

# Quarterly Report

2nd Quarter : 3 months ended September 30, 2017  
Interim (1st Half) : 6 months ended September 30, 2017

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

**Part .1**

**2nd Quarter : from July 1 to September 30, 2017 <IFRS>**

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**Part .2**

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**Notes:**

1. HOYA's fiscal year (FY) : from April 1 to March 31 of the following year.
2. These financial statements are excerpt translation of Japanese "Kessan Tanshin" and have been prepared for the references only of foreign investors.

## 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 September 30, 2016 and 2017 (All operations \*Notes)

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

	Three months ended		Variance (%)
	Sep. 30, 2016	Sep. 30, 2017	
(1)Revenue and Profit before tax			
Revenue	114,865	135,772	18.2
Profit before tax	31,637	32,868	3.9
Ratio of profit before tax(%)	27.5%	24.2%	
Profit for the quarter	24,819	26,767	7.9
Ratio of profit for the quarter(%)	21.6%	19.7%	
Profit attributable to owners of the Company	24,854	27,166	9.3
Ratio of profit attributable to owners of the Company(%)	21.6%	20.0%	
Basic earnings per share (yen)	63.42	70.11	
Diluted earnings per share (yen)	63.31	69.92	

	As of	
	Jun. 30, 2017	Sep. 30, 2017
(2)Financial Position		
Total assets	665,762	662,314
Total equity	528,608	544,517
Equity attributable to owners of the Company	523,740	540,015
Ratio of assets attributable to owners of the Company	78.7%	81.5%
Assets attributable to owners of the Company per share (yen)	1,348.93	1,401.49

	Three months ended	
	Sep. 30, 2016	Sep. 30, 2017
(3) Conditions of Cash Flows		
Net cash generated from operating activities	29,568	39,675
Net cash used in investing activities	-25	-60,869
Free cash flow	29,543	-21,194
Net cash provided by (used in ) financing activities	-29,975	-53,890
Cash and cash equivalents at end of period	249,985	231,570

### 2.Dividends per Share

	Year ended	
	Mar.31,2017	Mar.31,2018
Interim (Yen)	30.00	30.00
Year-end (Yen)	45.00	N/A
Annual (Yen)	75.00	N/A

### 3.Other

	Three months ended	
	Sep. 30, 2016	Sep. 30, 2017
Capital expenditure	5,742	5,450
R&D expenses	5,261	5,947

#### 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 second quarter of the consolidated fiscal year under review (July 1 through September 30, 2017), the economy of the United States continued to show steady growth. However, the future impact of any revised trade policies or tighter immigration policies is difficult to predict. The overall economy in Europe continues to expand at a moderate pace. At the same time, 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 overseas and in response to business acquisitions. 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 also increased year on year, owing mainly to the winding down of production capacity losses after the Kumamoto earthquakes and the ongoing recovery of said production capacity. 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 second quarter increased 18.2% year on year, reaching 135,772 million yen.

Quarterly profit before tax amounted to 32,868 million yen with 26,767 million yen in profit, representing increases of 3.9% and 7.9%, respectively. The Company recorded 52 million yen in foreign exchange gains (compared to a 1,505 million yen foreign exchange loss in the prior period), offset somewhat by the lack of the same finance income (sale of marketable securities) recorded in the same period of the prior fiscal year.

Profit before tax ratio was 24.2%, representing a year-on-year decrease of 3.3 points.

Disclosed figures and change ratios are for businesses with continuing operations. The Company did not discontinue any operations during the consolidated second quarter of the current or prior fiscal years.

### 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 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 and Performance Optics, LLC. 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 16.5% year on year, reaching 88,062 million yen. Segment profit amounted to 14,501 million yen, a slight increase of 1.9% year on year despite the high sales growth, mainly due to amortization of intangible assets related to business acquisitions and 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 be saturated. 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 rose year on year. This increase was due to the move toward higher-precision, higher-resolution smartphone panels, as well as a recovery in research and development demand for 4K TV panels and larger-screen panels. In addition, we are now recovering production capacity, which had fallen off 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 (Solid State Drives), while the HOYA Group captured a greater share of the hard disk drive market.

<Imaging related products>

Sales of imaging-related products grew overall. Contraction of the market for digital cameras, the end product using our products in this field, has softened. 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 22.3% year on year, reaching 46,815 million yen. Segment profit amounted to 19,424 million yen, an increase of 50.8% 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 895 million yen, a decrease of 9.3% year on year. Segment profit fell 99.7% to 1 million yen.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Statement of Financial Position

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Jun. 30, 2017		As of Sep. 30, 2017		Variance		As of Sep. 30, 2016	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>ASSETS</b>								
<b>NON-CURRENT ASSETS</b>								
Property, plant and equipment-net	102,575		111,580		9,005		97,764	
Goodwill	14,353		37,245		22,891		8,946	
Intangible assets	25,984		43,099		17,115		14,023	
Investments in associates	1,524		1,520		-3		171	
Long-term financial assets	7,401		7,467		66		16,466	
Other non-current assets	2,521		2,596		74		2,608	
Deferred tax assets	8,433		10,353		1,920		10,303	
<b>Total non-current assets</b>	<b>162,791</b>	<b>24.9</b>	<b>213,859</b>	<b>32.3</b>	<b>51,068</b>	<b>31.4</b>	<b>150,282</b>	<b>26.0</b>
<b>CURRENT ASSETS</b>								
Inventories	65,742		74,364		8,622		64,241	
Trade and other receivables	99,644		108,342		8,698		86,296	
Other short-term financial assets	16,350		17,244		894		8,494	
Income tax receivables	348		476		128		481	
Other current assets	16,704		16,461		-243		18,009	
Cash and cash equivalents	304,183		231,570		-72,614		249,985	
<b>Sub total</b>	<b>502,971</b>		<b>448,456</b>		<b>-54,515</b>		<b>427,505</b>	
<b>Total current assets</b>	<b>502,971</b>	<b>75.1</b>	<b>448,456</b>	<b>67.7</b>	<b>-54,515</b>	<b>-10.8</b>	<b>427,505</b>	<b>74.0</b>
<b>Total assets</b>	<b>665,762</b>	<b>100.0</b>	<b>662,314</b>	<b>100.0</b>	<b>-3,448</b>	<b>-0.5</b>	<b>577,787</b>	<b>100.0</b>

