

FY2013 Consolidated Financial Results

February 7, 2014

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2013 (January 1, 2013 through December 31, 2013)

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

| | Net Sales | | Operating income | | Ordinary income | | Net income | |
|--------|-------------|------|------------------|-------|-----------------|-------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY2013 | 68,452 | 6.4 | 5,233 | (4.9) | 5,196 | (3.4) | 3,197 | (17.9) |
| FY2012 | 64,353 | 10.0 | 5,503 | (3.2) | 5,377 | (5.7) | 3,894 | 2.3 |

(Note) Comprehensive income: FY2013: 7,654 million yen (26.6%) / FY2012: 6,044 million yen (72.2%)

| | 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 | % | % | % |
| FY2013 | 116.48 | - | 7.3 | 8.5 | 7.6 |
| FY2012 | 141.86 | - | 10.1 | 9.8 | 8.6 |

(2) Consolidated financial position

| | Total assets | Total net assets | Ratio of net assets | Net assets per share |
|--------|--------------|------------------|---------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY2013 | 64,704 | 47,087 | 72.8 | 1,715.37 |
| FY2012 | 58,058 | 40,805 | 70.3 | 1,486.52 |

(Reference) Shareholders' equity: FY2013: 47,087 million yen / FY2012: 40,805 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 |
| FY2013 | 9,602 | (6,041) | (1,324) | 14,297 |
| FY2012 | 3,736 | (3,824) | (2,363) | 10,822 |

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 | % | % |
| FY2012 | - | 20.00 | - | 30.00 | 50.00 | 1,372 | 35.2 | 3.6 |
| FY2013 | - | 20.00 | - | 30.00 | 50.00 | 1,372 | 42.9 | 3.1 |
| FY2014 (forecast) | - | 20.00 | - | 30.00 | 50.00 | | 35.2 | |

3. Forecast of consolidated results for FY2014 (January 1, 2014 through December 31, 2014)

(% of change from FY2013 or 1st Half or FY2013)

| | Net Sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------------|-------------|-----|------------------|------|-----------------|-----|-------------|------|-------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| FY2014 1st Half | 32,500 | 3.3 | 2,400 | 1.7 | 2,300 | 0.3 | 1,650 | 2.1 | 60.11 |
| FY2014 | 71,000 | 3.7 | 5,800 | 10.8 | 5,600 | 7.8 | 3,900 | 22.0 | 142.07 |

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: millions of yen)

| | FY2012 (As of December 31, 2012) | FY2013 (As of December 31, 2013) |
|--|-------------------------------------|-------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,822 | 14,297 |
| Notes and accounts receivable-trade | 15,509 | 14,898 |
| Finished goods | 8,144 | 6,485 |
| Work in process | 2,842 | 3,022 |
| Raw materials and supplies | 1,376 | 1,547 |
| Deferred tax assets | 668 | 528 |
| Other | 899 | 1,027 |
| Allowance for doubtful accounts | (52) | (50) |
| Total current assets | 40,211 | 41,758 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 8,505 | 12,778 |
| Accumulated depreciation | (5,053) | (5,640) |
| Buildings and structures, net | 3,452 | 7,137 |
| Machinery, equipment and vehicles | 15,808 | 19,363 |
| Accumulated depreciation | (9,813) | (12,048) |
| Machinery, equipment and vehicles, net | 5,994 | 7,314 |
| Tools, furniture and fixtures | 16,253 | 17,181 |
| Accumulated depreciation | (13,846) | (14,444) |
| Tools, furniture and fixtures, net | 2,407 | 2,736 |
| Land | 1,004 | 1,042 |
| Construction in progress | 1,554 | 811 |
| Total property, plant and equipment | 14,413 | 19,042 |
| Intangible assets | 721 | 771 |
| Investments and other assets | | |
| Investment securities | 1,649 | 2,138 |
| Deferred tax assets | 529 | 476 |
| Other | 626 | 614 |
| Allowance for doubtful accounts | (93) | (97) |
| Total investments and other assets | 2,712 | 3,131 |
| Total noncurrent assets | 17,846 | 22,945 |
| Total assets | 58,058 | 64,704 |

(Amount: millions of yen)

| | FY2012 (As of December 31, 2012) | FY2013 (As of December 31, 2013) |
|---|-------------------------------------|-------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 5,410 | 5,051 |
| Short-term loans payable | 3,928 | 3,634 |
| Income taxes payable | 699 | 512 |
| Other | 4,223 | 4,945 |
| Total current liabilities | 14,262 | 14,144 |
| Noncurrent liabilities | | |
| Long-term loans payable | 1,547 | 2,080 |
| Provision for retirement benefits | 1,154 | 1,201 |
| Other | 288 | 190 |
| Total noncurrent liabilities | 2,990 | 3,471 |
| Total liabilities | 17,252 | 17,616 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,923 | 6,923 |
| Capital surplus | 7,432 | 7,432 |
| Retained earnings | 27,310 | 29,135 |
| Treasury stock | (81) | (81) |
| Total shareholders' equity | 41,584 | 43,409 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 94 | 370 |
| Foreign currency translation adjustment | (873) | 3,308 |
| Total accumulated other comprehensive income | (778) | 3,678 |
| Total net assets | 40,805 | 47,087 |
| Total liabilities and net assets | 58,058 | 64,704 |

