

FY2018 Consolidated Financial Results

February 12, 2019

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2018 (January 1, 2018 through December 31, 2018)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2018	61,815	2.2	5,424	27.7	5,877	43.4	4,330	52.5
FY2017	60,496	1.0	4,246	79.8	4,100	43.6	2,838	91.5

(Note) Comprehensive income: FY2018: 2,637 million yen [(34.8)%] / FY2017: 4,044 million yen [-%]

	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	%	%	%
FY2018	167.80	-	8.6	9.1	8.8
FY2017	109.51	-	5.8	6.6	7.0

(Reference) Share of profit of entities accounted for using equity method: FY2018: -million yen / FY2017: -million yen

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets	Net assets per share
	Million yen	Million yen	%	Yen
FY2018	64,704	50,852	78.6	1,976.05
FY2017	63,868	49,940	78.2	1,926.65

(Reference) Shareholders' equity: FY2018: 50,852 million yen / FY2017: 49,940 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
FY2018	7,523	(2,202)	(1,861)	22,438
FY2017	7,661	(2,174)	(2,351)	19,431

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			
FY2017	Yen -	Yen 25.00	Yen -	Yen 25.00	Yen 50.00	Million Yen 1,296	% 45.7	% 2.7
FY2018	-	25.00	-	35.00	60.00	1,555	35.8	3.1
FY2019 (forecast)	-	25.00	-	35.00	60.00		37.4	

3. Forecast of consolidated results for FY2019 (January 1, 2019 through December 31, 2019)

(% of change from FY2018 or 1st Half FY2018)

	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
FY2019 1st Half	28,600	0.1	1,600	(18.4)	1,600	(23.5)	1,150	(27.5)	44.69
FY2019	65,000	5.2	5,900	8.8	5,900	0.4	4,130	(4.6)	160.49

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: Million yen)

	FY2017 (As of December 31, 2017)	FY2018 (As of December 31, 2018)
Assets		
Current assets		
Cash and deposits	19,431	22,438
Notes and accounts receivable - trade	14,061	13,407
Finished goods	6,392	6,364
Work in process	3,098	3,461
Raw materials and supplies	982	985
Deferred tax assets	360	289
Other	1,093	1,168
Allowance for doubtful accounts	(28)	(25)
Total current assets	45,392	48,091
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,295	13,131
Accumulated depreciation	(7,513)	(7,869)
Buildings and structures, net	5,781	5,261
Machinery, equipment and vehicles	19,385	18,555
Accumulated depreciation	(14,403)	(14,120)
Machinery, equipment and vehicles, net	4,982	4,434
Tools, furniture and fixtures	20,186	20,551
Accumulated depreciation	(18,188)	(18,755)
Tools, furniture and fixtures, net	1,998	1,796
Land	961	1,155
Construction in progress	894	625
Total property, plant and equipment	14,618	13,274
Intangible assets	704	632
Investments and other assets		
Investment securities	2,811	2,336
Deferred tax assets	115	132
Other	267	269
Allowance for doubtful accounts	(40)	(32)
Total investments and other assets	3,153	2,705
Total non-current assets	18,476	16,613
Total assets	63,868	64,704

(Amount: Million yen)

	FY2017 (As of December 31, 2017)	FY2018 (As of December 31, 2018)
Liabilities		
Current liabilities		
Accounts payable - trade	3,675	3,782
Short-term loans payable	2,676	2,546
Accrued expenses	3,109	3,026
Income taxes payable	629	551
Other	1,839	1,728
Total current liabilities	11,931	11,635
Non-current liabilities		
Long-term loans payable	468	452
Provision for share benefits	—	83
Net defined benefit liability	1,298	1,452
Other	230	229
Total non-current liabilities	1,996	2,216
Total liabilities	13,928	13,852
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	31,527	34,561
Treasury shares	(53)	(483)
Total shareholders' equity	45,829	48,433
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	846	561
Foreign currency translation adjustment	3,214	1,924
Remeasurements of defined benefit plans	49	(67)
Total accumulated other comprehensive income	4,110	2,418
Total net assets	49,940	50,852
Total liabilities and net assets	63,868	64,704

(2) Consolidated statements of income

(Amount: Million yen)

	FY2017 (January 1, 2017 through December 31, 2017)	FY2018 (January 1, 2018 through December 31, 2018)
Net sales	60,496	61,815
Cost of sales	39,899	39,910
Gross profit	20,596	21,905
Selling, general and administrative expenses		
Advertising expenses	983	896
Promotion expenses	753	721
Provision of allowance for doubtful accounts	(5)	4
Salaries and bonuses	4,450	4,251
Retirement benefit expenses	131	126
Share-based compensation expenses	—	83
Technical research expenses	4,038	4,361
Other	5,997	6,036
Total selling, general and administrative expenses	16,350	16,481
Operating income	4,246	5,424
Non-operating income		
Interest income	58	79
Dividend income	45	66
Foreign exchange gains	-	184
Rent income	14	12
Subsidy income	64	67
Other	149	174
Total non-operating income	332	584
Non-operating expenses		
Interest expenses	42	44
Foreign exchange losses	357	-
Loss on retirement of non-current assets	36	34
Loss on abandonment of inventories	18	20
Other	23	31
Total non-operating expenses	478	131
Ordinary income	4,100	5,877
Extraordinary income		
Gain on sales of investment securities	—	85
Surrender value of insurance	122	—
Total extraordinary income	122	85
Profit before income taxes	4,222	5,963
Income taxes - current	1,276	1,382
Income taxes - deferred	107	250
Total income taxes	1,383	1,633
Profit	2,838	4,330
Profit attributable to owners of parent	2,838	4,330