(Millions of Yen)

	As of Jun. 30, 2017		As of Sep. 30, 2017		Variance		As of Sep. 30, 2016	
	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	-6,136		-24,615		-18,479		-38,986	
Other capital reserves	-5,443		-5,520		-76		-4,982	
Retained earnings	514,022		541,188		27,166		505,267	
Accumulated other comprehensive income/(loss)	-866		6,799		7,665		-41,797	
Equity attributable to owners of the Company	523,740	78.7	540,015	81.5	16,276	3.1	441,665	76.4
Non-controlling interests	4,868		4,501		-367		4,080	
Total equity	528,608	79.4	544,517	82.2	15,909	3.0	445,745	77.1
<b>LIABILITIES</b>								
<b>NON-CURRENT LIABILITIES</b>								
Interest-bearing long-term debt	480		494		14		441	
Other long-term financial liabilities	4,812		7,036		2,223		2,730	
Retirement benefits liabilities	2,088		2,402		314		1,829	
Provisions	2,423		2,432		9		2,294	
Other non-current liabilities	807		840		33		761	
Deferred tax liabilities	2,781		4,715		1,935		1,597	
Total non-current liabilities	13,391	2.0	17,918	2.7	4,528	33.8	9,652	1.7
<b>CURRENT LIABILITIES</b>								
Interest-bearing short-term debt	36,932		1,945		-34,987		36,856	
Trade and other payables	41,064		44,098		3,033		38,363	
Other short-term financial liabilities	500		425		-74		330	
Income tax payables	6,655		11,355		4,701		9,380	
Provisions	1,350		1,352		2		1,204	
Other current liabilities	37,263		40,705		3,441		36,257	
Total current liabilities	123,764	18.6	99,880	15.1	-23,884	-19.3	122,390	21.2
Total liabilities	137,154	20.6	117,798	17.8	-19,356	-14.1	132,042	22.9
Total equity and liabilities	665,762	100.0	662,314	100.0	-3,448	-0.5	577,787	100.0
Total number of issued shares in thousand	388,262		385,316		-2,946		387,809	
Equity attributable to owner of the Company per share	1,348.93 Yen		1,401.49 Yen		52.56 Yen		1,138.87 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 Jun. 30, 2017
	Sep. 30, 2016	Sep. 30, 2017		
Cash flows from operating activities				
Profit before tax	31,637	32,868	1,230	30,548
Depreciation and amortization	7,171	7,079	-92	7,319
Impairment losses	18	47	29	—
Finance income	-6,590	-340	6,250	-459
Finance costs	251	263	12	260
Share of (profits)/loss of associates	-4	19	23	-6
(Gain)/loss on sales of property, plant and equipment	-33	-12	22	-22
Loss on disposal of property, plant and equipment	68	41	-27	14
Foreign exchange (gain)/loss	1,209	198	-1,011	-502
Others	1,133	5,027	3,894	-3,964
Net cash generated from operating activities (Before adjustment of movements in working capital)	34,860	45,189	10,329	33,186
Movements in working capital				
Decrease/(increase) in inventories	-976	446	1,421	300
Decrease/(increase) in trade and other receivables	-1,667	-4,019	-2,352	58
Increase/(decrease) in trade and other payables	64	1,628	1,565	-567
Increase/(decrease) in retirement benefits liabilities and provisions	50	-72	-122	15
Sub total	32,331	43,172	10,841	32,991
Interests received	430	348	-82	418
Dividends received	1	1	0	7
Interests paid	-378	-389	-11	-25
Income taxes paid	-2,846	-3,457	-612	-9,001
Income taxes refunded	29	—	-29	429
Net cash generated from operating activities	29,568	39,675	10,107	24,820
Cash flows from investing activities				
Withdrawals of time deposit	292	8	-285	5,007
Payments for time deposit	-18	-1,008	-990	-3,738
Proceeds from sales of property, plant and equipment	78	121	43	31
Payments for acquisition of property, plant and equipment	-5,851	-5,735	116	-3,942
Proceeds from sales of investment	5,804	—	-5,804	—
Payments for acquisition of investment	—	—	—	-1,333
Payments for purchase of subsidiary	—	-53,911	-53,911	—
Payments to non-controlling interests upon merger	-2	-2	0	-55
Payments for business transfer	—	-110	-110	-141
Other proceeds	186	246	60	70
Other payments	-514	-479	35	-431
Net cash used in investing activities	-25	-60,869	-60,844	-4,533
Cash flows from financing activities				
Dividends paid to owners of the Company	43	-12	-55	-17,467
Dividends paid to non-controlling interests	—	-34	-34	—
Increase (decrease) in short-term debt	-1	—	1	—
Repayments of long-term borrowings	-60	-67	-7	-74
Payments for redemption of bonds	—	-35,000	-35,000	-11
Proceeds from disposal of treasury shares	0	—	0	—
Payments for purchase of treasury shares	-30,016	-19,094	10,922	0
Proceeds from exercise of stock options	59	465	405	467
Payments for purchase of non-controlling interests	—	-148	-148	—
Net cash used in financing activities	-29,975	-53,890	-23,915	-17,084
Net increase/(decrease) in cash and cash equivalents	-431	-75,084	-74,652	3,203
Cash and cash equivalents at the beginning of the term	255,284	304,183	48,899	296,851
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	-4,868	2,470	7,338	4,130
Cash and cash equivalents at the end of the term	249,985	231,570	-18,415	304,183

