

Quarterly Report

2nd Quarter : 3 months ended September 30, 2018
Interim (1st Half) : 6 months ended September 30, 2018

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

Part .1

2nd Quarter : from April 1 to September 30, 2018 <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, 2017 and 2018 (All operations *Notes)

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

	Three months ended		Variance
	Sep. 30, 2017	Sep. 30, 2018	(%)
(1)Revenue and Profit before tax			
Revenue	135,772	142,018	4.6
Profit before tax	32,868	38,405	16.8
Ratio of profit before tax(%)	24.2%	27.0%	
Profit for the quarter	26,767	31,231	16.7
Ratio of profit for the quarter(%)	19.7%	22.0%	
Profit attributable to owners of the Company	27,166	31,333	15.3
Ratio of profit attributable to owners of the Company(%)	20.0%	22.1%	
Basic earnings per share (yen)	70.11	82.53	
Diluted earnings per share (yen)	69.92	82.37	
(2)Financial Position	As of		
	Jun. 30, 2018	Sep. 30, 2018	
Total assets	662,134	717,197	
Total equity	547,296	591,800	
Equity attributable to owners of the Company	542,847	587,057	
Ratio of assets attributable to owners of the Company	82.0%	81.9%	
Assets attributable to owners of the Company per share (yen)	1,430.21	1,546.13	
(3) Conditions of Cash Flows	Three months ended		
	Sep. 30, 2017	Sep. 30, 2018	
Net cash generated from operating activities	39,675	40,062	
Net cash used in investing activities	-60,869	-19,616	
Free cash flow	-21,194	20,447	
Net cash provided by (used in) financing activities	-53,890	331	
Cash and cash equivalents at end of period	231,570	252,294	

2.Dividends per Share

	Year ended/ending	
	Mar.31,2018	Mar.31,2019
Interim (Yen)	30.00	45.00
Year-end (Yen)	45.00	N/A
Annual (Yen)	75.00	N/A

3.Other

	Three months ended	
	Sep. 30, 2017	Sep. 30, 2018
Capital expenditure	5,450	7,292
R&D expenses	5,947	6,595

Notes:

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

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

2. Results of Operations

1) General Overview

The performance of the global economy during the second quarter of the consolidated fiscal year under review (three months ended September 30, 2018) varied sharply country to country. While the economy of the U.S. continued to expand, the economies of Europe and China slowed. Likewise, the economy of Japan continues to decelerate. However, fears about the global economy are rising as the protectionist stance of the United States provokes economic friction with other countries around the world.

Given this environment, sales of eyeglass lenses and contact lenses in health care related products in the Life Care segment rose year on year, as did sales of endoscopes within our medical related products domain. The combined performance of these products drove HOYA Group ("the Company") Life Care segment sales higher for the period.

The Information Technology segment reported higher sales of electronics-related semiconductor mask blanks, LCD photomasks and glass substrates for hard disk drives compared with the same period in the prior fiscal year. Imaging-related product sales fell year on year. 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 4.6% year on year, reaching 142,018 million yen.

Quarterly profit before tax amounted to 38,405 million yen with 31,231 million yen in profit, representing year-on-year increases of 16.8% and 16.7%, respectively. Profit before tax ratio was 27.0%, representing a year-on-year increase of 2.8 points.

Disclosed figures and change ratios are for businesses with continuing operations. There were no discontinued businesses in the second quarter or in the same quarter of the previous year.

2) Segment Overview

The following discusses results by reportable segment. (Segment sales represent sales to external customers.)

Life Care

<Health care related products>

While eyeglass lens sales fell in Japan due to the impact of typhoons and earthquakes, performance was strong in the Americas. Adding the positive impact of our purchase of Performance Optics, LLC and other factors, eyeglass lens reported higher sales year on year.

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>

Endoscope sales were higher year on year, supported by strong performance in the U.S. and Europe in response to measures to strengthen our sales systems.

Sales of intraocular lenses for cataracts were lower year on year. In Europe, our highly competitive Vivinex product drove sales higher, while sales were lower in Asia Pacific due to inventory level optimization at sales agents in the region.

As a result, sales for the Life Care segment grew 4.3% year on year, reaching 91,887 million yen. Segment profit rose 16.9% year on year to 16,955 million yen.

Information Technology

<Electronics related products>

Sales of mask blanks for semiconductors rose, owing to active development demand for the next-generation technology of extreme ultraviolet lithography (EUV), as well as strong demand for cutting-edge products.

Sales revenues of photomasks for LCDs rose on the back of recovering research and development demand for LCDs in smartphones and other products, as well as our capture of demand for high-end products.

While our 2.5-inch products make up the majority of sales in this area, falling prices for NAND flash memory led to greater erosion by solid state drives, resulting lower 2.5-inch products sales. Sales revenues of 3.5-inch products grew significantly, adopted for use in data centers, which are the end users of these products. As a result of these and other factors, glass substrates for hard disk drives reported higher sales year.

<Imaging related products>

While contraction of the digital camera market slowed last fiscal year, contraction began again due to the encroachment of smartphones, also affecting our sales. The impact of production adjustments in China led to lower sales of our products for use in surveillance cameras. As a result of these and other factors, our overall Imaging related Products reported lower sales year on year.

As a result, Information Technology segment sales revenues rose 4.6% year on year, reaching 48,974 million yen. Segment profit rose 11.6% year on year to 21,672 million yen.

Other

The HOYA Group Other business segment consists of new businesses and businesses offering information systems services. The Other segment reported sales revenues of 1,156 million yen, an increase of 29.2% year on year. Segment profit rose by a significant margin, reaching 140 million yen.

