

Quarterly Report

1st Quarter : 3 months ended June 30, 2017

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

Part .1

1st Quarter : from April 1 to June 30, 2017 <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 June 30, 2016 and 2017 (All operations *Notes)

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

	Three months ended		Variance (%)
	Jun. 30, 2016	Jun. 30, 2017	
(1)Revenue and Profit before tax			
Revenue	115,165	127,158	10.4
Profit before tax	22,274	30,548	37.1
Ratio of profit before tax(%)	19.3%	24.0%	
Profit for the quarter	17,978	25,193	40.1
Ratio of profit for the quarter(%)	15.6%	19.8%	
Profit attributable to owners of the Company	17,908	25,119	40.3
Ratio of profit attributable to owners of the Company(%)	15.5%	19.8%	
Basic earnings per share (yen)	45.28	64.71	
Diluted earnings per share (yen)	45.20	64.56	

	As of	
	Mar. 31, 2017	Jun. 30, 2017
(2)Financial Position		
Total assets	659,583	665,762
Total equity	515,405	528,608
Equity attributable to owners of the Company	510,887	523,740
Ratio of assets attributable to owners of the Company	77.5%	78.7%
Assets attributable to owners of the Company per share (yen)	1,316.40	1,348.93

	Three months ended	
	Jun. 30, 2016	Jun. 30, 2017
(3) Conditions of Cash Flows		
Net cash generated from operating activities	18,006	24,820
Net cash used in investing activities	-2,257	-4,533
Free cash flow	15,750	20,287
Net cash provided by (used in) financing activities	-23,153	-17,084
Cash and cash equivalents at end of period	255,284	304,183

2. Projected Results for the First Half (Six months ending September 30, 2017) for All Operations

	Six months ended/ending		Variance (%)
	Sep. 30, 2016	Sep. 30, 2017	
Revenue	230,030	258,000	12.2
Profit before tax	53,911	59,000	9.4
Profit for the term	42,797	47,500	11.0
Profit attributable to owners of the Company	42,762	47,500	11.1
Profit for the term per share (Yen)	108.62	122.35	13.73

3. Other

	Three months ended	
	Jun. 30, 2016	Jun. 30, 2017
Capital expenditure	3,825	4,408
R&D expenses	5,099	5,463

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 (April 1 through June 30, 2017), expectations rose for accelerated growth in the economy of the United States in response to financial policies of the new administration. However, the future impact of any revised trade policies or tighter immigration policies is difficult to predict. The overall economy in Europe continues to grow at a moderate pace. However, uncertainties remain about the future due to the exit of United Kingdom from the European Union. In Asia, the Japanese economy appears likely to continue its recovery. China will maintain its high rate of growth, although the country faces structural issues.

Given this environment, sales of eyeglass lenses in the HOYA Group ("the Company") Life Care segment rose, mainly in the Americas and Asia. Sales of contact lenses were also higher, driven in the main by ongoing new store openings. Endoscopes for medical use experienced improved sales, pushed mainly by performance in Europe and Asia. Sales of intraocular lenses were also strong, mainly due to growth in new products. As a result, the Life Care segment as a whole reported higher sales year on year.

The Information Technology segment reported higher sales for semiconductor mask blanks in response to strong demand for cutting-edge products. Sales of photomasks for LCDs were lower. Production capacity is now rebounding in the wake of the Kumamoto earthquakes. Sales of glass substrates for hard disk drives rose, mainly due to improved general demand and the Group's capture of greater market share. Imaging-related product sales were higher due to an expansion of new applications. As a result, the Information Technology segment as a whole reported higher revenues year on year.

As a result, sales for the consolidated first quarter increased 10.4% year on year, reaching 127,158 million yen.

Quarterly profit before tax amounted to 30,548 million yen with 25,193 million yen in profit, representing increases of 37.1% and 40.1%, respectively. In addition to higher profits stemming from greater sales, the Company also recorded foreign exchange gains (365 million yen in foreign exchange gains for the current period compared to 3,394 million yen in foreign exchange loss for the prior period). Profit before tax ratio was 24.0%, representing a year-on-year improvement of 4.7 points.

Disclosed figures and change ratios are for businesses with continuing operations. The Group did not discontinue any operations during the consolidated fourth quarter.

2) Segment Overview

The following discusses results by reportable segment. Segment sales are sales to external customers.

