	172,235	-8,403	-14,322		5,919
Medical related products	61,093	58,454	-2,639	-6,538		3,899
Profit before tax	95,938	86,386	-9,552	-6,625	① -35	-2,892
Information Technology	52,975	40,929	-12,047	-3,348	② -4,104	-4,594
Life Care	44,080	42,370	-1,710	-3,339	③ -424	2,053
Other, adjustment (Corporate)	-1,117	3,088	4,204	63	④ 4,494	-352

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

	All operations		
	FY15-3Q	FY16-3Q	Variance
Profit before tax	95,938	86,386	-9,552
Adjustments	3,587	3,552	① -35
Finance income	1,251	7,543	6,292
Finance costs	-735	-786	-50
Share of loss of associates	0	10	10
Foreign exchange (gain)/loss	540	-1,123	-1,662
Impairment losses	-633	-90	543
Gain on sales of assets	3,963	450	-3,513
Others	-799	-2,453	-1,654
Profit from ordinary operating activities	92,351	82,834	-9,517

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

	Information Technology			Life Care			Other, adjustment (Corporate)		
	FY15-3Q	FY16-3Q	Variance	FY15-3Q	FY16-3Q	Variance	FY15-3Q	FY16-3Q	Variance
Profit before tax	52,975	40,929	-12,047	44,080	42,370	-1,710	-1,117	3,088	4,204
Adjustments	2,517	-1,587	② -4,104	-777	-1,201	③ -424	1,846	6,340	④ 4,494
Finance income	300	255	-45	227	287	60	724	7,002	6,278
Finance costs	-241	-168	73	-281	-373	-92	-213	-244	-31
Share of loss of associates	1	2	2	-1	7	8	-	-	-
Foreign exchange (gain)/loss	-66	-342	-275	316	-256	-572	290	-525	-815
Impairment losses	-	-	-	-633	-90	543	-	-	-
Gain on sales of assets	3,248	357	-2,891	473	48	-425	242	45	-198
Others	-725	-1,692	-967	-877	-823	54	803	62	-741
Profit from ordinary operating activities	50,458	42,516	-7,942	44,856	43,571	-1,286	-2,963	-3,252	-289

3. Projected Results for the Full Year (All Operations)

(Year ending Mar. 31, 2017)

	<u>Millions of Yen</u>		
	<u>Year ended/ending</u>		variance
	Mar. 31, 2016	Mar. 31, 2017E	(%)
Revenue	505,714	473,000	-6.5
Profit before tax	119,099	111,000	-6.8
Profit for the term	93,317	87,000	-6.8
Profit attributable to owners of the Company	93,175	87,000	-6.6
Basic earnings per share (Yen)	225.45	222.61	-2.84

Ref: for the 4th quarter

1. Year-on-year comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Mar. 31, 2016	Mar. 31, 2017E	(%)
Revenue	121,666	120,377	-1.1
Profit before tax	23,161	24,614	6.3
Profit for the term	18,493	19,123	3.4
Profit attributable to owners of the Company	18,734	19,183	2.4
Basic earnings per share (Yen)	46.89	49.50	2.61

2. Quarter-on-quarter comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Dec. 31, 2016	Mar. 31, 2017E	(%)
Revenue	122,594	120,377	-1.8
Profit before tax	32,475	24,614	-24.2
Profit for the term	25,080	19,123	-23.8
Profit attributable to owners of the Company	25,055	19,183	-23.4
Basic earnings per share (Yen)	64.59	49.50	-15.09

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.