

[Translation]
TENDER OFFER EXPLANATORY STATEMENT

December 2007

TOPCON CORPORATION

THIS ENGLISH TRANSLATION OF THE TENDER OFFER EXPLANATORY STATEMENT HAS BEEN PREPARED SOLELY FOR THE CONVENIENCE OF NON-JAPANESE SPEAKING SHAREHOLDERS OF SOKKIA COMPANY, LIMITED. WHILE THIS ENGLISH TRANSLATION IS BELIEVED TO BE ACCURATE, IT IS SUBJECT TO, AND QUALIFIED BY, IN ITS ENTIRETY, THE OFFICIAL JAPANESE-LANGUAGE ORIGINAL FILED WITH THE DIRECTOR-GENERAL OF THE KANTO LOCAL FINANCE BUREAU. SUCH JAPANESE-LANGUAGE ORIGINAL SHALL BE THE CONTROLLING DOCUMENT FOR ALL PURPOSES.

TENDER OFFER EXPLANATORY STATEMENT

The tender offer described in this tender offer explanatory statement (this “Statement”) (the “Tender Offer”) is to be implemented under the provisions of Chapter II-2, Section 1 of the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended). This Statement is prepared in accordance with Article 27-9 of the Law.

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- (Note 1) In this Statement, the “Tender Offeror” and the “Company” mean TOPCON CORPORATION.
- (Note 2) In this Statement, the “Target Company” means Sokkia Company, Limited.
- (Note 3) When the figures in this Statement are rounded or truncated, the amount recorded in the total column may not always coincide with the aggregate of the relevant figures.
- (Note 4) In this Statement, the “Law” means the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended).
- (Note 5) In this Statement, the “Enforcement Order” means the Enforcement Order of the Financial Instruments and Exchange Law (Government Ordinance No. 321 of 1965, as amended).
- (Note 6) In this Statement, the “TOB Order” means the Cabinet Office Ordinance on Disclosure of Take Over Bid of Shares, etc. Conducted by Non-issuers (Ministry of Finance Japan Ordinance No. 38 of 1990, as amended).
- (Note 7) In this Statement, the “Antimonopoly Law” means the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended).
- (Note 8) Unless otherwise provided in this Statement, the number of days or the date and time means the number of days or the date and time in Japan.

- (Note 9) Unless otherwise described in this statement, all procedures concerning the tender offer described in this statement shall be conducted in Japanese. If any document concerning the Tender Offer is prepared in English and there is any discrepancy between the English version and the Japanese version, the Japanese version shall prevail.
- (Note 10) The Tender Offer is to purchase common stock of the Target Company, incorporated in Japan. The Tender Offer will be conducted in compliance with the procedures prescribed by the Law and related disclosure standards. However, these procedures and standards may differ from those in other jurisdictions.
- (Note 11) This Statement contains forward-looking statements. Forward-looking statements include statements discussing projections or forecasts of results of operations and financial condition, plans and objectives, strategies and expectations, assumptions underlying such statements, or other forward-looking information. Due to known or unknown risks, uncertainties or other factors, actual results may materially differ from those indicated in or implied by any forward-looking statement. Neither the Tender Offeror nor any of its affiliates can assure that actual results will reflect the projections, forecasts or expectations indicated in or implied by any forward-looking statement. The forward-looking statements contained in this Statement were made based on information available to the Tender Offeror as of the date of the filing of the Tender Offer Registration Statement (the “Registration Statement”), and the Tender Offeror and its affiliates are not under any obligation to update or modify any such forward-looking statements to reflect future events or developments, except as may be required by any applicable laws and regulations or stock exchange rules.

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I. Terms and Conditions of the Tender Offer

1. Name of the Target Company

Sokkia Company, Limited

2. Class of Shares, etc. to be Purchased

Common Stock

3. Purpose of the Tender Offer

(1) Outline and Background of the Tender Offer

The Company is now launching the Tender Offer with a view to acquiring all of the outstanding shares of common stock issued by the Target Company (excluding the Target's shares already held by the Company and treasury shares held by the Target Company) and to making it a wholly owned subsidiary of the Company.

The Company is in the business of manufacturing and selling surveying instruments, ophthalmic & medical instruments, industrial instruments and optical devices. Total assets (consolidated) for the fiscal year ending March 2007 is 99.8 billion yen, and sales (consolidated) is 110.4 billion yen. From and including the fiscal year ending March 2004, the Company has recorded historical high sales for the past four consecutive years. Surveying instruments comprises sales (consolidated) of 53.6 billion yen for the fiscal year ending March 2007 and is the Company's largest business segment with approximately 49% of total sales (consolidated). The Company, as a full line manufacturer of surveying instruments, is a global company competing with the top two companies in the US and Europe. In order to increase sales in the US and Europe utilizing its global network, the Company is investing in research capabilities in advanced technology in the US and Russia in order to improve its technological advantage and in turn to support its full lineup of surveying instruments, including GPS, machine control systems, total stations and lasers. In the mid-term business plan starting in the fiscal year 2007, the Company is targeting sales (consolidated) in surveying instruments of 82 billion yen and aiming to establish its position as a leading global surveying instruments manufacturer.

