

FY2017 Consolidated Financial Results

February 13, 2018

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2017 (January 1, 2017 through December 31, 2017)

(1) Consolidated financial results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017	60,496	1.0	4,246	79.8	4,100	43.6	2,838	91.5
FY2016	59,903	(16.7)	2,361	(48.2)	2,855	(44.4)	1,482	(63.4)

(Note) Comprehensive income: FY2017: 4,044 million yen [-%] / FY2016: (125) million yen [-%]

	Net income per share –Basic	Net income per share –Diluted	Ratio of net income to shareholders' equity	Ratio of income before taxes to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2017	109.51	-	5.8	6.6	7.0
FY2016	57.19	-	3.1	4.5	3.9

(Reference) Share of profit of entities accounted for using equity method: FY2017: -million yen / FY2016: -million yen

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets	Net assets per share
	Million yen	Million yen	%	Yen
FY2017	63,868	49,940	78.2	1,926.65
FY2016	60,910	47,321	77.7	1,825.62

(Reference) Shareholders' equity: FY2017: 49,940 million yen / FY2016: 47,321 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	%	Yen
FY2017	7,661	(2,174)	(2,351)	19,431
FY2016	6,537	(2,540)	(1,524)	16,030

2. Cash dividends

	Cash dividends per share					Total amount of cash dividends (annual)	Dividends Payout ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY2016	-	25.00	-	30.00	55.00	1,425	96.2	3.0
FY2017	-	25.00	-	25.00	50.00	1,296	45.7	2.7
FY2018 (forecast)	-	25.00	-	25.00	50.00		38.6	

3. Forecast of consolidated results for FY2018 (January 1, 2018 through December 31, 2018)

(% of change from FY2017 or 1st Half FY2017)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2018 1st Half	27,800	3.3	1,300	10.4	1,300	13.7	940	3.1	36.26
FY2018	63,000	4.1	4,800	13.0	4,800	17.1	3,360	18.4	129.63

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: Million yen)

	FY2016 (As of December 31, 2016)	FY2017 (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	16,030	19,431
Notes and accounts receivable - trade	13,419	14,061
Finished goods	7,023	6,392
Work in process	2,201	3,098
Raw materials and supplies	875	982
Deferred tax assets	442	360
Other	1,630	1,093
Allowance for doubtful accounts	(32)	(28)
Total current assets	41,590	45,392
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,200	13,295
Accumulated depreciation	(7,088)	(7,513)
Buildings and structures, net	6,112	5,781
Machinery, equipment and vehicles	19,195	19,385
Accumulated depreciation	(13,682)	(14,403)
Machinery, equipment and vehicles, net	5,513	4,982
Tools, furniture and fixtures	19,289	20,186
Accumulated depreciation	(17,056)	(18,188)
Tools, furniture and fixtures, net	2,232	1,998
Land	1,012	961
Construction in progress	668	894
Total property, plant and equipment	15,539	14,618
Intangible assets	787	704
Investments and other assets		
Investment securities	2,303	2,811
Deferred tax assets	340	115
Other	437	267
Allowance for doubtful accounts	(88)	(40)
Total investments and other assets	2,993	3,153
Total non-current assets	19,320	18,476
Total assets	60,910	63,868

(Amount: Million yen)

	FY2016 (As of December 31, 2016)	FY2017 (As of December 31, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	3,068	3,675
Short-term loans payable	3,327	2,676
Accrued expenses	2,826	3,109
Income taxes payable	371	629
Other	1,794	1,839
Total current liabilities	11,388	11,931
Non-current liabilities		
Long-term loans payable	736	468
Net defined benefit liability	1,403	1,298
Other	60	230
Total non-current liabilities	2,200	1,996
Total liabilities	13,589	13,928
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	30,114	31,527
Treasury shares	(53)	(53)
Total shareholders' equity	44,416	45,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	498	846
Foreign currency translation adjustment	2,475	3,214
Remeasurements of defined benefit plans	(69)	49
Total accumulated other comprehensive income	2,905	4,110
Total net assets	47,321	49,940
Total liabilities and net assets	60,910	63,868

