



Consolidated Financial Results for the Year Ended March 31, 2018 [Japanese GAAP]

May 14, 2018

Company name: Menicon Co., Ltd.
Stock exchange listing: Tokyo, Nagoya
Code number: 7780

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2018

Scheduled date of commencing dividend payments: June 27, 2018

Scheduled date of filing annual securities report: June 27, 2018

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 01, 2017 to March 31, 2018)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2018	76,672	6.4	4,394	12.4	4,458	10.4	2,657	4.5
March 31, 2017	72,052	7.0	3,910	13.1	4,036	24.7	2,543	14.3

(Note) Comprehensive income: Fiscal year ended March 31, 2018: ¥ 3,037 million [29.1%]
Fiscal year ended March 31, 2017: ¥ 2,353 million [20.7%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2018	75.67	74.84	6.8	6.2	5.7
March 31, 2017	71.75	70.91	6.7	5.7	5.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2018: ¥ (2) million
Fiscal year ended March 31, 2017: ¥ (3) million

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. Basic earnings per share and diluted earnings per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2017.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	71,736	40,121	55.8	1,138.62
March 31, 2017	72,336	37,681	52.0	1,072.01

(Reference) Equity: As of March 31, 2018: ¥ 40,048 million
As of March 31, 2017: ¥ 37,609 million

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. Net assets per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2017.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2018	7,857	900	(4,196)	15,484
March 31, 2017	5,197	(6,065)	(271)	10,755

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2017	-	0.00	-	38.00	38.00	666	26.5	1.8
March 31, 2018	-	0.00	-	25.00	25.00	879	33.0	2.3
Fiscal year ending								
March 31, 2019 (Forecast)	-	0.00	-	25.00	25.00		27.2	

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. Dividends for the consolidated fiscal year ending March 2017 is based on shares before the split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 01, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	80,338	4.8	5,148	17.2	5,137	15.2	3,231	21.6	91.87

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2018: 36,804,000 shares

March 31, 2017: 36,804,000 shares

2) Total number of treasury shares at the end of the period:

March 31, 2018: 1,631,006 shares

March 31, 2017: 1,720,622 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2018: 35,113,097 shares

Fiscal Year ended March 31, 2017: 35,445,521 shares

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. The number of shares outstanding (shares of common stock) is calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2017.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 01, 2017 to March 31, 2018)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2018	52,361	5.4	3,685	33.1	4,022	29.9	1,504	(32.2)
March 31, 2017	49,674	5.8	2,768	12.8	3,097	11.8	2,220	5.6

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2018	42.86	42.39
March 31, 2017	62.66	61.93

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. Basic earnings per share and diluted earnings per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2017.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2018	68,344	41,463	60.6	1,177.90
March 31, 2017	68,007	40,545	59.6	1,154.66

(Reference) Equity: As of March 31, 2018: ¥ 41,430 million

As of March 31, 2017: ¥ 40,509 million

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. Net assets per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2017.

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 01, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	55,406	5.8	4,208	4.6	3,023	100.9	85.95

* **This summary of financial results is exempt from audit procedures.**

* **Explanation regarding appropriate use of business results forecasts and other special instructions**

- Forecasts regarding future performance presented in this material include the outlook for the future, assumptions on which the plan is based, and projections as of the date of announcement of this material. Actual results may differ from the forecasts presented in this material due to various factors.
- For matters concerning the forecast of business results, please refer to “1. Overview of Business Results (5) Outlook” on Page 4 of the appendix.

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1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Under Review

(Business results for the fiscal year under review)

During the fiscal year ended March 31, 2018, the U.S. economy and European economies continued to be robust and the economies of China and other emerging-market countries showed a recovery trend. Meanwhile, the Japanese economy stayed on a moderate recovery track partly owing to the impact of the government's various policies while the employment and income environment continued to improve.

In these circumstances, in the contact lens market, in Japan, disposable contact lenses and color contact lenses are the driving forces of the market. Overseas, demand for disposable contact lenses is increasing centering on the U.S., while in China demand for orthokeratology lenses, which are to be worn while sleeping and are effective for correcting vision, is rising.

