

FY2015 Consolidated Financial Results

February 9, 2016

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2015 (January 1, 2015 through December 31, 2015)

(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	%
FY2015	71,946	(2.3)	4,554	(25.0)	5,140	(17.1)	4,048	5.2
FY2014	73,621	7.6	6,076	16.1	6,200	19.3	3,846	20.3

(Note) Comprehensive income: FY2015: 2,449 million yen [(61.9%)] / FY2014: 6,432 million yen [(16.0%)]

	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	%	%	%
FY2015	153.98	-	8.0	7.6	6.3
FY2014	140.14	-	7.8	9.2	8.3

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	66,035	49,001	74.2	1,890.45
FY2014	69,906	51,995	74.4	1,894.14

(Reference) Shareholders' equity: FY2015: 49,001 million yen / FY2014: 51,995 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
FY2015	6,214	(2,552)	(5,219)	14,192
FY2014	6,208	(2,351)	(3,009)	15,915

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	%	%
FY2014	-	20.00	-	30.00	50.00	1,372	35.7	2.8
FY2015	-	25.00	-	*35.00	60.00	1,555	39.0	3.2
FY2016 (forecast)	-	25.00	-	30.00	55.00		42.3	

* Anticipated year-end dividends for 2015 include commemorative dividends of 5 yen for the company's 65th anniversary

3. Forecast of consolidated results for FY2016 (January 1, 2016 through December 31, 2016)

(% of change from FY2015 or 1st Half FY2015)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2016 1st Half	34,200	(2.9)	1,400	(49.4)	1,400	(50.3)	940	(64.9)	36.26
FY2016	75,000	4.2	5,200	14.2	5,200	1.2	3,700	(16.8)	130.01

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: millions of yen)

	FY2014 (As of December 31, 2014)	FY2015 (As of December 31, 2015)
Assets		
Current assets		
Cash and deposits	15,915	14,192
Notes and accounts receivable - trade	18,653	15,804
Finished goods	5,989	8,170
Work in process	2,888	3,209
Raw materials and supplies	1,658	1,495
Deferred tax assets	481	656
Other	1,412	1,422
Allowance for doubtful accounts	(44)	(31)
Total current assets	46,955	44,920
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,513	13,529
Accumulated depreciation	(6,396)	(6,754)
Buildings and structures, net	7,117	6,774
Machinery, equipment and vehicles	20,821	20,050
Accumulated depreciation	(13,441)	(13,726)
Machinery, equipment and vehicles, net	7,380	6,324
Tools, furniture and fixtures	17,764	18,806
Accumulated depreciation	(15,394)	(16,464)
Tools, furniture and fixtures, net	2,369	2,342
Land	1,063	1,057
Construction in progress	883	711
Total property, plant and equipment	18,814	17,209
Intangible assets	866	804
Investments and other assets		
Investment securities	2,394	2,330
Deferred tax assets	474	435
Other	517	406
Allowance for doubtful accounts	(116)	(72)
Total investments and other assets	3,269	3,100
Total non-current assets	22,950	21,114
Total assets	69,906	66,035

(Amount: millions of yen)

	FY2014 (As of December 31, 2014)	FY2015 (As of December 31, 2015)
Liabilities		
Current liabilities		
Accounts payable - trade	5,855	5,285
Short-term loans payable	2,327	3,154
Accrued expenses	3,497	3,757
Income taxes payable	918	603
Other	2,004	1,793
Total current liabilities	14,602	14,594
Non-current liabilities		
Long-term loans payable	1,771	881
Net defined benefit liability	1,342	1,495
Other	194	62
Total non-current liabilities	3,308	2,439
Total liabilities	17,911	17,033
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	31,609	30,187
Treasury shares	(81)	(53)
Total shareholders' equity	45,883	44,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	466	445
Foreign currency translation adjustment	5,797	4,260
Remeasurements of defined benefit plans	(152)	(194)
Total accumulated other comprehensive income	6,111	4,512
Total net assets	51,995	49,001
Total liabilities and net assets	69,906	66,035

(2) Consolidated statements of income

(Amount: millions of yen)

	FY2014 (January 1, 2014 through December 31, 2014)	FY2015 (January 1, 2015 through December 31, 2015)
Net sales	73,621	71,946
Cost of sales	50,053	49,303
Gross profit	23,568	22,642
Selling, general and administrative expenses		
Advertising expenses	1,654	1,455
Promotion expenses	1,097	962
Provision of allowance for doubtful accounts	11	4
Salaries and bonuses	4,459	4,653
Retirement benefit expenses	116	136
Technical research expenses	3,619	3,986
Other	6,533	6,887
Total selling, general and administrative expenses	17,492	18,087
Operating income	6,076	4,554
Non-operating income		
Interest income	53	32
Dividend income	42	51
Foreign exchange gains	—	387
Rent income	23	20
Subsidy income	35	103
Other	179	209
Total non-operating income	335	804
Non-operating expenses		
Interest expenses	64	45
Foreign exchange losses	19	—
Loss on retirement of non-current assets	106	112
Loss on abandonment of inventories	1	38
Other	19	21
Total non-operating expenses	211	218
Ordinary income	6,200	5,140
Extraordinary income		
Insurance income	—	99
Gain on bargain purchase	—	653
Total extraordinary income	—	753
Extraordinary losses		
Loss on disaster	89	—
Total extraordinary losses	89	—
Income before income taxes and minority interests	6,110	5,893
Income taxes - current	2,163	1,926
Income taxes - deferred	99	(81)
Total income taxes	2,263	1,845
Income before minority interests	3,846	4,048
Net income	3,846	4,048