(2) Consolidated statements of income

(Amount: Million yen)

	FY2016 (January 1, 2016 through December 31, 2016)	FY2017 (January 1, 2017 through December 31, 2017)
Net sales	59,903	60,496
Cost of sales	41,001	39,899
Gross profit	18,901	20,596
Selling, general and administrative expenses		
Advertising expenses	1,174	983
Promotion expenses	853	753
Provision of allowance for doubtful accounts	29	(5)
Salaries and bonuses	4,261	4,450
Retirement benefit expenses	147	131
Technical research expenses	3,946	4,038
Other	6,126	5,997
Total selling, general and administrative expenses	16,539	16,350
Operating income	2,361	4,246
Non-operating income		
Interest income	34	58
Dividend income	61	45
Foreign exchange gains	348	-
Rent income	20	14
Subsidy income	38	64
Other	206	149
Total non-operating income	709	332
Non-operating expenses		
Interest expenses	42	42
Foreign exchange losses	-	357
Loss on retirement of non-current assets	88	36
Loss on abandonment of inventories	15	18
Other	69	23
Total non-operating expenses	215	478
Ordinary income	2,855	4,100
Extraordinary income		
Surrender value of insurance	-	122
Total extraordinary income	-	122
Extraordinary losses		
Loss on valuation of investment securities	77	-
Impairment loss	35	-
Total extraordinary losses	113	-
Profit before income taxes	2,742	4,222
Income taxes - current	987	1,276
Income taxes - deferred	273	107
Total income taxes	1,260	1,383
Profit	1,482	2,838
Profit attributable to owners of parent	1,482	2,838

(3) Consolidated statements of comprehensive income

(Amount: Million yen)

	FY2016 (January 1, 2016 through December 31, 2016)	FY2017 (January 1, 2017 through December 31, 2017)
Profit	1,482	2,838
Other comprehensive income		
Valuation difference on available-for-sale securities	52	348
Foreign currency translation adjustment	(1,784)	738
Remeasurements of defined benefit plans, net of tax	124	119
Total other comprehensive income	(1,607)	1,205
Comprehensive income	(125)	4,044
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(125)	4,044

(4) Consolidated statements of changes in net assets

FY2016 (January 1, 2016 through December 31, 2016)

(Amount: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,923	7,432	30,187	(53)	44,489
Changes of items during period					
Dividends of surplus			(1,555)		(1,555)
Profit attributable to owners of parent			1,482		1,482
Purchase of treasury shares					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(72)	-	(72)
Balance at end of current period	6,923	7,432	30,114	(53)	44,416

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	445	4,260	(194)	4,512	49,001
Changes of items during period					
Dividends of surplus				-	(1,555)
Profit attributable to owners of parent				-	1,482
Purchase of treasury shares				-	-
Net changes of items other than shareholders' equity	52	(1,784)	124	(1,607)	(1,607)
Total changes of items during period	52	(1,784)	124	(1,607)	(1,680)
Balance at end of current period	498	2,475	(69)	2,905	47,321

FY2017 (January 1, 2017 through December 31, 2017)

(Amount: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,923	7,432	30,114	(53)	44,416
Changes of items during period					
Dividends of surplus			(1,425)		(1,425)
Profit attributable to owners of parent			2,838		2,838
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	1,412	(0)	1,412
Balance at end of current period	6,923	7,432	31,527	(53)	45,829

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	
Balance at beginning of current period	498	2,475	(69)	2,905	47,321
Changes of items during period					
Dividends of surplus				-	(1,425)
Profit attributable to owners of parent				-	2,838
Purchase of treasury shares				-	(0)
Net changes of items other than shareholders' equity	348	738	119	1,205	1,205
Total changes of items during period	348	738	119	1,205	2,618
Balance at end of current period	846	3,214	49	4,110	49,940