### (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	
	Sep. 30, 2016		Sep. 30, 2017				Jun. 30, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>All operations</b>								
<b>Revenue:</b>								
Sales	114,865	100.0	135,772	100.0	20,907	18.2	127,158	100.0
Finance income	6,590	5.7	340	0.3	-6,250	-94.8	459	0.4
Share of profit of associates	4	0.0	—	—	-4	—	6	0.0
Other income	327	0.3	306	0.2	-21	-6.4	687	0.5
<b>Total Revenue</b>	<b>121,786</b>	<b>106.0</b>	<b>136,419</b>	<b>100.5</b>	<b>14,633</b>	<b>12.0</b>	<b>128,310</b>	<b>100.9</b>
<b>Expenses:</b>								
Changes in inventories of goods, products and work in progress	-136	-0.1	282	0.2	418	—	-446	-0.4
Raw materials and consumables used	17,472	15.2	21,134	15.6	3,662	21.0	20,335	16.0
Employee benefits expense	27,273	23.7	31,758	23.4	4,486	16.4	30,208	23.8
Depreciation and amortization	7,171	6.2	7,079	5.2	-92	-1.3	7,319	5.8
Subcontracting cost	1,243	1.1	1,234	0.9	-9	-0.7	1,140	0.9
Advertising and promotion expense	3,130	2.7	3,530	2.6	400	12.8	3,559	2.8
Commission expense	6,924	6.0	8,331	6.1	1,408	20.3	7,833	6.2
Impairment losses	18	0.0	47	0.0	29	161.8	—	—
Finance costs	251	0.2	263	0.2	12	4.6	260	0.2
Share of loss of associates	—	—	19	0.0	19	—	—	—
Foreign exchange (gain)/loss	1,505	1.3	-52	0.0	-1,557	—	-365	-0.3
Other expenses	25,298	22.0	29,925	22.0	4,627	18.3	27,920	22.0
<b>Total expense</b>	<b>90,149</b>	<b>78.5</b>	<b>103,551</b>	<b>76.3</b>	<b>13,402</b>	<b>14.9</b>	<b>97,762</b>	<b>76.9</b>
Profit before tax	31,637	27.5	32,868	24.2	1,230	3.9	30,548	24.0
Income tax expense	6,818	5.9	6,100	4.5	-718	-10.5	5,355	4.2
<b>Profit for the term from all operations</b>	<b>24,819</b>	<b>21.6</b>	<b>26,767</b>	<b>19.7</b>	<b>1,949</b>	<b>7.9</b>	<b>25,193</b>	<b>19.8</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)	13	—	—	—	-13	—	—	—
Income tax relating to components of other comprehensive income	—	—	—	—	—	—	-0	—
<b>Total Items that will not be reclassified subsequently to profit or loss</b>	<b>13</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-13</b>	<b>—</b>	<b>0</b>	<b>—</b>
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	-3	—	27	—	30	—	70	—
Exchange differences on translation of foreign operations	-4,401	—	7,812	—	12,213	—	4,854	—
Share of other comprehensive income of associates	-4	—	15	—	19	—	-12	—
Income tax relating to components of other comprehensive income	1	—	0	—	-1	—	-20	—
<b>Total Items that may be reclassified subsequently to profit or loss</b>	<b>-4,407</b>	<b>—</b>	<b>7,853</b>	<b>—</b>	<b>12,261</b>	<b>—</b>	<b>4,892</b>	<b>—</b>
<b>Total other comprehensive income/(loss)</b>	<b>-4,394</b>	<b>—</b>	<b>7,853</b>	<b>—</b>	<b>12,248</b>	<b>—</b>	<b>4,892</b>	<b>—</b>
<b>Total comprehensive income for the quarter</b>	<b>20,425</b>	<b>—</b>	<b>34,621</b>	<b>—</b>	<b>14,196</b>	<b>—</b>	<b>30,085</b>	<b>—</b>
<b>Profit attributable to :</b>								
Owners of the Company	24,854	21.6	27,166	20.0	2,312	9.3	25,119	19.8
Non-controlling interests	-36	-0.0	-398	-0.3	-363	—	74	0.1
<b>Total</b>	<b>24,819</b>	<b>21.6</b>	<b>26,767</b>	<b>19.7</b>	<b>1,949</b>	<b>7.9</b>	<b>25,193</b>	<b>19.8</b>
<b>Total comprehensive income/(loss) attributable to :</b>								
Owners of the Company	20,533	—	34,831	—	14,298	—	29,735	—
Non-controlling interests	-108	—	-210	—	-102	93.8	350	—
<b>Total</b>	<b>20,425</b>	<b>—</b>	<b>34,621</b>	<b>—</b>	<b>14,196</b>	<b>—</b>	<b>30,085</b>	<b>—</b>
<b>Basic earnings/(loss) per share (yen)</b>								
Continuing operations	63.42	—	70.11	—	6.69	—	64.71	—
Discontinued operations	—	—	—	—	—	—	—	—
<b>Basic earnings per share (yen)</b>	<b>63.42</b>	<b>—</b>	<b>70.11</b>	<b>—</b>	<b>6.69</b>	<b>—</b>	<b>64.71</b>	<b>—</b>
<b>Diluted earnings/(loss) per share (yen)</b>								
Continuing operations	63.31	—	69.92	—	6.61	—	64.56	—
Discontinued operations	—	—	—	—	—	—	—	—
<b>Diluted earnings per share (yen)</b>	<b>63.31</b>	<b>—</b>	<b>69.92</b>	<b>—</b>	<b>6.61</b>	<b>—</b>	<b>64.56</b>	<b>—</b>

Notes:

1. 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	128,139	135,772	7,633	13,274	11.6%
Profit before tax	31,113	32,868	1,755	-525	-1.7%
Profit for the quarter	25,199	26,767	1,568	380	1.5%

For the three months ended				
	Sep. 30, 2016	Sep. 30, 2017	Variance(%)	
2. Average rates of major foreign currencies				
US\$	Yen 102.91	111.17	-8.0%	
Euro	Yen 114.66	131.28	-14.5%	
Thai Baht	Yen 2.96	3.34	-12.8%	



## (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, Speech synthesis software, etc.

## 1. Segment revenues and results

(Millions of Yen)