Life Care

<Health care related products>

In Japan, despite an ongoing contraction in the retail market, eyeglass lens sales swung to growth, as we captured a greater share of the market. Overseas sales grew year on year. We successfully captured a greater share of the market growth in Asia, while our own growth in the Americas combined with our acquisition of the 3M prescription protective eyewear business resulted in a significant jump in sales in that region.

New store openings of our Eyecity contact lens specialty stores, as well as new customer expansion efforts at existing stores, resulted in higher year-on-year sales for contact lenses.

<Medical related products>

Endoscopes for medical use experienced higher year-on-year sales overall. This result was mainly due to the contribution of new products and stronger sales capacity in Europe, Asia, and other overseas markets.

Sales of intraocular lenses for cataracts continued to perform well in the Japanese market, after being introduced in fiscal 2015. Overseas, as well, direct sales and sales through agents grew, outpacing performance for the same period in the prior fiscal year by a significant margin.

As a result, sales for the Life Care segment grew 8.4% year on year, reaching 82,814 million yen. Segment profit fell 1.2% to 14,082 million yen, mainly due to advanced costs incurred to secure higher growth.

Information Technology

<Electronics related products>

The smartphone market continues to grow, even as the market for end products using HOYA components, such as PCs and tablets, continues to contract. Sales of mask blanks for semiconductors grew year on year by a significant margin. This growth was mainly due to our capturing active research and development demand for cutting-edge products.

Sales of photomasks for LCDs fell year on year. This decrease was due to the move toward higher-precision, higher-resolution smartphone panels, as well as an incomplete recovery in research and development demand for 4K TV panels and large-screen panels. In addition, we are still in the process of recovering production capacity in the wake of the Kumamoto earthquakes.

Glass substrates for hard disk drives experienced significant year-on-year growth. General demand for hard disk drives improved due to the short supply of SSDs, while the HOYA Group captured a greater share of the hard disk drive market.

<Imaging related products>

Sales of imaging-related products grew overall. The market for digital cameras, the main application for our products in this field, continues to contract. However, expanded sales of products for surveillance cameras, in-vehicle cameras, and other new applications contributed to overall growth.

As a result of these various factors, sales for the Information Technology segment rose 15.2% year on year, reaching 43,551 million yen. Segment profit amounted to 16,668 million yen, an increase of 48.8% year on year.

Other

The HOYA Group Other business segment consists of new businesses and businesses offering information systems services. The Other Businesses segment reported sales of 794 million yen, a decrease of 17.7% year on year. Segment profit amounted to 186 million yen, an increase of 9.1% 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, 2017		As of Jun. 30, 2017		Variance		As of Jun. 30, 2016	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment-net	103,729		102,575		-1,154		99,288	
Goodwill	14,590		14,353		-237		9,113	
Intangible assets	26,412		25,984		-429		14,718	
Investments in associates	196		1,524		1,327		171	
Long-term financial assets	7,357		7,401		44		15,574	
Other non-current assets	2,578		2,521		-57		2,792	
Deferred tax assets	9,399		8,433		-966		9,822	
Total non-current assets	164,263	24.9	162,791	24.5	-1,471	-0.9	151,477	26.0
CURRENT ASSETS								
Inventories	65,501		65,742		241		63,899	
Trade and other receivables	98,315		99,644		1,329		85,424	
Other short-term financial assets	17,788		16,350		-1,438		8,448	
Income tax receivables	389		348		-42		707	
Other current assets	16,477		16,704		227		17,337	
Cash and cash equivalents	296,851		304,183		7,333		255,284	
Sub total	495,321		502,971		7,650		431,100	
Total current assets	495,321	75.1	502,971	75.5	7,650	1.5	431,100	74.0
Total assets	659,583	100.0	665,762	100.0	6,179	0.9	582,578	100.0

(Millions of Yen)

