

Financial Statements

Briefing Session for 2017/03 Term

(From April 1, 2016 to March 31, 2017)



May 16, 2017

- I. Overview of Consolidated Financial Results for 2017/03 Term
- II. Business Outlook
- III. Forecast of Consolidated Financial Results for 2018/03 Term

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Consolidated Financial Statements for 2017/03 Term Highlights (Part1)

(¥ Million)	2017/03 Term	2016/03 Term	Year-on-year percentage Change	Estimated value of business results (February 10, 2017)
Sales Amount	12,644	12,182	3.8%	12,500
Precision Machinery	7,481	7,298	2.5%	7,450
Fiber Optic Components & Instrumental	5,162	4,884	5.7%	5,050
Operating Profit	1,065	930	14.5%	950
Ordinary Profit	1,164	967	20.4%	1,050
Net Profit	800	550	45.5%	690

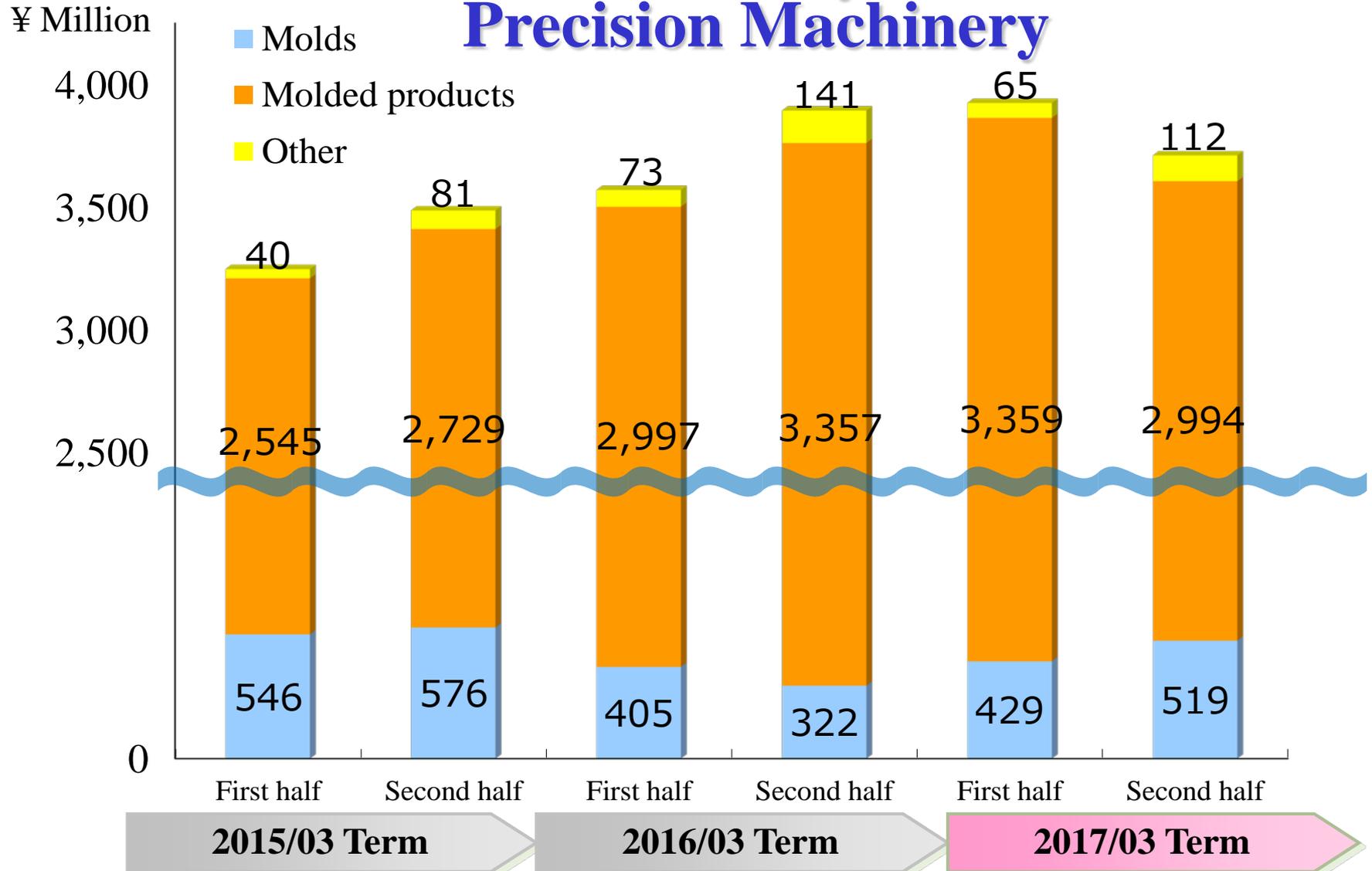
Consolidated Financial Statements for 2017/03 Term Highlights (Part2)