(3) Consolidated statements of comprehensive income

(Amount: Million yen)

	FY2017 (January 1, 2017 through December 31, 2017)	FY2018 (January 1, 2018 through December 31, 2018)
Profit	2,838	4,330
Other comprehensive income		
Valuation difference on available-for-sale securities	348	(285)
Foreign currency translation adjustment	738	(1,289)
Remeasurements of defined benefit plans, net of tax	119	(117)
Total other comprehensive income	1,205	(1,692)
Comprehensive income	4,044	2,637
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,044	2,637

(4) Consolidated statements of changes in net assets

FY2017 (January 1, 2017 through December 31, 2017)

(Amount: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,923	7,432	30,114	(53)	44,416
Changes of items during period					
Dividends of surplus			(1,425)		(1,425)
Profit attributable to owners of parent			2,838		2,838
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	1,412	(0)	1,412
Balance at end of current period	6,923	7,432	31,527	(53)	45,829

	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	498	2,475	(69)	2,905	47,321
Changes of items during period					
Dividends of surplus				-	(1,425)
Profit attributable to owners of parent				-	2,838
Purchase of treasury shares				-	(0)
Net changes of items other than shareholders' equity	348	738	119	1,205	1,205
Total changes of items during period	348	738	119	1,205	2,618
Balance at end of current period	846	3,214	49	4,110	49,940

FY2018 (January 1, 2018 through December 31, 2018)

(Amount: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,923	7,432	31,527	(53)	45,829
Changes of items during period					
Dividends of surplus			(1,296)		(1,296)
Profit attributable to owners of parent			4,330		4,330
Purchase of treasury shares				(429)	(429)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	3,034	(429)	2,604
Balance at end of current period	6,923	7,432	34,561	(483)	48,433

	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	846	3,214	49	4,110	49,940
Changes of items during period					
Dividends of surplus				—	(1,296)
Profit attributable to owners of parent				—	4,330
Purchase of treasury shares				—	(429)
Net changes of items other than shareholders' equity	(285)	(1,289)	(117)	(1,692)	(1,692)
Total changes of items during period	(285)	(1,289)	(117)	(1,692)	912
Balance at end of current period	561	1,924	(67)	2,418	50,852

(5) Consolidated statements of cash flows

(Amount: Million yen)

	FY2017 (January 1, 2017 through December 31, 2017)	FY2018 (January 1, 2018 through December 31, 2018)
Cash flows from operating activities		
Profit before income taxes	4,222	5,963
Depreciation	3,562	3,164
Increase (decrease) in net defined benefit liability	(64)	155
Increase (decrease) in provision for share benefits	-	83
Interest and dividends income	(104)	(146)
Interest expenses	42	44
Loss (gain) on sales of investment securities	-	(85)
Loss on retirement of property, plant and equipment	36	34
Surrender value of insurance	(122)	-
Decrease (increase) in notes and accounts receivable-trade	(367)	(65)
Decrease (increase) in inventories	(192)	(697)
Increase (decrease) in notes and accounts payable-trade	543	608
Increase (decrease) in accrued expenses	204	(8)
Other, net	991	(207)
Subtotal	8,752	8,841
Interest and dividends income received	104	146
Interest expenses paid	(42)	(44)
Income taxes paid	(1,153)	(1,419)
Net cash provided by (used in) operating activities	7,661	7,523
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,390)	(2,154)
Purchase of intangible assets	(60)	(125)
Purchase of investment securities	(16)	(2)
Proceeds from sales of investment securities	-	147
Proceeds from cancellation of insurance funds	260	-
Payments of loans receivable	(6)	(2)
Collection of loans receivable	13	8
Other, net	26	(72)
Net cash provided by (used in) investing activities	(2,174)	(2,202)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(372)	(16)
Proceeds from long-term loans payable	216	400
Repayment of long-term loans payable	(766)	(518)
Purchase of treasury shares	(0)	(429)
Cash dividends paid	(1,427)	(1,296)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(2,351)	(1,861)
Effect of exchange rate change on cash and cash equivalents	265	(452)
Net increase (decrease) in cash and cash equivalents	3,401	3,006
Cash and cash equivalents at beginning of period	16,030	19,431
Cash and cash equivalents at end of period	19,431	22,438

(Segment Information)

Business Segment Information

FY2017 (January 1, 2017 through December 31, 2017)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales :						
(1) Sales to external customers	45,292	3,375	11,827	60,496	-	60,496
(2) Intersegment sales	-	-	-	-	-	-
Total	45,292	3,375	11,827	60,496	-	60,496
Operating income(loss)	5,818	(24)	827	6,622	(2,376)	4,246
Assets	36,582	2,472	8,708	47,764	16,104	63,868
Depreciation	2,578	235	674	3,488	73	3,562
Increase in tangible and intangible fixed assets	1,733	308	349	2,391	33	2,425

Note:

- (1) Adjustment of segment profit totaled (2,376) 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 or loss is adjusted to operating profit of consolidated statements of income.

FY2018 (January 1, 2018 through December 31, 2018)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales :						
(1) Sales to external customers	45,640	3,436	12,738	61,815	-	61,815
(2) Intersegment sales	-	-	-	-	-	-
Total	45,640	3,436	12,738	61,815	-	61,815
Operating income	7,113	80	813	8,008	(2,583)	5,424
Assets	32,899	2,833	9,473	45,206	19,497	64,704
Depreciation	2,170	325	594	3,090	73	3,164
Increase in tangible and intangible fixed assets	1,543	137	317	1,998	49	2,047

Note:

- (1) Adjustment of segment profit totaled (2,583) 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.