

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

		Cas	sh dividends per share)	
	End of	End of	End of		
	1st	2nd	3rd	Year-end	Annual
	quarter	quarter	quarter		
	Yen	Yen	Yen	Yen	Yen
FY2018	-	25.00	-	35.00	60.00
FY2019	-	25.00			
FY2019				35.00	60.00
(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 i	perating income Ordinary		Ordinary income		utable 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	2nd quarter FY2019
	(As of December 31, 2018)	(As of June 30, 2019)
ssets		
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

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(Amount: Million yen)

		(Amount: Million yen)
	FY2018	2nd quarter FY2019
	(As of December 31, 2018)	(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)

		(Amount. Willion yen)
	2nd quarter FY2018	2nd quarter FY2019
	(January 1, 2018 through June 30, 2018)	(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 2nd quarter FY2019 (January 1, 2018 through June 30, 2018) (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)

Cash flows from operating activities (January 1, 2016 through June 30, 2016) (January 1, 2016 through June 30, 2016) Profit before income taxes 2, 176 2, 5 Depreciation 1, 479 1, 2 Increase (decrease) in Provision for share benefits 14 1 Increase (decrease) in net defined benefit liability 183 1 Interest and dividends income (64) 0 Interest expenses 21 2 Settlement received - 0 Loss on retirement of property, plant and equipment 10 3 Decrease (increase) in notes and accounts receivable - trade 1,314 3 Decrease (increase) in inventories (71) 1,1 Increase (decrease) in notes and accounts payable - trade 43 6 Other, net 3 5 Subtotal 5,1110 5,4 Interest and dividends income received 64 1 Interest expenses paid (21) (3 Settlement package received - - Interest expenses paid (595) (5 </th <th></th> <th>2nd quarter FY2018</th> <th>2nd quarter FY2019</th>		2nd quarter FY2018	2nd quarter FY2019
Profit before income taxes		•	·
Depreciation 1,479 1,2 Increase (decrease) in Provision for share benefits 14 Increase (decrease) in net defined benefit liability 183 Interest and dividends income (64) (7) Interest expenses 21 Settlement received - (7) Loss on retirement of property, plant and equipment 10 Decrease (increase) in notes and accounts receivable - trade 1,314 3 Decrease (increase) in inventories (71) 1,1 Increase (decrease) in notes and accounts payable - trade 43 (33 Other, net 3 5 Subtotal 5,110 5,4 Interest expenses paid (21) (7) Settlement package received 64 Interest expenses paid (29) (7) Net cash provided by (used in) operating activities 4,558 5.0 Cash flows from investing activities (586) (1,0) Other, net (23) Net cash provided by (used in) investing activities (680) (1,2) Cash flows from financing activities (680) (1,2) Cash flows from financing activities (20) (7) Purchase of intengible assets (20) (7) Other, net (20) (7) Proceeds from long-term loans payable (20) (7) Proceeds from long-term loans payable (319) (18) Repayment of long-term loans payable (319) (18)	Cash flows from operating activities		
Increase (decrease) in Provision for share benefits 14 Increase (decrease) in net defined benefit liability 183 Interest and dividends income (64) (7) Interest expenses 21 Settlement received (64 Loss on retirement of property, plant and equipment 10 Decrease (increase) in notes and accounts receivable - trade 1,314 3 Decrease (increase) in inventories (77) 1,1 Increase (decrease) in notes and accounts payable - trade 3 5 Subtotal 5,110 5,4 Interest and dividends income received 64 Interest expenses paid (21) (7) Settlement package received Income taxes paid (595) (56 Net cash provided by (used in) operating activities 4,558 5,0 Cash flows from investing activities (70) (11 Other, net (23) Purchase of intangible assets (70) (12 Cash provided by (used in) investing activities (680) (1,00 Net cash provided by (used in) investing activities (680) (1,00 Net cash provided by (used in) investing activities (680) (1,00 Net cash provided by (used in) investing activities (680) (1,00 Net cash provided by (used in) investing activities (20) (30 Net cash provided by (used in) investing activities (20) (30 Repayment of long-term loans payable (20) (30 (30 Repayment of long-term loans payable (319) (31	Profit before income taxes	2,176	2,549
Increase (decrease) in net defined benefit liability 183 Interest and dividends income (64) (7) (64) (7)	Depreciation	1,479	1,202