Performances in individual business are as follows.

[Domestic Contact Lens Business]

We strengthened sales promotion initiatives for daily disposable contact lenses whose demand is increasing in the market, including TV commercials for SMART TOUCH, which utilize our proprietary technology that allows users to put in the lenses without touching the inner surface of the lens, and the 1 Day Debut Support Campaign. Regarding the product strategy, we began retail sales of "1 DAY Menicon PremiO", a daily disposable contact lens characterized by both high oxygen permeability through the adoption of silicone hydrogel, and superior feeling while wearing them because of their softness. Thus, the sales channel has been expanded for this product, which has already been available under the MELS Plan and has proven to be popular. Regarding Magic, another daily disposable contact lens, we executed a rebranding targeting junior high school students and high school students, and are carrying out new promotion initiatives. By implementing these measures, we worked to capture more users of daily disposable contact lenses.

Regarding measures to strengthen channels, brand renewal of all our own retail shops to Menicon Miru or Miru+ has been completed. The Group's contact lens sales companies, namely, W.I. System Inc. operating Ace Contact, Fuji Contact Co., Ltd. operating Fuji Contact, and AIP Co., Ltd. operating City Contact, began business development under the common brand, "Miru partner." By strengthening the brands of the Group, we will offer high-quality service attuned to customer needs.

Under this structure, we strove to further expand the MELS Plan business. As a result, MELS Plan memberships increased to approximately 1.27 million as of March 31, 2018.

[Overseas Contact Lens Business]

We strove to promote Miru, our own-brand disposable contact lenses for the overseas market. Sales expansion efforts centered on "Miru 1day Menicon Flat Pack", daily disposable contact lenses, "Miru 1month Menicon", monthly disposable contact lenses, "Miru 1month Menicon for Astigmatism", monthly disposable contact lenses for astigmatism, "Miru 1month Menicon Multifocal", monthly disposable multifocal contact lenses, and their private-brand products.

Regarding the strengthening of overseas business by region, in North America we worked to expand sales channels and markets to further strengthen sales of disposable contact lenses in the U.S. In Asia, sales of orthokeratology lenses and contact lens care products continued to be buoyant in China. In Southeast Asia, we are promoting exports of our products from Menicon Singapore Sales Pte. Ltd., group company, to neighboring countries. In Europe, we are strengthening sales of disposable contact lenses, focusing on private-brand products of retail chains. Going forward, while continuing efforts to expand sales of disposable contact lenses, which constitute a growth field, we will also strengthen sales of hard contact lenses made of materials with high oxygen permeability, which are our traditional forte, and work to expand sales of made-to-order contact lenses to suit customers' eyes.

[Other Businesses]

Regarding the Veterinary Medicine Business conducted by Meni-one Co., Ltd., a Group company, sales of intraocular lenses and ophthalmic medical equipment were robust. In the supplements field, we launched Kansetsu Yawaragi Kobo, a yeast-based supplement designed to maintain the health of joints of dogs and cats. In addition to China, South Korea, and Taiwan, we have entered Malaysia and are expanding sales channels there.

In the Environmental and Bioscience Business, sales of decomposition agents for rice straw were robust. In the Life Science Business, we are working to expand sales of supplements developed under the concept of supporting eyes, which contain lactoferrin as a major ingredient, and supplements that support fertility treatment.

As a result of these initiatives, net sales for the fiscal year ended March 31, 2018 increased by 6.4% year on year to ¥76,672 million, reflecting growth in sales of the MELS Plan. Operating profit increased by 12.4% year on year to ¥4,394 million, because the ratio of selling, general and administrative expenses to net sales decreased from the level of the previous fiscal year, although the ratio of cost of sales to net sales was virtually unchanged from the level of the previous fiscal year. Ordinary profit increased by 10.4% year on year to ¥4,458 million.