	As of Mar. 31, 2017		As of Jun. 30, 2017		Variance		As of Jun. 30, 2016	
	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	-6,816		-6,136		680		-39,464	
Other capital reserves	-5,345		-5,443		-98		-5,040	
Retained earnings	506,367		514,022		7,655		510,774	
Accumulated other comprehensive income/(loss)	-5,482		-866		4,616		-37,463	
Equity attributable to owners of the Company	510,887	77.5	523,740	78.7	12,853	2.5	450,969	77.4
Non-controlling interests	4,518		4,868		350		4,189	
Total equity	515,405	78.1	528,608	79.4	13,203	2.6	455,158	78.1
LIABILITIES								
NON-CURRENT LIABILITIES								
Interest-bearing long-term debt	504		480		-25		35,418	
Other long-term financial liabilities	4,843		4,812		-31		2,841	
Retirement benefits liabilities	2,001		2,088		86		1,780	
Provisions	2,419		2,423		5		2,308	
Other non-current liabilities	813		807		-6		701	
Deferred tax liabilities	2,857		2,781		-77		1,674	
Total non-current liabilities	13,438	2.0	13,391	2.0	-48	-0.4	44,723	7.7
CURRENT LIABILITIES								
Interest-bearing short-term debt	36,913		36,932		18		1,885	
Trade and other payables	41,371		41,064		-306		38,913	
Other short-term financial liabilities	652		500		-152		1,249	
Income tax payables	11,649		6,655		-4,995		5,085	
Provisions	1,333		1,350		17		1,221	
Other current liabilities	38,822		37,263		-1,559		34,343	
Total current liabilities	130,740	19.8	123,764	18.6	-6,976	-5.3	82,697	14.2
Total liabilities	144,178	21.9	137,154	20.6	-7,024	-4.9	127,420	21.9
Total equity and liabilities	659,583	100.0	665,762	100.0	6,179	0.9	582,578	100.0
Total number of issued shares in thousand	388,094		388,262		168		395,457	
Equity attributable to owner of the Company per share	1,316.40 Yen		1,348.93 Yen		32.53 Yen		1,140.37 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 Mar. 31,2017
	Jun. 30,2016	Jun. 30,2017		
Cash flows from operating activities				
Profit before tax	22,274	30,548	8,274	24,409
Depreciation and amortization	7,517	7,319	-198	7,846
Impairment losses	72	—	-72	244
Finance income	-470	-459	11	-480
Finance costs	270	260	-10	344
Share of (profits)/loss of associates	-3	-6	-3	-6
(Gain)/loss on sales of property, plant and equipment	-68	-22	45	-280
Loss on disposal of property, plant and equipment	30	14	-17	108
Foreign exchange (gain)/loss	2,699	-502	-3,201	544
Others	-1,420	-3,964	-2,544	1,964
Net cash generated from operating activities (Before adjustment of movements in working capital)	30,901	33,186	2,285	34,693
Movements in working capital				
Decrease/(increase) in inventories	-2,476	300	2,776	3,873
Decrease/(increase) in trade and other receivables	1,654	58	-1,596	904
Increase/(decrease) in trade and other payables	-679	-567	111	-1
Increase/(decrease) in retirement benefits liabilities and provisions	125	15	-110	-150
Sub total	29,525	32,991	3,466	39,320
Interests received	430	418	-12	563
Dividends received	7	7	-0	0
Interests paid	-80	-25	55	-368
Income taxes paid	-11,952	-9,001	2,951	-2,982
Income taxes refunded	76	429	353	367
Net cash generated from operating activities	18,006	24,820	6,813	36,900
Cash flows from investing activities				
Withdrawals of time deposit	5,569	5,007	-562	998
Payments for time deposit	-3,867	-3,738	130	-996
Proceeds from sales of property, plant and equipment	169	31	-138	352
Payments for acquisition of property, plant and equipment	-3,924	-3,942	-18	-6,193
Proceeds from sales of investment	—	—	—	13
Payments for acquisition of investment	—	-1,333	-1,333	—
Payments to non-controlling interests upon merger	—	-55	-55	—
Payments for business transfer	—	-141	-141	-4
Other proceeds	137	70	-67	147
Other payments	-339	-431	-91	-599
Net cash used in investing activities	-2,257	-4,533	-2,276	-6,281
Cash flows from financing activities				
Dividends paid to owners of the Company	-17,852	-17,467	384	17
Increase (decrease) in short-term debt	-1	—	1	-1
Repayments of long-term borrowings	-64	-74	-10	-69
Payments for redemption of bonds	-11	-11	0	—
Proceeds from disposal of treasury shares	—	—	—	0
Payments for purchase of treasury shares	-4,989	-0	4,989	-1
Proceeds from exercise of stock options	64	467	403	353
Payments for purchase of non-controlling interests	-301	—	301	—
Net cash used in financing activities	-23,153	-17,084	6,069	299
Net increase/(decrease) in cash and cash equivalents	-7,403	3,203	10,606	30,919
Cash and cash equivalents at the beginning of the term	286,292	296,851	10,559	273,176
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	-23,605	4,130	27,734	-7,244
Cash and cash equivalents at the end of the term	255,284	304,183	48,899	296,851