(2) Consolidated statements of income

(Amount: millions of yen)

| | FY2012 (January 1, 2012 through December 31, 2012) | FY2013 (January 1, 2013 through December 31, 2013) |
|--|---|---|
| Net sales | 64,353 | 68,452 |
| Cost of sales | 43,807 | 47,510 |
| Gross profit | 20,545 | 20,941 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 1,455 | 1,612 |
| Promotion expenses | 994 | 792 |
| Provision of allowance for doubtful accounts | 43 | 16 |
| Salaries and bonuses | 3,476 | 3,966 |
| Retirement benefit expenses | 143 | 156 |
| Technical research expenses | 3,403 | 3,159 |
| Other | 5,526 | 6,004 |
| Total selling, general and administrative expenses | 15,042 | 15,708 |
| Operating income | 5,503 | 5,233 |
| Non-operating income | | |
| Interest income | 26 | 19 |
| Dividends income | 32 | 36 |
| Rent income | 32 | 25 |
| Other | 109 | 209 |
| Total non-operating income | 201 | 290 |
| Non-operating expenses | | |
| Interest expenses | 108 | 87 |
| Foreign exchange losses | 113 | 129 |
| Loss on retirement of noncurrent assets | 80 | 76 |
| Other | 23 | 32 |
| Total non-operating expenses | 326 | 326 |
| Ordinary income | 5,377 | 5,196 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 54 | 32 |
| Settlement package | - | 332 |
| Total extraordinary losses | 54 | 364 |
| Income before income taxes and minority interests | 5,322 | 4,831 |
| Income taxes-current | 1,651 | 1,562 |
| Income taxes-deferred | (222) | 72 |
| Total income taxes | 1,428 | 1,634 |
| Income before minority interests | 3,894 | 3,197 |
| Net income | 3,894 | 3,197 |

(3) Consolidated statements of comprehensive income

(Amount: millions of yen)

| | FY2012 (January 1, 2012 through December 31, 2012) | FY2013 (January 1, 2013 through December 31, 2013) |
|---|---|---|
| Income before minority interests | 3,894 | 3,197 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 120 | 275 |
| Foreign currency translation adjustment | 2,029 | 4,181 |
| Total other comprehensive income | 2,150 | 4,457 |
| Comprehensive income | 6,044 | 7,645 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of the parent | 6,044 | 7,645 |

(4) Consolidated statements of changes in net assets

FY2012 (January 1, 2012 through December 31, 2012)

(Amount: millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 6,923 | 7,432 | 24,788 | (81) | 39,063 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (1,372) | | (1,372) |
| Net income | | | 3,894 | | 3,894 |
| Retirement of treasury stock | | | | (0) | (0) |
| Total changes of items during the period | | | | | - |
| Total changes of items during the period | - | - | 2,521 | (0) | 2,521 |
| Balance at the end of current period | 6,923 | 7,432 | 27,310 | (81) | 41,584 |

| | Accumulated other comprehensive income | | | Total net assets |
|--|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Balance at the beginning of current period | (25) | (2,903) | (2,928) | 36,134 |
| Changes of items during the period | | | | |
| Dividends from surplus | | | - | (1,372) |
| Net income | | | - | 3,894 |
| Retirement of treasury stock | | | - | (0) |
| Total changes of items during the period | 120 | 2,029 | 2,150 | 2,150 |
| Total changes of items during the period | 120 | 2,029 | 2,150 | 4,671 |
| Balance at the end of current period | 94 | (873) | (778) | 40,805 |

FY2013 (January 1, 2013 through December 31, 2013)

(Amount: millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 6,923 | 7,432 | 27,310 | (81) | 41,584 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (1,372) | | (1,372) |
| Net income | | | 3,197 | | 3,197 |
| Retirement of treasury stock | | | | (0) | (0) |
| Total changes of items during the period | | | | | - |
| Total changes of items during the period | - | - | 1,824 | (0) | 1,824 |
| Balance at the end of current period | 6,923 | 7,432 | 29,135 | (81) | 43,409 |

| | Accumulated other comprehensive income | | | Total net assets |
|--|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Balance at the beginning of current period | 94 | (873) | (778) | 40,805 |
| Changes of items during the period | | | | |
| Dividends from surplus | | | - | (1,372) |
| Net income | | | - | 3,197 |
| Retirement of treasury stock | | | - | (0) |
| Total changes of items during the period | 275 | 4,181 | 4,457 | 4,457 |
| Total changes of items during the period | 275 | 4,181 | 4,457 | 6,282 |
| Balance at the end of current period | 370 | 3,308 | 3,678 | 47,087 |