(¥ Million)	2017/03 Term	2016/03 Term	Year-on-year percentage change
Orders Received	12,875	12,539	2.7%
Orders Backlog	1,643	1,413	16.3%
Equipment Investment	957	1,541	(37.9%)
Depreciation Expenses	1,158	961	20.5%
R & D Expenses	374	350	6.6%

Business Results by Segment/ Precision Machinery

(¥ Million)	2017/03 Term	2016/03 Term	Year-on-year percentage change
Sales Amount	7,481	7,298	2.5 %
Operating Expenses	6,923	6,560	5.5 %
Operating Profit	558	738	(24.3 %)
Operating Profit Ratio	7.5 %	10.1 %	—

Sales Amounts by Product / Precision Machinery

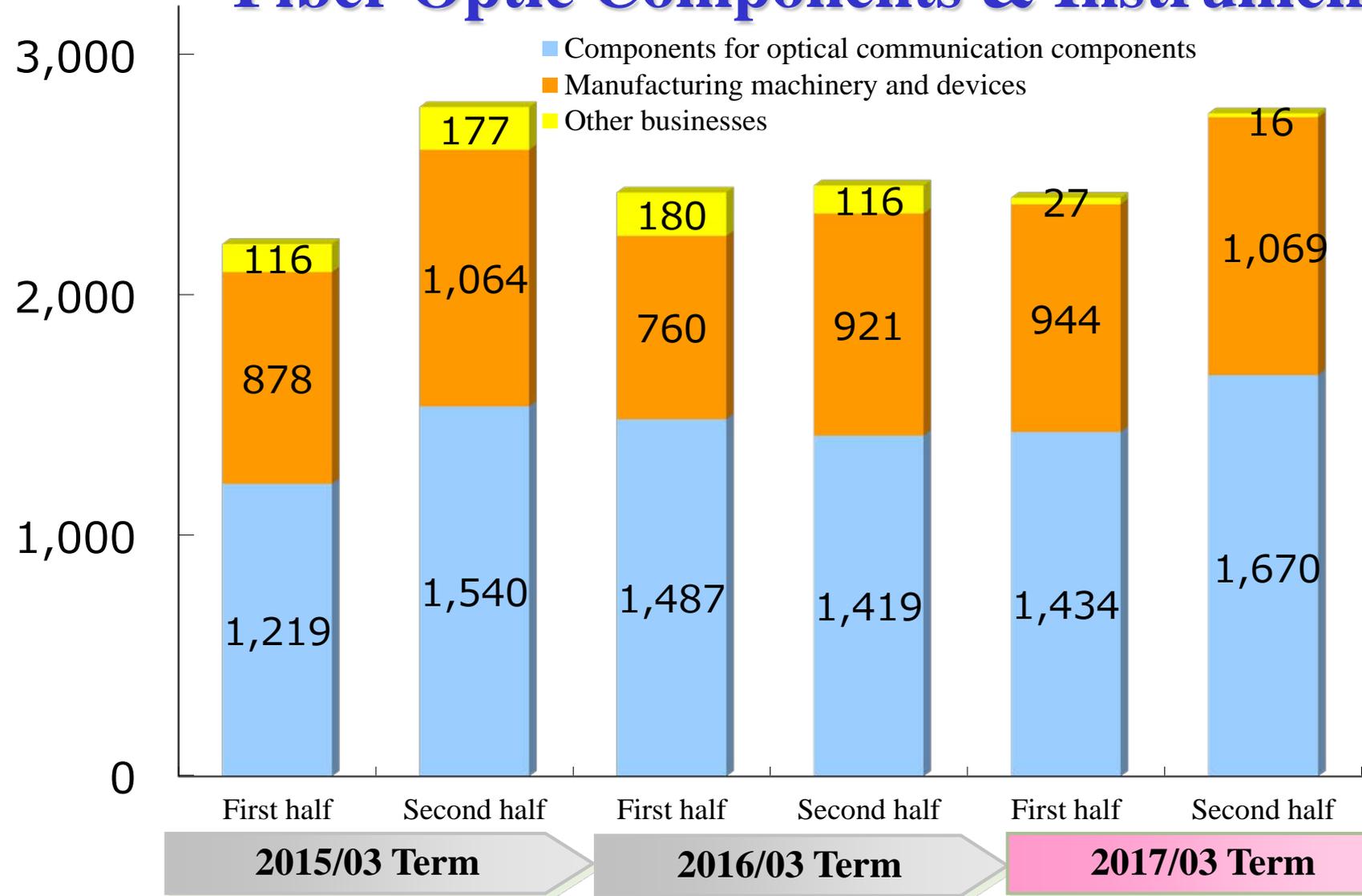


Business Results by Segment/ Fiber Optic Components & Instrumental

(¥ Million)	2017/03 Term	2016/03 Term	Year-on-year percentage change
Sales Amount	5,162	4,884	5.7 %
Operating Expenses	4,656	4,692	(0.8 %)
Operating Profit	506	192	162.7 %
Operating Profit Ratio	9.8 %	3.9 %	—

Sales Amounts by Product / Fiber Optic Components & Instrumental

¥ Million



Consolidated Balance Sheet

(¥ Million) [Assets]	2017/03 Term	2016/03 Term	Amount (Increase/Decrease)
Current Assets	14,954	14,417	537
Fixed Assets	10,071	10,422	(351)
Total Assets	25,026	24,840	186
[Liabilities and Net Assets]			
Current Liabilities	2,425	2,591	(166)
Fixed Liabilities	1,033	1,058	(25)
Net Assets	21,567	21,190	377
Total Liabilities/ Net Assets	25,026	24,840	186

Consolidated Cash Flow Statement

(¥ Million)	2017/03 Term	2016/03 Term
CF - Operating	1,817	1,233
CF - Investing	(393)	(801)
CF- Financing	(123)	(72)
Increase in Cash	1,238	301
Balance at the beginning of term	2,828	2,526
Balance at the end of term	4,066	2,828

