

# *Quarterly Report*

1st Quarter : 3 months ended June 30, 2013

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

**1st Quarter : from April 1 to June 30, 2013 <IFRS>**

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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 in accordance with accounting principles and practices generally accepted in Japan.
3. HOYA CORPORATION started to disclose its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) from fiscal year ended March 31, 2011, instead of generally accepted accounting principles in Japan (Japanese GAAP).

## **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.



July 31, 2013

## 1. Quarterly Consolidated Financial Highlights

HOYA CORPORATION and Consolidated Subsidiaries

### 1. Performance for the three months ended June 30, 2012 and 2013 (All operations \*Note1)

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

	Three months ended		Variance (%)
	June 30,2012	June 30,2013	
<b>(1) Revenue and Profit before tax</b>			
Revenue	92,615	100,425	8.4
Profit before tax	25,880	20,123	-22.2
Ratio of profit before tax(%)	27.9%	20.0%	
Profit for the quarter	23,234	12,334	-46.9
Ratio of profit for the quarter(%)	25.1%	12.3%	
Profit attributable to owners of the Company	23,215	12,302	-47.0
Ratio of profit attributable to owners of the Company(%)	25.1%	12.2%	
Basic earnings per share (yen)	53.81	28.51	
Diluted earnings per share (yen)	53.79	28.49	
As of			
<b>(2) Financial Position</b>	Mar.31,2013	<b>June 30,2013</b>	
Total assets	618,084	629,500	
Total equity	470,547	480,135	
Equity attributable to owners of the Company	470,733	480,295	
Ratio of assets attributable to owners of the Company	76.2%	76.3%	
Assets attributable to owners of the Company per share (yen)	1,090.93	1113.03	
Three months ended			
<b>(3) Conditions of Cash Flows</b>	June 30,2012	<b>June 30,2013</b>	
Net cash generated from operating activities	19,424	15,578	
Net cash used in investing activities	-19,193	-1,149	
Net cash provided by (used in ) financing activities	-15,219	-14,913	
Cash and cash equivalents at end of period	179,280	259,699	

### 2. Projected Results for the First Half (Six months ending Sep. 30, 2013) for All Operations

	Six months ended/ending		Variance (%)
	Sep.30,2012	Sep.30,2013	
Revenue	185,717	200,000	7.7%
Profit before tax	41,896	34,000	-18.8%
Profit for the term	37,748	23,500	-37.7%
Profit for the term per share (Yen)	87.34	54.46	-32.88

#### Notes:

- "All operations" means here that the figures are including not only "Continuing operations" but also "Discontinued operations".
- Since the first quarter, the HOYA Group has begun disclosing its consolidated financial statements in accordance with the revised IAS 19 (Employee Benefits). Changes to accounting policies associated with the revision of IAS 19 were applied retroactively. Therefore, the quarterly consolidated financial statements for the first quarter of the previous consolidated fiscal year and the previous consolidated fiscal year are the condensed quarterly consolidated financial statements, to which these changes have been applied.

*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 Company started to disclose its consolidated financial statements in accordance with Designated International Financial Reporting Standards (IFRSs), instead of generally accepted accounting principles in Japan (Japanese GAAP), from fiscal year ended March 31, 2011.

During the first quarter of the consolidated fiscal year (from April 1, 2013 to June 30, 2013), the global economy remained uncertain, reflecting the prolonged fiscal problems in Europe, the ongoing civil wars in Middle Eastern countries, and concerns over the downward swing such as the slowdown of the economy in China, while the recovery in the US economy made a positive impression.

The Japanese economy saw a gradual recovery trend, including the correction of the persistent appreciation of the yen and rising share prices against the backdrop of expectations for the new administration's economic policy.

At the HOYA Group, products related to smartphones and tablet PCs remained brisk in the Information Technology segment, while products that had been contributing to the Company's business performance, such as those related to notebook PCs and digital cameras, slowed down significantly in the segment. However, the Life Care segment enjoyed substantial growth thanks to the steady recovery in eyeglass lenses compared with the first quarter of the previous fiscal year, which was affected by the impact of the flooding in Thailand, as well as the business transfer, the strength of the contact lens and endoscope businesses, and the depreciation of the yen.

As a result, the HOYA Group recorded revenue of 100,425 million yen for the quarter under review, up 8.4% year on year.

Profit before taxes stood at 20,123 million yen, and profit for the term was 12,334 million yen, a significant decline of 22.2% and 46.9% year on year, respectively. This was due to the fact that in the first quarter of the previous fiscal year we recorded 11,038 million yen in insurance income as part of the compensation for the fixed assets and lost profit we suffered from the Thai flooding, and 2,269 million yen as a gain on step acquisitions associated with the additional acquisition of shares in Optotal Hoya S.A. (now Optotal Hoya LIMITADA), an affiliate engaged in the manufacture and sale of eyeglass lenses, after which the company became a consolidated subsidiary.