(5) Consolidated statements of cash flows

(Amount: millions of yen)

| | FY2012 (January 1, 2012 through December 31, 2012) | FY2013 (January 1, 2013 through December 31, 2013) |
|---|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 5,322 | 4,831 |
| Depreciation and amortization | 3,182 | 3,440 |
| Increase (decrease) in provision for retirement benefits | 44 | 43 |
| Interest and dividends income | (58) | (55) |
| Interest expenses | 108 | 87 |
| Loss on retirement of property, plant and equipment | 135 | 109 |
| Decrease (increase) in notes and accounts receivable-trade | (1,908) | 2,927 |
| Decrease (increase) in inventories | (2,488) | 3,071 |
| Increase (decrease) in notes and accounts payable-trade | 452 | (2,815) |
| Other, net | 1,147 | (171) |
| Subtotal | 5,937 | 11,468 |
| Interest and dividends income received | 58 | 55 |
| Interest expenses paid | (111) | (86) |
| Income taxes paid | (2,148) | (1,835) |
| Net cash provided by (used in) operating activities | 3,736 | 9,602 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (3,384) | (5,753) |
| Purchase of intangible assets | (262) | (168) |
| Purchase of investment securities | (132) | (43) |
| Payments of loans receivable | (9) | (16) |
| Collection of loans receivable | 8 | 11 |
| Other, net | (43) | (71) |
| Net cash provided by (used in) investing activities | (3,824) | (6,041) |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (742) | (707) |
| Proceeds from long-term loans payable | 800 | 2,060 |
| Repayment of long-term loans payable | (1,048) | (1,304) |
| Cash dividends paid | (1,372) | (1,372) |
| Other, net | (0) | (0) |
| Net cash provided by (used in) financing activities | (2,363) | (1,324) |
| Effect of exchange rate change on cash and cash equivalents | 501 | 1,238 |
| Net increase (decrease) in cash and cash equivalents | (1,950) | 3,474 |
| Cash and cash equivalents at beginning of period | 12,773 | 10,822 |
| Cash and cash equivalents at end of period | 10,822 | 14,297 |

(Segment Information)

Business Segment Information

FY2012 (January 1, 2012 through December 31, 2012)

(Amount: millions of yen)

| | Photographic Products | Optical Components | Commercial/ Industrial use optics | Total | Eliminations and/or corporate | Consolidated |
|---------------------------------|-----------------------|--------------------|-----------------------------------|--------|-------------------------------|--------------|
| Net sales : | | | | | | |
| (1) Sales to external customers | 46,920 | 8,275 | 9,157 | 64,353 | - | 64,353 |
| (2) Intersegment sales | - | - | - | - | - | - |
| Total | 46,920 | 8,275 | 9,157 | 64,353 | - | 64,353 |
| Operating income | 5,958 | 452 | 1,595 | 8,006 | (2,503) | 5,503 |
| Assets | 33,469 | 6,992 | 6,960 | 47,423 | 10,635 | 58,058 |
| Depreciation | 2,187 | 468 | 452 | 3,109 | 73 | 3,182 |
| Capital expenditure | 1,949 | 329 | 537 | 2,815 | 840 | 3,656 |

Note:

- (1) Adjustment of segment profit totaled (2,503) 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.

FY2013 (January 1, 2013 through December 31, 2013)

(Amount: millions of yen)

| | Photographic Products | Optical Components | Commercial/ Industrial use optics | Total | Eliminations and/or corporate | Consolidated |
|---------------------------------|-----------------------|--------------------|-----------------------------------|--------|-------------------------------|--------------|
| Net sales : | | | | | | |
| (1) Sales to external customers | 48,492 | 7,629 | 12,330 | 68,452 | - | 68,452 |
| (2) Intersegment sales | - | - | - | - | - | - |
| Total | 48,492 | 7,629 | 12,330 | 68,452 | - | 68,452 |
| Operating income | 4,280 | 938 | 2,429 | 7,648 | (2,415) | 5,233 |
| Assets | 37,020 | 7,452 | 9,660 | 54,133 | 10,570 | 64,704 |
| Depreciation | 2,208 | 321 | 601 | 3,132 | 308 | 3,440 |
| Capital expenditure | 4,215 | 615 | 802 | 5,632 | 497 | 6,130 |

Note:

- (1) Adjustment of segment profit totaled (2,415) 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.