

## 2nd Quarter FY2017 Consolidated Financial Results

August 4, 2017

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated Results for 2nd quarter FY2017 (January 1, 2017 through June 30, 2017)

(1) Consolidated financial results (% of change from previous 2nd quarter)

	Net Sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q FY2017	26,912	(11.8)	1,177	(14.5)	1,143	(23.1)	912	(2.4)
2Q FY2016	30,499	(13.4)	1,377	(50.2)	1,486	(47.3)	934	(65.1)

(Note) Comprehensive income: 2Q FY2017: 857 million yen (-%) / 2Q FY2016: (3,267) million yen (-%)

	Quarterly net income per share –Basic		Quarterly net income per share –Diluted	
	Yen		Yen	
2Q FY2017	35.19		-	
2Q FY2016	36.04		-	

(2) Consolidated financial position

	Total assets		Total net assets		Ratio of net assets	
	Million yen		Million yen		%	
2Q FY2017	60,615		47,401		78.2	
FY2016	60,910		47,321		77.7	

(Reference) Shareholders' equity: 2Q FY2017: 47,401 million yen / FY2016: 47,321 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				
FY2016	-	25.00	-	30.00	55.00
FY2017	-	25.00	-	-	-
FY2017 (forecast)	-	-	-	25.00	50.00

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

### 3. Forecast of consolidated results for FY2017 (January 1, 2017 through December 31, 2017)

(% of change from FY2016)

	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
FY2017	62,500	4.3	3,600	52.4	3,600	26.1	2,610	76.1	100.69

(Note) Revision of forecast for this period: Yes

**Consolidated financial statements**

## (1) Consolidated balance sheets

(Amount: millions of yen)

	FY2016 (As of December 31, 2016)	2nd quarter FY2017 (As of June 30, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	16,030	17,645
Notes and accounts receivable - trade	13,419	11,991
Finished goods	7,023	6,466
Work in process	2,201	3,046
Raw materials and supplies	875	1,009
Deferred tax assets	442	347
Other	1,630	1,260
Allowance for doubtful accounts	(32)	(29)
<b>Total current assets</b>	41,590	41,737
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	13,200	13,125
Accumulated depreciation	(7,088)	(7,302)
Buildings and structures, net	6,112	5,823
Machinery, equipment and vehicles	19,195	18,908
Accumulated depreciation	(13,682)	(13,789)
Machinery, equipment and vehicles, net	5,513	5,118
Tools, furniture and fixtures	19,289	19,527
Accumulated depreciation	(17,056)	(17,315)
Tools, furniture and fixtures, net	2,232	2,212
Land	1,012	1,008
Other	668	975
<b>Total property, plant and equipment</b>	15,539	15,137
Intangible assets	787	744
<b>Investments and other assets</b>		
Investment securities	2,303	2,460
Deferred tax assets	340	313
Other	437	307
Allowance for doubtful accounts	(88)	(85)
<b>Total investments and other assets</b>	2,993	2,995
<b>Total non-current assets</b>	19,320	18,878
<b>Total assets</b>	60,910	60,615

(Amount: millions of yen)

	FY2016 (As of December 31, 2016)	2nd quarter FY2017 (As of June 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	3,068	3,284
Short-term loans payable	3,327	2,777
Accrued expenses	2,826	3,602
Income taxes payable	371	199
Other	1,794	1,119
<b>Total current liabilities</b>	<b>11,388</b>	<b>10,982</b>
<b>Non-current liabilities</b>		
Long-term loans payable	736	698
Net defined benefit liability	1,403	1,471
Other	60	61
<b>Total non-current liabilities</b>	<b>2,200</b>	<b>2,231</b>
<b>Total liabilities</b>	<b>13,589</b>	<b>13,214</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	30,114	30,249
Treasury shares	(53)	(53)
<b>Total shareholders' equity</b>	<b>44,416</b>	<b>44,550</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	498	601
Foreign currency translation adjustment	2,475	2,304
Remeasurements of defined benefit plans	(69)	(55)
<b>Total accumulated other comprehensive income</b>	<b>2,905</b>	<b>2,850</b>
<b>Total net assets</b>	<b>47,321</b>	<b>47,401</b>
<b>Total liabilities and net assets</b>	<b>60,910</b>	<b>60,615</b>