The Target Company is in the business of manufacturing and selling surveying instruments and measuring equipment. Total assets (consolidated) for the fiscal year ending March 2007 is 27.9 billion yen, and total sales (consolidated) is 22.4 billion yen. The Target Company was established in 1920 and has maintained a tradition of excellence in manufacturing as a Japanese company, pursuing measurement technologies. It has

supplied high value added and high quality surveying instruments to address the needs of their users and regional requirements. Its main product is the total station which measures positioning by measuring angles and distances. The Target Company manufactures and sells GPS equipment through a joint venture with an overseas firm. Under its current mid-term business plan, it is strengthening their corporate base and pursuing growth by improving their profit structure. By implementing measures to evolve from mainly selling hardware to providing solutions, it is targeting sales (consolidated) of 26 billion yen for the fiscal year ending March 2008.

However, the market environment for the two companies is highly competitive. The leading manufacturers in the US and Europe are active in M&A on a global scale. There are also the emerging Chinese manufacturers that are penetrating the global markets based on low cost products. The Company and the Target Company are expected to compete intensively in the global surveying instruments market with the US and European manufacturers which possess technology, brand and financial strength as well as with the emerging Chinese manufacturers which are accelerating their advancement in technology but still have a low cost basis. With intensified competition in the surveying instruments market, if the Company and the Target Company were to continue business independently, it will not be easy to maintain their current market presence. Furthermore, with their limited to ability to invest in R&D on an individual basis, there is concern that they may lag behind the leading manufacturers in the US, Europe and Asia.

With this understanding of the situation, rather than the two companies pursuing their business expansion independently, through a combination of the two companies and by utilizing each other's advanced technology and skilled human resources, the two companies aim to expand their potential as a full line surveying instruments manufacturer and compete on an equal basis into the future with the leading US, European and Asian manufacturers. The two companies also believe that this combination will lead to maximizing enterprise and equity value. Both companies firmly believe that the combination is with their best potential partner and that this combination is the best alternative not only for the shareholders of the two companies but for all stakeholders, including customers and employees.

Based on the above understanding, the Company entered into an agreement with the Target Company on March 16, 2007 to conduct a business integration in the surveying instruments business, the main business segment for both companies (the "Business Integration"), in order to increase customer satisfaction in their products and to become "a

surveying and measurement instruments entity that is competitive globally” by respecting each other’s historical background and by utilizing each other’s respective resources. The Company and the Target Company engaged in prior consultation with the Japan Fair Trade Commission (the “JFTC”) with respect to the acquisition of the Target Company’s shares by the Company and received a response from the JFTC on December 10, 2007 to the effect that the JFTC does not believe such acquisition of shares to be in violation of the Antimonopoly Law, on condition that the after-mentioned measures (the “Remedial Measures”) are securely taken by the Company and the Target Company. The Company then executed a basic agreement with the Target Company on the same date, setting forth the outline of the Business Integration, etc. Pursuant to the basic agreement, the Company is now launching the Tender Offer with a view to acquiring all of the outstanding shares of common stock issued by the Target Company and to making it a wholly owned subsidiary of the Company.

(2) Outline of the Terms and Conditions of the Tender Offer

As stated above, the Tender Offer is for the purpose of acquiring all of the outstanding shares of common stock issued by the Target Company, and accordingly, the Company has not set any upper limit to the number of shares to be purchased through the Tender Offer. On the other hand, the Company has set a lower limit in the Tender Offer that no shares will be purchased through the Tender Offer if the number of tendered shares is less than 17,326,000 shares.

The Tender Offer provides the shareholders of the Target Company with an opportunity to sell their shares at a higher price than recent market price. The Company has set the tender offer price at 640 yen per share, taking into consideration such factors as (i) the valuation of the Target Company’s shares made by Allied Inc. (“Allied”), a financial advisor to the Company, (ii) the results of operational, legal, accounting and tax-related due diligence, (iii) the details of the Remedial Measures, (iv) whether or not the Target Company would support the Tender Offer, (v) trends in the market price of the Target Company’s shares, (vi) the premiums paid over the market price in past tender offer cases for shares launched by non-issuers, and (vii) the outlook for the Tender Offer, as well as the outcome of the discussions/negotiations with the Target Company.

The purchase price in the Tender Offer is equal to the average closing price of 450 yen (rounded to the nearest whole number) of the common stock of the Target Company quoted on the First Section of the Tokyo Stock Exchange for the past three months ending on December 7, 2007 plus a premium of approximately 42% (rounded to the nearest whole

number), and is equal to the closing price of 497 yen for the common stock of the Target Company quoted on the First Section of the Tokyo Stock Exchange on December 7, 2007 plus a premium of approximately 29% (rounded to the nearest whole number).