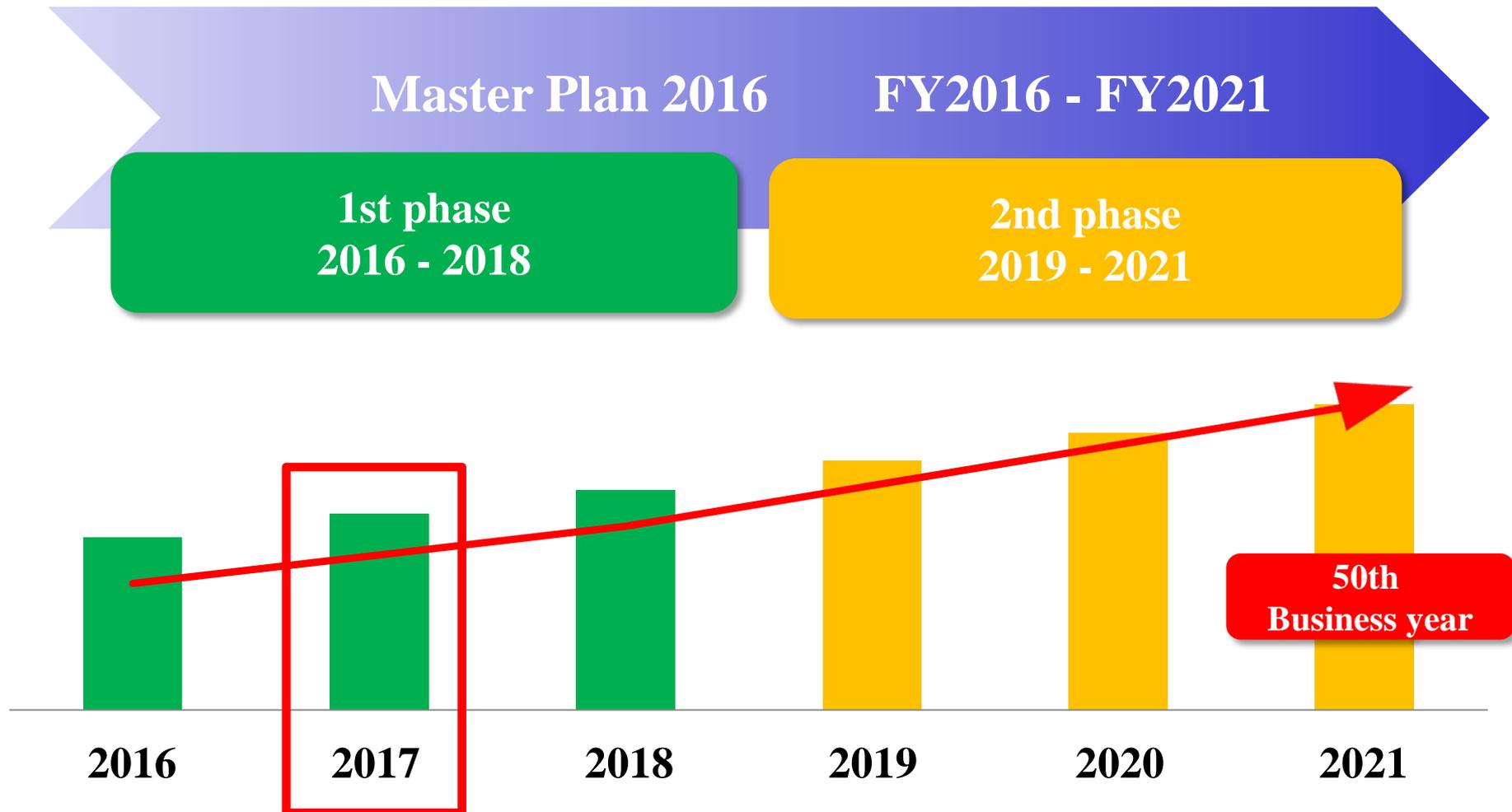
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Medium-Term Management Plan Master Plan 2016

- Six-year medium-term plan ending in FY 2021, the 50th business year of the Company



Fundamental Strategies for the 1st Phase

■ Fundamental strategies for FY 2016 - FY 2018

1. Strengthen earnings of existing businesses

- Strengthen sales capabilities
- Raise price-competitive strength
- Accelerate new product development and new technology development

2. Optimize business portfolio

- Create next generation businesses
- Streamline loss-making businesses

3. Strengthen business foundations

- Strengthen human resources capabilities
- Implement growth promoting investments
- Strengthen management administration

1. Strengthening earnings of existing businesses

■ Precision Machinery Business

With precision molds and manufacturing technologies at the core,
transition to high added-value business in molded products