(2) Consolidated Statements of income

(Amount: millions of yen)

	2nd quarter FY2016 (January 1, 2016 through June 30, 2016)	2nd quarter FY2017 (January 1, 2017 through June 30, 2017)
Net sales	30,499	26,912
Cost of sales	20,760	17,910
Gross profit	9,738	9,002
Selling, general and administrative expenses	8,361	7,825
Operating income	1,377	1,177
Non-operating income		
Interest income	16	24
Rent income	22	22
Foreign exchange income	38	-
Subsidy income	32	44
Other	94	59
Total non-operating income	204	151
Non-operating expenses		
Interest expenses	19	22
Foreign exchange losses	-	139
Loss on retirement of non-current assets	65	6
Loss on abandonment of inventories	0	11
Other	9	5
Total non-operating expenses	95	185
Ordinary income	1,486	1,143
Extraordinary income		
Insurance income	-	122
Total extraordinary income	-	122
Extraordinary losses		
Loss on valuation of investment securities	77	-
Total extraordinary losses	77	-
Income before income taxes and minority interests	1,409	1,265
Income taxes	474	353
Profit	934	912
Profit attributable to owners of parent	934	912

(3) Consolidated Statements of Comprehensive Income

(Amount: millions of yen)

	2nd quarter FY2016 (January 1, 2016 through June 30, 2016)	2nd quarter FY2017 (January 1, 2017 through June 30, 2017)
Profit	934	912
Other comprehensive income		
Valuation difference on available-for-sale securities	(323)	102
Foreign currency translation adjustment	(3,902)	(171)
Remeasurements of defined benefit plans, net of tax	24	14
Total other comprehensive income	(4,201)	(54)
Comprehensive income	(3,267)	857

(4) Consolidated statements of cash flows

(Amount: millions of yen)

	2nd quarter FY2016 (January 1, 2016 through June 30, 2016)	2nd quarter FY2017 (January 1, 2017 through June 30, 2017)
Cash flows from operating activities		
Profit before income taxes	1,409	1,265
Depreciation	1,578	1,599
Increase (decrease) in net defined benefit liability	101	88
Interest and dividends income	(39)	(47)
Interest expenses	19	22
Loss on retirement of property, plant and equipment	65	6
Surrender value of insurance	77	-
Decrease (increase) in notes and accounts receivable-trade	-	(122)
Decrease (increase) in inventories	708	1,112
Increase (decrease) in notes and accounts payable-trade	1,209	(482)
Increase (decrease) in accrued expenses	356	374
Other, net	(311)	869
Subtotal	5,174	4,687
Interest and dividends income received	39	47
Interest expenses paid	(19)	(22)
Income taxes paid	(533)	(462)
Net cash provided by (used in) operating activities	4,662	4,250
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,455)	(1,466)
Purchase of intangible assets	(131)	(88)
Proceeds from cancellation of insurance funds	-	260
Other, net	(28)	99
Net cash provided by (used in) investing activities	(1,615)	(1,194)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	198	(376)
Proceeds from long-term loans payable	700	221
Repayment of long-term loans payable	(586)	(425)
Cash dividends paid	(907)	(777)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(595)	(1,358)
Effect of exchange rate change on cash and cash equivalents	(1,559)	(82)
Net increase (decrease) in cash and cash equivalents	891	1,615
Cash and cash equivalents at beginning of period	14,192	16,030
Cash and cash equivalents at end of period	15,083	17,645

**(Segment Information)**

Information on net sales and income (loss) by reportable segment

2nd quarter FY2016 (January 1, 2016 through June 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	24,069	1,009	5,419	30,499	-	30,499
(2) Intersegment sales	-	-	-	-	-	-
Total	24,069	1,009	5,419	30,499	-	30,499
Operating income	2,117	9	459	2,586	(1,209)	1,377

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,209) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.

2nd quarter FY2017 (January 1, 2017 through June 30, 2017)

(Amount: millions of yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	19,776	1,532	5,604	26,912	-	26,912
(2) Intersegment sales	-	-	-	-	-	-
Total	19,776	1,532	5,604	26,912	-	26,912
Operating income	1,651	187	427	2,266	(1,089)	1,177

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,089) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.