The ratio of profit before tax for the quarter under review was 20.0%, down 7.9 percentage points from 27.9% in the first quarter of the previous fiscal year.

There were no discontinued operations in the quarter under review or in the same quarter of the previous fiscal year. Accordingly, the values and percentage changes indicated here only apply to continuing operations.

### 2) Segment Overview

#### Information Technology

##### <Electronics related products>

Sales of semiconductor-related products rose year on year due to progress in the development of advanced products in the market. Sales of LCD-related products increased from the first quarter of the previous consolidated fiscal year thanks to the continued demand for large masks for TVs since the end of last year, in addition to steady demand for products for smartphones, tablet PCs, and others.

However, sales of glass memory disks for HDDs (substrates) declined year on year due to the special increase in shipments in the same period of the previous year in response to HDD manufacturers' recovery from the impact of the flooding in Thailand, in addition to the ongoing shift in market demand from notebook PCs to other products that don't use HDDs, such as tablet PCs and smartphones.

#### <Imaging related products>

There has been a significant shift in demand in the digital camera market from compact digital cameras to smartphones, among other trends. With regard to our digital camera lenses, sales of certain products for interchangeable lenses increased year on year, but sales of all products, including those for compact digital cameras and those for cameras with interchangeable lenses, declined from the first quarter of the previous fiscal year.

As a result, sales in the Information Technology segment stood at 39,005 million yen, down 12.9% year on year. Segment profit (profit before tax) amounted to 8,881 million yen, decreasing 9.1% year on year.

### Life Care

#### <Healthcare related products>

Sales of eyeglass lenses increased significantly year on year, reflecting the business transfer from Seiko Epson Corp. and the depreciation of the yen, in addition to the recovery in sales from the impact of the flooding in Thailand in October 2011. However, profit before tax declined significantly year on year as, as mentioned above, we recorded insurance income of 11,038 million yen for the first quarter of the previous fiscal year as compensation for the damage caused by the flooding in Thailand, and gains of 2,269 million yen related to the step acquisitions of shares of a subsidiary.

Sales of contact lenses increased year on year, attributable to new openings of Eye City specialized retail stores, higher sales of high-value-added products, and the higher volume of sales due to an increase in the number of customers visiting existing stores.

#### <Medical related products>

With regard to medical endoscopes, sales of products for a new high-end series, which were released last fall in Europe and Japan, grew steadily, and the Asia-Pacific market also remained brisk. Sales also increased year on year in the North American market, partly reflecting the strong sales of high-performance processors and scopes.

With regard to intraocular lenses (IOL), sales decreased from the first quarter of the previous fiscal year, as we undertook a voluntary recall of certain products in the fourth quarter of the previous fiscal year, as previously announced.

As a result, sales in the Life Care segment increased 28.3% year on year, to 60,759 million yen. However, profit for the segment decreased significantly, by 53.7% year on year, to 9,051 million yen due to a special factor leading to an increase in income in the first quarter of the previous fiscal year.

### Note:

Other businesses mainly includes businesses that provide information system-related services, and new businesses. Revenue for the Other segment amounted to 652 million yen, up 34.4% from the first quarter of the previous fiscal year. Segment profit decreased 62.6% year on year, to 73 million yen.

### 3. Quarterly Consolidated Financial Statements

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

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Mar. 31, 2013		As of June 30, 2013		Variance		As of June 30, 2012	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>ASSETS</b>								
NON-CURRENT ASSETS								
Property, plant and equipment-net	140,747		139,024		-1,723		113,470	
Goodwill	8,367		9,341		974		7,160	
Intangible assets	19,189		18,822		-367		18,441	
Investments in associates	534		1,501		967		12,019	
Long-term financial assets	9,150		8,337		-813		8,400	
Other non-current assets	2,467		2,601		134		2,069	
Deferred tax assets	15,473		14,928		-545		24,202	
Total non-current assets	195,927	31.7	194,553	30.9	-1,374	-0.7	185,761	33.1
<b>CURRENT ASSETS</b>								
Inventories	66,720		65,029		-1,691		60,894	
Trade and other receivables	88,824		83,197		-5,627		76,232	
Other short-term financial assets	9,210		11,097		1,887		45,706	
Income tax receivables	722		999		277		1,080	
Other current assets	7,786		14,883		7,097		6,600	
Cash and cash equivalents	248,896		259,699		10,803		179,280	
Sub total	422,157		434,904		12,747		369,793	
Assets held for sale	—		43		43		5,417	
Total current assets	422,157	68.3	434,947	69.1	12,790	3.0	375,210	66.9
Total assets	618,084	100.0	629,500	100.0	11,416	1.8	560,971	100.0

