

3rd Quarter FY2018 Consolidated Financial Results

October 31, 2018

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for 3rd quarter FY2018 (January 1, 2018 through September 30, 2018)

(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 FY2018	43,903	3.5	3,224	29.9	3,609	53.9	2,801	66.4
3Q FY2017	42,433	(3.3)	2,483	48.7	2,345	27.9	1,683	47.7

(Note) Comprehensive income: 3Q FY2018: 2,106 million yen (9.0%) / 3Q FY2017: 2,314 million yen (-%)

	Quarterly net income per share –Basic	Quarterly net income per share –Diluted
	Yen	Yen
3Q FY2018	108.46	-
3Q FY2017	64.94	-

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets
	Million yen	Million yen	%
3Q FY2018	64,792	50,321	77.7
FY2017	63,868	49,940	78.2

(Reference) Shareholders' equity: 3Q FY2018: 50,321million yen / FY2017: 49,940million 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
FY2017	-	25.00	-	25.00	50.00
FY2018	-	25.00	-		
FY2018 (forecast)			-	25.00	50.00

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

3. Forecast of consolidated results for FY2018 (January 1, 2018 through December 31, 2018)

(% of change from FY2017)

	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
FY2018	63,000	4.1	5,100	20.1	5,100	24.4	3,630	27.9	140.67

(Note) Revision of forecast for this period: None

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: Million yen)

	FY2017 (As of December 31, 2017)	3rd quarter FY2018 (As of September 30, 2018)
Assets		
Current assets		
Cash and deposits	19,431	22,123
Notes and accounts receivable - trade	14,061	12,266
Finished goods	6,392	6,935
Work in process	3,098	3,664
Raw materials and supplies	982	1,066
Deferred tax assets	360	418
Other	1,093	1,048
Allowance for doubtful accounts	(28)	(32)
Total current assets	45,392	47,491
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,295	13,218
Accumulated depreciation	(7,513)	(7,805)
Buildings and structures, net	5,781	5,413
Machinery, equipment and vehicles	19,385	18,988
Accumulated depreciation	(14,403)	(14,352)
Machinery, equipment and vehicles, net	4,982	4,635
Tools, furniture and fixtures	20,186	20,472
Accumulated depreciation	(18,188)	(18,560)
Tools, furniture and fixtures, net	1,998	1,911
Land	961	960
Other	894	489
Total property, plant and equipment	14,618	13,410
Intangible assets	704	666
Investments and other assets		
Investment securities	2,811	2,872
Deferred tax assets	115	108
Other	267	280
Allowance for doubtful accounts	(40)	(38)
Total investments and other assets	3,153	3,224
Total non-current assets	18,476	17,301
Total assets	63,868	64,792

(Amount: Million yen)

	FY2017 (As of December 31, 2017)	3rd quarter FY2018 (As of September 30, 2018)
Liabilities		
Current liabilities		
Accounts payable - trade	3,675	3,943
Short-term loans payable	2,676	2,584
Accrued expenses	3,109	2,924
Income taxes payable	629	407
Other	1,839	2,284
Total current liabilities	11,931	12,143
Non-current liabilities		
Long-term loans payable	468	540
Provision for share benefits	-	28
Net defined benefit liability	1,298	1,522
Other	230	235
Total non-current liabilities	1,996	2,327
Total liabilities	13,928	14,471
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	31,527	33,033
Treasury shares	(53)	(483)
Total shareholders' equity	45,829	46,905
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	846	937
Foreign currency translation adjustment	3,214	2,528
Remeasurements of defined benefit plans	49	(49)
Total accumulated other comprehensive income	4,110	3,416
Total net assets	49,940	50,321
Total liabilities and net assets	63,868	64,792

(2) Consolidated Statements of income

(Amount: Million yen)

	3rd quarter FY2017 (January 1, 2017 through September 30, 2017)	3rd quarter FY2018 (January 1, 2018 through September 30, 2018)
Net sales	42,433	43,903
Cost of sales	27,971	28,755
Gross profit	14,461	15,147
Selling, general and administrative expenses	11,978	11,923
Operating income	2,483	3,224
Non-operating income		
Interest income	43	59
Dividend income	22	30
Foreign exchange income	—	209
Subsidy income	53	60
Other	99	104
Total non-operating income	219	465
Non-operating expenses		
Interest expenses	32	32
Foreign exchange losses	278	—
Loss on retirement of non-current assets	17	26
Loss on abandonment of inventories	14	1
Other	13	19
Total non-operating expenses	357	80
Ordinary income	2,345	3,609
Extraordinary income		
Surrender value of insurance	122	—
Gain on sales of investment securities	—	85
Total extraordinary income	122	85
Income before income taxes and minority interests	2,468	3,695
Income taxes	784	894
Profit	1,683	2,801
Profit attributable to owners of parent	1,683	2,801

(3) Consolidated Statements of Comprehensive Income

(Amount: Million yen)

	3rd quarter FY2017 (January 1, 2017 through September 30, 2017)	3rd quarter FY2018 (January 1, 2018 through September 30, 2018)
Profit	1,683	2,801
Other comprehensive income		
Valuation difference on available-for-sale securities	233	90
Foreign currency translation adjustment	376	(685)
Remeasurements of defined benefit plans, net of tax	21	(99)
Total other comprehensive income	631	(694)
Comprehensive income	2,314	2,106
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,314	2,106

(Segment Information)

Information on net sales and income by reportable segment

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.

3rd quarter FY2018 (January 1, 2018 through September 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	32,660	2,262	8,981	43,903	-	43,903
(2) Intersegment sales	-	-	-	-	-	-
Total	32,660	2,262	8,981	43,903	-	43,903
Operating income (loss)	4,787	(57)	477	5,207	(1,982)	3,224

(Note)

1. Segment profit(loss) is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit(loss) totaled (1,982) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.