Subsequent events

Definitive agreement to acquire two medical device companies

The Company has entered into a definitive agreement to acquire two medical device companies: US-based Mid Labs and Germany-based Fritz Ruck. This acquisition will help to broaden HOYA Surgical Optics' product portfolio and accelerate the growth of IOL sales. The consideration for the acquisition is about 19.2 billion yen and the acquisition date will be by the end of the year ending March 31, 2019. The impact of the consolidated results for the year ending March 31, 2019, is immaterial.

Resolution on cash dividends

On October 31, 2018, a resolution was made by the Company's board of directors for the payment of a cash dividend to shareholders of record on September 30, 2018 of 17,086 million yen (45 yen per common share).

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Statement of Financial Position

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Jun. 30, 2018		As of Sep. 30, 2018		Variance		As of Sep. 30, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment-net	105,543		109,454		3,911		111,580	
Goodwill	32,916		33,816		899		37,245	
Intangible assets	36,307		37,155		848		43,099	
Investments in associates	1,462		1,450		-12		1,520	
Long-term financial assets	42,662		43,543		881		7,467	
Other non-current assets	2,329		2,363		34		2,596	
Deferred tax assets	9,241		10,061		820		10,353	
Total non-current assets	230,461	34.8	237,841	33.2	7,380	3.2	213,859	32.3
CURRENT ASSETS								
Inventories	72,875		75,826		2,951		74,364	
Trade and other receivables	108,872		111,248		2,376		108,342	
Other short-term financial assets	4,895		16,462		11,567		17,244	
Income tax receivables	923		802		-120		476	
Other current assets	17,901		22,723		4,822		16,461	
Cash and cash equivalents	226,208		252,294		26,086		231,570	
Total current assets	431,674	65.2	479,356	66.8	47,682	11.0	448,456	67.7
Total assets	662,134	100.0	717,197	100.0	55,062	8.3	662,314	100.0

(Millions of Yen)

	As of Jun. 30, 2018		As of Sep. 30, 2018		Variance		As of Sep. 30, 2017	
	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	-10,635		-9,860		775		-24,615	
Other capital reserves	-6,702		-7,008		-307		-5,520	
Retained earnings	541,240		572,575		31,335		541,188	
Accumulated other comprehensive income/(loss)	-3,219		9,188		12,407		6,799	
Equity attributable to owners of the Company	542,847	82.0	587,057	81.9	44,210	8.1	540,015	81.5
Non-controlling interests	4,449		4,743		294		4,501	
Total equity	547,296	82.7	591,800	82.5	44,504	8.1	544,517	82.2
LIABILITIES								
NON-CURRENT LIABILITIES								
Interest-bearing long-term debt	473		527		53		494	
Other long-term financial liabilities	6,939		6,884		-55		7,036	
Retirement benefits liabilities	2,227		2,484		257		2,402	
Provisions	2,437		2,459		22		2,432	
Other non-current liabilities	972		1,008		36		840	
Deferred tax liabilities	2,749		2,652		-97		4,715	
Total non-current liabilities	15,796	2.4	16,012	2.2	216	1.4	17,918	2.7
CURRENT LIABILITIES								
Interest-bearing short-term debt	1,876		1,906		30		1,945	
Trade and other payables	46,736		47,530		794		44,098	
Other short-term financial liabilities	703		639		-64		425	
Income tax payables	6,719		12,624		5,905		11,355	
Provisions	1,286		1,336		50		1,352	
Other current liabilities	41,722		45,349		3,627		40,705	
Total current liabilities	99,042	15.0	109,384	15.3	10,342	10.4	99,880	15.1
Total liabilities	114,838	17.3	125,396	17.5	10,558	9.2	117,798	17.8
Total equity and liabilities	662,134	100.0	717,197	100.0	55,062	8.3	662,314	100.0
Total number of issued shares in thousand	379,559		379,695		137		385,316	
Equity attributable to owner of the Company per share	1,430.21 Yen		1,546.13 Yen		115.92 Yen		1,401.49 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. 30,2017	Sep. 30,2018		Jun. 30,2018
Cash flows from operating activities				
Profit before tax	32,868	38,405	5,537	35,220
Depreciation and amortization	7,079	6,319	-760	6,845
Impairment losses	47	—	-47	—
Finance income	-340	-680	-339	-482
Finance costs	263	88	-175	82
Share of (profits)/loss of associates	19	8	-11	-1
(Gain)/loss on sales of property, plant and equipment	-12	-56	-45	-81
Loss on disposal of property, plant and equipment	41	252	211	71
Gain on business transfer	—	—	—	-3
Foreign exchange (gain)/loss	198	749	551	-137
Others	5,027	2,650	-2,377	-2,648
Net cash generated from operating activities (Before adjustment of movements in working capital)	45,189	47,734	2,545	38,866
Movements in working capital				
Decrease/(increase) in inventories	446	-1,414	-1,859	-1,591
Decrease/(increase) in trade and other receivables	-4,019	-398	3,621	-1,620
Increase/(decrease) in trade and other payables	1,628	1,099	-529	-61
Increase/(decrease) in retirement benefits liabilities and provisions	-72	180	253	101
Sub total	43,172	47,203	4,030	35,696
Interests received	348	526	178	361
Dividends received	1	1	-0	8
Interests paid	-389	-2	387	-5
Income taxes paid	-3,457	-7,771	-4,313	-10,631
Income taxes refunded	—	106	106	353
Net cash generated from operating activities	39,675	40,062	387	25,781
Cash flows from investing activities				
Withdrawals of time deposit	8	587	579	4,299
Payments for time deposit	-1,008	-11,669	-10,661	-4,254
Proceeds from sales of property, plant and equipment	121	143	22	907
Payments for acquisition of property, plant and equipment	-5,735	-7,834	-2,099	-5,733
Proceeds from sales of investment	—	5	5	—
Payments for acquisition of investment	—	-221	-221	-27,000
Proceeds from sales of subsidiaries	—	260	260	—
Payments for acquisition of subsidiaries	-53,911	-458	53,452	—
Payments to non-controlling interests upon merger	-2	—	2	-56
Proceeds from business transfer	—	—	—	4
Payments for business transfer	-110	—	110	-89
Other proceeds	246	107	-139	123
Other payments	-479	-534	-55	-368
Net cash used in investing activities	-60,869	-19,616	41,253	-32,169
Cash flows from financing activities				
Dividends paid to owners of the Company	-12	-51	-39	-17,012
Dividends paid to non-controlling interests	-34	-30	4	—
Repayments of long-term borrowings	-67	-68	-1	-64
Payments for redemption of bonds	-35,000	—	35,000	-14
Payments for purchase of treasury shares	-19,094	—	19,094	-1
Proceeds from exercise of stock options	465	413	-52	152
Proceeds from share issuance to non-controlling shareholders	—	67	67	—
Payments for purchase of non-controlling interests	-148	—	148	—
Net cash used in financing activities	-53,890	331	54,221	-16,938
Net increase/(decrease) in cash and cash equivalents	-75,084	20,777	95,861	-23,326
Cash and cash equivalents at the beginning of the term	304,183	226,208	-77,976	245,835
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	2,470	5,309	2,839	3,698
Cash and cash equivalents at the end of the term	231,570	252,294	20,724	226,208