(3) Management and Business Restructuring Plan, etc. after the Tender Offer

The Company and the Target Company make it their main goal to consummate the Business Integration by April 1, 2011. After the consummation of the Business Integration, it is expected that the Company will be responsible for (i) the development, manufacture and sales of GPS equipment and machine control systems, (ii) sales of total stations and other surveying instruments (excluding sales of non-motor-driven total stations in Japan) and (iii) the planning of the global business strategy, while the Target Company will be responsible for the development and manufacture of total stations and other surveying instruments. The Target Company plans to propose an agenda item at the first general shareholders' meeting after becoming a subsidiary of the Company to change the name of the Target Company to "SOKKIA TOPCON" by amending its articles of incorporation, but the "SOKKIA" brand will continue to be used for some time. The Company and the Target Company plan to standardize the platforms for total stations by the end of fiscal year 2010, and to mutually cooperate and strive for downsizing, weight saving and differentiation of motor-driven total stations, and development of 3D measurement instruments (such as scanners) for the civil engineering market and measurement market. In order to achieve this main goal and the purpose of the Business Integration, the Company intends to newly establish an Integration Promotion Committee consisting of members from both companies, which will be responsible for preparation and execution of practical implementation plans for the Business Integration. The Company aims at becoming a world leading company in each business segment of motor-driven total stations and other surveying instruments, GPS equipment, machine control systems, and precision measuring instruments including measurement instruments.

The Company intends to establish a business structure that allows for sustainable growth in a new business environment by implementing drastic business restructuring to achieve the following synergistic effects through the Business Integration:

- (i) Optimization and improvement of the efficiency of the business of the whole group;
- (ii) Selection and concentration of business investments;
- (iii) Reduction of procurement and production cost; and
- (iv) Appropriate allocation of human resources.

Upon completion of the Tender Offer, for the sake of smooth and expedited integration between the Company and the Target Company, the Company will promptly appoint one of the directors of the Target Company to be an advisor to the Company, and plans to propose an agenda item, at the annual general shareholders' meeting of the Company to be held in June 2008, to appoint the advisor as a director of the Company. Also, the Target Company plans to propose an agenda item, at the annual general shareholders' meeting of the Target Company to be held in June 2008, to elect at least two directors designated by the Company (with one of them being a part-time director).

(4) Consideration of the Antimonopoly Law

The Company executed an OEM agreement (the "OEM Agreement") with TJM Design Corporation ("TJM"), by which the Company will supply non-motor-driven total stations, which the Company is manufacturing or the Company or its affiliated companies will develop (including specification changes) and/or manufacture (the "OEM Products"), exclusively to TJM with regard to their sales in Japan, in order to clear antitrust concerns posed by the JFTC in the course of the prior consultation with respect to the Company's acquisition of the Target Company's shares. The Company will start supplying the OEM Products to TJM in February 2008 pursuant to the OEM Agreement on condition that the Tender Offer is successfully completed. The initial effective term of the OEM Agreement is five years after the start of the supply of the OEM Products, and the term will be automatically extended for an additional one year period (the same shall apply to any subsequent terms) unless TJM notifies the Company of its intention to terminate the OEM Agreement. Also, the price for the OEM Products to be paid by TJM will be the same as the present price paid by the Company's sales subsidiary to the Company, for three years after the Company's acquisition of the Target Company's shares unless certain material changes of circumstances occur. Furthermore, during the same period, the Company and the Target Company will establish an "information barrier" in order to prevent information about non-motor-driven total stations manufactured by the Company, etc. and those manufactured by the Target Company, respectively, from being shared. The Company or its affiliated companies (excluding the Target Company, which will be a subsidiary of the Company upon completion of the Tender Offer) will stop selling non-motor-driven total stations in Japan during the effective period of the OEM Agreement, and sales of the OEM Products in Japan, excluding non-motor-driven total stations developed/manufactured and sold by the Target Company, will exclusively be made by TJM.

The Company's group sales of non-motor-driven total stations for the fiscal year ending

March 2007 is approximately 2.3 billion yen, and the OEM Agreement will have only a negligible effect on the Company's consolidated or non-consolidated financial results.

(5) The Squeeze-Out Process

As the Company intends to make the Target Company a wholly owned subsidiary, if it fails to acquire all of the outstanding shares of common stock issued by the Target Company through the Tender Offer, it plans to implement a stock for stock exchange (*kabushiki-koukan*), whereby the Target Company will become a wholly owned subsidiary of the Company, or other appropriate measures after the Tender Offer, taking into consideration such factors as tax/accounting treatment and filing/disclosure requirements under the US securities laws, to make the Target Company a wholly owned subsidiary (the "Squeeze-Out Process").

Although the details of the Squeeze-Out Process, including the timing, the method, and amount and types of the money, etc. (including the shares of the Company) to be delivered to the Target Company's shareholders in exchange for the Target Company's shares have not been decided, the economic value of such money, etc. is expected to be calculated based upon the offer price in the Tender Offer and to be determined upon negotiations between the Company and the Target Company after the Tender Offer, paying full attention to the benefit to the shareholders of the Company and the Target Company and taking into consideration such factors as the results of the enterprise valuation to be made by the Company and the Target Company, respectively, the trends in the market price of the Target Company's shares after the Tender Offer, and the business performance progress of the Company and the Target Company at the time, etc. Depending on the terms and conditions of the Squeeze-Out Process to be determined after the Tender Offer, the economic value of the money, etc. to be delivered to the Target Company's shareholders in exchange for their Target Company shares may differ from the offer price in the Tender Offer. The Tender Offer makes it possible for shareholders of the Target Company to receive consideration for their shares of the Target Company, in the form of cash, earlier, by tendering their shares in the Tender Offer rather than receiving consideration for their shares of the Target Company in the Squeeze-Out Process. Under certain circumstances, shareholders of the Target Company may have the right to request the Target Company to repurchase their shares pursuant to applicable laws; which repurchase price may differ from the offer price in the Tender Offer. The shareholders of the Target Company are kindly requested to consult with their tax advisors with respect to tax-related matters in connection with the Tender Offer, the Squeeze-Out Process and exercise of the right to request the Target Company to repurchase their shares in the Squeeze-Out Process.

