

FY2014 Consolidated Financial Results

February 6, 2015

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2014 (January 1, 2014 through December 31, 2014)

(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	%
FY2014	73,621	7.6	6,076	16.1	6,200	19.3	3,846	20.3
FY2013	68,452	6.4	5,233	(4.9)	5,196	(3.4)	3,197	(17.9)

(Note) Comprehensive income: FY2014: 6,432 million yen [(16.1%)] / FY2013: 7,654 million yen [26.6%]

	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	%	%	%
FY2014	140.14	-	7.8	9.2	8.3
FY2013	116.48	-	7.3	8.5	7.6

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets	Net assets per share
	Million yen	Million yen	%	Yen
FY2014	69,906	51,995	74.4	1,894.14
FY2013	64,704	47,087	72.8	1,715.37

(Reference) Shareholders' equity: FY2014: 51,995 million yen / FY2013: 47,087 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
FY2014	6,208	(2,351)	(3,009)	15,915
FY2013	9,602	(6,041)	(1,324)	14,297

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	%	%
FY2013	-	20.00	-	30.00	50.00	1,372	42.9	3.1
FY2014	-	20.00	-	30.00	50.00	1,372	35.7	2.8
FY2015 (forecast)	-	25.00	-	30.00	55.00		35.9	

3. Forecast of consolidated results for FY2015 (January 1, 2015 through December 31, 2015)

(% of change from FY2014 or 1st Half FY2014)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2015 1st Half	36,200	10.5	2,800	9.1	2,700	2.3	1,900	4.3	69.22
FY2015	78,500	6.6	6,600	8.6	6,400	3.2	4,200	9.2	153.00

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: millions of yen)

	FY2013 (As of December 31, 2013)	FY2014 (As of December 31, 2014)
Assets		
Current assets		
Cash and deposits	14,297	15,915
Notes and accounts receivable-trade	14,898	18,653
Finished goods	6,485	5,989
Work in process	3,022	2,888
Raw materials and supplies	1,547	1,658
Deferred tax assets	528	481
Other	1,027	1,412
Allowance for doubtful accounts	(50)	(44)
Total current assets	41,758	46,955
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,778	13,513
Accumulated depreciation	(5,640)	(6,396)
Buildings and structures, net	7,137	7,117
Machinery, equipment and vehicles	19,363	20,821
Accumulated depreciation	(12,048)	(13,441)
Machinery, equipment and vehicles, net	7,314	7,380
Tools, furniture and fixtures	17,181	17,764
Accumulated depreciation	(14,444)	(15,394)
Tools, furniture and fixtures, net	2,736	2,369
Land	1,042	1,063
Construction in progress	811	883
Total property, plant and equipment	19,042	18,814
Intangible assets	771	866
Investments and other assets		
Investment securities	2,138	2,394
Deferred tax assets	476	474
Other	614	517
Allowance for doubtful accounts	(97)	(116)
Total investments and other assets	3,131	3,269
Total non-current assets	22,945	22,950
Total assets	64,704	69,906

(Amount: millions of yen)

	FY2013 (As of December 31, 2013)	FY2014 (As of December 31, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	5,051	5,855
Short-term loans payable	3,634	2,327
Income taxes payable	512	918
Other	4,945	5,501
Total current liabilities	14,144	14,602
Non-current liabilities		
Long-term loans payable	2,080	1,771
Provision for retirement benefits	1,201	-
Net defined benefit liability	-	1,342
Other	190	194
Total non-current liabilities	3,471	3,308
Total liabilities	17,616	17,911
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	29,135	31,609
Treasury stock	(81)	(81)
Total shareholders' equity	43,409	45,883
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	370	466
Foreign currency translation adjustment	3,308	5,797
Remeasurements of defined benefit plans	-	(152)
Total accumulated other comprehensive income	3,678	6,111
Total net assets	47,087	51,995
Total liabilities and net assets	64,704	69,906

(2) Consolidated statements of income

(Amount: millions of yen)

	FY2013 (January 1, 2013 through December 31, 2013)	FY2014 (January 1, 2014 through December 31, 2014)
Net sales	68,452	73,621
Cost of sales	47,510	50,053
Gross profit	20,941	23,568
Selling, general and administrative expenses		
Advertising expenses	1,612	1,654
Promotion expenses	792	1,097
Provision of allowance for doubtful accounts	16	11
Salaries and bonuses	3,966	4,459
Retirement benefit expenses	156	116
Technical research expenses	3,159	3,619
Other	6,004	6,533
Total selling, general and administrative expenses	15,708	17,492
Operating income	5,233	6,076
Non-operating income		
Interest income	19	53
Dividends income	36	42
Rent income	25	23
Subsidy income	7	35
Other	201	179
Total non-operating income	290	335
Non-operating expenses		
Interest expenses	87	64
Foreign exchange losses	129	19
Loss on retirement of noncurrent assets	76	106
Other	32	20
Total non-operating expenses	326	211
Ordinary income	5,196	6,200
Extraordinary losses		
Loss on retirement of non-current assets	32	-
Settlement package	332	-
Loss on disaster	-	89
Total extraordinary losses	364	89
Income before income taxes and minority interests	4,831	6,110
Income taxes-current	1,562	2,163
Income taxes-deferred	72	99
Total income taxes	1,634	2,263
Income before minority interests	3,197	3,846
Net income	3,197	3,846