(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, 2017		Sep. 30, 2018				Jun. 30, 2018	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
All operations								
Revenue:								
Sales	135,772	100.0	142,018	100.0	6,246	4.6	138,891	100.0
Finance income	340	0.3	680	0.5	339	99.6	482	0.3
Share of profit of associates	—	—	—	—	—	—	1	0.0
Other income	306	0.2	1,098	0.8	791	258.4	504	0.4
Total Revenue	136,419	100.5	143,795	101.3	7,376	5.4	139,878	100.7
Expenses:								
Changes in inventories of goods, products and work in progress	282	0.2	-1,533	-1.1	-1,815	—	-461	-0.3
Raw materials and consumables used	21,134	15.6	23,310	16.4	2,175	10.3	22,238	16.0
Employee benefits expense	31,758	23.4	32,950	23.2	1,192	3.8	32,561	23.4
Depreciation and amortization	7,079	5.2	6,319	4.4	-760	-10.7	6,845	4.9
Subcontracting cost	1,234	0.9	1,326	0.9	92	7.4	1,299	0.9
Advertising and promotion expense	3,530	2.6	3,118	2.2	-412	-11.7	3,207	2.3
Commission expense	8,331	6.1	8,760	6.2	429	5.1	8,367	6.0
Impairment losses	47	0.0	—	—	-47	—	—	—
Finance costs	263	0.2	88	0.1	-175	-66.6	82	0.1
Share of loss of associates	19	0.0	8	0.0	-11	-60.5	—	—
Foreign exchange (gain)/loss	-52	-0.0	849	0.6	901	—	454	0.3
Other expenses	29,925	22.0	30,196	21.3	271	0.9	30,065	21.6
Total expense	103,551	76.3	105,391	74.2	1,839	1.8	104,658	75.4
Profit before tax	32,868	24.2	38,405	27.0	5,537	16.8	35,220	25.4
Income tax expense	6,100	4.5	7,174	5.1	1,074	17.6	6,730	4.8
Profit for the term from all operations	26,767	19.7	31,231	22.0	4,463	16.7	28,490	20.5
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss								
Assets measured at fair value through other comprehensive income	—		716		716	—	34	
Remeasurements of the net defined benefit liability(asset)	—		—		—	—	-4	
Income tax relating to components of other comprehensive income	—		-221		-221	—	-12	
Total Items that will not be reclassified subsequently to profit or loss	—		495		495	—	18	
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	27		—		-27	—	—	
Exchange differences on translation of foreign operations	7,812		11,926		4,115	52.7	5,104	
Share of other comprehensive income of associates	15		-5		-20	—	-15	
Income tax relating to components of other comprehensive income	-0		150		150	—	-109	
Total Items that may be reclassified subsequently to profit or loss	7,853		12,071		4,218	53.7	4,980	
Total other comprehensive income/(loss)	7,853		12,567		4,713	60.0	4,998	
Total comprehensive income for the quarter	34,621		43,797		9,176	26.5	33,488	
Profit attributable to :								
Owners of the Company	27,166	20.0	31,333	22.1	4,167	15.3	28,506	20.5
Non-controlling interests	-398	-0.3	-102	-0.1	297	-74.4	-16	-0.0
Total	26,767	19.7	31,231	22.0	4,463	16.7	28,490	20.5
Total comprehensive income/(loss) attributable to :								
Owners of the Company	34,831		43,742		8,911	25.6	33,523	
Non-controlling interests	-210		55		266	—	-35	
Total	34,621		43,797		9,176	26.5	33,488	0.0
Basic earnings/(loss) per share (yen)								
Continuing operations	70.11		82.53		12.42		75.11	
Discontinued operations	—		—		—		—	
Basic earnings per share (yen)	70.11		82.53		12.42	¥	75.11	¥
Diluted earnings/(loss) per share (yen)								
Continuing operations	69.92		82.37		12.45		74.96	
Discontinued operations	—		—		—		—	
Diluted earnings per share (yen)	69.92		82.37		12.45	¥	74.96	¥