Stable growth of automotive molded products by accelerating volume production at the Chitose factory

Strengthening of relationships with existing main customers

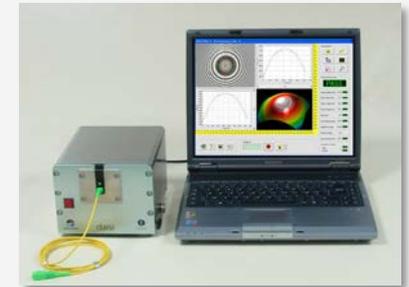
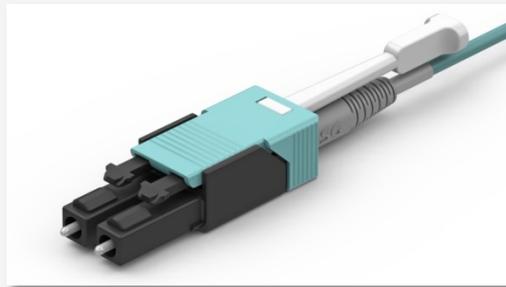
Development of new customers in automotive, bio-engineering, and cosmetics, etc., industries through Precision molded products

Further enhancement of precision mold technology, thin-wall molding technology, and micro-transfer technology

1. Strengthening earnings of existing businesses

■ Optical products business

Expanding market share through new products and by forging alliances



Strengthening of sales promotion for new products geared at multi-core applications (LC uniboot connectors, and MT polishing holder, etc.)

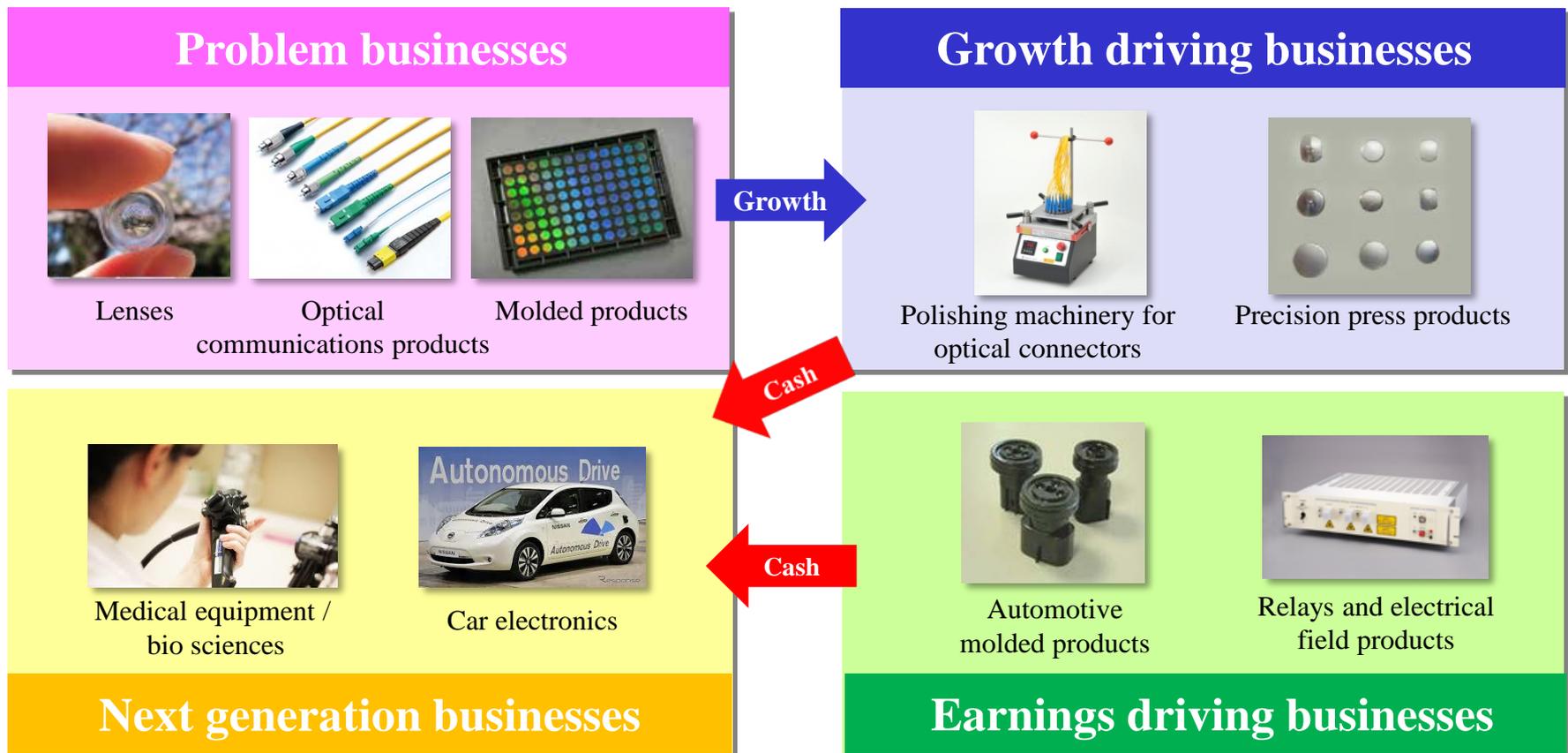
Steady efforts to seize data center demand