Interest and dividends income (64) (7) Interest expenses 21 Settlement received — (6 Loss on retirement of property, plant and equipment 10 Decrease (increase) in notes and accounts receivable - trade 1,314 3 Decrease (increase) in inventories (71) 1,1 Increase (decrease) in notes and accounts payable - trade 43 (3 Other, net 3 5 Subtotal 5,110 5,4 Interest and dividends income received 64 Interest expenses paid (21) (3 Settlement package received — (21) (3 Income taxes paid (595) (5 Net cash provided by (used in) operating activities 4,558 5,0 Cash flows from investing activities (586) (1,0) Purchase of property, plant and equipment (586) (1,0) Purchase of intangible assets (70) (15 Other, net (23) (23) Net cash provided by (used in) investing activities (680)	Increase (decrease) in Provision for share benefits	14	43
Interest expenses 21	Increase (decrease) in net defined benefit liability	183	72
Settlement received — (c Loss on retirement of property, plant and equipment 10 Decrease (increase) in notes and accounts receivable - trade 1,314 3 Decrease (increase) in inventories (71) 1,1 Increase (decrease) in notes and accounts payable - trade 43 (3 Other, net 3 5 Subtotal 5,110 5,4 Interest and dividends income received 64	Interest and dividends income	(64)	(73)
Loss on retirement of property, plant and equipment 10 Decrease (increase) in notes and accounts receivable - trade 1,314 3 Decrease (increase) in inventories (71) 1,1 Increase (decrease) in notes and accounts payable - trade 43 (38 Other, net 3 5 Subtotal 5,110 5,4 Interest and dividends income received 64 64 Interest expenses paid (21) (3 Settlement package received - - Income taxes paid (595) (5 Net cash provided by (used in) operating activities 4,558 5,0 Cash flows from investing activities (586) (1,0) Purchase of property, plant and equipment (586) (1,0) Purchase of intangible assets (70) (13 Other, net (23) (23) Net cash provided by (used in) investing activities (680) (1,2) Cash flows from financing activities (680) (1,2) Cash flows from financing activities (20) (20)	Interest expenses	21	22
Decrease (increase) in notes and accounts receivable - trade 1,314 3 3 3 3 3 3 3 3 3	Settlement received	_	(47)
Decrease (increase) in inventories	Loss on retirement of property, plant and equipment	10	7
Increase (decrease) in notes and accounts payable - trade	Decrease (increase) in notes and accounts receivable - trade	1,314	369
Other, net 3 5 Subtotal 5,110 5,4 Interest and dividends income received 64 (21) (3 Interest expenses paid (21) (3 (21) (3 Settlement package received — <td>Decrease (increase) in inventories</td> <td>(71)</td> <td>1,149</td>	Decrease (increase) in inventories	(71)	1,149
Subtotal 5,110 5,4 Interest and dividends income received 64 Interest expenses paid (21) (2 Settlement package received — Income taxes paid (595) (5 Net cash provided by (used in) operating activities 4,558 5,0 Cash flows from investing activities (586) (1,0) Purchase of property, plant and equipment (586) (1,0) Purchase of intangible assets (70) (13 Other, net (23) Net cash provided by (used in) investing activities (680) (1,2) Cash flows from financing activities (20) (3 Net increase (decrease) in short-term loans payable (20) (3 Proceeds from long-term loans payable 400 (10 Repayment of long-term loans payable (319) (18	Increase (decrease) in notes and accounts payable - trade	43	(399)
Interest and dividends income received 64 Interest expenses paid (21) (3 Settlement package received — — Income taxes paid (595) (5 Net cash provided by (used in) operating activities 4,558 5,0 Cash flows from investing activities Furchase of property, plant and equipment (586) (1,0) Purchase of intangible assets (70) (11 Other, net (23) (680) (1,2) Net cash provided by (used in) investing activities (680) (1,2) Cash flows from financing activities (20) (3 Net increase (decrease) in short-term loans payable (20) (3 Proceeds from long-term loans payable (319) (18	Other, net	3	577
Interest expenses paid (21) (22) Settlement package received — (595) (565) Income taxes paid (595) (560) (500) Net cash provided by (used in) operating activities 4,558 5,00 Cash flows from investing activities (586) (1,00) Purchase of property, plant and equipment (586) (1,00) Purchase of intangible assets (70) (130) Other, net (23) (23) Net cash provided by (used in) investing activities (680) (1,20) Cash flows from financing activities (20) (30) Net increase (decrease) in short-term loans payable (20) (30) Proceeds from long-term loans payable 400 (319) (319)	Subtotal	5,110	5,474