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

For the three months ended Sep. 30, 2017	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	88,062	46,815	895	135,772	—	135,772
Inter-segment	1	60	399	460	-460	—
<b>Total</b>	<b>88,063</b>	<b>46,875</b>	<b>1,294</b>	<b>136,232</b>	<b>-460</b>	<b>135,772</b>
Segment profit before tax	14,501	19,424	1	33,926	-1,058	32,868
Segment profit before tax ratio	16.5%	41.4%	0.1%	24.9%	—	24.2%
Ref: Profit from ordinary operating activities	15,396	19,230	18	34,644	-1,147	33,498
% of revenue	17.5%	41.0%	1.4%	25.4%	—	24.7%

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
<b>Variance</b>						
Revenue from external customers	12,461	8,539	-92	20,908	-0	20,907
Variance	16.5%	22.3%	-9.3%	18.2%	—	18.2%
Inter-segment	1	-187	-68	-254	254	—
<b>Total</b>	<b>12,462</b>	<b>8,352</b>	<b>-160</b>	<b>20,654</b>	<b>254</b>	<b>20,907</b>
Segment profit before tax	265	6,540	-247	6,557	-5,327	1,230
Variance	1.9%	50.8%	-99.7%	24.0%	—	3.9%
Profit from ordinary operating activities	496	5,734	-214	6,016	-204	5,812
Variance	3.3%	42.5%	-92.1%	21.0%	21.7%	21.0%

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	82,741	88,062	5,321	7,140	9.4%
Profit from ordinary operating activities	14,489	15,396	907	-411	-2.8%
Segment profit before tax	13,664	14,501	837	-573	-4.0%
Information Technology					
Revenue from external customers	44,516	46,815	2,299	6,239	16.3%
Profit from ordinary operating activities	18,399	19,230	830	4,904	36.3%
Segment profit before tax	18,563	19,424	861	5,679	44.1%

Ref : Results of the previous quarter are as follows:

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	—
<b>Total</b>	<b>82,815</b>	<b>43,589</b>	<b>1,209</b>	<b>127,612</b>	<b>-454</b>	<b>127,158</b>
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%

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	
	Sep. 30,2016		Sep. 30,2017				Jun. 30,2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

### Revenue from all operations

Life Care	75,601	65.8	88,062	64.9	12,461	16.5	82,814	65.1
Health care related products	56,861	[ 75.2 ]	67,096	[ 76.2 ]	10,235	18.0	62,077	[ 75.0 ]
Medical related products	18,741	[ 24.8 ]	20,967	[ 23.8 ]	2,226	11.9	20,737	[ 25.0 ]
Information Technology	38,276	33.3	46,815	34.5	8,539	22.3	43,551	34.2
Electronics related products	29,181	[ 76.2 ]	35,209	[ 75.2 ]	6,029	20.7	33,517	[ 77.0 ]
Imaging related products	9,096	[ 23.8 ]	11,606	[ 24.8 ]	2,510	27.6	10,034	[ 23.0 ]
Other	987	0.9	895	0.7	-92	-9.3	794	0.6
Corporate (including R&D)	0	0.0	0	—	-0	-100.0	0	0.0
<b>Total revenue from all operations</b>	<b>114,865</b>	<b>100.0</b>	<b>135,772</b>	<b>100.0</b>	<b>20,907</b>	<b>18.2</b>	<b>127,158</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 ("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	82,741	88,062	5,321	7,140	9.4%
Health care related products	63,345	67,096	3,751	6,484	11.4%
Medical related products	19,396	20,967	1,570	656	3.5%
Information Technology	44,516	46,815	2,299	6,239	16.3%
Electronics related products	33,432	35,209	1,778	4,251	14.6%
Imaging related products	11,084	11,606	522	1,988	21.9%

## 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, 2017	
	Sep. 30, 2016		Sep. 30, 2017					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

### Revenue from all operations

Total revenue from all operations	114,865	100.0	135,772	100.0	20,907	18.2	127,158	100.0
Japan	37,917	33.0	39,875	29.4	1,958	5.2	38,563	30.3
Americas	17,229	15.0	22,569	16.6	5,340	31.0	20,254	15.9
Europe	21,737	18.9	26,013	19.2	4,275	19.7	25,195	19.8
Asia/Oceania	36,625	31.9	45,633	33.6	9,007	24.6	41,552	32.7
Others	1,357	1.2	1,684	1.2	327	24.1	1,594	1.3

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

<Reference>

**Supplementary data for 2nd Quarter: from July 1 to September 30, 2017**

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY16-2Q	FY17-2Q	Variance	Foreign exchange	Others
Revenue	114,865	135,772	20,907	7,633	13,274
Life Care	75,601	88,062	12,461	5,321	7,140
Health care related products	56,861	67,096	10,235	3,751	6,484
Medical related products	18,741	20,967	2,226	1,570	656
Information Technology	38,276	46,815	8,539	2,299	6,239
Electronics related products	29,181	35,209	6,029	1,778	4,251
Imaging related products	9,096	11,606	2,510	522	1,988
Profit from ordinary operating activities	27,686	33,498	5,812	1,725	4,087
Life Care	14,901	15,396	496	907	-411
Information Technology	13,495	19,230	5,734	830	4,904
Other, adjustment (Corporate)	-710	-1,128	-418	-13	-406
Profit before tax	31,637	32,868	1,230	1,755	-525
Life Care	14,237	14,501	265	837	-573
Information Technology	12,884	19,424	6,540	861	5,679
Other, adjustment (Corporate)	4,516	-1,058	-5,574	57	-5,631

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

	All operations		
	FY16-2Q	FY17-2Q	Variance
Profit before tax	31,637	32,868	1,230
Adjustments	3,951	-630	-4,581
Finance income	6,590	340	-6,250
Finance costs	-251	-263	-12
Share of loss of associates	4	-19	-23
Foreign exchange (gain)/loss	-1,505	52	1,557
Impairment losses	-18	-47	-29
Others	-868	-693	175
Profit from ordinary operating activities	27,686	33,498	5,812

