

3rd Quarter FY2017 Consolidated Financial Results

October 31, 2017

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for 3rd quarter FY2017 (January 1, 2017 through September 30, 2017)

(1) Consolidated financial results (% of change from previous 3rd quarter)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY2017	42,433	(3.3)	2,483	48.7	2,345	27.9	1,683	47.7
3Q FY2016	43,876	(16.9)	1,669	(55.5)	1,833	(55.5)	1,139	(68.1)

(Note) Comprehensive income: 3Q FY2017: 2,314 million yen (-%) / 3Q FY2016: (3,197) million yen (-%)

	Quarterly net income per share –Basic	Quarterly net income per share –Diluted
	Yen	Yen
3Q FY2017	64.94	-
3Q FY2016	43.97	-

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets
	Million yen	Million yen	%
3Q FY2017	62,601	48,210	77.0
FY2016	60,910	47,321	77.7

(Reference) Shareholders' equity: 3Q FY2017: 48,210million yen / FY2016: 47,321 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
FY2016	-	25.00	-	30.00	55.00
FY2017	-	25.00	-		
FY2017 (forecast)			-	25.00	50.00

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

3. Forecast of consolidated results for FY2017 (January 1, 2017 through December 31, 2017)

(% of change from FY2016)

	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
FY2017	62,500	4.3	3,600	52.4	3,600	26.1	2,610	76.1	100.69

(Note) Revision of forecast for this period: None

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: Million yen)

	FY2016 (As of December 31, 2016)	3rd quarter FY2017 (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	16,030	18,317
Notes and accounts receivable - trade	13,419	12,377
Finished goods	7,023	6,960
Work in process	2,201	3,680
Raw materials and supplies	875	1,104
Deferred tax assets	442	380
Other	1,630	1,053
Allowance for doubtful accounts	(32)	(30)
Total current assets	41,590	43,844
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,200	13,089
Accumulated depreciation	(7,088)	(7,333)
Buildings and structures, net	6,112	5,756
Machinery, equipment and vehicles	19,195	19,199
Accumulated depreciation	(13,682)	(14,152)
Machinery, equipment and vehicles, net	5,513	5,047
Tools, furniture and fixtures	19,289	20,039
Accumulated depreciation	(17,056)	(17,818)
Tools, furniture and fixtures, net	2,232	2,221
Land	1,012	959
Other	668	922
Total property, plant and equipment	15,539	14,907
Intangible assets	787	722
Investments and other assets		
Investment securities	2,303	2,647
Deferred tax assets	340	258
Other	437	308
Allowance for doubtful accounts	(88)	(86)
Total investments and other assets	2,993	3,127
Total non-current assets	19,320	18,757
Total assets	60,910	62,601

(Amount: Million yen)

	FY2016 (As of December 31, 2016)	3rd quarter FY2017 (As of September 30, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	3,068	4,105
Short-term loans payable	3,327	2,787
Accrued expenses	2,826	3,642
Income taxes payable	371	410
Other	1,794	1,323
Total current liabilities	11,388	12,269
Non-current liabilities		
Long-term loans payable	736	550
Net defined benefit liability	1,403	1,508
Other	60	62
Total non-current liabilities	2,200	2,121
Total liabilities	13,589	14,391
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	30,114	30,372
Treasury shares	(53)	(53)
Total shareholders' equity	44,416	44,673
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	498	732
Foreign currency translation adjustment	2,475	2,852
Remeasurements of defined benefit plans	(69)	(48)
Total accumulated other comprehensive income	2,905	3,536
Total net assets	47,321	48,210
Total liabilities and net assets	60,910	62,601

(2) Consolidated Statements of income

(Amount: Million yen)

	3rd quarter FY2016 (January 1, 2016 through September 30, 2016)	3rd quarter FY2017 (January 1, 2017 through September 30, 2017)
Net sales	43,876	42,433
Cost of sales	29,920	27,971
Gross profit	13,955	14,461
Selling, general and administrative expenses	12,285	11,978
Operating income	1,669	2,483
Non-operating income		
Interest income	25	43
Dividend income	22	22
Foreign exchange income	95	-
Subsidy income	35	53
Other	120	99
Total non-operating income	299	219
Non-operating expenses		
Interest expenses	30	32
Foreign exchange losses	-	278
Loss on retirement of non-current assets	74	17
Loss on abandonment of inventories	15	14
Other	14	13
Total non-operating expenses	135	357
Ordinary income	1,833	2,345
Extraordinary income		
Insurance income	-	122
Total extraordinary income	-	122
Extraordinary losses		
Loss on valuation of investment securities	77	-
Total extraordinary losses	77	-
Income before income taxes and minority interests	1,756	2,468
Income taxes	616	784
Profit	1,139	1,683
Profit attributable to owners of parent	1,139	1,683

(3) Consolidated Statements of Comprehensive Income

(Amount: Million yen)

	3rd quarter FY2016 (January 1, 2016 through September 30, 2016)	3rd quarter FY2017 (January 1, 2017 through September 30, 2017)
Profit	1,139	1,683
Other comprehensive income		
Valuation difference on available-for-sale securities	(207)	233
Foreign currency translation adjustment	(4,169)	376
Remeasurements of defined benefit plans, net of tax	39	21
Total other comprehensive income	(4,337)	631
Comprehensive income	(3,197)	2,314
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,197)	2,314

(Segment Information)

Information on net sales and income by reportable segment

3rd quarter FY2016 (January 1, 2016 through September 30, 2016)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	34,417	1,435	8,022	43,876	-	43,876
(2) Intersegment sales	-	-	-	-	-	-
Total	34,417	1,435	8,022	43,876	-	43,876
Operating income	2,843	16	554	3,414	(1,745)	1,669

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,745) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.

3rd quarter FY2017 (January 1, 2017 through September 30, 2017)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	31,635	2,240	8,556	42,433	-	42,433
(2) Intersegment sales	-	-	-	-	-	-
Total	31,635	2,240	8,556	42,433	-	42,433
Operating income	3,450	138	642	4,230	(1,747)	2,483

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,747) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.