Reductions in cost of sales through shift to internal manufacture of parts and automation of manufacturing processes, etc.

Strengthening of the cooperation with DATA PIXEL
(integrated as consolidated subsidiary in April 2017)

2. Optimization of the Business Portfolio

- Creation of next generation businesses / rationalization of loss-making businesses



- Measures for earnings generation at problem businesses and transition to growth driving businesses
⇒ Implement rationalization of loss-making businesses with intractable earnings problems
- Create next generation businesses through allocation of cash earned by growth driving businesses and earnings driving businesses

3. Reinforcing the management base

■ Establishment of robust management base for sustained growth

■ Strengthening of HR capabilities:

Create organizations where all employees can activate their capabilities to the full extent

Promotion of work-style reform through shortening of working hours and work-style diversification

■ Investment in growth: Proactive pursuit of investment opportunities

Strategic investment until FY 2021: 10 billion yen (estimate)

■ Strengthening of management structures

- Management structures for realizing sustained growth in enterprise value

Acceleration of synergy creation by strengthening group-internal cooperation

Connecting enterprise value enhancement and motivation by linking part of corporate officer remuneration to business results

Shift to an audit committee-based corporate governance structure, strengthening of management audit functions

Corporate vision of the Company

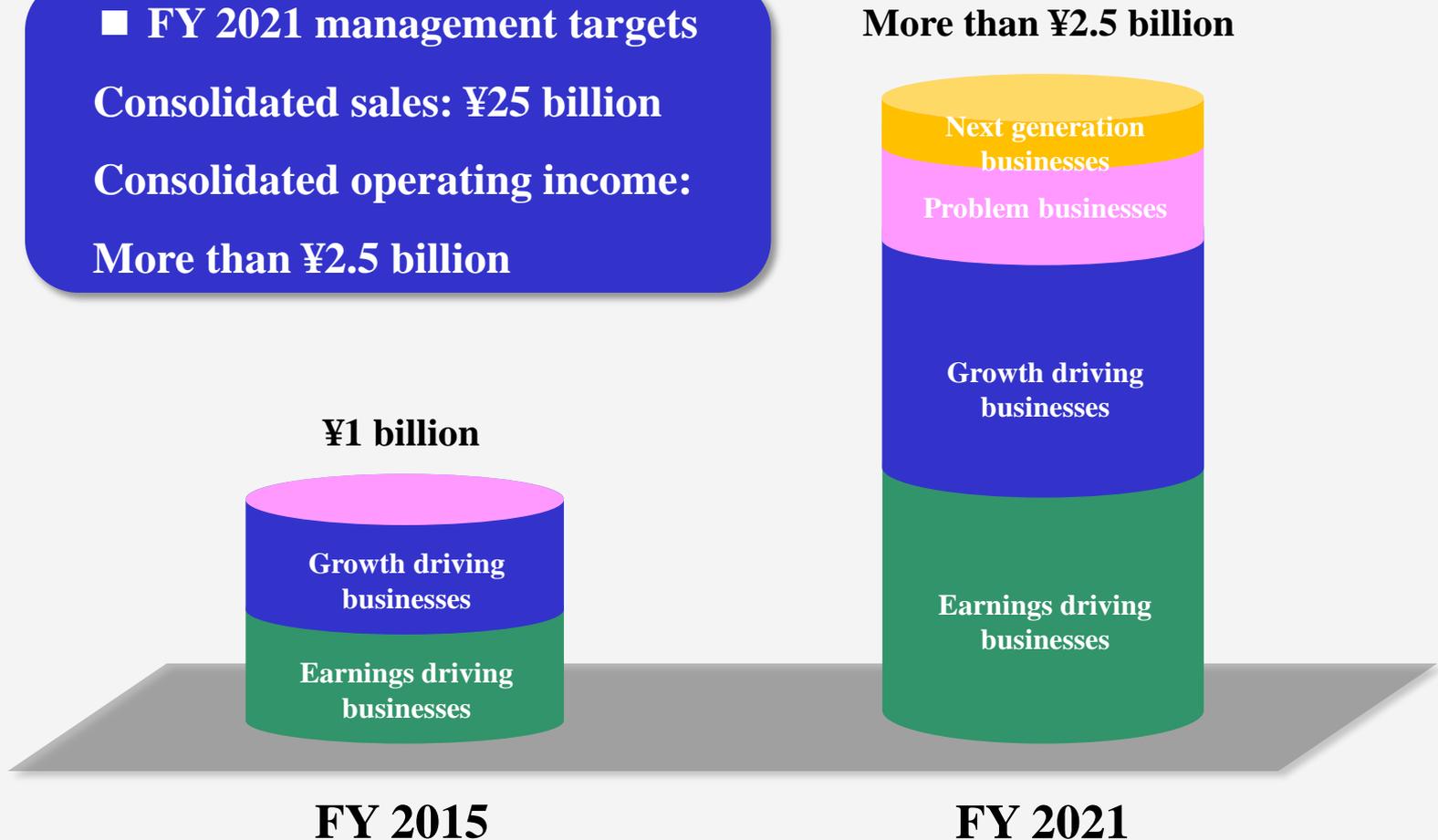
■ Illustration of FY 2021 quantitative targets and consolidated operating income composition

■ FY 2021 management targets

Consolidated sales: ¥25 billion

Consolidated operating income:

More than ¥2.5 billion



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Forecast of Consolidated Business Results for 2018/03 Term

(¥ Million)	First half	Second half	Forecast of the 2018/03 Term	Results for the 2017/03 Term
Sales Amount	6,250	6,850	13,100	12,644
Operating Profit	350	590	940	1,065
Ordinary Profit	450	600	1,050	1,164
Net profit	500	420	920	800
Equipment Investment			1,154	957
Depreciation Expenses			1,226	1,158
R & D Expenses			383	374

Forecast of Consolidated Business Results (by Segment) for 2018/03 Term

(¥ Million)	First half	Second half	Forecast of the 2018/03 Term	Results for the 2017/03 Term
The Relation of Precision Machinery				
Sales Amount	3,620	3,830	7,450	7,481
Operating Expenses	3,445	3,590	7,035	6,923
Operating Profit	175	240	415	558
The Relation of Optical Communications				
Sales Amount	2,630	3,020	5,650	5,162
Operating Expenses	2,455	2,670	5,125	4,656
Operating Profit	175	350	525	506