(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, 2016		Jun. 30, 2017				Mar. 31, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
All operations								
Revenue:								
Sales	115,165	100.0	127,158	100.0	11,993	10.4	126,304	100.0
Finance income	470	0.4	459	0.4	-11	-2.4	480	0.4
Share of profit of associates	3	0.0	6	0.0	3	124.5	6	0.0
Other income	667	0.6	687	0.5	20	3.0	746	0.6
Total Revenue	116,304	101.0	128,310	100.9	12,006	10.3	127,536	101.0
Expenses:								
Changes in inventories of goods, products and work in progress	-982	-0.9	-446	-0.4	536	-54.6	3,398	2.7
Raw materials and consumables used	18,611	16.2	20,335	16.0	1,724	9.3	19,060	15.1
Employee benefits expense	28,374	24.6	30,208	23.8	1,834	6.5	30,545	24.2
Depreciation and amortization	7,517	6.5	7,319	5.8	-198	-2.6	7,846	6.2
Subcontracting cost	1,283	1.1	1,140	0.9	-143	-11.2	1,021	0.8
Advertising and promotion expense	3,235	2.8	3,559	2.8	323	10.0	3,300	2.6
Commission expense	6,783	5.9	7,833	6.2	1,050	15.5	7,774	6.2
Impairment losses	72	0.1	—	—	-72	—	244	0.2
Finance costs	270	0.2	260	0.2	-10	-3.6	344	0.3
Foreign exchange (gain)/loss	3,394	2.9	-365	-0.3	-3,759	—	1,266	1.0
Other expenses	25,473	22.1	27,920	22.0	2,447	9.6	28,329	22.4
Total expense	94,030	81.6	97,762	76.9	3,732	4.0	103,127	81.6
Profit before tax	22,274	19.3	30,548	24.0	8,274	37.1	24,409	19.3
Income tax expense	4,296	3.7	5,355	4.2	1,059	24.7	5,434	4.3
Profit for the term from all operations	17,978	15.6	25,193	19.8	7,215	40.1	18,975	15.0
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss								
Remeasurements of the net defined benefit liability(asset)	-35		—		35	—	-259	
Income tax relating to components of other comprehensive income	-39		-0		38	-99.8	34	
Total Items that will not be reclassified subsequently to profit or loss	-74		-0		74	-99.9	-225	
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	-9		70		79	—	272	
Exchange differences on translation of foreign operations	-37,932		4,854		42,786	—	-9,648	
Share of other comprehensive income of associates	-14		-12		2	-13.6	-4	
Income tax relating to components of other comprehensive income	-0		-20		-19	4,285.1	-82	
Total Items that may be reclassified subsequently to profit or loss	-37,955		4,892		42,847	—	-9,463	
Total other comprehensive income/(loss)	-38,029		4,892		42,921	—	-9,687	
Total comprehensive income for the quarter	-20,051		30,085		50,136	—	9,288	
Profit attributable to :								
Owners of the Company	17,908	15.5	25,119	19.8	7,211	40.3	18,923	15.0
Non-controlling interests	70	0.1	74	0.1	4	5.4	52	0.0
Total	17,978	15.6	25,193	19.8	7,215	40.1	18,975	15.0
Total comprehensive income/(loss) attributable to :								
Owners of the Company	-19,532		29,735		49,267	—	9,389	
Non-controlling interests	-519		350		869	—	-102	
Total	-20,051		30,085		50,136	—	9,288	
Basic earnings/(loss) per share (yen)								
Continuing operations	45.28		64.71		19.43		48.77	
Discontinued operations	—		—		—		—	
Basic earnings per share (yen)	45.28		64.71		19.43		48.77	
Diluted earnings/(loss) per share (yen)								
Continuing operations	45.20		64.56		19.36		48.65	
Discontinued operations	—		—		—		—	
Diluted earnings per share (yen)	45.20		64.56		19.36		48.65	

Notes:

- Effect of Exchange Rate Change on Net Sales and Incomes ("2017 A" is the actual value of this period. "2017 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)

	2017 B	2017 A	Influences	Real change	(%)
Sales	124,879	127,158	2,279	9,714	8.4%
Profit before tax	29,879	30,548	669	7,605	34.1%
Profit for the quarter	24,581	25,193	612	6,603	36.7%

For the three months ended				
	Jun. 30, 2016	Jun. 30, 2017	Variance(%)	
2. Average rates of major foreign currencies				
US\$	Yen 107.87	111.42	-3.3%	
Euro	Yen 120.72	124.26	-2.9%	
Thai Baht	Yen 3.05	3.25	-6.6%	

(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 "life and culture" and "information technology" 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 Life Care business, the Information Technology business and Other business, which are consistent with the above business domains.