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Mar. 31, 2013		As of June 30, 2013		Variance		As of June 30, 2012	
	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	-10,712		-10,635		77		-10,928	
Other capital reserves	-2,313		-2,279		34		-2,421	
Retained earnings	485,836		483,035		-2,801		449,815	
Accumulated other comprehensive income/(loss)	-24,241		-11,989		12,252		-85,834	
Equity attributable to owners of the Company	470,733		480,295		9,562		372,796	
Non-controlling interests	-187		-160		27		-288	
Total equity	470,547	76.1	480,135	76.3	9,588	2.0	372,508	66.4
<b>LIABILITIES</b>								
<b>NON-CURRENT LIABILITIES</b>								
Interest-bearing long-term debt	60,837		60,777		-60		60,787	
Other long-term financial liabilities	149		—		-149		115	
Liabilities on retirement benefits	1,457		1,520		63		7,304	
Other provisions	1,975		2,051		76		1,659	
Other non-current liabilities	2,224		2,366		142		1,243	
Deferred tax liabilities	2,160		3,546		1,386		2,351	
Total non-current liabilities	68,802	11.1	70,260	11.1	1,458	2.1	73,459	13.1
<b>CURRENT LIABILITIES</b>								
Interest-bearing short-term debt	1,891		1,402		-489		41,843	
Trade and other payables	40,415		37,907		-2,508		41,732	
Other short-term financial liabilities	385		812		427		1,939	
Income tax payables	5,680		9,311		3,631		3,001	
Other provisions	800		761		-39		588	
Other current liabilities	29,564		28,911		-653		25,901	
Sub total	78,735		79,105		370		115,004	
Liabilities held for sale	—		—		—		—	
Total current liabilities	78,735	12.8	79,105	12.6	370	0.5	115,004	20.5
Total liabilities	147,537	23.9	149,365	23.7	1,828	1.2	188,463	33.6
Total equity and liabilities	618,084	100.0	629,500	100.0	11,416	1.8	560,971	100.0

## (2) Quarterly Consolidated Statement of Comprehensive Income (All operations)

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the three months ended				Variance		For the three months ended Mar.31,2013	
	June 30,2012		June 30,2013					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>All operations</b>								
<b>Revenue:</b>								
Sales	92,615	100.0	100,425	100.0	7,810	8.4	96,095	100.0
Finance income	278	0.3	930	0.9	652	234.5	236	0.2
Other income	13,848	15.0	537	0.5	-13,311	-96.1	16,436	17.1
<b>Total Revenue</b>	<b>106,741</b>	<b>115.3</b>	<b>101,892</b>	<b>101.5</b>	<b>-4,849</b>	<b>-4.5</b>	<b>112,767</b>	<b>117.3</b>
<b>Expenses:</b>								
Changes in inventories of goods, products and work in progress	401	0.4	525	0.5	124	30.9	6,838	7.1
Raw materials and consumables used	17,853	19.3	21,003	20.9	3,150	17.6	16,536	17.2
Employee benefits expense	22,798	24.6	25,822	25.7	3,024	13.3	25,709	26.8
Depreciation and amortization	6,992	7.5	8,506	8.5	1,514	21.7	8,622	9.0
Subcontracting cost	1,305	1.4	1,103	1.1	-202	-15.5	1,524	1.6
Advertising and promotion expense	2,501	2.7	2,719	2.7	218	8.7	2,605	2.7
Commission expense	5,220	5.6	5,061	5.0	-159	-3.0	5,749	6.0
Impairment losses	302	0.3	692	0.7	390	129.1	756	0.8
Finance costs	711	0.8	305	0.3	-406	-57.1	399	0.4
Share of losses from associates	388	0.4	373	0.4	-15	-3.9	2,286	2.4
Foreign exchange loss/gain	2,326	2.5	-5,809	-5.8	-8,135	—	-7,793	-8.1
Other expenses	20,061	21.7	21,470	21.4	1,409	7.0	17,925	18.7
<b>Total expense</b>	<b>80,860</b>	<b>87.3</b>	<b>81,769</b>	<b>81.4</b>	<b>909</b>	<b>1.1</b>	<b>81,157</b>	<b>84.5</b>
Profit before tax	25,880	27.9	20,123	20.0	-5,757	-22.2	31,610	32.9
Income tax expense	2,646	2.9	7,789	7.8	5,143	194.4	7,321	7.6
<b>Profit for the quarter from all operations</b>	<b>23,234</b>	<b>25.1</b>	<b>12,334</b>	<b>12.3</b>	<b>-10,900</b>	<b>-46.9</b>	<b>24,289</b>	<b>25.3</b>
<b>Other comprehensive income:</b>								
Net gain on revaluation of available-for-sale financial assets	-4		-249		-245	—	410	
Exchange differences on translation of foreign operations	-19,154		12,383		31,537	—	24,843	
Remeasurements of the net defined benefit liability(asset)	—		—		—	—	-98	
Share of other comprehensive income of associates	133		21		-112	-84.2	18	
Income tax relating to components of other comprehensive income	-10		97		107	—	-109	
<b>Total other comprehensive income/(loss)</b>	<b>-19,034</b>		<b>12,252</b>		<b>31,286</b>	—	<b>25,063</b>	
<b>Total comprehensive income for the quarter</b>	<b>4,200</b>		<b>24,586</b>		<b>20,386</b>	<b>485.4</b>	<b>49,352</b>	
<b>Profit attributable to :</b>								
Owners of the Company	23,215	25.1	12,302	12.2	-10,913	-47.0	24,246	25.2
Non-controlling interests	19	0.0	33	0.0	14	73.7	43	0.0
<b>Total</b>	<b>23,234</b>	<b>25.1</b>	<b>12,334</b>	<b>12.3</b>	<b>-10,900</b>	<b>-46.9</b>	<b>24,289</b>	<b>25.3</b>
<b>Total comprehensive income/(loss) attributable to :</b>								
Owners of the Company	4,207		24,554		20,347	483.6	49,351	
Non-controlling interests	-8		33		41	—	1	
<b>Total</b>	<b>4,200</b>		<b>24,586</b>		<b>20,386</b>	<b>485.4</b>	<b>49,352</b>	
<b>Basic earnings/(loss) per share (yen)</b>								
Continuing operations	53.81		28.51		-25.30		56.19	
Discontinued operations	—		—		—	—	—	
<b>Basic earnings per share (yen)</b>	<b>53.81</b>		<b>28.51</b>		<b>-25.30</b>		<b>56.19</b>	
<b>Diluted earnings/(loss) per share (yen)</b>								
Continuing operations	53.79		28.49		-25.30		56.18	
Discontinued operations	—		—		—	—	—	
<b>Diluted earnings per share (yen)</b>	<b>53.79</b>		<b>28.49</b>		<b>-25.30</b>		<b>56.18</b>	

