

3rd Quarter FY2016 Consolidated Financial Results

October 31, 2016

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for 3rd quarter FY2016 (January 1, 2016 through September 30, 2016)

(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 FY2016	43,876	(16.9)	1,669	(55.5)	1,833	(55.5)	1,139	(68.1)
3Q FY2015	52,805	3.3	3,750	(13.8)	4,124	(6.6)	3,575	30.5

(Note) Comprehensive income: 3Q FY2016: (3,197) million yen (-%) / 3Q FY2015: 2,320 million yen (27.9%)

	Quarterly net income per share –Basic	Quarterly net income per share –Diluted
	Yen	Yen
3Q FY2016	43.97	-
3Q FY2015	135.33	-

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets
	Million yen	Million yen	%
3Q FY2016	57,987	44,258	76.3
FY2015	66,035	49,001	74.2

(Reference) Shareholders' equity: 3Q FY2016: 44,258million yen / FY2015: 49,001 million 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
FY2015	-	25.00	-	35.00	60.00
FY2016	-	25.00	-	-	-
FY2016 (forecast)	-	-	-	30.00	55.00

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

(Note) 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)

	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
FY2016	64,000	(11.0)	3,000	(34.1)	3,100	(39.7)	1,780	(56.0)	68.67

(Note) Revision of forecast for this period: None

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: millions of yen)

	FY2015 (As of December 31, 2015)	3rd quarter FY2016 (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	14,192	14,132
Notes and accounts receivable - trade	15,804	11,660
Finished goods	8,170	7,810
Work in process	3,209	2,844
Raw materials and supplies	1,495	884
Deferred tax assets	656	715
Other	1,422	1,380
Allowance for doubtful accounts	(31)	(26)
Total current assets	44,920	39,402
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,529	12,684
Accumulated depreciation	(6,754)	(6,768)
Buildings and structures, net	6,774	5,915
Machinery, equipment and vehicles	20,050	18,088
Accumulated depreciation	(13,726)	(12,807)
Machinery, equipment and vehicles, net	6,324	5,281
Tools, furniture and fixtures	18,806	18,340
Accumulated depreciation	(16,464)	(16,340)
Tools, furniture and fixtures, net	2,342	1,999
Land	1,057	1,023
Other	711	858
Total property, plant and equipment	17,209	15,078
Intangible assets	804	731
Investments and other assets		
Investment securities	2,330	1,916
Deferred tax assets	435	518
Other	406	421
Allowance for doubtful accounts	(72)	(82)
Total investments and other assets	3,100	2,774
Total non-current assets	21,114	18,585
Total assets	66,035	57,987

(Amount: millions of yen)

	FY2015 (As of December 31, 2015)	3rd quarter FY2016 (As of September 30, 2016)
Liabilities		
Current liabilities		
Accounts payable - trade	5,285	3,564
Short-term loans payable	3,154	3,163
Accrued expenses	3,757	3,096
Income taxes payable	603	275
Other	1,793	1,075
Total current liabilities	14,594	11,175
Non-current liabilities		
Long-term loans payable	881	910
Net defined benefit liability	1,495	1,586
Other	62	57
Total non-current liabilities	2,439	2,553
Total liabilities	17,033	13,729
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	30,187	29,781
Treasury shares	(53)	(53)
Total shareholders' equity	44,489	44,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	445	238
Foreign currency translation adjustment	4,260	91
Remeasurements of defined benefit plans	(194)	(154)
Total accumulated other comprehensive income	4,512	175
Total net assets	49,001	44,258
Total liabilities and net assets	66,035	57,987

(2) Consolidated Statements of income

(Amount: millions of yen)

	3rd quarter FY2015 (January 1, 2015 through September 30, 2015)	3rd quarter FY2016 (January 1, 2016 through September 30, 2016)
Net sales	52,805	43,876
Cost of sales	35,869	29,920
Gross profit	16,936	13,955
Selling, general and administrative expenses	13,185	12,285
Operating income	3,750	1,669
Non-operating income		
Interest income	23	25
Dividend income	30	22
Foreign exchange income	238	95
Subsidy income	63	35
Other	193	120
Total non-operating income	550	299
Non-operating expenses		
Interest expenses	34	30
Loss on retirement of non-current assets	87	74
Loss on abandonment of inventories	38	15
Other	15	14
Total non-operating expenses	176	135
Ordinary income	4,124	1,833
Extraordinary income		
Insurance income	99	—
Gain on bargain purchase	653	—
Total extraordinary income	753	—
Extraordinary losses		
Loss on valuation of investment securities	—	77
Total extraordinary losses	—	77
Income before income taxes and minority interests	4,877	1,756
Income taxes	1,301	616
Profit	3,575	1,139
Profit attributable to owners of parent	3,575	1,139

(3) Consolidated Statements of Comprehensive Income

(Amount: millions of yen)

	3rd quarter FY2015 (January 1, 2015 through September 30, 2015)	3rd quarter FY2016 (January 1, 2016 through September 30, 2016)
Profit	3,575	1,139
Other comprehensive income		
Valuation difference on available-for-sale securities	(51)	(207)
Foreign currency translation adjustment	(1,230)	(4,169)
Remeasurements of defined benefit plans, net of tax	27	39
Total other comprehensive income	(1,254)	(4,337)
Comprehensive income	2,320	(3,197)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,320	(3,197)

(Segment Information)

Information on net sales and income by reportable segment

3rd quarter FY2015 (January 1, 2015 through September 30, 2015)

(Amount: millions of yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	39,659	3,432	9,712	52,805	-	52,805
(2) Intersegment sales	-	-	-	-	-	-
Total	39,659	3,432	9,712	52,805	-	52,805
Operating income	4,107	193	1,257	5,558	(1,807)	3,750

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,807) 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 FY2016 (January 1, 2016 through September 30, 2016)

(Amount: millions of yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	34,417	1,435	8,022	43,876	-	43,876
(2) Intersegment sales	-	-	-	-	-	-
Total	34,417	1,435	8,022	43,876	-	43,876
Operating income	2,843	16	554	3,414	(1,745)	1,669

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,745) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.