(6) Important Agreements between the Tender Offeror and the Shareholders of the Target Company regarding Application for the Tender Offer

There exist no important agreements executed between the Company and the shareholders of the Target Company prior to the launch of the Tender Offer with regard to application for the Tender Offer. Phoenix Capital Co., Ltd., the general partner of Japan Recovery Fund II, which is a shareholder of the Target Company, announced on March 16, 2007, in the press release “Re: Business Integration between Sokkia Company, Limited and TOPCON CORPORATION”, that they believe the Business Integration will help enhance the enterprise value of the Target Company and thus they support the Business Integration. Phoenix Capital Co., Ltd. made a press release to the same effect on December 10, 2007.

Also, the Target Company, at a board meeting held on December 10, 2007, referring to a valuation report of the Target Company’s shares, prepared by Daiwa Securities SMBC Co. Ltd., an independent third party advisor, resolved to support the Tender Offer, believing that the Tender Offer and the subsequent steps to make the Target Company a wholly owned subsidiary of the Company will help enhance the Target Company’s enterprise value and that the Tender Offer provides an opportunity for its shareholders to sell their shares for a reasonable price, even after the synergistic effects expected to be realized after the organizational restructuring of the Company and the Target Company is taken into consideration. The board of directors of the Target Company came to this decision after careful review of the offer price and other conditions of the Tender Offer from various points of view such as the financial condition of the Company and the Target Company, expected synergistic effects on their business, and the progress of the market price of the Target Company’s shares.

(7) Possibility of Delisting

Since the Company has not set any upper limit to the number of shares to be purchased through the Tender Offer, subject to the outcome of the Tender Offer, the shares of the Target Company may be delisted upon completion of the Tender Offer following the prescribed procedures pursuant to the Tokyo Stock Exchange's standards for delisting of shares. Also, even in the event that the outcome of the Tender Offer does not make the shares of the Target Company subject to delisting under such standards, the shares will eventually be delisted in accordance with such standards if the Squeeze-Out Process is implemented. After the delisting, share certificates representing shares of the Target Company may no longer be traded on the Tokyo Stock Exchange and are expected to become difficult to sell.

Since the Company has set a lower limit in the Tender Offer that no shares will be purchased through the Tender Offer if the number of tendered shares is less than 17,326,000 shares, representing approximately 50.00% of the 34,653,771 shares, which is equal to the total of 35,790,289 outstanding shares of the Target Company as of September 30, 2007 (as shown in the 63rd Semi-annual Securities Report submitted by the Target Company on December 6, 2007) less the 1,136,518 treasury shares that the Target Company held as of September 30, 2007. The Company has not established any plan in the case of failure of the Tender Offer.

(8) Reason for Delisting

As stated above, the Company makes it the main goal of the Business Integration to become “a surveying and measurement instruments entity that is competitive globally” through optimal allocation of skills and resources held by the Company and the Target Company and through business restructuring. The delisting of the shares of the Target Company itself is not the purpose of the Tender Offer. The Company believes that it is necessary to make the Target Company its wholly owned subsidiary in order to carry out the business restructuring process under the Business Integration smoothly and effectively, which the Company believes will benefit the shareholders of the Company and the Target Company.

4. Period, Price, and Number of Share Certificates, etc. to be Purchased

(1) Tender Offer Period

a. Tender Offer Period as of the filing of the Registration Statement

Tender Offer Period	From Tuesday, December 11, 2007 through Tuesday, January 29, 2008 (30 business days in Japan)
Date of Public Notice	Tuesday, December 11, 2007
Name of Newspaper for Public Notice	Public disclosure is made electronically, and a notice of such disclosure is published in the <i>Nihon Keizai Shimbun</i> . EDINET (electronic disclosure for investors' network) (http://info.edinet.go.jp/EdiHtml/main.htm)

b. Possible extension of the Tender Offer Period at the Target Company’s request

N/A

c. Contact information for confirmation of the extension of the Tender Offer Period