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.

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.

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
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.
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.
Other		Design of information systems, etc.

1. Segment revenues and results

(Millions of Yen)

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

For the three months ended Jun. 30, 2017	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	82,814	43,551	794	127,158	0	127,158
Inter-segment	1	38	415	454	-454	—
Total	82,815	43,589	1,209	127,612	-454	127,158
Segment profit before tax	14,082	16,668	186	30,936	-388	30,548
Segment profit before tax ratio	17.0%	38.2%	15.4%	24.2%	—	24.0%
Ref: Profit from ordinary operating activities	14,060	16,574	179	30,814	-1,065	29,749
% of revenue	17.0%	38.0%	14.8%	24.1%	—	23.4%

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

	Life Care	Information Technology	Other	Total	Adjustments	All operations
Variance						
Revenue from external customers	6,433	5,732	-171	11,994	-1	11,993
Variance	8.4%	15.2%	-17.7%	10.4%	—	10.4%
Inter-segment	1	-135	-23	-156	156	—
Total	6,434	5,597	-194	11,838	155	11,993
Segment profit before tax	-165	5,469	15	5,319	2,955	8,274
Variance	-1.2%	48.8%	9.1%	20.8%	—	37.1%
Profit from ordinary operating activities	-538	3,081	16	2,558	251	2,809
Variance	-3.7%	22.8%	9.5%	9.1%	-19.1%	10.4%

Note: Effect of Exchange Rate Change on Net Sales and Incomes ("2017 A" is the actual value of this period. "2017 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)

	2017B	2017A	Influences	Real change	(%)
Life Care					
Revenue from external customers	81,437	82,814	1,376	5,057	6.6%
Profit from ordinary operating activities	13,771	14,060	289	-827	-5.7%
Segment profit before tax	13,788	14,082	294	-459	-3.2%
Information Technology					
Revenue from external customers	42,659	43,551	892	4,840	12.8%
Profit from ordinary operating activities	16,197	16,574	377	2,704	20.0%
Segment profit before tax	16,289	16,668	379	5,090	45.4%

Ref : Results of the previous quarter are as follows:

For the three months ended Mar. 31, 2017	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	83,752	41,572	980	126,304	0	126,304
Inter-segment	0	80	482	562	-562	—
Total	83,752	41,652	1,462	126,867	-562	126,304
Segment profit before tax	12,348	13,579	254	26,181	-1,772	24,409
Segment profit before tax ratio	14.7%	32.6%	17.4%	20.6%	—	19.3%
Ref: Profit from ordinary operating activities	13,184	14,944	254	28,382	-1,472	26,910
% of revenue	15.7%	35.9%	17.4%	22.4%	—	21.3%

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	
	Jun. 30,2016		Jun. 30,2017				Mar. 31,2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

Revenue from all operations

Life Care	76,380	66.3	82,814	65.1	6,433	8.4	83,752	66.3
Health care related products	57,312	[75.0]	62,077	[75.0]	4,765	8.3	62,387	[74.5]
Medical related products	19,068	[25.0]	20,737	[25.0]	1,668	8.7	21,365	[25.5]
Information Technology	37,819	32.8	43,551	34.2	5,732	15.2	41,572	32.9
Electronics related products	29,560	[78.2]	33,517	[77.0]	3,957	13.4	32,477	[78.1]
Imaging related products	8,259	[21.8]	10,034	[23.0]	1,775	21.5	9,095	[21.9]
Other	965	0.8	794	0.6	-171	-17.7	980	0.8
Corporate (including R&D)	1	0.0	0	0.0	-1	-96.7	0	0.0
Total revenue from all operations	115,165	100.0	127,158	100.0	11,993	10.4	126,304	100.0

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

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2017 A" is the actual value of this period. "2017 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)

	2017B	2017A	Influences	Real change	(%)
Life Care	81,437	82,814	1,376	5,057	6.6%
Health care related products	61,022	62,077	1,055	3,710	6.5%
Medical related products	20,416	20,737	321	1,347	7.1%
Information Technology	42,659	43,551	892	4,840	12.8%
Electronics related products	32,740	33,517	777	3,180	10.8%
Imaging related products	9,919	10,034	115	1,660	20.1%