Notes:

1. Effect of Exchange Rate Change on Net Sales and Incomes ("2013 A" is the actual value of this period. "2013 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)

	2013 B	2013 A	influences
Sales	91,867	100,425	8,558
Profit before tax	18,573	20,123	1,550
Profit for the quarter	10,853	12,334	1,481

For the three months ended

	June 30,2012	June 30,2013	Variance(%)	Mar.31,2013
2. Average rates of major foreign currencies				
US\$	Yen 79.81	99.23	-24.3%	92.57
Euro	Yen 101.20	129.56	-28.0%	122.02
Thai Baht	Yen 2.54	3.29	-29.5%	3.12

## Quarterly Consolidated Statement of Comprehensive Income (Continuing / Discontinued)

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

Continuing operations	For the three months ended				Variance		For the three months ended Mar.31,2013	
	June 30,2012		June 30,2013					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>Revenue:</b>								
Sales	92,615	100.0	100,425	100.0	7,810	8.4	96,095	100.0
Finance income	278	0.3	930	0.9	652	234.5	236	0.2
Other income	13,848	15.0	537	0.5	-13,311	-96.1	16,436	17.1
<b>Total Revenue</b>	<b>106,741</b>	<b>115.3</b>	<b>101,892</b>	<b>101.5</b>	<b>-4,849</b>	<b>-4.5</b>	<b>112,767</b>	<b>117.3</b>
<b>Expenses:</b>								
Changes in inventories of goods, products and work in progress	401	0.4	525	0.5	124	30.9	6,838	7.1
Raw materials and consumables used	17,853	19.3	21,003	20.9	3,150	17.6	16,536	17.2
Employee benefits expense	22,798	24.6	25,822	25.7	3,024	13.3	25,709	26.8
Depreciation and amortization	6,992	7.5	8,506	8.5	1,514	21.7	8,622	9.0
Subcontracting cost	1,305	1.4	1,103	1.1	-202	-15.5	1,524	1.6
Advertising and promotion expense	2,501	2.7	2,719	2.7	218	8.7	2,605	2.7
Commission expense	5,220	5.6	5,061	5.0	-159	-3.0	5,749	6.0
Impairment losses	302	0.3	692	0.7	390	129.1	756	0.8
Finance costs	711	0.8	305	0.3	-406	-57.1	399	0.4
Share of losses from associates	388	0.4	373	0.4	-15	-3.9	2,286	2.4
Foreign exchange loss/gain	2,326	2.5	-5,809	-5.8	-8,135	—	-7,793	-8.1
Other expenses	20,061	21.7	21,470	21.4	1,409	7.0	17,925	18.7
<b>Total expense</b>	<b>80,860</b>	<b>87.3</b>	<b>81,769</b>	<b>81.4</b>	<b>909</b>	<b>1.1</b>	<b>81,157</b>	<b>84.5</b>
Profit before tax	25,880	27.9	20,123	20.0	-5,757	-22.2	31,610	32.9
Income tax expense	2,646	2.9	7,789	7.8	5,143	194.4	7,321	7.6
<b>Profit for the quarter from continuing operations</b>	<b>23,234</b>	<b>25.1</b>	<b>12,334</b>	<b>12.3</b>	<b>-10,900</b>	<b>-46.9</b>	<b>24,289</b>	<b>25.3</b>
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Non-controlling interests	19	0.0	33	0.0	14	73.7	43	0.0
<b>Total</b>	<b>23,234</b>	<b>25.1</b>	<b>12,334</b>	<b>12.3</b>	<b>-10,900</b>	<b>-46.9</b>	<b>24,289</b>	<b>25.3</b>