N/A

(2) Purchase Price of the Tender Offer

Share Certificate	640 yen per share of common stock
Certificate of Stock Acquisition Rights	-
Bond Certificate with Stock Acquisition Rights	-
Trust Beneficiary Certificates for Share Certificates, etc.	-
Depository Receipt for Share Certificates, etc.	-
Basis of Calculation	<p>In determining the purchase price for the common stock of the Target Company, the Company requested Allied to value the shares of the Target Company as a reference. As described below, Allied calculated the value per share of the common stock of the Target Company, taking into account such factors as (i) the results of valuations by Average Stock Price Analysis and Discounted Cash Flow Analysis (the “DCF Analysis”), (ii) the synergistic effects to be realized by the Business Integration, and (iii) the impact of the Remedial Measures.</p> <p>As a first step, based on the Target Company’s financial information and financial projections prepared by the Company and the Target Company, trends in the market price of the shares of the Target Company and other publicly available information, etc., Allied calculated the following ranges for the per share value by conducting an Average Stock Price Analysis and a DCF Analysis: Average Stock Price Analysis: 383 yen to 517 yen DCF Analysis: 428 yen to 608 yen</p> <p>Additionally, Allied valued the synergistic effects to be realized by the Business Integration by DCF Analysis, mainly focusing on possible reduction of overlapping administrative cost and reduction of procurement cost resulting from enhancement of procurement ability. Furthermore, Allied analyzed the economic value to be</p>

	<p>lost through the Remedial Measures by DCF Analysis. Allied believed it reasonable to take into account in part the synergistic effects to be realized by the Business Integration and in part the economic value to be lost through the Remedial Measures when analyzing the share value of the Target Company, and, given such synergistic effects, the economic value and the above per share value produced by Average Stock Price Analysis and DCF Analysis, calculated the range of the per share value of the Target Company to be 467 yen to 687 yen.</p> <p>The offer price in the Tender Offer considered by the Company was within the range of the per share value produced by Allied. Taking into consideration such factors as (i) the valuation of the Target Company's shares made by Allied, (ii) the results of operational, legal, accounting and tax-related due diligence, (iii) the details of the Remedial Measures, (iv) whether or not the Target Company would support the Tender Offer, (v) trends in the market price of the Target Company's shares, (vi) the premiums paid over the market price in past tender offer cases for shares launched by non-issuers, and (vii) the outlook for the Tender Offer, as well as the outcome of the discussions/negotiations with the Target Company, the Company set the tender offer price at 640 yen per share.</p> <p>The purchase price in the Tender Offer is equal to the average closing price of 450 yen (rounded to the nearest whole number) of the common stock of the Target Company quoted on the First Section of the Tokyo Stock Exchange for the past three months, ending on December 7, 2007, plus a premium of approximately 42% (rounded to the nearest whole number), and is equal to the closing price of 497 yen for the common stock of the Target Company quoted on the First Section of the Tokyo Stock Exchange on December 7, 2007 plus a premium of approximately 29% (rounded to the nearest whole number).</p>
Process of Calculation	<p>The Company has discussed and examined with the Target Company the possibility of the Business Integration since early 2006. Upon such discussion and examination, under the circumstances where the</p>

	<p>Company and the Target Company are expected to compete intensively in the global surveying instruments market with US and European manufacturers as well as with the emerging Chinese manufacturers, the Company came to believe that through the Business Integration and by utilizing its and the Target Company's advanced technology and skilled human resources, the Company will be able to expand its and the Target Company's potential as a full line surveying instruments manufacturer and compete on an equal basis into the future with the leading US, European and Asian manufacturers. The Company also believes that the Business Integration will lead to maximizing enterprise and equity value. As the Company received a response from the JFTC to the effect that it does not believe the Company's acquisition of shares of the Target Company to be in violation of the Antimonopoly Law on condition that the Remedial Measures are securely taken, the Company decided to launch the Tender Offer, and determined the tender offer price in the following manner:</p> <p>(i) Name of the Third Party that Provided a Valuation Report in Determining the Offer Price</p> <p>The Company requested Allied, an independent third party who is not an affiliated party of either the Company or the Target Company, to value the shares of the Target Company as a reference for determining the tender offer price, and received a valuation report from Allied on December 7, 2007.</p> <p>(ii) Summary of Valuation performed by Allied</p> <p>As described below, Allied calculated the value per share of the common stock of the Target Company, taking into account such factors as (i) the results of valuations by Average Stock Price Analysis and DCF Analysis, (ii) the synergistic effects to be realized by the Business Integration, and (iii) the impact of the Remedial Measures.</p> <p>As a first step, based on the Target Company's financial</p>
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information and financial projections prepared by the Company and the Target Company, trends in the market price of the shares of the Target Company and other publicly available information, etc., Allied calculated the following ranges for the per share value by conducting an Average Stock Price Analysis and a DCF Analysis:

Average Stock Price Analysis: 383 yen to 517 yen

DCF Analysis: 428 yen to 608 yen

Additionally, Allied valued the synergistic effects to be realized by the Business Integration by DCF Analysis, mainly focusing on possible reduction of overlapping administrative cost and reduction of procurement cost resulting from enhancement of procurement ability. Furthermore, Allied analyzed the economic value to be lost through the Remedial Measures by DCF Analysis. Allied believed it reasonable to take into account in part the synergistic effects to be realized by the Business Integration and in part the economic value to be lost through the Remedial Measures when analyzing the share value of the Target Company, and, given such synergistic effects, the economic value and the above per share value produced by Average Stock Price Analysis and DCF Analysis, calculated the range of the per share value of the Target Company to be 467 yen to 687 yen.