Regarding extraordinary income and losses, extraordinary income of ¥114 million was recorded partly because of recording of subsidy income associated with the construction of the Kakamigahara Factory that manufactures daily disposable contact lenses, and an extraordinary loss of ¥271 million was recorded as a result of valuation of business assets.

As a result, profit before income taxes increased by 4.5% year on year to ¥4,301 million and profit attributable to owners of parent increased by 4.5% year on year to ¥2,657 million.

(Business results by segment)

1) Contact Lens-related Business

Sales of the contact lens-related business were ¥75,265 million, an increase of 6.5% year on year, due to an increase in MELS Plan memberships, and AIP Co., Ltd. becoming a consolidated subsidiary during the third quarter of the previous fiscal year. Segment profit was ¥8,245 million, an increase of 0.9% year on year.

2) Other

Sales of other businesses were ¥1,415 million, an increase of 3.6% year on year, reflecting an increase in sales of the Veterinary Medicine Business conducted by Group company Meni-one Co., Ltd. The segment loss was ¥325 million, compared with a segment loss of ¥235 million for the previous fiscal year.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Total assets at the end of the fiscal year under review were ¥71,736 million, having decreased by ¥599 million from the end of the previous fiscal year. Current assets increased by ¥5,585 million to ¥38,968 million due to an increase in cash and deposits. Non-current assets decreased by ¥6,185 million to ¥32,767 million, reflecting a decrease in machinery, equipment and vehicles and recording of depreciation.

(Liabilities and net assets)

Liabilities decreased by ¥3,040 million from the end of the previous fiscal year to ¥31,614 million at the end of the fiscal year under review due to decreases in long-term loans payable and bonds payable. Net assets increased by ¥2,440 million from the end of the previous fiscal year to ¥40,121 million mainly due to an increase in retained earnings.

As a result, Capital adequacy ratio was 55.8%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review were ¥15,484 million, having increased by ¥4,728 million or 44.0% from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥7,857 million, compared with net cash by operating activities amounting to ¥5,197 million for the previous fiscal year, mainly due to the recording of profit before income taxes.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥900 million, compared with net cash used in operating activities amounting to ¥6,065 million for the previous fiscal year, mainly due to an increase in proceeds from sales of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥4,196 million, compared with net cash used in financing activities amounting to ¥271 million for the previous fiscal year, due to repayment of long-term loans payable and redemption of bonds.

(4) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and for the Next Fiscal Year

The Company's basic policy is to pay dividends once a year as a year-end dividend. Based on the policy of maintaining stable dividend payments, the Company intends to pay a cash dividend of ¥25 per share for the fiscal year under review and ¥25 per share for the next fiscal year as same as the fiscal year under review.

(5) Outlook

In the contact lens market, growth in demand for disposable lenses, including daily disposable contact lenses and periodic-replacement-type contact lenses is continuing worldwide and we expect the market as a whole to remain robust.

In this business environment, we are expanding the lineup of disposable contact lenses and increasing production capacity. Through these measures, we intend to expand our global market share for disposable contact lenses. Regarding the MELS Plan, our mainstay business, we forecast an ongoing increase in MELS plan memberships because of efforts to strengthen sales promotion and reinforce sales channels.

In view of the above, for the next fiscal year we forecast net sales of ¥80,338 million, operating profit of ¥5,148 million, ordinary profit of ¥5,137 million, and profit attributable to owners of parent of ¥3,231 million.

2. Basic Approach for Selection of Accounting Standards

The Group applies the Japanese Accounting Standards.