Note:

Effect of Exchange Rate Change on Net Sales and Incomes ("2013 A" is the actual value of this period. "2013 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)

	2013 B	2013 A	influences
Sales	91,867	100,425	8,558
Profit before tax	18,573	20,123	1,550
Profit for the quarter	10,853	12,334	1,481

Discontinued operations								
<b>Revenue:</b>								
Sales	—	—	—	—	—	—	—	—
Finance income	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—
<b>Total Revenue</b>	<b>—</b>							
<b>Expenses:</b>								
Changes in inventories of goods, products and work in progress	—	—	—	—	—	—	—	—
Raw materials and consumables used	—	—	—	—	—	—	—	—
Employee benefits expense	—	—	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	—	—	—	—
Subcontracting cost	—	—	—	—	—	—	—	—
Advertising and promotion expense	—	—	—	—	—	—	—	—
Commission expense	—	—	—	—	—	—	—	—
Finance costs	—	—	—	—	—	—	—	—
Other expenses	—	—	—	—	—	—	—	—
<b>Total expense</b>	<b>—</b>							
Profit before tax	—	—	—	—	—	—	—	—
Income tax expense	—	—	—	—	—	—	—	—
<b>Profit for the quarter from discontinued operations</b>	<b>—</b>							
<b>Profit attributable to :</b>								
Owners of the Company	—	—	—	—	—	—	—	—
Non-controlling interests	—	—	—	—	—	—	—	—
<b>Total</b>	<b>—</b>							
<b>Internal trade between continuing operations and discontinued operations</b>								
Sales	—	—	—	—	—	—	—	—
Raw materials and consumables used	—	—	—	—	—	—	—	—

## (3)Quarterly Consolidated Statement of Cash Flows (All operations)

(HOYA Corporation and its subsidiaries)	For the three months ended		Variance	(Millions of Yen)
	June 30, 2012	June 30, 2013		Three months ended Mar. 31, 2013
Cash flows from operating activities				
Profit before tax from continuing operations	25,880	20,123	-5,757	31,610
Depreciation and amortization	6,992	8,506	1,514	8,622
Impairment losses	302	692	390	756
Finance income	-278	-930	-652	-236
Finance costs	711	305	-406	399
Share of profits of associates	388	373	-15	2,286
(Gain)/loss on sales of property, plant and equipment	-13	0	13	-240
Loss on disposal of property, plant and equipment	86	35	-51	81
Decrease/(increase) in inventories	132	3,215	3,083	5,863
Decrease/(increase) in trade and other receivables	-1,739	1,110	2,849	-7,067
Increase/(decrease) in trade and other payables	-1,855	-3,468	-1,613	-3,191
Increase/(decrease) in liabilities on retirement benefits and other provisions	-32	-24	8	-5,914
Others	-9,675	-3,992	5,683	-3,280
Sub total	20,902	25,945	5,043	29,691
Interest received	190	201	11	196
Dividends received	41	43	2	0
Interests paid	-40	-24	16	-656
Income taxes paid	-1,668	-10,586	-8,918	-1,534
Net cash generated from operating activities	19,424	15,578	-3,846	27,698
Cash flows from investing activities				
Withdrawals of time deposit	572	279	-293	604
Deposits for time deposit	-415	-1,082	-667	-448
Proceeds from sales of property, plant and equipment	18	84	66	237
Payments for acquisition of property, plant and equipment	-11,962	-3,711	8,251	-5,637
Proceeds from disposal of investment securities	—	980	980	—
Payments for purchase of investment securities	—	-1,320	-1,320	—
Net cash outflow on acquisition of subsidiary	-10,221	-1,594	8,627	—
Payments to minority shareholders on merger	-1	-3	-2	—
Proceeds from business transfer	568	—	-568	—
Proceeds from sales of subsidiary's stocks	—	—	—	-3,150
Other proceeds	2,559	7,132	4,573	82
Other payments	-313	-1,914	-1,601	-770
Net cash used in investing activities	-19,193	-1,149	18,044	-9,083
Cash flows from financing activities				
Dividends paid to owners of the Company	-14,554	-14,475	79	15
Dividends paid to minority interests	-132	-6	126	—
Increase (decrease) in short-term debt	-261	-2	259	-2
Repayments of long-term borrowings	-223	-426	-203	-1
Payments for redemption of corporate bonds	-50	-43	7	-89
Payments for purchase of treasury shares	-1	0	1	0
Proceeds from exercise of stock options	1	39	38	1
Net cash used in financing activities	-15,219	-14,913	306	-77
Net increase/(decrease) in cash and cash equivalents	-14,988	-483	14,505	18,538
Cash and cash equivalents at the beginning of the term	204,772	248,896	44,124	215,364
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	-10,504	11,286	21,790	14,994
Cash and cash equivalents at the end of the term	179,280	259,699	80,419	248,896

## (4) Segment Information

### <Overview of major products and services of reportable segments>

The reportable segments are constituent units of the Group for which separate financial information is obtained and examined on a regular basis by the Board of Directors, the chief operation decision maker, to determine the allocation of management resources and evaluate the business performance.