(3) Consolidated statements of comprehensive income

(Amount: millions of yen)

	FY2013 (January 1, 2013 through December 31, 2013)	FY2014 (January 1, 2014 through December 31, 2014)
Income before minority interests	3,197	3,846
Other comprehensive income		
Valuation difference on available-for-sale securities	275	96
Foreign currency translation adjustment	4,181	2,489
Total other comprehensive income	4,457	2,585
Comprehensive income	7,654	6,432
Comprehensive income attributable to owners of the parent	7,654	6,432

(4) Consolidated statements of changes in net assets

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

(Amount: millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of current period	6,923	7,432	27,310	(81)	41,584
Changes of items during period					
Dividends of surplus			(1,372)		(1,372)
Net income			3,197		3,197
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	1,824	(0)	1,824
Balance at 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	94	(873)	-	(778)	40,805
Changes of items during period					
Dividends of surplus				-	(1,372)
Net income				-	3,197
Purchase of treasury shares				-	(0)
Net changes of items other than shareholders' equity	275	4,181	-	4,457	4,457
Total changes of items during period	275	4,181	-	4,457	6,282
Balance at end of current period	370	3,308	-	3,678	47,087

FY2014 (January 1, 2014 through December 31, 2014)

(Amount: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	6,923	7,432	29,135	(81)	43,409
Changes of items during period					
Dividends of surplus			(1,372)		(1,372)
Net income			3,846		3,846
Purchase of treasury shares					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	2,474	-	2,474
Balance at end of current period	6,923	7,432	31,609	(81)	45,883

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	370	3,308	-	3,678	47,087
Changes of items during period					
Dividends of surplus				-	(1,372)
Net income				-	3,846
Purchase of treasury shares				-	-
Net changes of items other than shareholders' equity	96	2,489	(152)	2,433	2,433
Total changes of items during period	96	2,489	(152)	2,433	4,907
Balance at end of current period	466	5,797	(152)	6,111	51,995

(5) Consolidated statements of cash flows

(Amount: millions of yen)

	FY2013 (January 1, 2013 through December 31, 2013)	FY2014 (January 1, 2014 through December 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	4,831	6,110
Depreciation	3,440	3,812
Increase (decrease) in provision for retirement benefits	43	(1,201)
Increase (decrease) in net defined benefit liability	-	1,104
Interest and dividends income	(55)	(96)
Interest expenses	87	64
Loss on retirement of property, plant and equipment	109	106
Decrease (increase) in notes and accounts receivable-trade	2,927	(2,415)
Decrease (increase) in inventories	3,071	1,214
Increase (decrease) in notes and accounts payable-trade	(2,815)	(695)
Other, net	(171)	(25)
Subtotal	11,468	7,979
Interest and dividends income received	55	97
Interest expenses paid	(86)	(65)
Income taxes paid	(1,835)	(1,803)
Net cash provided by (used in) operating activities	9,602	6,208
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,753)	(2,250)
Purchase of intangible assets	(168)	(214)
Purchase of investment securities	(43)	(391)
Proceeds from redemption of investment securities	-	300
Payments of loans receivable	(16)	(45)
Collection of loans receivable	11	26
Other, net	(71)	223
Net cash provided by (used in) investing activities	(6,041)	(2,351)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(707)	(1,203)
Proceeds from long-term loans payable	2,060	1,000
Repayment of long-term loans payable	(1,304)	(1,432)
Cash dividends paid	(1,372)	(1,373)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,324)	(3,009)
Effect of exchange rate change on cash and cash equivalents	1,238	771
Net increase (decrease) in cash and cash equivalents	3,474	1,618
Cash and cash equivalents at beginning of period	10,822	14,297
Cash and cash equivalents at end of period	14,297	15,915

(Segment Information)

Business Segment Information

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

(Amount: millions of yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	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
Increase in tangible and intangible fixed assets	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.

FY2014 (January 1, 2014 through December 31, 2014)

(Amount: millions of yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	Consolidated
Net sales :						
(1) Sales to external customers	53,932	7,032	12,656	73,621	-	73,621
(2) Intersegment sales	-	-	-	-	-	-
Total	53,932	7,032	12,656	73,621	-	73,621
Operating income	5,853	664	2,190	8,708	(2,632)	6,076
Assets	44,354	4,723	10,609	59,687	10,218	69,906
Depreciation	2,674	270	590	3,535	277	3,812
Increase in tangible and intangible fixed assets	1,762	127	413	2,303	125	2,429

Note:

- (1) Adjustment of segment profit totaled (2,632) 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.