The Group intends to examine whether to adopt the International Financial Reporting Standards (IFRS) in light of global business development and domestic and overseas trends.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2017	As of March 31,2018
Assets		
Current assets		
Cash and deposits	12,656	16,904
Notes and accounts receivable - trade	8,064	8,162
Securities	-	18
Merchandise and finished goods	7,718	8,766
Work in process	561	703
Raw materials and supplies	1,960	1,943
Deferred tax assets	752	851
Other	1,745	1,695
Allowance for doubtful accounts	(75)	(76)
Total current assets	33,382	38,968
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,078	18,907
Accumulated depreciation	(9,695)	(9,631)
Buildings and structures, net	9,383	9,276
Machinery, equipment and vehicles	22,311	18,163
Accumulated depreciation	(13,896)	(12,531)
Machinery, equipment and vehicles, net	8,415	5,632
Tools, furniture and fixtures	6,452	6,736
Accumulated depreciation	(5,184)	(5,389)
Tools, furniture and fixtures, net	1,268	1,346
Land	5,969	5,212
Leased assets	999	995
Accumulated depreciation	(706)	(767)
Leased assets, net	292	228
Construction in progress	2,209	871
Total property, plant and equipment	27,538	22,567
Intangible assets		
Goodwill	4,741	3,708
Patent right	1,750	1,464
Other	2,229	2,274
Total intangible assets	8,721	7,447
Investments and other assets		
Investment securities	598	645
Long-term loans receivable	93	71
Deferred tax assets	110	143
Other	1,903	1,906
Allowance for doubtful accounts	(11)	(14)
Total investments and other assets	2,693	2,752
Total non-current assets	38,953	32,767
Total assets	72,336	71,736

(Million yen)

	As of March 31,2017	As of March 31,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,292	4,251
Short-term loans payable	669	503
Current portion of bonds	1,473	2,636
Current portion of long-term loans payable	2,142	2,372
Lease obligations	67	82
Accounts payable - other	3,740	3,323
Income taxes payable	709	1,235
Deferred tax liabilities	-	4
Provision for bonuses	1,404	1,319
Provision for point card certificates	95	96
Other	2,295	2,903
Total current liabilities	16,889	18,730
Non-current liabilities		
Bonds payable	7,948	5,312
Long-term loans payable	7,282	5,158
Lease obligations	203	120
Long-term accounts payable - other	1,539	1,561
Net defined benefit liability	315	314
Deferred tax liabilities	180	149
Asset retirement obligations	111	98
Other	182	169
Total non-current liabilities	17,764	12,884
Total liabilities	34,654	31,614
Net assets		
Shareholders' equity		
Capital stock	3,379	3,379
Capital surplus	2,553	2,553
Retained earnings	35,112	37,037
Treasury shares	(2,640)	(2,502)
Total shareholders' equity	38,405	40,467
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70	124
Foreign currency translation adjustment	(866)	(543)
Total accumulated other comprehensive income	(795)	(418)
Share acquisition rights	35	33
Non-controlling interests	35	39
Total net assets	37,681	40,121
Total liabilities and net assets	72,336	71,736

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2017	For the fiscal year ended March 31,2018
Net sales	72,052	76,672
Cost of sales	33,192	35,478
Gross profit	38,859	41,194
Selling, general and administrative expenses	34,949	36,800
Operating profit	3,910	4,394
Non-operating income		
Interest income	14	10
Dividend income	7	8
Fair value adjustment of contingent consideration	284	-
Foreign exchange gains	-	114
Rent income	205	81
Other	350	331
Total non-operating income	862	547
Non-operating expenses		
Interest expenses	240	200
Bond issuance cost	59	-
Share of loss of entities accounted for using equity method	3	2
Fair value adjustment of contingent consideration	-	118
Foreign exchange losses	102	-
Cost of lease revenue	54	24
Litigation expenses	-	52
Other	276	85
Total non-operating expenses	736	483
Ordinary profit	4,036	4,458
Extraordinary income		
Gain on sales of non-current assets	11	8
Subsidy income	127	105
Gain on step acquisitions	66	-
Other	5	0
Total extraordinary income	210	114
Extraordinary losses		
Loss on sales of non-current assets	19	31
Loss on retirement of non-current assets	59	81
Impairment loss	49	43
Loss on liquidation of business	-	114
Other	1	0
Total extraordinary losses	129	271
Profit before income taxes	4,117	4,301
Income taxes – current	1,394	1,830
Income taxes – deferred	178	(190)
Total income taxes	1,572	1,640
Profit	2,545	2,660
Profit attributable to non-controlling interests	2	3
Profit attributable to owners of parent	2,543	2,657