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

	Life Care			Information Technology			Other, adjustment (Corporate)		
	FY16-2Q	FY17-2Q	Variance	FY16-2Q	FY17-2Q	Variance	FY16-2Q	FY17-2Q	Variance
Profit before tax	14,237	14,501	265	12,884	19,424	6,540	4,516	-1,058	-5,574
Adjustments	-664	-895	-231	-611	194	805	5,226	71	-5,156
Finance income	79	62	-18	65	89	24	6,446	189	-6,256
Finance costs	-111	-233	-122	-44	-64	-21	-97	34	131
Share of loss of associates	4	7	3	0	0	-0	0	-26	-26
Foreign exchange (gain)/loss	-74	-46	28	-308	189	496	-1,123	-91	1,033
Impairment losses	-18	-47	-29	-	-	-	-	-	-
Others	-544	-638	-94	-325	-19	306	1	-36	-37
Profit from ordinary operating activities	14,901	15,396	496	13,495	19,230	5,734	-710	-1,128	-418

## 1. Consolidated Financial Highlights

HOYA CORPORATION and Consolidated Subsidiaries

### 1. Performance for the six months ended September 30, 2016 and 2017 (All operations \*Notes)

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

	Six months ended		Variance
	Sep. 30,2016	Sep. 30,2017	(%)
(1)Revenue and Profit before tax			
Revenue	230,030	262,930	14.3
Profit before tax	53,911	63,416	17.6
Ratio of profit before tax(%)	23.4%	24.1%	
Profit for the term	42,797	51,960	21.4
Ratio of profit for the term(%)	18.6%	19.8%	
Profit attributable to owners of the Company	42,762	52,285	22.3
Ratio of profit attributable to owners of the Company(%)	18.6%	19.9%	
Basic earnings per share (yen)	108.62	134.81	
Diluted earnings per share (yen)	108.42	134.47	

	As of	
	Mar.31,2017	Sep. 30,2017
(2)Financial Position		
Total assets	659,583	662,314
Total equity	515,405	544,517
Equity attributable to owners of the Company	510,887	540,015
Ratio of assets attributable to owners of the Company	77.5%	81.5%
Assets attributable to owners of the Company per share (yen)	1,316.40	1,401.49

	Six months ended	
	Sep. 30,2016	Sep. 30,2017
(3) Conditions of Cash Flows		
Net cash generated from operating activities	47,575	64,495
Net cash used in investing activities	-2,282	-65,402
Free cash flow	45,293	-907
Net cash provided by (used in) financing activities	-53,128	-70,974
Cash and cash equivalents at end of period	249,985	231,570

### 2.Dividends per Share

	Year ended	
	Mar.31,2017	Mar.31,2018
Interim (Yen)	30.00	30.00
Year-end (Yen)	45.00	N/A
Annual (Yen)	75.00	N/A

### 3.Other

	Six months ended	
	Sep. 30,2016	Sep. 30,2017
Capital expenditure	9,567	9,859
R&D expenses	10,360	11,410

#### 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. Interim Consolidated Financial Statements

### (1) Interim Consolidated Statement of Financial Position

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Mar. 31, 2017		As of Sep. 30, 2017		Variance		As of Sep. 30, 2016	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>ASSETS</b>								
<b>NON-CURRENT ASSETS</b>								
Property, plant and equipment-net	103,729		111,580		7,851		97,764	
Goodwill	14,590		37,245		22,654		8,946	
Intangible assets	26,412		43,099		16,686		14,023	
Investments in associates	196		1,520		1,324		171	
Long-term financial assets	7,357		7,467		110		16,466	
Other non-current assets	2,578		2,596		17		2,608	
Deferred tax assets	9,399		10,353		954		10,303	
<b>Total non-current assets</b>	<b>164,263</b>	<b>24.9</b>	<b>213,859</b>	<b>32.3</b>	<b>49,596</b>	<b>30.2</b>	<b>150,282</b>	<b>26.0</b>
<b>CURRENT ASSETS</b>								
Inventories	65,501		74,364		8,863		64,241	
Trade and other receivables	98,315		108,342		10,027		86,296	
Other short-term financial assets	17,788		17,244		-544		8,494	
Income tax receivables	389		476		86		481	
Other current assets	16,477		16,461		-16		18,009	
Cash and cash equivalents	296,851		231,570		-65,281		249,985	
<b>Sub total</b>	<b>495,321</b>		<b>448,456</b>		<b>-46,865</b>		<b>427,505</b>	
<b>Total current assets</b>	<b>495,321</b>	<b>75.1</b>	<b>448,456</b>	<b>67.7</b>	<b>-46,865</b>	<b>-9.5</b>	<b>427,505</b>	<b>74.0</b>
<b>Total assets</b>	<b>659,583</b>	<b>100.0</b>	<b>662,314</b>	<b>100.0</b>	<b>2,731</b>	<b>0.4</b>	<b>577,787</b>	<b>100.0</b>

(Millions of Yen)

