

2nd Quarter FY2019 Consolidated Financial Results

August 5, 2019

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for 2nd quarter FY2019 (January 1, 2019 through June 30, 2019)

(1) Consolidated financial results (% of change from previous 2nd quarter)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q FY2019	29,016	1.6	2,252	14.9	2,549	21.9	1,931	21.8
2Q FY2018	28,572	6.2	1,959	66.4	2,090	82.9	1,585	73.8

(Note) Comprehensive income: 2Q FY2019: 1,419 million yen [163.1%] / 2Q FY2018: 539 million yen [(37.1%)]

	Quarterly net income per share –Basic		Quarterly net income per share –Diluted	
	Yen		Yen	
2Q FY2019	75.04		-	
2Q FY2018	61.26		-	

(2) Consolidated financial position

	Total assets		Total net assets		Ratio of net assets	
	Million yen		Million yen		%	
2Q FY2019	64,678		51,363		79.4	
FY2018	64,704		50,852		78.6	

(Reference) Shareholders' equity: 2Q FY2019: 51,363 million yen / FY2018: 50,852 million yen

2. Cash dividends

	Cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	Yen				
FY2018	-	25.00	-	35.00	60.00
FY2019	-	25.00	-	35.00	60.00
FY2019 (forecast)	-	-	-	35.00	60.00

(Note) Revision of cash dividend forecast for this period: None

3. Forecast of consolidated results for FY2019 (January 1, 2019 through December 31, 2019)

(% of change from FY2018)

	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
FY2019	65,000	5.2	5,900	8.8	5,900	0.4	4,130	(4.6)	160.49

(Note) Revision of forecast for this period: None

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: Million yen)

	FY2018 (As of December 31, 2018)	2nd quarter FY2019 (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	22,438	24,905
Notes and accounts receivable - trade	13,407	12,525
Finished goods	6,364	5,580
Work in process	3,461	2,716
Raw materials and supplies	985	1,153
Other	1,168	1,383
Allowance for doubtful accounts	(25)	(32)
Total current assets	47,801	48,232
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,131	13,004
Accumulated depreciation	(7,869)	(8,005)
Buildings and structures, net	5,261	4,998
Machinery, equipment and vehicles	18,555	18,411
Accumulated depreciation	(14,120)	(14,220)
Machinery, equipment and vehicles, net	4,434	4,191
Tools, furniture and fixtures	20,551	21,185
Accumulated depreciation	(18,755)	(19,055)
Tools, furniture and fixtures, net	1,796	2,130
Land	1,155	1,149
Other	625	571
Total property, plant and equipment	13,274	13,041
Intangible assets	632	682
Investments and other assets		
Investment securities	2,336	2,116
Deferred tax assets	422	354
Other	269	318
Allowance for doubtful accounts	(32)	(68)
Total investments and other assets	2,995	2,720
Total non-current assets	16,903	16,445
Total assets	64,704	64,678

(Amount: Million yen)

	FY2018 (As of December 31, 2018)	2nd quarter FY2019 (As of June 30, 2019)
Liabilities		
Current liabilities		
Accounts payable - trade	3,782	3,055
Short-term loans payable	2,531	2,451
Accrued expenses	3,026	3,606
Income taxes payable	551	537
Other	1,661	1,364
Total current liabilities	11,553	11,016
Non-current liabilities		
Long-term loans payable	467	330
Provision for share benefits	83	126
Net defined benefit liability	1,452	1,495
Other	296	345
Total non-current liabilities	2,299	2,297
Total liabilities	13,852	13,314
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	34,561	35,585
Treasury shares	(483)	(483)
Total shareholders' equity	48,433	49,456
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	561	619
Foreign currency translation adjustment	1,924	1,335
Remeasurements of defined benefit plans	(67)	(48)
Total accumulated other comprehensive income	2,418	1,906
Total net assets	50,852	51,363
Total liabilities and net assets	64,704	64,678

(2) Consolidated Statements of income

(Amount: Million yen)

