

2nd Quarter FY2018 Consolidated Financial Results

August 6, 2018

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for 2nd quarter FY2018 (January 1, 2018 through June 30, 2018)

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

	Net Sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q FY2018	28,572	6.2	1,959	66.4	2,090	82.9	1,585	73.8
2Q FY2017	26,912	(11.8)	1,177	(14.5)	1,143	(23.1)	912	(2.4)

(Note) Comprehensive income: 2Q FY2018: 539 million yen (37.1%) / 2Q FY2017: 857 million yen (-%)

	Quarterly net income per share –Basic	Quarterly net income per share –Diluted
	Yen	Yen
2Q FY2018	61.26	-
2Q FY2017	35.19	-

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets
	Million yen	Million yen	%
2Q FY2018	63,217	49,402	78.1
FY2017	63,868	49,940	78.2

(Reference) Shareholders' equity: 2Q FY2018: 49,402 million yen / FY2017: 49,940 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	Yen	Yen	Yen	Yen
FY2017	-	25.00	-	25.00	50.00
FY2018	-	25.00	-	-	-
FY2018 (forecast)	-	-	-	25.00	50.00

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

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

(% of change from 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	63,000	4.1	5,100	20.1	5,100	24.4	3,630	27.9	140.67

(Note) Revision of forecast for this period: None

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: millions of yen)

	FY2017 (As of December 31, 2017)	2nd quarter FY2018 (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	19,431	21,976
Notes and accounts receivable - trade	14,061	12,222
Finished goods	6,392	5,777
Work in process	3,098	3,472
Raw materials and supplies	982	1,047
Deferred tax assets	360	287
Other	1,093	1,201
Allowance for doubtful accounts	(28)	(26)
Total current assets	45,392	45,958
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,295	13,163
Accumulated depreciation	(7,513)	(7,673)
Buildings and structures, net	5,781	5,490
Machinery, equipment and vehicles	19,385	19,021
Accumulated depreciation	(14,403)	(14,320)
Machinery, equipment and vehicles, net	4,982	4,701
Tools, furniture and fixtures	20,186	20,612
Accumulated depreciation	(18,188)	(18,541)
Tools, furniture and fixtures, net	1,998	2,071
Land	961	955
Other	894	352
Total property, plant and equipment	14,618	13,569
Intangible assets	704	672
Investments and other assets		
Investment securities	2,811	2,536
Deferred tax assets	115	244
Other	267	273
Allowance for doubtful accounts	(40)	(38)
Total investments and other assets	3,153	3,016
Total non-current assets	18,476	17,258
Total assets	63,868	63,217

(Amount: millions of yen)

	FY2017 (As of December 31, 2017)	2nd quarter FY2018 (As of June 30, 2018)
Liabilities		
Current liabilities		
Accounts payable - trade	3,675	3,312
Short-term loans payable	2,676	2,577
Accrued expenses	3,109	3,614
Income taxes payable	629	377
Other	1,839	1,587
Total current liabilities	11,931	11,470
Non-current liabilities		
Long-term loans payable	468	621
Provision for share benefits	-	14
Net defined benefit liability	1,298	1,480
Other	230	228
Total non-current liabilities	1,996	2,344
Total liabilities	13,928	13,814
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	31,527	32,464
Treasury shares	(53)	(483)
Total shareholders' equity	45,829	46,337
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	846	703
Foreign currency translation adjustment	3,214	2,412
Remeasurements of defined benefit plans	49	(49)
Total accumulated other comprehensive income	4,110	3,065
Total net assets	49,940	49,402
Total liabilities and net assets	63,868	63,217

(2) Consolidated Statements of income

(Amount: millions of yen)

	2nd quarter FY2017 (January 1, 2017 through June 30, 2017)	2nd quarter FY2018 (January 1, 2018 through June 30, 2018)
Net sales	26,912	28,572
Cost of sales	17,910	18,911
Gross profit	9,002	9,661
Selling, general and administrative expenses	7,825	7,701
Operating income	1,177	1,959
Non-operating income		
Interest income	24	34
Rent income	22	30
Subsidy income	44	54
Other	59	73
Total non-operating income	151	192
Non-operating expenses		
Interest expenses	22	21
Foreign exchange losses	139	17
Loss on retirement of non-current assets	6	10
Loss on abandonment of inventories	11	1
Other	5	11
Total non-operating expenses	185	60
Ordinary income	1,143	2,090
Extraordinary income		
Surrender value of insurance	122	-
Gain on sales of investment securities	-	85
Total extraordinary income	122	85
Profit before income taxes	1,265	2,176
Income taxes	353	591
Profit	912	1,585
Profit attributable to owners of parent	912	1,585

(3) Consolidated Statements of Comprehensive Income

(Amount: millions of yen)

	2nd quarter FY2017 (January 1, 2017 through June 30, 2017)	2nd quarter FY2018 (January 1, 2018 through June 30, 2018)
Profit	912	1,585
Other comprehensive income		
Valuation difference on available-for-sale securities	102	(143)
Foreign currency translation adjustment	(171)	(802)
Remeasurements of defined benefit plans, net of tax	14	(99)
Total other comprehensive income	(54)	(1,045)
Comprehensive income	857	539

(4) Consolidated statements of cash flows

(Amount: millions of yen)

	2nd quarter FY2017 (January 1, 2017 through June 30, 2017)	2nd quarter FY2018 (January 1, 2018 through June 30, 2018)
Cash flows from operating activities		
Profit before income taxes	1,265	2,176
Depreciation	1,599	1,479
Increase (decrease) in Provision for share benefits	-	14
Increase (decrease) in net defined benefit liability	88	183
Interest and dividends income	(47)	(64)
Interest expenses	22	21
Loss on retirement of property, plant and equipment	6	10
Surrender value of insurance	(122)	-
Decrease (increase) in notes and accounts receivable - trade	1,112	1,314
Decrease (increase) in inventories	(482)	(71)
Increase (decrease) in notes and accounts payable - trade	374	43
Other, net	869	3
Subtotal	4,687	5,110
Interest and dividends income received	47	64
Interest expenses paid	(22)	(21)
Income taxes paid	(462)	(595)
Net cash provided by (used in) operating activities	4,250	4,558
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,466)	(586)
Purchase of intangible assets	(88)	(70)
Proceeds from cancellation of insurance funds	260	-
Other, net	99	(23)
Net cash provided by (used in) investing activities	(1,194)	(680)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(376)	(20)
Proceeds from long-term loans payable	221	400
Repayment of long-term loans payable	(425)	(319)
Purchase of treasury shares	-	(429)
Cash dividends paid	(777)	(648)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,358)	(1,017)
Effect of exchange rate change on cash and cash equivalents	(82)	(315)
Net increase (decrease) in cash and cash equivalents	1,615	2,544
Cash and cash equivalents at beginning of period	16,030	19,431
Cash and cash equivalents at end of period	17,645	21,976

(Segment Information)

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

2nd quarter FY2017 (January 1, 2017 through June 30, 2017)

(Amount: millions of yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	19,776	1,532	5,604	26,912	-	26,912
(2) Intersegment sales	-	-	-	-	-	-
Total	19,776	1,532	5,604	26,912	-	26,912
Operating income	1,651	187	427	2,266	(1,089)	1,177

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,089) 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 FY2018 (January 1, 2018 through June 30, 2018)

(Amount: millions of 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 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.