	As of Mar. 31, 2017		As of Sep. 30, 2017		Variance		As of Sep. 30, 2016	
	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	-6,816		-24,615		-17,799		-38,986	
Other capital reserves	-5,345		-5,520		-175		-4,982	
Retained earnings	506,367		541,188		34,821		505,267	
Accumulated other comprehensive income/(loss)	-5,482		6,799		12,281		-41,797	
Equity attributable to owners of the Company	510,887	77.5	540,015	81.5	29,128	5.7	441,665	76.4
Non-controlling interests	4,518		4,501		-17		4,080	
Total equity	515,405	78.1	544,517	82.2	29,111	5.6	445,745	77.1
<b>LIABILITIES</b>								
<b>NON-CURRENT LIABILITIES</b>								
Interest-bearing long-term debt	504		494		-10		441	
Other long-term financial liabilities	4,843		7,036		2,192		2,730	
Retirement benefits liabilities	2,001		2,402		400		1,829	
Provisions	2,419		2,432		14		2,294	
Other non-current liabilities	813		840		27		761	
Deferred tax liabilities	2,857		4,715		1,858		1,597	
Total non-current liabilities	13,438	2.0	17,918	2.7	4,480	33.3	9,652	1.7
<b>CURRENT LIABILITIES</b>								
Interest-bearing short-term debt	36,913		1,945		-34,968		36,856	
Trade and other payables	41,371		44,098		2,727		38,363	
Other short-term financial liabilities	652		425		-227		330	
Income tax payables	11,649		11,355		-294		9,380	
Provisions	1,333		1,352		19		1,204	
Other current liabilities	38,822		40,705		1,882		36,257	
Total current liabilities	130,740	19.8	99,880	15.1	-30,860	-23.6	122,390	21.2
Total liabilities	144,178	21.9	117,798	17.8	-26,380	-18.3	132,042	22.9
Total equity and liabilities	659,583	100.0	662,314	100.0	2,731	0.4	577,787	100.0
Total number of issued shares in thousand	388,094		385,316		-2,778		387,809	
Equity attributable to owner of the Company per share	1,316.40 Yen		1,401.49 Yen		85.09 Yen		1,138.87 Yen	

## (2) Interim Consolidated Statement of Cash Flows

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the six months ended		Variance	The year ended Mar. 31, 2017
	Sep. 30, 2016	Sep. 30, 2017		
Cash flows from operating activities				
Profit before tax	53,911	63,416	9,504	110,795
Depreciation and amortization	14,688	14,397	-291	29,777
Impairment losses	90	47	-43	334
Finance income	-7,060	-799	6,261	-8,022
Finance costs	521	523	2	1,130
Share of (profits)/loss of associates	-7	13	19	-16
(Gain)/loss on sales of property, plant and equipment	-101	-34	67	-720
Loss on disposal of property, plant and equipment	98	55	-44	226
Foreign exchange (gain)/loss	3,908	-304	-4,212	1,269
Others	-287	1,063	1,350	3,589
Net cash generated from operating activities (Before adjustment of movements in working capital)	65,761	78,376	12,615	138,360
Movements in working capital				
Decrease/(increase) in inventories	-3,452	745	4,197	729
Decrease/(increase) in trade and other receivables	-13	-3,961	-3,948	-5,528
Increase/(decrease) in trade and other payables	-615	1,061	1,676	-859
Increase/(decrease) in retirement benefits liabilities and provisions	175	-58	-232	16
Sub total	61,856	76,164	14,307	132,718
Interests received	860	766	-94	1,813
Dividends received	8	8	-0	50
Interests paid	-458	-414	44	-858
Income taxes paid	-14,797	-12,458	2,339	-26,614
Income taxes refunded	106	429	324	553
Net cash generated from operating activities	47,575	64,495	16,920	107,662
Cash flows from investing activities				
Withdrawals of time deposit	5,861	5,015	-846	10,149
Payments for time deposit	-3,886	-4,745	-860	-8,898
Proceeds from sales of property, plant and equipment	247	152	-95	1,060
Payments for acquisition of property, plant and equipment	-9,775	-9,677	98	-21,528
Proceeds from sales of investment	5,804	—	-5,804	5,818
Payments for acquisition of investment	—	-1,333	-1,333	—
Payments for acquisition of subsidiaries	—	-53,966	-53,966	-6,360
Payments to non-controlling interests upon merger	-2	-2	-	-19
Payments for business transfer	—	-251	-251	-6,193
Other proceeds	323	316	-7	597
Other payments	-853	-910	-56	-2,134
Net cash used in investing activities	-2,282	-65,402	-63,120	-27,507
Cash flows from financing activities				
Dividends paid to owners of the Company	-17,809	-17,479	329	-29,447
Dividends paid to non-controlling interests	—	-34	-34	—
Increase (decrease) in short-term debt	-2	—	2	-4
Repayments of long-term borrowings	-124	-140	-16	-258
Payments for redemption of bonds	-11	-35,011	-35,000	-21
Proceeds from disposal of treasury shares	0	—	-0	0
Payments for purchase of treasury shares	-35,005	-19,094	15,911	-35,007
Proceeds from exercise of stock options	124	932	808	749
Payments for purchase of non-controlling interests	-301	-148	153	-301
Net cash used in financing activities	-53,128	-70,974	-17,847	-64,289
Net increase/(decrease) in cash and cash equivalents	-7,835	-71,881	-64,047	15,866
Cash and cash equivalents at the beginning of the term	286,292	296,851	10,559	286,292
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	-28,473	6,600	35,073	-5,307
Cash and cash equivalents at the end of the term	249,985	231,570	-18,415	296,851