Settlement package received ————————————————————————————————————	Interest and dividends income received	64	73
Income taxes paid (595) (54 Net cash provided by (used in) operating activities 4,558 5,0 Cash flows from investing activities Purchase of property, plant and equipment (586) (1,0) Purchase of intangible assets (70) (13 Other, net (23) Net cash provided by (used in) investing activities (680) (1,2) Cash flows from financing activities Net increase (decrease) in short-term loans payable Proceeds from long-term loans payable (20) (319)	Interest expenses paid	(21)	(22)
Net cash provided by (used in) operating activities Cash flows from investing activities Purchase of property, plant and equipment Other, net Cash provided by (used in) investing activities Net cash provided by (used in) investing activities Cash flows from financing activities Net increase (decrease) in short-term loans payable Proceeds from long-term loans payable Repayment of long-term loans payable (319)	Settlement package received	_	47
Cash flows from investing activities Purchase of property, plant and equipment (586) (1,0) Purchase of intangible assets (70) (13 Other, net (23) Net cash provided by (used in) investing activities (680) (1,2) Cash flows from financing activities Net increase (decrease) in short-term loans payable Proceeds from long-term loans payable Repayment of long-term loans payable (319) (18	Income taxes paid	(595)	(543)
Purchase of property, plant and equipment (586) (1,07) Purchase of intangible assets (70) (13 Other, net (23) Net cash provided by (used in) investing activities (680) (1,22) Cash flows from financing activities Net increase (decrease) in short-term loans payable (20) (3 Proceeds from long-term loans payable 400 Repayment of long-term loans payable (319) (18)	Net cash provided by (used in) operating activities	4,558	5,030
Purchase of intangible assets (70) (13 Other, net (23) Net cash provided by (used in) investing activities (680) (1,22) Cash flows from financing activities Net increase (decrease) in short-term loans payable (20) (20) Proceeds from long-term loans payable 400 Repayment of long-term loans payable (319) (18)	Cash flows from investing activities		
Other, net (23) Net cash provided by (used in) investing activities (680) (1,22) Cash flows from financing activities Net increase (decrease) in short-term loans payable (20) (20) Proceeds from long-term loans payable 400 Repayment of long-term loans payable (319)	Purchase of property, plant and equipment	(586)	(1,079)
Net cash provided by (used in) investing activities (680) (1,22) Cash flows from financing activities Net increase (decrease) in short-term loans payable (20) (20) Proceeds from long-term loans payable 400 Repayment of long-term loans payable (319) (18)	Purchase of intangible assets	(70)	(137)
Cash flows from financing activities Net increase (decrease) in short-term loans payable Proceeds from long-term loans payable Repayment of long-term loans payable (319)	Other, net	(23)	(6)
Net increase (decrease) in short-term loans payable Proceeds from long-term loans payable Repayment of long-term loans payable (319)	Net cash provided by (used in) investing activities	(680)	(1,223)
Proceeds from long-term loans payable 400 Repayment of long-term loans payable (319)	Cash flows from financing activities		
Repayment of long-term loans payable (319)	Net increase (decrease) in short-term loans payable	(20)	(25)
	Proceeds from long-term loans payable	400	_
Purchase of treasury shares (429)	Repayment of long-term loans payable	(319)	(189)
·	Purchase of treasury shares	(429)	(0)
Cash dividends paid (648)	Cash dividends paid	(648)	(907)
Other, net (0)	Other, net	(0)	(0)
Net cash provided by (used in) financing activities (1,017)	Net cash provided by (used in) financing activities	(1,017)	(1,123)
Effect of exchange rate change on cash and cash equivalents (315)	Effect of exchange rate change on cash and cash equivalents	(315)	(215)
Net increase (decrease) in cash and cash equivalents 2,544 2,4	Net increase (decrease) in cash and cash equivalents	2,544	2,467
Cash and cash equivalents at beginning of period 19,431 22,4	Cash and cash equivalents at beginning of period	19,431	22,438
Cash and cash equivalents at end of period 21,976 24,9	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	-	-	-	-	ı	-
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.