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2017	For the fiscal year ended March 31,2018
Profit	2,545	2,660
Other comprehensive income		
Valuation difference on available-for-sale securities	59	54
Foreign currency translation adjustment	(248)	321
Share of other comprehensive income of entities accounted for using equity method	(2)	0
Total other comprehensive income	(191)	377
Comprehensive income	2,353	3,037
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,351	3,033
Comprehensive income attributable to non-controlling interests	2	4

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2017

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,329	2,503	33,210	-	39,043
Changes of items during period					
Issuance of new shares	50	50			100
Dividends of surplus			(549)		(549)
Profit attributable to owners of parent			2,543		2,543
Purchase of treasury shares				(2,839)	(2,839)
Disposal of treasury shares			(91)	199	107
Net changes of items other than shareholders' equity					
Total changes of items during period	50	50	1,901	(2,640)	(637)
Balance at end of current period	3,379	2,553	35,112	(2,640)	38,405

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	11	(615)	(603)	-	-	38,439
Changes of items during period						
Issuance of new shares						100
Dividends of surplus						(549)
Profit attributable to owners of parent						2,543
Purchase of treasury shares						(2,839)
Disposal of treasury shares						107
Net changes of items other than shareholders' equity	58	(251)	(192)	35	35	(120)
Total changes of items during period	58	(251)	(192)	35	35	(758)
Balance at end of current period	70	(866)	(795)	35	35	37,681

For the fiscal year ended March 31,2018

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,379	2,553	35,112	(2,640)	38,405
Changes of items during period					
Issuance of new shares					-
Dividends of surplus			(666)		(666)
Profit attributable to owners of parent			2,657		2,657
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(65)	137	72
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,924	137	2,062
Balance at end of current period	3,379	2,553	37,037	(2,502)	40,467

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	70	(866)	(795)	35	35	37,681
Changes of items during period						
Issuance of new shares						-
Dividends of surplus						(666)
Profit attributable to owners of parent						2,657
Purchase of treasury shares						(0)
Disposal of treasury shares						72
Net changes of items other than shareholders' equity	53	322	376	(2)	4	378
Total changes of items during period	53	322	376	(2)	4	2,440
Balance at end of current period	124	(543)	(418)	33	39	40,121

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	4,117	4,301
Depreciation	3,635	3,966
Impairment loss	49	43
Loss on liquidation of business	-	114
Amortization of goodwill	1,018	1,041
Loss on retirement of non-current assets	59	81
Subsidy income	(127)	(105)
Interest and dividend income	(21)	(19)
Interest expenses	240	200
Foreign exchange losses (gains)	85	(160)
Decrease (increase) in notes and accounts receivable - trade	(292)	(64)
Decrease (increase) in inventories	(1,444)	(1,131)
Increase (decrease) in notes and accounts payable - trade	479	(58)
Increase (decrease) in provision for bonuses	(116)	(93)
Other, net	(684)	1,117
Subtotal	6,999	9,232
Interest and dividend income received	23	17
Interest expenses paid	(131)	(115)
Income taxes paid	(1,821)	(1,383)
Proceeds from subsidy income	127	105
Net cash provided by (used in) operating activities	5,197	7,857
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	25	547
Collection of loans receivable	112	25
Proceeds from sales of investment securities	242	4
Purchase of intangible assets	(968)	(628)
Purchase of property, plant and equipment	(2,769)	(4,182)
Proceeds from sales of property, plant and equipment	62	5,274
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,686)	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	43	-
Other, net	(126)	(140)
Net cash provided by (used in) investing activities	(6,065)	900
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	39	(166)
Proceeds from long-term loans payable	3,800	300
Repayments of long-term loans payable	(2,196)	(2,194)
Proceeds from issuance of bonds	3,240	-
Redemption of bonds	(1,840)	(1,473)
Proceeds from issuance of common shares	100	-
Purchase of treasury shares	(2,876)	(0)
Repayments of finance lease obligations	(95)	(67)
Cash dividends paid	(549)	(665)
Proceeds from sales of treasury shares	107	69
Net cash provided by (used in) financing activities	(271)	(4,196)