Notes:

- Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 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)

	2018 B	2018 A	Influences	Real change	(%)
Sales	142,707	142,018	-689	6,935	5.1%
Profit before tax	38,037	38,405	368	5,169	15.7%
Profit for the quarter	30,878	31,231	352	4,111	15.4%

- Average rates of major foreign currencies

		For the three months ended		
		Sep. 30, 2017	Sep. 30, 2018	Variance(%)
US\$	Yen	111.17	111.88	-0.6%
Euro	Yen	131.28	130.54	0.6%
Thai Baht	Yen	3.34	3.40	-1.8%

(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, Lens 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, 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	—
Total	88,063	46,875	1,294	136,232	-460	135,772
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%

For the three months ended Sep. 30, 2018	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	91,887	48,974	1,156	142,018	—	142,018
Inter-segment	1	6	363	370	-370	—
Total	91,888	48,981	1,519	142,388	-370	142,018
Segment profit before tax	16,955	21,672	140	38,767	-363	38,405
Segment profit before tax ratio	18.5%	44.2%	9.2%	27.2%	—	27.0%
Ref: Profit from ordinary operating activities	18,691	20,938	149	39,777	-1,562	38,216
% of revenue	20.3%	42.7%	9.8%	27.9%	—	26.9%

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	3,825	2,159	261	6,246	—	6,246
Variance	4.3%	4.6%	29.2%	4.6%	—	4.6%
Inter-segment	-0	-54	-36	-90	90	—
Total	3,825	2,105	226	6,156	90	6,246
Segment profit before tax	2,453	2,248	140	4,841	696	5,537
Variance	16.9%	11.6%	17833.8%	14.3%	—	16.8%
Profit from ordinary operating activities	3,295	1,708	130	5,133	-415	4,718
Variance	21.4%	8.9%	707.6%	14.8%	36.2%	14.1%

Note: Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 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)

	2018B	2018A	Influences	Real change	(%)
Life Care					
Revenue from external customers	92,715	91,887	-827	4,652	5.3%
Profit from ordinary operating activities	18,636	18,691	55	3,239	21.0%
Segment profit before tax	16,668	16,955	286	2,167	14.9%
Information Technology					
Revenue from external customers	48,834	48,974	141	2,019	4.3%
Profit from ordinary operating activities	20,861	20,938	76	1,632	8.5%
Segment profit before tax	21,592	21,672	80	2,168	11.2%

Ref : Results of the previous quarter are as follows:

For the three months ended Jun.30, 2018	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	91,302	46,567	1,022	138,891	—	138,891
Inter-segment	1	33	352	386	-386	—
Total	91,302	46,601	1,375	139,278	-386	138,891
Segment profit before tax	17,409	19,047	72	36,529	-1,308	35,220
Segment profit before tax ratio	19.1%	40.9%	5.2%	26.2%	—	25.4%
Ref: Profit from ordinary operating activities	17,840	18,784	33	36,658	-1,335	35,323
% of revenue	19.5%	40.3%	2.4%	26.3%	—	25.4%

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)

Revenue from external customers					(millions of Yen)							
					For the three months ended				Variance		For the three months ended	
					Sep. 30,2017		Sep. 30,2018				Jun. 30,2018	
					Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

Revenue from all operations

Life Care	88,062	64.9	91,887	64.7	3,825	4.3	91,302	65.7
Health care related products	67,096	[76.2]	70,636	[76.9]	3,540	5.3	69,630	[76.3]
Medical related products	20,967	[23.8]	21,251	[23.1]	285	1.4	21,671	[23.7]
Information Technology	46,815	34.5	48,974	34.5	2,159	4.6	46,567	33.5
Electronics related products	35,209	[75.2]	38,065	[77.7]	2,856	8.1	35,431	[76.1]
Imaging related products	11,606	[24.8]	10,909	[22.3]	-697	-6.0	11,136	[23.9]
Other	895	0.7	1,156	0.8	261	29.2	1,022	0.7
Corporate (including R&D)	0	—	0	—	0	—	—	—
Total revenue from all operations	135,772	100.0	142,018	100.0	6,246	4.6	138,891	100.0

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

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 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)

	2018B	2018A	Influences	Real change	(%)
Life Care	92,715	91,887	-827	4,652	5.3%
Health care related products	71,369	70,636	-733	4,273	6.4%
Medical related products	21,346	21,251	-95	379	1.8%
Information Technology	48,834	48,974	141	2,019	4.3%
Electronics related products	37,899	38,065	167	2,689	7.6%
Imaging related products	10,935	10,909	-26	-670	-5.8%

3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)			
For the three months ended						Variance		For the three months ended Jun. 30,2018	
Sep. 30,2017		Sep. 30,2018							
Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)		

Revenue from all operations

Total revenue from all operations	135,772	100.0	142,018	100.0	6,246	4.6	138,891	100.0
Japan	39,875	29.4	41,709	29.4	1,835	4.6	39,891	28.7
Americas	22,569	16.6	24,658	17.4	2,089	9.3	24,077	17.3
Europe	26,013	19.2	25,764	18.1	-248	-1.0	26,842	19.3
Asia/Oceania	45,633	33.6	48,071	33.8	2,439	5.3	46,343	33.4
Others	1,684	1.2	1,815	1.3	131	7.8	1,738	1.3