(3) Consolidated statements of comprehensive income

(Amount: millions of yen)

	FY2014 (January 1, 2014 through December 31, 2014)	FY2015 (January 1, 2015 through December 31, 2015)
Income before minority interests	3,846	4,048
Other comprehensive income		
Valuation difference on available-for-sale securities	96	(20)
Foreign currency translation adjustment	2,489	(1,536)
Remeasurements of defined benefit plans, net of tax	—	(41)
Total other comprehensive income	2,585	(1,598)
Comprehensive income	6,432	2,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,432	2,449

(4) Consolidated statements of changes in net assets

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
Cumulative effects of changes in accounting policies					
Restated balance	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					-
Retirement 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
Cumulative effects of changes in accounting policies					
Restated balance	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				-	-
Retirement 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

FY2015 (January 1, 2015 through December 31, 2015)

(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	31,609	(81)	45,883
Cumulative effects of changes in accounting policies			(13)		(13)
Restated balance	6,923	7,432	31,595	(81)	45,869
Changes of items during period					
Dividends of surplus			(1,471)		(1,471)
Net income			4,048		4,048
Purchase of treasury shares				(3,957)	(3,957)
Retirement of treasury shares			(3,985)	3,985	-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(1,408)	27	(1,380)
Balance at end of current period	6,923	7,432	30,187	(53)	44,489

	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	466	5,797	(152)	6,111	51,995
Cumulative effects of changes in accounting policies					(13)
Restated balance	466	5,797	(152)	6,111	51,981
Changes of items during period					
Dividends of surplus				-	(1,471)
Net income				-	4,048
Purchase of treasury shares				-	(3,957)
Retirement of treasury shares				-	-
Net changes of items other than shareholders' equity	(20)	(1,536)	(41)	(1,598)	(1,598)
Total changes of items during period	(20)	(1,536)	(41)	(1,598)	(2,979)
Balance at end of current period	445	4,260	(194)	4,512	49,001

(5) Consolidated statements of cash flows

(Amount: millions of yen)

	FY2014 (January 1, 2014 through December 31, 2014)	FY2015 (January 1, 2015 through December 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	6,110	5,893
Depreciation	3,812	3,654
Increase (decrease) in provision for retirement benefits	(1,201)	-
Increase (decrease) in net defined benefit liability	1,104	102
Interest and dividends income	(96)	(83)
Interest expenses	64	45
Loss on retirement of property, plant and equipment	106	112
Insurance income	-	(99)
Gain on bargain purchase	-	(653)
Decrease (increase) in notes and accounts receivable-trade	(2,415)	2,264
Decrease (increase) in inventories	1,214	(2,737)
Increase (decrease) in notes and accounts payable-trade	(695)	(62)
Other, net	(25)	(23)
Subtotal	7,979	8,412
Interest and dividends income received	97	83
Interest expenses paid	(65)	(46)
Proceeds from insurance income	-	99
Income taxes paid	(1,803)	(2,335)
Net cash provided by (used in) operating activities	6,208	6,214
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,250)	(2,400)
Purchase of intangible assets	(214)	(130)
Purchase of investment securities	(391)	(1)
Proceeds from redemption of investment securities	300	-
Payments of loans receivable	(45)	(7)
Collection of loans receivable	26	26
Other, net	223	(40)
Net cash provided by (used in) investing activities	(2,351)	(2,552)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,203)	1,132
Proceeds from long-term loans payable	1,000	-
Repayment of long-term loans payable	(1,432)	(1,185)
Purchase of treasury shares	-	(3,693)
Cash dividends paid	(1,373)	(1,471)
Other, net	(0)	(1)
Net cash provided by (used in) financing activities	(3,009)	(5,219)
Effect of exchange rate change on cash and cash equivalents	771	(561)
Net increase (decrease) in cash and cash equivalents	1,618	(2,118)
Cash and cash equivalents at beginning of period	14,297	15,915
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	-	394
Cash and cash equivalents at end of period	15,915	14,192

(Segment Information)

Business Segment Information

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 (Note 2)
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.

FY2015 (January 1, 2015 through December 31, 2015)

(Amount: millions of yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales :						
(1) Sales to external customers	54,578	4,567	12,800	71,946	-	71,946
(2) Intersegment sales	-	-	-	-	-	-
Total	54,578	4,567	12,800	71,946	-	71,946
Operating income	5,498	228	1,411	7,139	(2,584)	4,554
Assets	44,228	2,825	10,127	57,181	8,854	66,035
Depreciation	2,653	168	568	3,390	263	3,654
Increase in tangible and intangible fixed assets	1,927	92	395	2,415	62	2,478

Note:

- (1) Adjustment of segment profit totaled (2,584) 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.