(iii) Process to Reach Conclusion on the Offer Price based on the Third Party's Report

The offer price in the Tender Offer considered by the Company was within the range of the per share value produced by Allied. Taking into consideration such factors as (i) the valuation of the Target Company's shares made by Allied, (ii) the results of operational, legal, accounting and tax-related due diligence, (iii) the details of the Remedial Measures, (iv) whether or not the Target Company would support the Tender Offer, (v) trends in the market price of the Target Company's shares, (vi) the premiums paid over the market price in past tender offer cases for shares launched by non-issuers, and (vii) the outlook for the Tender Offer, as well as the outcome of the discussions/negotiations with the Target Company, the Company determined the tender

	offer price to be 640 yen per share, at a board meeting held on December 10, 2007.
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(3) Number of Share Certificates, etc. to be Purchased in the Tender Offer

Expected Number of Shares to be Purchased if Converted into Shares (if any)	Minimum Number of Shares to be Purchased if Converted into Shares (if any)	Maximum Number of Shares to be Purchased if Converted into Shares (if any)
17,326,000 shares	17,326,000 shares	- shares

- (Note 1) If the total number of shares, etc. tendered in the Tender Offer is less than the number listed above in “Minimum Number of Shares to be Purchased if Converted into Shares (if any)” (17,326,000 shares), none of the tendered shares, etc. will be purchased by the Tender Offeror. If the total number of shares, etc. tendered in the Tender Offer is not less than the number listed above in “Minimum Number of Shares to be Purchased if Converted into Shares (if any)” (17,326,000 shares), all of the tendered shares, etc. will be purchased by the Tender Offeror.
- (Note 2) Shares constituting less than a whole unit will also be subject to purchase through the Tender Offer. However, to tender such shares, the relevant share certificates (unless such share certificates are kept in the custody of the Japan Securities Depository Center, Inc. (the “JSDC”) through the Tender Offer Agent (as defined below)) must be submitted to the Tender Offer Agent. The Target Company may purchase its shares to be held as treasury shares in accordance with relevant laws and regulations during the Tender Offer Period from any shareholder who exercises the right under the Japanese Company Law to require the Target Company to purchase shares constituting less than a whole unit. The Target Company will purchase such shares at the then prevailing market price.
- (Note 3) The treasury shares held by the Target Company are not planned to be purchased through the Tender Offer.
- (Note 4) The largest number of shares, etc. to be purchased through the Tender Offer (“Maximum Purchase Shares”) is 34,652,771, which was calculated by deducting from the total of 35,790,289 outstanding shares in the Target Company as of September 30, 2007 (as shown in the 63rd Semi-annual Securities Report submitted by the Target Company on December 6, 2007), the 1,136,518 treasury shares that

the Target Company held as of September 30, 2007 and the 1,000 shares that the Company holds as of the date of the filing of the Registration Statement.

5. Holding Ratio of Share Certificates, etc. After the Tender Offer

Category	Number of Voting Rights
(a) Number of Voting Rights relating to Share Certificates, etc., to be Purchased	17,326
(b) Number of Voting Rights relating to Latent Share Certificates, etc., included in item (a)	-
(c) Number of Voting Rights relating to Certificates of Trust Beneficiary Certificates and Depository Receipt of Share Certificates, etc., Representing the Rights of Share Certificates included in item (b)	-
(d) Number of Voting Rights of Share Certificates, etc., Owned by the Tender Offeror as of the Filing Date of the Registration Statement	1
(e) Number of Voting Rights relating to Latent Share Certificates, etc. included in item (d)	-
(f) Number of Voting Rights relating to Trust Beneficiary Certificates of Share Certificates and Certificates of Depository Receipt of Share Certificates, etc., Representing the Rights of Share Certificates included in item (e)	-
(g) Number of Voting Rights of Share Certificates, etc., Owned by Special Interested Party(ies) as of the Filing Date of the Registration Statement	-
(h) Number of Voting Rights relating to Latent Share Certificates, etc. included in item (g)	-
(i) Number of Voting Rights relating to Trust Beneficiary Certificates and Certificates of Depository Receipt for Share Certificates, etc., Representing the Rights of Share Certificates included in item (h)	-
(j) Number of Voting Rights of the Shareholders in Total of the Target Company (as of May 31, 2007)	34,181
Ratio of Number of Voting Rights of Share Certificates, etc., to be Purchased and Number of Voting Rights of Shareholders in Total - ((a)/(j)) (%)	50.00
Holding Ratio of Share Certificates, etc., After the Tender Offer - (((a) + (d) + (g))/((j) + ((b) - (c)) + ((e) - (f)) + ((h) - (i))) x 100 (%)	50.00

(Note 1) The “Number of Voting Rights relating to Share Certificates, etc., to be Purchased” (item (a)) is the number of voting rights with respect to the

“Expected Number of Shares to be Purchased if Converted into Shares” (17,326,000) for the Tender Offer.