	2nd quarter FY2018 (January 1, 2018 through June 30, 2018)	2nd quarter FY2019 (January 1, 2019 through June 30, 2019)
Net sales	28,572	29,016
Cost of sales	18,911	18,595
Gross profit	9,661	10,421
Selling, general and administrative expenses	7,701	8,168
Operating income	1,959	2,252
Non-operating income		
Interest income	34	43
Dividend income	30	29
Subsidy income	54	171
Other	73	148
Total non-operating income	192	393
Non-operating expenses		
Interest expenses	21	22
Foreign exchange losses	17	30
Other	22	43
Total non-operating expenses	60	96
Ordinary income	2,090	2,549
Extraordinary income		
Gain on sales of investment securities	85	—
Total extraordinary income	85	—
Profit before income taxes	2,176	2,549
Income taxes	591	618
Profit	1,585	1,931
Profit attributable to owners of parent	1,585	1,931

(3) Consolidated Statements of Comprehensive Income

(Amount: Million yen)

	2nd quarter FY2018 (January 1, 2018 through June 30, 2018)	2nd quarter FY2019 (January 1, 2019 through June 30, 2019)
Profit	1,585	1,931
Other comprehensive income		
Valuation difference on available-for-sale securities	(143)	58
Foreign currency translation adjustment	(802)	(589)
Remeasurements of defined benefit plans, net of tax	(99)	19
Total other comprehensive income	(1,045)	(511)
Comprehensive income	539	1,419
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	539	1,419

(4) Consolidated statements of cash flows

(Amount: Million yen)

	2nd quarter FY2018 (January 1, 2018 through June 30, 2018)	2nd quarter FY2019 (January 1, 2019 through June 30, 2019)
Cash flows from operating activities		
Profit before income taxes	2,176	2,549
Depreciation	1,479	1,202
Increase (decrease) in Provision for share benefits	14	43
Increase (decrease) in net defined benefit liability	183	72
Interest and dividends income	(64)	(73)
Interest expenses	21	22
Settlement received	—	(47)
Loss on retirement of property, plant and equipment	10	7
Decrease (increase) in notes and accounts receivable - trade	1,314	369
Decrease (increase) in inventories	(71)	1,149
Increase (decrease) in notes and accounts payable - trade	43	(399)
Other, net	3	577
Subtotal	5,110	5,474
Interest and dividends income received	64	73
Interest expenses paid	(21)	(22)
Settlement package received	—	47
Income taxes paid	(595)	(543)
Net cash provided by (used in) operating activities	4,558	5,030
Cash flows from investing activities		
Purchase of property, plant and equipment	(586)	(1,079)
Purchase of intangible assets	(70)	(137)
Other, net	(23)	(6)
Net cash provided by (used in) investing activities	(680)	(1,223)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(20)	(25)
Proceeds from long-term loans payable	400	—
Repayment of long-term loans payable	(319)	(189)
Purchase of treasury shares	(429)	(0)
Cash dividends paid	(648)	(907)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,017)	(1,123)
Effect of exchange rate change on cash and cash equivalents	(315)	(215)
Net increase (decrease) in cash and cash equivalents	2,544	2,467
Cash and cash equivalents at beginning of period	19,431	22,438
Cash and cash equivalents at end of period	21,976	24,905

(Segment Information)

Information on net sales and income (loss) by reportable segment

2nd quarter FY2018 (January 1, 2018 through June 30, 2018)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	21,650	1,209	5,711	28,572	-	28,572
(2) Intersegment sales	-	-	-	-	-	-
Total	21,650	1,209	5,711	28,572	-	28,572
Operating income (loss)	2,918	(25)	295	3,188	(1,228)	1,959

(Note)

1. Segment profit(loss) is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,228) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.

2nd quarter FY2019 (January 1, 2019 through June 30, 2019)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	20,353	1,199	7,463	29,016	-	29,016
(2) Intersegment sales	-	-	-	-	-	-
Total	20,353	1,199	7,463	29,016	-	29,016
Operating income	3,037	13	503	3,554	(1,302)	2,252

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,302) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.