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

<Reference>

Supplementary data for 2nd Quarter: from July 1 to September 30, 2018

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY17-2Q	FY18-2Q	Variance	Foreign exchange	Others
Revenue	135,772	142,018	6,246	-689	6,935
Life Care	88,062	91,887	3,825	-827	4,652
Health care related products	67,096	70,636	3,540	-733	4,273
Medical related products	20,967	21,251	285	-95	379
Information Technology	46,815	48,974	2,159	141	2,019
Electronics related products	35,209	38,065	2,856	167	2,689
Imaging related products	11,606	10,909	-697	-26	-670
Profit from ordinary operating activities	33,498	38,216	4,718	132	4,586
Life Care	15,396	18,691	3,295	55	3,239
Information Technology	19,230	20,938	1,708	76	1,632
Other, adjustment (Corporate)	-1,128	-1,413	-285	0	-285
Profit before tax	32,868	38,405	5,537	368	5,169
Life Care	14,501	16,955	2,453	286	2,167
Information Technology	19,424	21,672	2,248	80	2,168
Other, adjustment (Corporate)	-1,058	-222	835	2	834

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

	All operations		
	FY17-2Q	FY18-2Q	Variance
Profit before tax	32,868	38,405	5,537
Adjustments	-630	189	819
Finance income	340	680	339
Finance costs	-263	-88	175
Share of loss of associates	-19	-8	11
Foreign exchange (gain)/loss	52	-849	-901
Impairment losses	-47	-	47
Others	-693	454	1,147
Profit from ordinary operating activities	33,498	38,216	4,718

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

	Life Care			Information Technology			Other, adjustment (Corporate)		
	FY17-2Q	FY18-2Q	Variance	FY17-2Q	FY18-2Q	Variance	FY17-2Q	FY18-2Q	Variance
Profit before tax	14,501	16,955	2,453	19,424	21,672	2,248	-1,058	-222	835
Adjustments	-895	-1,736	-841	194	734	540	71	1,191	1,120
Finance income	62	153	91	89	158	69	189	368	179
Finance costs	-233	-374	-141	-64	-80	-15	34	365	331
Share of loss of associates	7	10	3	0	6	6	-26	-24	2
Foreign exchange (gain)/loss	-46	-882	-836	189	-260	-449	-91	293	383
Impairment losses	-47	-	47	-	-	-	-	-	-
Others	-638	-643	-6	-19	909	928	-36	188	225
Profit from ordinary operating activities	15,396	18,691	3,295	19,230	20,938	1,708	-1,128	-1,413	-285

1. Interim Consolidated Financial Highlights

HOYA CORPORATION and Consolidated Subsidiaries

1. Performance for the six months ended September 30, 2017 and 2018 (All operations *Notes)

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

	Six months ended		Variance
	Sep. 30,2017	Sep. 30,2018	(%)
(1)Revenue and Profit before tax			
Revenue	262,930	280,909	6.8
Profit before tax	63,416	73,625	16.1
Ratio of profit before tax(%)	24.1%	26.2%	
Profit for the term	51,960	59,720	14.9
Ratio of profit for the term(%)	19.8%	21.3%	
Profit attributable to owners of the Company	52,285	59,838	14.4
Ratio of profit attributable to owners of the Company(%)	19.9%	21.3%	
Basic earnings per share (yen)	134.81	157.64	
Diluted earnings per share (yen)	134.47	157.32	
	As of		
(2)Financial Position	Mar.31,2018	Sep. 30,2018	
Total assets	650,645	717,197	
Total equity	530,677	591,800	
Equity attributable to owners of the Company	526,193	587,057	
Ratio of assets attributable to owners of the Company	80.9%	81.9%	
Assets attributable to owners of the Company per share (yen)	1,386.49	1,546.13	
	Six months ended		
(3) Conditions of Cash Flows	Sep. 30,2017	Sep. 30,2018	
Net cash generated from operating activities	64,495	65,844	
Net cash used in investing activities	-65,402	-51,784	
Free cash flow	-907	14,059	
Net cash provided by (used in) financing activities	-70,974	-16,608	
Cash and cash equivalents at end of period	231,570	252,294	

2.Dividends per Share

	Year ended/ending	
	Mar.31,2018	Mar.31,2019
Interim (Yen)	30.00	45.00
Year-end (Yen)	45.00	N/A
Annual (Yen)	75.00	N/A

3.Other

	Six months ended	
	Sep. 30,2017	Sep. 30,2018
Capital expenditure	9,859	13,520
R&D expenses	11,410	13,246

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, 2018		As of Sep. 30, 2018		Variance		As of Sep. 30, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment-net	105,493		109,454		3,961		111,580	
Goodwill	31,892		33,816		1,923		37,245	
Intangible assets	36,863		37,155		292		43,099	
Investments in associates	1,476		1,450		-26		1,520	
Long-term financial assets	15,595		43,543		27,948		7,467	
Other non-current assets	2,302		2,363		61		2,596	
Deferred tax assets	10,834		10,061		-773		10,353	
Total non-current assets	204,455	31.4	237,841	33.2	33,386	16.3	213,859	32.3
CURRENT ASSETS								
Inventories	71,341		75,826		4,485		74,364	
Trade and other receivables	107,632		111,248		3,617		108,342	
Other short-term financial assets	4,955		16,462		11,507		17,244	
Income tax receivables	1,228		802		-426		476	
Other current assets	15,198		22,723		7,525		16,461	
Cash and cash equivalents	245,835		252,294		6,459		231,570	
Total current assets	446,190	68.6	479,356	66.8	33,166	7.4	448,456	67.7
Total assets	650,645	100.0	717,197	100.0	66,552	10.2	662,314	100.0

(Millions of Yen)