In accordance with its management philosophy, the Group has categorized "information technology" and "life and culture" as its business domains. To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments: the Information Technology business, the Life Care business and the Others business, which are consistent with the above business domains.

In the Information Technology business, the Group has developed an extensive range of products following the digitalization of information and the emergence of the internet. The Group produces and sells a broad array of I/O (Input/Output Device) related products in the information and communication sector, including electronics related products that are essential for the modern digital information and communication technologies, and imaging related products that are necessary to import pictures and video images as digital information based on optical technologies.

In the Life Care business, the Group produces and sells health care related products that are used in the healthcare and medical sectors and medical related products, including medical equipment and medical materials that are used in medical treatments. In operating this business, it is typically required to obtain approvals and permissions in accordance with the Pharmaceutical Affairs Act in Japan and other regulations, and sophisticated technologies and highly reliable quality control systems represent the critical elements for operating this business.

The Others business mainly includes the business that provides information system services and new businesses.

The main products and services for each "reportable segment" described above are as follows:

Reportable Segment		Major Products and Services
Information Technology	Electronics related products	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs), etc.
	Imaging related products	Optical lenses, optical glasses, Digital camera modules, Optical Devices, Lazer equipments, etc.
Life Care	Health Care related products	Eyeglass lenses, Contact lenses, etc.
	Medical related products	Endoscopes, Intraocular lenses, Artificial bone, Metallic implant for orthopedics, etc.
Others		Design of information systems, etc.

## 1-1. Segment revenues and results (All operations)

(Millions of Yen)

For the three months ended June 30, 2012	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	44,773	47,357	485	92,615	—	92,615
Inter-segment	49	1	662	711	-711	—
<b>Total</b>	<b>44,821</b>	<b>47,357</b>	<b>1,147</b>	<b>93,326</b>	<b>-711</b>	<b>92,615</b>
Segment profit before tax	9,769	19,528	195	29,492	-3,612	25,880
Segment profit before tax ratio	21.8%	41.2%	17.0%	31.6%	—	27.9%

For the three months ended June 30, 2013	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	39,005	60,759	652	100,415	10	100,425
Inter-segment	60	—	538	598	-598	—
<b>Total</b>	<b>39,065</b>	<b>60,759</b>	<b>1,190</b>	<b>101,014</b>	<b>-589</b>	<b>100,425</b>
Segment profit before tax	8,881	9,051	73	18,005	2,118	20,123
Segment profit/loss before tax ratio	22.7%	14.9%	6.1%	17.8%	—	20.0%

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

	Information Technology	Life Care	Other	Total	Adjustments	All operations
<b>Variance</b>						
Revenue from external customers	-5,768	13,402	167	7,800	10	7,810
Variance	-12.9%	28.3%	34.4%	8.4%	—	8.4%
Inter-segment	11	-1	-124	-113	113	—
<b>Total</b>	<b>-5,756</b>	<b>13,402</b>	<b>43</b>	<b>7,688</b>	<b>122</b>	<b>7,810</b>
Segment profit before tax	-888	-10,477	-122	-11,487	5,730	-5,757
Variance	-9.1%	-53.7%	-62.6%	-38.9%	—	-22.2%

(\*)Eliminations : Internal trade between continuing operations and

Note:

Segment income of 19,526 million yen for the Life Care segment for the three months ended June 30, 2012 includes insurance income of 11,038 million yen as compensation for damage caused by flooding in Thailand that took place in October 2011, and gains of 2,269 million yen related to the phased acquisition of shares of subsidiary.

Ref : Results of the previous quarter are as follows:

For the three months ended Mar.31, 2013	Information Technology	Life Care	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	36,618	58,835	632	96,085	10	96,095
Inter-segment	40	1	642	683	-683	—
<b>Total</b>	<b>36,659</b>	<b>58,836</b>	<b>1,274</b>	<b>96,768</b>	<b>-673</b>	<b>96,095</b>
Segment profit before tax	5,038	22,281	170	27,489	4,121	31,610
Segment profit before tax ratio	13.7%	37.9%	13.3%	28.4%	—	32.9%

Note:

Segment income of 22,047 million yen for the Life Care segment for the three months ended Mar.31, 2013 includes insurance income of 14,275 million yen as compensation for damage caused by flooding in Thailand that took place in October 2011.