(Note 2) The “Number of Voting Rights of the Shareholders in Total of the Target Company” (item (j)) represents the number of voting rights of all the shareholders as of September 30, 2007 (as shown in the 63rd Semi-annual Securities Report submitted by the Target Company on December 6, 2007). However, given that shares constituting less than a whole unit are also subject to purchase through the Tender Offer, for the purpose of calculating “Ratio of Number of Voting Rights of Share Certificates, etc., to be Purchased and Number of Voting Rights of Shareholders in Total” and “Holding Ratio of Share Certificates, etc., After the Tender Offer”, the “Number of Voting Rights of the Shareholders in Total of the Subject Company” (item (j)) is calculated to be 34,653 units. This number is calculated by adding the sum of the number of voting rights (472 units) represented by the number of shares constituting less than a whole unit (473,289 shares) less the number of treasury shares constituting less than a whole unit (518 shares) shown in the said 63rd Semi-annual Securities Report.

(Note 3) The “Ratio of Number of Voting Rights of Share Certificates, etc., to be Purchased and Number of Voting Rights of Shareholders in Total” and “Holding Ratio of Share Certificates, etc., After the Tender Offer” are rounded off to the second decimal place.

(Note 4) If the total number of shares, etc. tendered in the Tender Offer is not less than the number listed above in “Minimum Number of Shares to be Purchased if Converted into Shares” (17,326,000 shares), all of the tendered shares, etc. will be purchased by the Tender Offeror. Therefore, “Holding Ratio of Share Certificates, etc., After the Tender Offer” could be a maximum of 100.00%. The number of voting rights with regard to the Maximum Purchase Shares (34,652,771) is 34,652.

6. Approval, etc. with respect to the Acquisition of Share Certificates, etc.

N/A

7. Method of Tendering Shares Under the Tender Offer and Cancellation thereof

(1) Method of tendering shares under the Tender Offer

a. Tender Offer Agent

Nomura Securities Co., Ltd.
9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

- b. Please fill out the “Form for Tender” and submit it together with the share certificates, etc. to the head office or any Japanese branch of the Tender Offer Agent by 3:30 p.m. of the last day of the Tender Offer Period. Tendering shareholders will need to produce their seals at the time of tender. In addition, identification documents may be necessary upon application. (See Note 1 below)
- c. Tendering shares through other securities companies than the Tender Offer Agent will not be accepted under the Tender Offer.
- d. For share certificates, etc. that are kept in the custody of the Tender Offer Agent (or by JSDC through the Tender Offer Agent), Shareholders may apply by submitting only the “Form for Tender”; provided, however, that deposit receipt for the share certificates, if any, is required to be submitted.
- e. Shareholders who reside outside Japan and do not hold an account with the Tender Offer Agent (including corporate shareholders, the “Non-Japanese Shareholders”) are requested to apply through your standing proxy residing in Japan.
- f. For individual shareholders residing in Japan, the difference between the price for the share certificates sold through the Tender Offer and the acquisition cost thereof will be generally subject to self-assessment taxation separate from other income with regard to capital gains on the shares, etc. (See Note 2 below)
- g. Upon acceptance of an application, the Tender Offer Agent will deliver a receipt of such application for the Tender Offer to the applying shareholder.
- h. If none of the tendered share certificates, etc. end up being purchased, the applied share certificates, etc. will be returned to the applying shareholders. However, if share certificates submitted at the time of application include

share certificates other than those representing a whole unit (1,000 shares), the name appearing on the share certificates to be returned may be different from the name appearing on the share certificates submitted. Shareholders who prefer to have the share certificates returned with the same name as when submitted should submit share certificates representing the number of shares comprised of whole units with respect to all of the tendered share certificates.

(Note 1)

Identification Documents

Shareholders who open a new account at the Tender Offer Agent, Nomura Securities Co., Ltd., must submit any of the following identification documents. Also, in certain cases, shareholders who already have an account will need to submit identification documents. For details regarding the identification documents and related matters, please contact the Tender Offer Agent.

Individuals: Originals issued within six months of submission to the Tender Offer Agent of:
copy of residence registry (*jyumin-hyo*); certificate of records of residence registry (*jyumin-hyo-no-kisai-jikou-shoumeisho*); or certificate of registered seal (*inkan-touroku-shoumeisho*).

Valid (unexpired) originals of:
health insurance card (*kenkou-hoken-sho*); driver's license; basic resident registration card (*jyumin-kihon-daicho card*) with name, address and date of birth; welfare card (*fukushi-techo*); alien registration certificate (*gaikokujin-touroku-shoumeisho*); passport; or national pension book (*kokumin-nenkin-techo*) issued before December 31, 1996.

* Identification documents must be valid (unexpired).

* Identification documents must allow confirmation of:

(1) the validity of the identification documents; and (2) the address, name and date of birth of the individual shareholders as set forth in the application form.

* If application is made by mail, please ensure that the original or copy of any of the documents mentioned above is enclosed. Where a copy is submitted, the original may be additionally required to be presented, if necessary. Nomura Securities Co., Ltd. will mail a “Letter with respect to the Transaction” to the address set forth in the identification documents to confirm identification.

Corporations: Certificate of corporate registry; or documents issued by governmental authorities, etc.:

* Items to identify the corporate shareholders:

(1) name and (2) the location of head office or principal office

In addition to the identification of the corporate shareholder, identification of the corporate shareholder’s representative, its proxy or person in charge of the execution of the agreement are required.