	As of Mar. 31, 2018		As of Sep. 30, 2018		Variance		As of Sep. 30, 2017	
	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	-10,886		-9,860		1,026		-24,615	
Other capital reserves	-6,660		-7,008		-348		-5,520	
Retained earnings	529,818		572,575		42,757		541,188	
Accumulated other comprehensive income/(loss)	-8,242		9,188		17,430		6,799	
Equity attributable to owners of the Company	526,193	80.9	587,057	81.9	60,864	11.6	540,015	81.5
Non-controlling interests	4,484		4,743		259		4,501	
Total equity	530,677	81.6	591,800	82.5	61,123	11.5	544,517	82.2
LIABILITIES								
NON-CURRENT LIABILITIES								
Interest-bearing long-term debt	451		527		76		494	
Other long-term financial liabilities	6,983		6,884		-100		7,036	
Retirement benefits liabilities	2,127		2,484		356		2,402	
Provisions	2,398		2,459		60		2,432	
Other non-current liabilities	956		1,008		52		840	
Deferred tax liabilities	2,774		2,652		-123		4,715	
Total non-current liabilities	15,690	2.4	16,012	2.2	322	2.1	17,918	2.7
CURRENT LIABILITIES								
Interest-bearing short-term debt	1,901		1,906		5		1,945	
Trade and other payables	46,555		47,530		976		44,098	
Other short-term financial liabilities	643		639		-4		425	
Income tax payables	12,355		12,624		268		11,355	
Provisions	1,280		1,336		55		1,352	
Other current liabilities	41,542		45,349		3,807		40,705	
Total current liabilities	104,277	16.0	109,384	15.3	5,107	4.9	99,880	15.1
Total liabilities	119,967	18.4	125,396	17.5	5,429	4.5	117,798	17.8
Total equity and liabilities	650,645	100.0	717,197	100.0	66,552	10.2	662,314	100.0
Total number of issued shares in thousand	379,514		379,695		181		385,316	
Equity attributable to owner of the Company per share	1,386.49 Yen		1,546.13 Yen		159.64 Yen		1,401.49 Yen	

(2) Interim Consolidated Statement of Cash Flows

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the six months ended		Variance	For the year ended Mar. 31, 2018
	Sep. 30, 2017	Sep. 30, 2018		
Cash flows from operating activities				
Profit before tax	63,416	73,625	10,209	124,248
Depreciation and amortization	14,397	13,164	-1,234	28,711
Impairment losses	47	—	-47	5,798
Finance income	-799	-1,161	-362	-1,562
Finance costs	523	170	-353	771
Share of (profits)/loss of associates	13	7	-6	44
(Gain)/loss on sales of property, plant and equipment	-34	-137	-103	-438
Loss on disposal of property, plant and equipment	55	324	269	432
Gain on business transfer	—	-3	-3	—
Foreign exchange (gain)/loss	-304	611	916	-1,447
Others	1,063	3	-1,060	4,631
Net cash generated from operating activities (Before adjustment of movements in working capital)	78,376	86,600	8,225	161,189
Movements in working capital				
Decrease/(increase) in inventories	745	-3,005	-3,750	1,763
Decrease/(increase) in trade and other receivables	-3,961	-2,017	1,943	-6,562
Increase/(decrease) in trade and other payables	1,061	1,039	-23	4,052
Increase/(decrease) in retirement benefits liabilities and provisions	-58	282	340	-234
Sub total	76,164	82,898	6,735	160,209
Interests received	766	888	122	1,499
Dividends received	8	9	1	8
Interests paid	-414	-7	406	-456
Income taxes paid	-12,458	-18,402	-5,944	-26,425
Income taxes refunded	429	458	29	664
Net cash generated from operating activities	64,495	65,844	1,349	135,499
Cash flows from investing activities				
Withdrawals of time deposit	5,015	4,886	-129	11,025
Payments for time deposit	-4,745	-15,924	-11,178	-6,186
Proceeds from sales of property, plant and equipment	152	1,050	898	559
Payments for acquisition of property, plant and equipment	-9,677	-13,566	-3,889	-17,974
Proceeds from sales of investment	—	5	5	959
Payments for acquisition of investment	-1,333	-27,221	-25,888	-1,333
Proceeds from sales of subsidiaries	—	260	260	5
Payments for acquisition of subsidiaries	-53,966	-515	53,451	-54,018
Payments to non-controlling interests upon merger	-2	—	2	-2
Proceeds from business transfer	—	4	4	—
Payments for business transfer	-251	-89	161	-251
Other proceeds	316	230	-86	759
Other payments	-910	-902	8	-2,076
Net cash used in investing activities	-65,402	-51,784	13,617	-68,533
Cash flows from financing activities				
Dividends paid to owners of the Company	-17,479	-17,063	416	-29,042
Dividends paid to non-controlling interests	-34	-30	4	-34
Repayments of long-term borrowings	-140	-133	8	-339
Payments for redemption of bonds	-35,011	-14	34,997	-35,021
Payments for purchase of treasury shares	-19,094	-1	19,093	-55,034
Proceeds from exercise of stock options	932	566	-366	2,240
Proceeds from share issuance to non-controlling shareholders	—	67	67	45
Payments for purchase of non-controlling interests	-148	—	148	-148
Net cash used in financing activities	-70,974	-16,608	54,367	-117,333
Net increase/(decrease) in cash and cash equivalents	-71,881	-2,548	69,333	-50,367
Cash and cash equivalents at the beginning of the term	296,851	245,835	-51,016	296,851
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	6,600	9,007	2,407	-649
Cash and cash equivalents at the end of the term	231,570	252,294	20,724	245,835