## 1-2. Segment revenues and results (Continuing / Discontinued operations)

(Millions of Yen)

For the three months ended June 30, 2012	Information Technology	Life Care	Other	Total	Adjustments	Continuing operations	Discontinued operations	Eliminations(*)	All operations
Revenue									
Revenue from external customers	44,773	47,357	485	92,615	—	92,615	—	—	92,615
Inter-segment	49	1	662	711	-711	—	—	—	—
<b>Total</b>	<b>44,821</b>	<b>47,357</b>	<b>1,147</b>	<b>93,326</b>	<b>-711</b>	<b>92,615</b>	<b>—</b>	<b>—</b>	<b>92,615</b>
Segment profit before tax	9,769	19,528	195	29,492	-3,612	25,880	—	—	25,880
Segment profit before tax ratio	21.8%	41.2%	17.0%	31.6%	—	27.9%	—	—	27.9%

For the three months ended June 30, 2013	Information Technology	Life Care	Other	Total	Adjustments	Continuing operations	Discontinued operations	Eliminations(*)	All operations
Revenue									
Revenue from external customers	39,005	60,759	652	100,415	10	100,425	—	—	100,425
Inter-segment	60	—	538	598	-598	—	—	—	—
<b>Total</b>	<b>39,065</b>	<b>60,759</b>	<b>1,190</b>	<b>101,014</b>	<b>-589</b>	<b>100,425</b>	<b>—</b>	<b>—</b>	<b>100,425</b>
Segment profit before tax	8,881	9,051	73	18,005	2,118	20,123	—	—	20,123
Segment profit/loss before tax ratio	22.7%	14.9%	6.1%	17.8%	—	20.0%	—	—	20.0%

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

	Information Technology	Life Care	Other	Total	Adjustments	Continuing operations	Discontinued operations	Eliminations(*)	All operations
<b>Variance</b>									
Revenue from external customers	-5,768	13,402	167	7,800	10	7,810	—	—	7,810
Variance	-12.9%	28.3%	34.4%	8.4%	—	8.4%	—	—	8.4%
Inter-segment	11	-1	-124	-113	113	—	—	—	—
<b>Total</b>	<b>-5,756</b>	<b>13,402</b>	<b>43</b>	<b>7,688</b>	<b>122</b>	<b>7,810</b>	<b>—</b>	<b>—</b>	<b>7,810</b>
Segment profit before tax	-888	-10,477	-122	-11,487	5,730	-5,757	—	—	-5,757
Variance	-9.1%	-53.7%	-62.6%	-38.9%	—	-22.2%	—	—	-22.2%

(\*)Eliminations : Internal trade between continuing operations and discontinued operations

Ref : Results of the previous quarter are as follows:

For the three months ended Mar.31, 2013	Information Technology	Life Care	Other	Total	Adjustments	Continuing operations	Discontinued operations	Eliminations(*)	All operations
Revenue									
Revenue from external customers	36,618	58,835	632	96,085	10	96,095	—	—	96,095
Inter-segment	40	1	642	683	-683	—	—	—	—
<b>Total</b>	<b>36,659</b>	<b>58,836</b>	<b>1,274</b>	<b>96,768</b>	<b>-673</b>	<b>96,095</b>	<b>—</b>	<b>—</b>	<b>96,095</b>
Segment profit before tax	5,038	22,281	170	27,489	4,121	31,610	—	—	31,610
Segment profit before tax ratio	13.7%	37.9%	13.3%	28.4%	—	32.9%	—	—	32.9%