Effect of exchange rate change on cash and cash equivalents	(162)	167
Net increase (decrease) in cash and cash equivalents	(1,301)	4,728
Cash and cash equivalents at beginning of period	12,057	10,755
Cash and cash equivalents at end of period	10,755	15,484

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information)

[Segment Information]

1. Overview of reportable segments

Reportable segments of the Group are components of the Group for which separate financial information is available and such information is evaluated regularly by the Board of Directors in deciding allocation of resources and in assessing performance.

Considering the similarity of products and services and the materiality, the Contact Lens-related Business is determined to be the reportable segment of the Group.

The Contact Lens-related Business carries out production and sales of contact lenses, lens care products, and products related thereto.

2. Calculation method for net sales, profit (loss), assets, liabilities and other items by reportable segment

The method of accounting treatment for the reportable business segment is the same as that adopted for preparation of consolidated financial statements.

Profit of the reportable segment is on an operating profit basis.

Inter-segment profit and transfers are based on market prices.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

Fiscal year from April 1, 2016 to March 31, 2017

(Millions of yen)

	Reportable segment	Other (Note)	Total
	Contact Lens-related Business		
Net sales			
Net sales to external customers	70,685	1,366	72,052
Inter-segment net sales or transfers	6	—	6
Total	70,692	1,366	72,058
Segment profit (loss)	8,172	△235	7,937
Segment assets	61,709	988	62,697
Other items			
Depreciation	3,347	17	3,365
Increase in property, plant and equipment and intangible assets	4,451	19	4,471

(Note) “Other” is a business segment not included in the reportable segment and includes new businesses.

Fiscal year under review (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment	Other (Note)	Total
	Contact Lens-related Business		
Net sales			
Net sales to external customers	75,257	1,415	76,672
Inter-segment net sales or transfers	8	—	8
Total	75,265	1,415	76,681
Segment profit (loss)	8,245	(325)	7,919
Segment assets	58,117	1,096	59,214
Other items			
Depreciation	3,689	17	3,706
Increase in property, plant and equipment and intangible assets	4,276	22	4,298

(Note) “Other” is a business segment not included in the reportable segment and includes new businesses.

4. Differences between the total amount of the reportable segment and the amount stated in consolidated financial statements, and major breakdown of such differences (Reconciliation)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Reportable segment total	70,692	75,265
Net sales of “Other”	1,366	1,415
Elimination of inter-segment transactions	(6)	(8)
Net sales stated in consolidated financial statements	72,052	76,672

(Millions of yen)

Profit	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Reportable segment total	8,172	8,245
Profit of “Other”	(235)	(325)
Corporate expenses (Note)	(4,026)	(3,524)
Operating profit stated in consolidated financial statements	3,910	4,394

(Note) Corporate expenses are mainly general and administrative expenses not attributable to the reportable segment.

(Millions of yen)

Assets	As of March 31, 2017	As of March 31, 2018
Reportable segment total	61,709	58,117
Assets of “Other”	988	1,096
Corporate assets (Note)	9,638	12,521
Assets stated in consolidated financial statements	72,336	71,736

(Note) Corporate assets are mainly cash and deposits of the head office and the head office building, which are not attributable to the reportable segment.

(Millions of yen)

Other items	Reportable segment total		Other		Adjustment		Amounts stated in consolidated financial statements	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Depreciation	3,347	3,689	17	17	270	259	3,635	3,966
Increase in property, plant and equipment and intangible assets	4,451	4,276	19	22	258	175	4,729	4,474

(Note) Adjustment of the increase in property, plant and equipment and intangible assets corresponds to capital investment for the equipment of head office.

[Related Information]

Fiscal year from April 1, 2016 to March 31, 2017

1. Information by product/service

(Millions of yen)

	Contact lens care products	MELS Plan	Other	Total
Net sales to external customers	34,459	35,840	1,752	72,052

(Note) “The amount of “Other” includes the amount of new businesses.