### (3) Interim Consolidated Statement of Comprehensive Income

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the six months ended				Variance		For the year ended	
	Sep. 30,2016		Sep. 30,2017				Mar. 31,2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>All operations</b>								
<b>Revenue:</b>								
Sales	230,030	100.0	262,930	100.0	32,901	14.3	478,927	100.0
Finance income	7,060	3.1	799	0.3	-6,261	-88.7	8,022	1.7
Share of profit of associates	7	0.0	—	—	-7	—	16	0.0
Other income	994	0.4	993	0.4	-1	-0.1	2,764	0.6
<b>Total Revenue</b>	<b>238,090</b>	<b>103.5</b>	<b>264,722</b>	<b>100.7</b>	<b>26,632</b>	<b>11.2</b>	<b>489,729</b>	<b>102.3</b>
<b>Expenses:</b>								
Changes in inventories of goods, products and work in progress	-1,118	-0.5	-164	-0.1	954	-85.3	3,132	0.7
Raw materials and consumables used	36,083	15.7	41,470	15.8	5,386	14.9	74,304	15.5
Employee benefits expense	55,647	24.2	61,966	23.6	6,319	11.4	114,504	23.9
Depreciation and amortization	14,688	6.4	14,397	5.5	-291	-2.0	29,777	6.2
Subcontracting cost	2,526	1.1	2,374	0.9	-152	-6.0	4,783	1.0
Advertising and promotion expense	6,365	2.8	7,089	2.7	724	11.4	12,912	2.7
Commission expense	13,706	6.0	16,164	6.1	2,458	17.9	28,523	6.0
Impairment losses	90	0.0	47	0.0	-43	-47.7	334	0.1
Finance costs	521	0.2	523	0.2	2	0.4	1,130	0.2
Foreign exchange (gain)/loss	4,899	2.1	-416	-0.2	-5,316	—	2,389	0.5
Other expenses	50,771	22.1	57,845	22.0	7,074	13.9	107,147	22.4
<b>Total Expenses</b>	<b>184,179</b>	<b>80.1</b>	<b>201,307</b>	<b>76.6</b>	<b>17,128</b>	<b>9.3</b>	<b>378,935</b>	<b>79.1</b>
Profit before tax	53,911	23.4	63,416	24.1	9,504	17.6	110,795	23.1
Income tax expense	11,115	4.8	11,455	4.4	341	3.1	23,943	5.0
<b>Profit for the term from all operations</b>	<b>42,797</b>	<b>18.6</b>	<b>51,960</b>	<b>19.8</b>	<b>9,164</b>	<b>21.4</b>	<b>86,852</b>	<b>18.1</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)	-22		—		22	—	-281	
Income tax relating to components of other comprehensive income	-39		0		38	-99.8	-4	
<b>Total Items that will not be reclassified subsequently to profit or loss</b>	<b>-61</b>		<b>0</b>		<b>60</b>	<b>-99.9</b>	<b>-285</b>	
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	-12		97		109	—	180	
Exchange differences on translation of foreign operations	-42,333		12,665		54,999	—	-5,808	
Share of other comprehensive income of associates	-17		4		21	—	-1	
Income tax relating to components of other comprehensive income	0		-20		-21	—	-58	
<b>Total Items that may be reclassified subsequently to profit or loss</b>	<b>-42,363</b>		<b>12,746</b>		<b>55,108</b>	<b>—</b>	<b>-5,687</b>	
<b>Total other comprehensive income/(loss)</b>	<b>-42,423</b>		<b>12,745</b>		<b>55,168</b>	<b>—</b>	<b>-5,972</b>	
<b>Total comprehensive income for the quarter</b>	<b>374</b>		<b>64,706</b>		<b>64,332</b>	<b>—</b>	<b>80,879</b>	
<b>Profit attributable to :</b>								
Owners of the Company	42,762	18.6	52,285	19.9	9,523	22.3	86,740	18.1
Non-controlling interests	34	0.0	-325	-0.1	-359	—	112	0.0
<b>Total</b>	<b>42,797</b>	<b>18.6</b>	<b>51,960</b>	<b>19.8</b>	<b>9,164</b>	<b>21.4</b>	<b>86,852</b>	<b>18.1</b>
<b>Total comprehensive income/(loss) attributable to :</b>								
Owners of the Company	1,001		64,566		63,565	—	81,069	
Non-controlling interests	-627		140		767	—	-189	
<b>Total</b>	<b>374</b>		<b>64,706</b>		<b>64,332</b>	<b>—</b>	<b>80,879</b>	
<b>Basic earnings/(loss) per share (yen)</b>								
Continuing operations	108.62		134.81		26.19		221.93	
Discontinued operations	—		—		—		—	
<b>Basic earnings per share (yen)</b>	<b>108.62</b>		<b>134.81</b>		<b>26.19</b>		<b>221.93</b>	
<b>Diluted earnings/(loss) per share (yen)</b>								
Continuing operations	108.42		134.47		26.05		221.49	
Discontinued operations	—		—		—		—	
<b>Diluted earnings per share (yen)</b>	<b>108.42</b>		<b>134.47</b>		<b>26.05</b>		<b>221.49</b>	

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	2017A	Influences	Real change	(%)
Sales	253,018	262,930	9,912	22,989	10.0%
Profit before tax	60,991	63,416	2,424	7,080	13.1%
Profit for the term	49,780	51,960	2,180	6,983	16.3%

		For the six months ended		
		Sep. 30, 2016	Sep. 30, 2017	Variance(%)
2. Average rates of major foreign currencies				
US\$	Yen	105.39	111.29	-5.6%
Euro	Yen	117.69	127.77	-8.6%
Thai Baht	Yen	3.01	3.30	-9.6%

## (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, Speech synthesis software, etc.

## 1. Segment revenues and results

(Millions of Yen)

For the year ended Mar. 31, 2016	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	151,981	76,095	1,952	230,028	1	230,030
Inter-segment	—	420	904	1,324	-1,324	—
<b>Total</b>	151,981	76,515	2,856	231,352	-1,323	230,030
Segment profit before tax	28,484	24,084	419	52,986	925	53,911
Segment profit before tax ratio	18.7%	31.5%	14.7%	22.9%	—	23.4%
Ref: Profit from ordinary operating activities	29,499	26,988	396	56,884	-2,258	54,626
% of revenue	19.4%	35.3%	13.9%	24.6%	—	23.7%

For the year ended Mar. 31, 2017	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	170,876	90,366	1,689	262,930	0	262,930
Inter-segment	2	99	814	914	-914	—
<b>Total</b>	170,878	90,464	2,502	263,844	-914	262,930
Segment profit before tax	28,583	36,092	187	64,862	-1,447	63,416
Segment profit before tax ratio	16.7%	39.9%	7.5%	24.6%	—	24.1%
Profit from ordinary operating activities	29,457	35,804	198	65,458	-2,212	63,246
% of revenue	17.2%	39.6%	7.9%	24.8%	—	24.1%

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

	Life Care	Information Technology	Other	Total	Adjustments	All operations
<b>Variance</b>						
Revenue from external customers	18,895	14,271	-263	32,902	-1	32,901
Variance	12.4%	18.8%	-13.5%	14.3%	—	14.3%
Inter-segment	2	-321	-91	-410	410	—
<b>Total</b>	18,896	13,949	-354	32,492	409	32,901
Segment profit before tax	99	12,009	-232	11,876	-2,371	9,504
Variance	0.3%	49.9%	-55.4%	22.4%	—	17.6%
Profit from ordinary operating activities	-43	8,815	-199	8,574	47	8,621
Variance	-0.1%	32.7%	-50.1%	15.1%	-2.1%	15.8%