(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. 30,2017		Sep. 30,2018				Mar. 31,2018	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
All operations								
Revenue:								
Sales	262,930	100.0	280,909	100.0	17,979	6.8	535,612	100.0
Finance income	799	0.3	1,161	0.4	362	45.3	1,562	0.3
Other income	993	0.4	1,601	0.6	609	61.3	3,999	0.7
Total Revenue	264,722	100.7	283,672	101.0	18,950	7.2	541,173	101.0
Expenses:								
Changes in inventories of goods, products and work in progress	-164	-0.1	-1,994	-0.7	-1,830	1,115.0	534	0.1
Raw materials and consumables used	41,470	15.8	45,548	16.2	4,079	9.8	83,924	15.7
Employee benefits expense	61,966	23.6	65,511	23.3	3,545	5.7	127,820	23.9
Depreciation and amortization	14,397	5.5	13,164	4.7	-1,234	-8.6	28,711	5.4
Subcontracting cost	2,374	0.9	2,625	0.9	251	10.6	4,919	0.9
Advertising and promotion expense	7,089	2.7	6,325	2.3	-764	-10.8	13,085	2.4
Commission expense	16,164	6.1	17,127	6.1	963	6.0	32,506	6.1
Impairment losses	47	0.0	—	—	-47	—	5,798	1.1
Finance costs	523	0.2	170	0.1	-353	-67.5	771	0.1
Share of loss of associates	13	0.0	7	0.0	-6	-49.3	44	0.0
Foreign exchange (gain)/loss	-416	-0.2	1,303	0.5	1,720	—	268	0.0
Other expenses	57,845	22.0	60,261	21.5	2,417	4.2	118,543	22.1
Total Expenses	201,307	76.6	210,048	74.8	8,741	4.3	416,925	77.8
Profit before tax	63,416	24.1	73,625	26.2	10,209	16.1	124,248	23.2
Income tax expense	11,455	4.4	13,904	4.9	2,449	21.4	25,026	4.7
Profit for the term from all operations	51,960	19.8	59,720	21.3	7,760	14.9	99,222	18.5
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss								
Assets measured at fair value through other comprehensive income	—		750		750	—	—	
Remeasurements of the net defined benefit liability(asset)	—		-4		-4	—	88	
Income tax relating to components of other comprehensive income	-0		-233		-233	—	10	
Total Items that will not be reclassified subsequently to profit or loss	-0		513		513	—	98	
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	97		—		-97	—	423	
Exchange differences on translation of foreign operations	12,665		17,030		4,365	34.5	-2,712	
Share of other comprehensive income of associates	4		-20		-23	—	-9	
Income tax relating to components of other comprehensive income	-20		41		61	—	-112	
Total Items that may be reclassified subsequently to profit or loss	12,746		17,052		4,306	33.8	-2,410	
Total other comprehensive income/(loss)	12,745		17,565		4,819	37.8	-2,312	
Total comprehensive income for the quarter	64,706		77,285		12,579	19.4	96,910	
Profit attributable to :								
Owners of the Company	52,285	19.9	59,838	21.3	7,553	14.4	99,494	18.6
Non-controlling interests	-325	-0.1	-118	-0.0	207	-63.7	-272	-0.1
Total	51,960	19.8	59,720	21.3	7,760	14.9	99,222	18.5
Total comprehensive income/(loss) attributable to :								
Owners of the Company	64,566		77,265		12,699	19.7	96,833	
Non-controlling interests	140		20		-119	-85.5	77	
Total	64,706		77,285		12,579	19.4	96,910	
Basic earnings/(loss) per share (yen)								
Continuing operations	134.81		157.64		22.83		258.46	
Discontinued operations	—		—		—		—	
Basic earnings per share (yen)	134.81		157.64		22.83		258.46	
Diluted earnings/(loss) per share (yen)								
Continuing operations	134.47		157.32		22.85		257.88	
Discontinued operations	—		—		—		—	
Diluted earnings per share (yen)	134.47		157.32		22.85		257.88	

Notes:

- Effect of exchange rate change on net sales and incomes ("2018 A" is the actual value of this period. "2018 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)

	2018 B	2018 A	Influences	Real change	(%)
Sales	281,567	280,909	-657	18,636	7.1%
Profit before tax	72,919	73,625	705	9,504	15.0%
Profit for the term	59,069	59,720	651	7,109	13.7%

For the six months ended				
	Sep. 30,2017	Sep. 30,2018	Variance(%)	
2. Average rates of major foreign currencies				
US\$	Yen 111.29	110.71	0.5%	
Euro	Yen 127.77	129.78	-1.6%	
Thai Baht	Yen 3.30	3.40	-3.0%	

(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, Lens modules, Laser equipment, etc.
Other		Design of information systems, Speech synthesis software, etc.

1. Segment revenues and results

(Millions of Yen)

For the six months ended Sep. 30, 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	—
Total	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%
Ref: 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%

For the six months ended Sep. 30, 2018	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	183,189	95,542	2,178	280,909	—	280,909
Inter-segment	1	40	715	756	-756	—
Total	183,191	95,581	2,894	281,666	-756	280,909
Segment profit before tax	34,364	40,719	212	75,296	-1,671	73,625
Segment profit before tax ratio	18.8%	42.6%	7.3%	26.7%	—	26.2%
Profit from ordinary operating activities	36,531	39,722	182	76,435	-2,896	73,539
% of revenue	19.9%	41.6%	6.3%	27.1%	—	26.2%

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
Variance						
Revenue from external customers	12,313	5,176	490	17,979	-0	17,979
Variance	7.2%	5.7%	29.0%	6.8%	—	6.8%
Inter-segment	-0	-59	-98	-158	158	—
Total	12,313	5,117	391	17,821	158	17,979
Segment profit before tax	5,781	4,627	26	10,434	-225	10,209
Variance	20.2%	12.8%	13.7%	16.1%	—	16.1%
Profit from ordinary operating activities	7,075	3,918	-16	10,977	-684	10,292
Variance	24.0%	10.9%	-8.1%	16.8%	30.9%	16.3%