(5) Consolidated statements of cash flows

(Amount: Million yen)

	FY2016 (January 1, 2016 through December 31, 2016)	FY2017 (January 1, 2017 through December 31, 2017)
Cash flows from operating activities		
Profit before income taxes	2,742	4,222
Depreciation	3,365	3,562
Increase (decrease) in net defined benefit liability	95	(64)
Interest and dividends income	(96)	(104)
Interest expenses	42	42
Loss on retirement of property, plant and equipment	88	36
Impairment loss	35	-
Surrender value of insurance	-	(122)
Loss (gain) on valuation of investment securities	77	-
Decrease (increase) in notes and accounts receivable-trade	1,260	(367)
Decrease (increase) in inventories	2,263	(192)
Increase (decrease) in notes and accounts payable-trade	(1,331)	543
Increase (decrease) in accrued expenses	(787)	204
Other, net	(193)	991
Subtotal	7,564	8,752
Interest and dividends income received	96	104
Interest expenses paid	(43)	(42)
Income taxes paid	(1,079)	(1,153)
Net cash provided by (used in) operating activities	6,537	7,661
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,286)	(2,390)
Purchase of intangible assets	(204)	(60)
Purchase of investment securities	(1)	(16)
Proceeds from cancellation of insurance funds	-	260
Payments of loans receivable	(10)	(6)
Collection of loans receivable	13	13
Other, net	(49)	26
Net cash provided by (used in) investing activities	(2,540)	(2,174)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	308	(372)
Proceeds from long-term loans payable	700	216
Repayment of long-term loans payable	(977)	(766)
Cash dividends paid	(1,554)	(1,427)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(1,524)	(2,351)
Effect of exchange rate change on cash and cash equivalents	(635)	265
Net increase (decrease) in cash and cash equivalents	1,837	3,401
Cash and cash equivalents at beginning of period	14,192	16,030
Cash and cash equivalents at end of period	16,030	19,431

(Segment Information)

Business Segment Information

FY2016 (January 1, 2016 through December 31, 2016)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales :						
(1) Sales to external customers	46,805	2,358	10,739	59,903	-	59,903
(2) Intersegment sales	-	-	-	-	-	-
Total	46,805	2,358	10,739	59,903	-	59,903
Operating income	4,034	75	733	4,843	(2,482)	2,361
Assets	39,567	1,944	8,600	50,112	10,797	60,910
Depreciation	2,497	167	470	3,135	229	3,365
Impairment loss	-	-	-	-	35	35
Increase in tangible and intangible fixed assets	1,840	91	526	2,458	25	2,484

Note:

- (1) Adjustment of segment profit totaled (2,482) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
 (2) Adjustment to segment assets includes corporate level assets, which consist principally of surplus investment funds (cash and deposits), long-term investment funds (such as marketable securities), and non-segment specific.
- Segment profit is adjusted to operating profit of consolidated statements of income.

FY2017 (January 1, 2017 through December 31, 2017)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales :						
(1) Sales to external customers	45,292	3,375	11,827	60,496	-	60,496
(2) Intersegment sales	-	-	-	-	-	-
Total	45,292	3,375	11,827	60,496	-	60,496
Operating income (loss)	5,818	(24)	827	6,622	(2,376)	4,246
Assets	36,582	2,472	8,708	47,764	16,104	63,868
Depreciation	2,578	235	674	3,488	73	3,562
Increase in tangible and intangible fixed assets	1,733	308	349	2,391	33	2,425

Note:

- (1) Adjustment of segment profit totaled (2,376) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
 (2) Adjustment to segment assets includes corporate level assets, which consist principally of surplus investment funds (cash and deposits), long-term investment funds (such as marketable securities), and non-segment specific.
- Segment profit or loss is adjusted to operating profit of consolidated statements of income.