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	(%)
Information Technology					
Revenue from external customers	164,178	170,876	6,698	12,197	8.0%
Profit from ordinary operating activities	28,261	29,457	1,196	-1,239	-4.2%
Segment profit before tax ratio	27,452	28,583	1,131	-1,032	-3.6%
Life Care					
Revenue from external customers	87,175	90,366	3,191	11,080	14.6%
Profit from ordinary operating activities	34,597	35,804	1,207	7,608	28.2%
Segment profit before tax ratio	34,853	36,092	1,240	10,769	44.7%

## 2. Revenue from major products and services

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of yen)			
	For the year ended				Variance		For the year ended		
	Sep. 30,2016		Sep. 30,2017				Mar. 31,2017		
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	

### Revenue from all operations

Life Care	151,981	66.1	170,876	65.0	18,895	12.4	314,442	65.7
Health care related products	114,172	[ 75.1 ]	129,173	[ 75.6 ]	15,000	13.1	234,622	[ 74.6 ]
Medical related products	37,809	[ 24.9 ]	41,703	[ 24.4 ]	3,894	10.3	79,819	[ 25.4 ]
Information Technology	76,095	33.1	90,366	34.4	14,271	18.8	160,617	33.5
Electronics related products	58,741	[ 77.2 ]	68,726	[ 76.1 ]	9,986	17.0	124,247	[ 77.4 ]
Imaging related products	17,354	[ 22.8 ]	21,639	[ 23.9 ]	4,285	24.7	36,370	[ 22.6 ]
Other	1,952	0.8	1,689	0.6	-263	-13.5	3,866	0.8
Corporate (including R&D)	1	0.0	0	0.0	-1	-97.5	3	0.0
<b>Total revenue from all operations</b>	<b>230,030</b>	<b>100.0</b>	<b>262,930</b>	<b>100.0</b>	<b>32,901</b>	<b>14.3</b>	<b>478,927</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 ("2017 A" is the actual value of this period. "2017B" 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	164,178	170,876	6,698	12,197	8.0%
Health care related products	124,366	129,173	4,806	10,194	8.9%
Medical related products	39,812	41,703	1,891	2,003	5.3%
Information Technology	87,175	90,366	3,191	11,080	14.6%
Electronics related products	66,172	68,726	2,555	7,431	12.7%
Imaging related products	21,003	21,639	636	3,649	21.0%

## 3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)			
For the year ended						Variance		For the year ended	
Sep. 30,2016		Sep. 30,2017		Mar. 31,2017					
Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)		

### Revenue from all operations

Total revenue from all operations	230,030	100.0	262,930	100.0	32,901	14.3	478,927	100.0
Japan	74,855	32.5	78,438	29.8	3,582	4.8	151,316	31.6
Americas	34,531	15.0	42,822	16.3	8,291	24.0	74,015	15.5
Europe	45,882	19.9	51,208	19.5	5,325	11.6	95,993	20.0
Asia/Oceania	72,065	31.3	87,185	33.2	15,120	21.0	151,466	31.6
Others	2,696	1.2	3,278	1.2	583	21.6	6,137	1.3

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

<Reference>

**Supplementary data for Interim Period : from April 1, 2017 to September 30, 2017**

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY2016	FY2017	Variance	Foreign exchange	Others
Revenue	230,030	262,930	32,901	9,912	22,989
Life Care	151,981	170,876	18,895	6,698	12,197
Health care related products	114,172	129,173	15,000	4,806	10,194
Medical related products	37,809	41,703	3,894	1,891	2,003
Information Technology	76,095	90,366	14,271	3,191	11,080
Electronics related products	58,741	68,726	9,986	2,555	7,431
Imaging related products	17,354	21,639	4,285	636	3,649
Profit from ordinary operating activities	54,626	63,246	8,621	2,390	6,231
Life Care	29,499	29,457	-43	1,196	-1,239
Information Technology	26,988	35,804	8,815	1,207	7,608
Other, adjustment (Corporate)	-1,862	-2,014	-152	-13	-138
Profit before tax	53,911	63,416	9,504	2,424	7,080
Life Care	28,484	28,583	99	1,131	-1,032
Information Technology	24,084	36,092	12,009	1,240	10,769
Other, adjustment (Corporate)	1,343	-1,260	-2,603	53	-2,657

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

	All operations		
	FY2016	FY2017	Variance
Profit before tax	53,911	63,416	9,504
Adjustments	-714	169	884
Finance income	7,060	799	-6,261
Finance costs	-521	-523	-2
Share of loss of associates	7	-13	-19
Foreign exchange (gain)/loss	-4,899	416	5,316
Impairment losses	-90	-47	43
Others	-2,271	-463	1,808
Profit from ordinary operating activities	54,626	63,246	8,621

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

	Life Care			Information Technology			Other, adjustment (Corporate)		
	FY2016	FY2017	Variance	FY2016	FY2017	Variance	FY2016	FY2017	Variance
Profit before tax	28,484	28,583	99	24,084	36,092	12,009	1,343	-1,260	-2,603
Adjustments	-1,015	-873	142	-2,905	289	3,193	3,205	754	-2,451
Finance income	196	142	-54	139	173	33	6,725	484	-6,240
Finance costs	-233	-356	-122	-116	-135	-19	-171	-33	139
Share of loss of associates	6	13	7	1	0	-1	0	-26	-26
Foreign exchange (gain)/loss	-161	43	204	-1,253	303	1,557	-3,485	70	3,555
Impairment losses	-90	-47	43	-	-	-	-	-	-
Others	-733	-669	64	-1,675	-53	1,622	137	259	122
Profit from ordinary operating activities	29,499	29,457	-43	26,988	35,804	8,815	-1,862	-2,014	-152