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
64,435	5,466	756	1,089	304	72,052

(Note) Net sales are classified according to countries or regions based on the locations of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
19,678	2,131	82	5,645	0	27,538

(Note) Property, plant and equipment are classified according to countries or regions based on the locations of property, plant and equipment.

3. Information by major customer

This information is not stated because, of net sales to external customers, no customer represents 10% or more of net sales stated in the consolidated statement of income.

Fiscal year under review (from April 1, 2017 to March 31, 2018)

1. Information by product/service

(Millions of yen)

	Contact lens care products	MELS Plan	Other	Total
Net sales to external customers	36,518	38,304	1,849	76,672

(Note) “The amount of “Other” includes the amount of new businesses.

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
68,172	6,017	902	1,255	324	76,672

(Note) Net sales are classified according to countries or regions based on the locations of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
18,807	2,485	49	1,224	0	22,567

(Note) Property, plant and equipment are classified according to countries or regions based on the locations of property, plant and equipment.

3. Information by major customer

This information is not stated because, of net sales to external customers, no customer represents 10% or more of net sales stated in the consolidated statement of income.

[Information on impairment loss of non-current assets by reportable segment]

Fiscal year from April 1, 2016 to March 31, 2017

(Millions of yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Contact Lens-related Business			
Impairment loss	49	—	—	49

(Note) The amount of “Other” concerns new businesses.

Fiscal year under review (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Contact Lens-related Business			
Impairment loss	106	—	—	106

(Note) 1. The amount of “Other” concerns new businesses.

2. ¥63 million of “Impairment loss” is included in Loss on business liquidation of “Extraordinary losses”.

[Information on amortization of goodwill and unamortized balance by reportable segment]

Fiscal year from April 1, 2016 to March 31, 2017

(Millions of yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Contact Lens-related Business			
Amortization	1,018	—	—	1,018
Unamortized balance	4,741	—	—	4,741

(Note) The amount of “Other” concerns new businesses.

Fiscal year under review (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Contact Lens-related Business			
Amortization	1,041	—	—	1,041
Unamortized balance	3,708	—	—	3,708

(Note) The amount of “Other” concerns new businesses.

[Information on gain on bargain purchase by reportable segment]

Fiscal year from April 1, 2016 to March 31, 2017

Not applicable.

Fiscal year under review (from April 1, 2017 to March 31, 2018)

Not applicable.

(Per share information)

	Previous fiscal year (from April 1, 2016 to March 31, 2017)	Fiscal year under review (from April 1, 2017 to March 31, 2018)
Net assets per share	Yen 1,072.01	Yen 1,138.62
Basic earnings per share	71.75	75.67
Diluted earnings per share	70.91	74.84

(Note) 1. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (from April 1, 2016 to March 31, 2017)	Fiscal year under review (from April 1, 2017 to March 31, 2018)
(1) Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	2,543	2,657
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to shares of common stock (Millions of yen)	2,543	2,657
Average number of shares of common stock (shares)	35,445,521	35,113,097
(2) Diluted earnings per share		
Adjusted profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of shares of common stock (shares)	417,455	388,147
Summary of Residual securities not included in the calculation of diluted earnings per share because of no dilutive effect	—	—

2. The basis for calculation of net assets per share is as follows.

	Previous fiscal year (as of March 31, 2017)	Fiscal year under review (as of March 31, 2018)
Total net assets (Millions of yen)	37,681	40,121
Amount to be deducted from total net assets (Millions of yen)	71	73
[Subscription rights to shares (Millions of yen)]	[35]	[33]
[Non-controlling interests (Millions of yen)]	[35]	[39]
Net assets pertaining to shares of common stock at end of period (Millions of yen)	37,609	40,048
Number of shares of common stock at end of period used for calculation of net assets per share (shares)	35,083,378	35,172,994

3. The Company conducted a 2-for-1 stock split on January 1, 2018.

Net assets per share, basic earnings per share, and diluted earnings per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2017.

(Significant subsequent events)

Not applicable.