## 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 Mar.31, 2013	
	June 30, 2012		June 30, 2013					
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>Revenue from all operations</b>								
Information Technology								
Electronics related products	29,821	[ 66.6 ]	28,220	[ 72.3 ]	-1,601	-5.4	25,737	[ 70.3 ]
Imaging related products	14,952	[ 33.4 ]	10,785	[ 27.7 ]	-4,167	-27.9	10,882	[ 29.7 ]
Information Technology Total	44,773	48.4	39,005	38.9	-5,768	-12.9	36,618	38.1
Life Care								
Health Care related products	33,600	[ 71.0 ]	45,261	[ 74.5 ]	11,661	34.7	43,078	[ 73.2 ]
Medical related products	13,757	[ 29.0 ]	15,498	[ 25.5 ]	1,741	12.7	15,757	[ 26.8 ]
Life Care Total	47,357	51.1	60,759	60.5	13,402	28.3	58,835	61.2
Other	485	0.5	652	0.6	167	34.4	632	0.7
Corporate (including R&D)	—	—	10	0.0	10	—	10	0.0
<b>Total revenue from all operations</b>	<b>92,615</b>	<b>100.0</b>	<b>100,425</b>	<b>100.0</b>	<b>7,810</b>	<b>8.4</b>	<b>96,095</b>	<b>100.0</b>
<b>Revenue from continuing operations</b>								
Information Technology								
Electronics related products	29,821	[ 66.6 ]	28,220	[ 72.3 ]	-1,601	-5.4	25,737	[ 70.3 ]
Imaging related products	14,952	[ 33.4 ]	10,785	[ 27.7 ]	-4,167	-27.9	10,882	[ 29.7 ]
Information Technology Total	44,773	48.4	39,005	38.9	-5,768	-12.9	36,618	38.1
Life Care								
Health Care related products	33,600	[ 71.0 ]	45,261	[ 74.5 ]	11,661	34.7	43,078	[ 73.2 ]
Medical related products	13,757	[ 29.0 ]	15,498	[ 25.5 ]	1,741	12.7	15,757	[ 26.8 ]
Life Care Total	47,357	51.1	60,759	60.5	13,402	28.3	58,835	61.2
Other	485	0.5	652	0.6	167	34.4	632	0.7
Corporate (including R&D)	—	—	10	0.0	10	—	10	0.0
<b>Revenue from continuing operations</b>	<b>92,615</b>	<b>100.0</b>	<b>100,425</b>	<b>100.0</b>	<b>7,810</b>	<b>8.4</b>	<b>96,095</b>	<b>100.0</b>
Revenue from discontinued operations	—	—	—	—	—	—	—	—
<b>Total revenue from all operations</b>	<b>92,615</b>	<b>100.0</b>	<b>100,425</b>	<b>100.0</b>	<b>7,810</b>	<b>8.4</b>	<b>96,095</b>	<b>100.0</b>

Note: Figures in [ ] are percentages of each segment.

### 3. Information about geographical areas

Revenue from external customers	For the three months ended				Variance		(Millions of Yen)	
	June 30, 2012		June 30, 2013				For the three months ended Mar.31, 2013	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>Revenue from all operations</b>								
Japan	33,085	35.7	34,307	34.2	1,222	3.7	32,760	34.1
Americas	10,518	11.4	13,999	13.9	3,481	33.1	13,685	14.2
Europe	12,071	13.0	17,169	17.1	5,098	42.2	16,579	17.3
Asia/Oceania	36,113	39.0	34,409	34.3	-1,704	-4.7	31,089	32.3
Others	827	0.9	542	0.5	-285	-34.5	1,981	2.1
<b>Total revenue from all operations</b>	<b>92,615</b>	<b>100.0</b>	<b>100,425</b>	<b>100.0</b>	<b>7,810</b>	<b>8.4</b>	<b>96,095</b>	<b>100.0</b>
<b>Revenue from continuing operations</b>								
Japan	33,085	35.7	34,307	34.2	1,222	3.7	32,760	34.1
Americas	10,518	11.4	13,999	13.9	3,481	33.1	13,685	14.2
Europe	12,071	13.0	17,169	17.1	5,098	42.2	16,579	17.3
Asia/Oceania	36,113	39.0	34,409	34.3	-1,704	-4.7	31,089	32.3
Others	827	0.9	542	0.5	-285	-34.5	1,981	2.1
<b>Revenue from continuing operations</b>	<b>92,615</b>	<b>100.0</b>	<b>100,425</b>	<b>100.0</b>	<b>7,810</b>	<b>8.4</b>	<b>96,095</b>	<b>100.0</b>
Revenue from discontinued operations	—	—	—	—	—	—	—	—
<b>Total revenue from all operations</b>	<b>92,615</b>	<b>100.0</b>	<b>100,425</b>	<b>100.0</b>	<b>7,810</b>	<b>8.4</b>	<b>96,095</b>	<b>100.0</b>

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

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

(Six months ending Sep. 30, 2013)

	<u>Millions of Yen</u>		variance (%)
	<u>Six months ended/ending</u> <u>Sep.30,2012</u>	<u>Sep.30,2013</u>	
Revenue	185,717	200,000	7.7
Profit before tax	41,896	34,000	-18.8
Profit for the term	37,748	23,500	-37.7
Profit for the term per share (Yen)	87.34	54.46	-32.88

Ref: for the 2nd quarter

1. Year-on-year comparison	<u>Millions of Yen</u>		variance (%)
	<u>Three months ended/ending</u> <u>Sep.30,2012</u>	<u>Sep.30,2013</u>	
Revenue	93,103	99,575	7.0
Profit before tax	16,016	13,877	-13.4
Profit for the term	14,514	11,166	-23.1
Profit for the term per share (Yen)	33.53	25.95	-7.58

  

2. Quarter-on-quarter comparison	<u>Millions of Yen</u>		variance (%)
	<u>Three months ended/ending</u> <u>June 30,2012</u>	<u>Sep.30,2013</u>	
Revenue	100,425	99,575	-0.8
Profit before tax	20,123	13,877	-31.0
Profit for the term	12,334	11,166	-9.5
Profit for the term per share (Yen)	28.51	25.95	-2.56

Notes:

To calculate expected profit for the term per share, expected profit for the term is devided by expected average number of shares through the term.

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