3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

	For the three months ended				Variance		For the three months ended	
	Jun. 30,2016		Jun. 30,2017				Mar. 31,2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

Revenue from all operations

Total revenue from all operations	115,165	100.0	127,158	100.0	11,993	10.4	126,304	100.0
Japan	36,939	32.1	38,563	30.3	1,624	4.4	38,313	30.3
Americas	17,303	15.0	20,254	15.9	2,951	17.1	21,606	17.1
Europe	24,145	21.0	25,195	19.8	1,050	4.3	25,484	20.2
Asia/Oceania	35,440	30.8	41,552	32.7	6,113	17.2	39,050	30.9
Others	1,339	1.2	1,594	1.3	256	19.1	1,851	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, 2017)

	<u>Millions of Yen</u>		
	<u>Six months ended/ending</u>		variance
	Sep.30,2016	Sep.30,2017	(%)
Revenue	230,030	258,000	12.2
Profit before tax	53,911	59,000	9.4
Profit for the term	42,797	47,500	11.0
Profit attributable to owners of the Company	42,762	47,500	11.1
Basic earnings per share (Yen)	108.62	122.35	13.73

Ref: for the 2nd quarter

1. Year-on-year comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Sep.30,2016	Sep.30,2017	(%)
Revenue	114,865	130,842	13.9
Profit before tax	31,637	28,452	-10.1
Profit for the term	24,819	22,307	-10.1
Profit attributable to owners of the Company	24,854	22,381	-10.0
Basic earnings per share (Yen)	63.42	57.64	-5.78

2. Quarter-on-quarter comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	June 30,2017	Sep.30,2017	(%)
Revenue	127,158	130,842	2.9
Profit before tax	30,548	28,452	-6.9
Profit for the term	25,193	22,307	-11.5
Profit attributable to owners of the Company	25,119	22,381	-10.9
Basic earnings per share (Yen)	64.71	57.64	-7.07

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, 2017

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY16-1Q	FY17-1Q	Variance	Foreign exchange	Others
Revenue	115,165	127,158	11,993	2,279	9,714
Life Care	76,380	82,814	6,433	1,376	5,057
Health care related products	57,312	62,077	4,765	1,055	3,710
Medical related products	19,068	20,737	1,668	321	1,347
Information Technology	37,819	43,551	5,732	892	4,840
Electronics related products	29,560	33,517	3,957	777	3,180
Imaging related products	8,259	10,034	1,775	115	1,660
Profit from ordinary operating activities	26,940	29,749	2,809	665	2,144
Life Care	14,599	14,060	-538	289	-827
Information Technology	13,493	16,574	3,081	377	2,704
Other, adjustment (Corporate)	-1,152	-886	266	-1	267
Profit before tax	22,274	30,548	8,274	669	7,605
Life Care	14,247	14,082	-165	294	-459
Information Technology	11,200	16,668	5,469	379	5,090
Other, adjustment (Corporate)	-3,173	-202	2,971	-3	2,974

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

	All operations		
	FY16-1Q	FY17-1Q	Variance
Profit before tax	22,274	30,548	8,274
Adjustments	-4,666	799	5,465
Finance income	470	459	-11
Finance costs	-270	-260	10
Share of loss of associates	3	6	3
Foreign exchange (gain)/loss	-3,394	365	3,759
Impairment losses	-72	-	72
Others	-1,402	230	1,632
Profit from ordinary operating activities	26,940	29,749	2,809

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

	Life Care			Information Technology			Other, adjustment (Corporate)		
	FY16-1Q	FY17-1Q	Variance	FY16-1Q	FY17-1Q	Variance	FY16-1Q	FY17-1Q	Variance
Profit before tax	14,247	14,082	-165	11,200	16,668	5,469	-3,173	-202	2,971
Adjustments	-351	22	373	-2,294	94	2,388	-2,021	684	2,704
Finance income	117	80	-37	74	83	9	279	295	16
Finance costs	-123	-123	0	-73	-71	2	-74	-67	7
Share of loss of associates	2	6	4	1	0	-1	-	-	-
Foreign exchange (gain)/loss	-87	90	176	-946	115	1,061	-2,362	160	2,522
Impairment losses	-72	-	72	-	-	-	-	-	-
Others	-189	-32	157	-1,350	-33	1,316	136	295	159
Profit from ordinary operating activities	14,599	14,060	-538	13,493	16,574	3,081	-1,152	-886	266