Note: Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 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)

	2018B	2018A	Influences	Real change	(%)
Life Care					
Revenue from external customers	183,680	183,189	-491	12,804	7.5%
Profit from ordinary operating activities	36,228	36,531	303	6,771	23.0%
Segment profit before tax	33,658	34,364	706	5,075	17.8%
Information Technology					
Revenue from external customers	95,708	95,542	-166	5,342	5.9%
Profit from ordinary operating activities	39,707	39,722	14	3,904	10.9%
Segment profit before tax	40,708	40,719	11	4,616	12.8%

2. Revenue from major products and services

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)					
						For the six months ended		Variance		For the year ended	
						Sep. 30,2017				Sep. 30,2018	
						Amount	(%)	Amount	(%)	Amount	(%)

Revenue from all operations

Life Care	170,876	65.0	183,189	65.2	12,313	7.2	352,872	65.9
Health care related products	129,173	[75.6]	140,266	[76.6]	11,094	8.6	265,645	[75.3]
Medical related products	41,703	[24.4]	42,923	[23.4]	1,220	2.9	87,228	[24.7]
Information Technology	90,366	34.4	95,542	34.0	5,176	5.7	178,480	33.3
Electronics related products	68,726	[76.1]	73,496	[76.9]	4,770	6.9	134,878	[75.6]
Imaging related products	21,639	[23.9]	22,046	[23.1]	406	1.9	43,602	[24.4]
Other	1,689	0.6	2,178	0.8	490	29.0	4,260	0.8
Corporate (including R&D)	0	0.0	-	—	-0	-100.0	0	—
Total revenue from all operations	262,930	100.0	280,909	100.0	17,979	6.8	535,612	100.0

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

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 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)

	2018B	2018A	Influences	Real change	(%)
Life Care	183,680	183,189	-491	12,804	7.5%
Health care related products	140,888	140,266	-621	11,715	9.1%
Medical related products	42,792	42,923	131	1,089	2.6%
Information Technology	95,708	95,542	-166	5,342	5.9%
Electronics related products	73,682	73,496	-186	4,956	7.2%
Imaging related products	22,026	22,046	20	386	1.8%

3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)					
						For the six months ended		Variance		For the year ended	
						Sep. 30, 2017				Sep. 30, 2018	
						Amount	(%)	Amount	(%)	Amount	(%)

Revenue from all operations

Total revenue from all operations	262,930	100.0	280,909	100.0	17,979	6.8	535,612	100.0
Japan	78,438	29.8	81,601	29.0	3,163	4.0	156,164	29.2
Americas	42,822	16.3	48,735	17.3	5,913	13.8	89,764	16.8
Europe	51,208	19.5	52,606	18.7	1,398	2.7	107,843	20.1
Asia/Oceania	87,185	33.2	94,415	33.6	7,230	8.3	174,860	32.6
Others	3,278	1.2	3,553	1.3	275	8.4	6,981	1.3

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

<Reference>

Supplementary data for the Interim Period : from April 1 to September 30, 2018

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY2017	FY2018	Variance	Foreign exchange	Others
Revenue	262,930	280,909	17,979	-657	18,636
Life Care	170,876	183,189	12,313	-491	12,804
Health care related products	129,173	140,266	11,094	-621	11,715
Medical related products	41,703	42,923	1,220	131	1,089
Information Technology	90,366	95,542	5,176	-166	5,342
Electronics related products	68,726	73,496	4,770	-186	4,956
Imaging related products	21,639	22,046	406	20	386
Profit from ordinary operating activities	63,246	73,539	10,292	314	9,979
Life Care	29,457	36,531	7,075	303	6,771
Information Technology	35,804	39,722	3,918	14	3,904
Other, adjustment (Corporate)	-2,014	-2,714	-700	-4	-697
Profit before tax	63,416	73,625	10,209	705	9,504
Life Care	28,583	34,364	5,781	706	5,075
Information Technology	36,092	40,719	4,627	11	4,616
Other, adjustment (Corporate)	-1,260	-1,459	-199	-12	-187

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

	All operations		
	FY2017	FY2018	Variance
Profit before tax	63,416	73,625	10,209
Adjustments	169	86	-83
Finance income	799	1,161	362
Finance costs	-523	-170	353
Share of loss of associates	-13	-7	6
Foreign exchange (gain)/loss	416	-1,303	-1,720
Impairment losses	-47	-	47
Others	-463	404	868
Profit from ordinary operating activities	63,246	73,539	10,292

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

	Life Care			Information Technology			Other, adjustment (Corporate)		
	FY2017	FY2018	Variance	FY2017	FY2018	Variance	FY2017	FY2018	Variance
Profit before tax	28,583	34,364	5,781	36,092	40,719	4,627	-1,260	-1,459	-199
Adjustments	-873	-2,167	-1,294	289	998	709	754	1,256	501
Finance income	142	269	127	173	292	120	484	600	116
Finance costs	-356	-688	-333	-135	-155	-20	-33	673	706
Share of loss of associates	13	18	4	0	9	9	-26	-33	-7
Foreign exchange (gain)/loss	43	-1,070	-1,113	303	-65	-368	70	-168	-238
Impairment losses	-47	-	47	-	-	-	-	-	-
Others	-669	-695	-26	-53	915	968	259	184	-75
Profit from ordinary operating activities	29,457	36,531	7,075	35,804	39,722	3,918	-2,014	-2,714	-700