Non-Japanese Shareholders:

For non-Japanese individuals who do not reside in Japan and corporations with a head office or principal office outside Japan, identification documents issued by a foreign government recognized by the Japanese government or a competent international organization or any other appropriate and similar documents, which must be equivalent to identification documents for Japanese residents, are required.

(Note 2) Regarding Self-Assessment Taxation Separate from Other Income with regard to Capital Gains on Shares, Etc. (For Individual Shareholders):
Capital gains realized from a transfer of shares will be generally subject to

self-assessment taxation separate from other income. Each shareholder is responsible for, and should consult his or her own licensed tax attorney or other expert for specific questions regarding the tax consequences of the Tender Offer.

(2) Method of cancellation of the tender under the Tender Offer

Tendering shareholders may, at any time during the Tender Offer Period, cancel their tender under the Tender Offer. Tendering shareholders who wish to cancel their tender must deliver, or send by mail, a cancellation notice stating that such tendering shareholder cancels his/her tender under the Tender Offer (the “Cancellation Notice”) together with a receipt of tender under the Tender Offer, to the head office or any Japanese branch of the party specified below by no later than 3:30 p.m. of the last day of the Tender Offer Period. Please note that the Cancellation Notice, if sent by mail, must be received by no later than 3:30 p.m. of the last day of the Tender Offer Period.

Party authorized to receive the Cancellation Notice:

Nomura Securities Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

(or any other Japanese branches of Nomura Securities Co., Ltd.)

(3) Method of returning share certificates, etc.

In the event that tendering shareholders give notice to cancel their tender in the manner described in I.7.(2) “Method of cancellation of the tender under the Tender Offer”, the relevant tendered share certificates, etc. will be returned to them immediately following the completion of the cancellation procedures in accordance with the method indicated in I.10.(4) “Method to return Share Certificates, etc.”.

(4) Name and location of the head office of securities companies/banks, etc. to hold in trust and return share certificates, etc.

Nomura Securities Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

8. Source and Amount of Funds Required for the Tender Offer

(1) Source and Amount of Funds Required for the Tender Offer

Aggregate Purchase Price (yen) (a)	11,088,640,000 yen
Type of Consideration other than Cash	-
Total amount of Consideration other than Cash	-
Commission (b)	160,000,000 yen
Others (c)	10,000,000 yen
Total (a)+(b)+(c)	11,258,640,000 yen

(Note 1) The amount of the Purchase Price per share (640 yen) multiplied by the “Expected Number of Shares to be Purchased if Converted into Shares” (17,326,000 shares) is shown in “Aggregate Purchase Price (yen) (a)”. If the total number of the tendered shares in the Tender Offer is not less than the number listed above in “Minimum Number of Shares to be Purchased if Converted into Shares” (17,326,000 shares), all the tendered shares, etc. will be purchased by the Tender Offeror. If Maximum Purchase Shares (34,652,771) are purchased, the Aggregate Purchase Price will be 22,177,773,440 yen, and the total of the Aggregate Purchase Price plus “Commission (b)” and “Others (c)” will be 22,347,773,440 yen.

(Note 2) “Commission (b)” is comprised of estimated commissions to be paid to the Tender Offer Agent.

(Note 3) “Others (c)” is comprised of estimated fees and expenses for the public notice and for printing this Statement and other necessary documents, etc.

(Note 4) Expenses to be incurred by the Tender Offer Agent and fees for legal counsel will also be paid. However, the amounts thereof are not yet determined.

(Note 5) Consumption tax, etc. is not included in the above amounts.

(2) Bank Deposits or Loans, etc., which may be Used for the Tender Offer

a. Deposits as of one or two days preceding the filing date

Type	Amount (thousands of yen)
-	-
Total (a)	-

b. Loans as of the day preceding the filing date

【Financial Institutions】

	Category of Business of Lender	Name, etc. of Lender	Contents of contract	Amount (thousands of yen)
1	-	-	-	-
2	-	-	-	-
Total				-

【Non-Financial Institutions】

Category of Business of Lender	Name, etc. of Lender	Contents of contract	Amount (thousands of yen)
-	-	-	-
Total			-

c. Funds to be borrowed after the filing date

【Financial Institutions】

	Category of Business of Lender	Name, etc. of Lender	Contents of contract	Amount (thousands of yen)
1	-	-	-	-
2	Bank	Sumitomo Mitsui Banking Corporation 1-1-2 Yurakucho, Chiyoda-ku, Tokyo	Loan for funds required for the Tender Offer (Note)	25,000,000
Total (b)				25,000,000

(Note) The Tender Offeror has obtained a certificate, as evidence of the above financing commitment, from Sumitomo Mitsui Banking Corporation stating that Sumitomo Mitsui Banking Corporation agrees to finance the Tender Offeror for up to 25 billion yen. Detailed terms and conditions of the above loan, including timing, method, loan period and interest rate, etc. will be determined after further discussions between the Tender Offeror and the lender.

【Non-Financial Institutions】

Category of Business of Lender	Name, etc. of Lender	Contents of contract	Amount (thousands of yen)
-	-	-	-
Total (c)			-

d. Other methods of financing

Description	Amount (thousands of yen)
-	-
Total (d)	-

- e. Total of deposits or loans of funds, etc. available to be applied to the purchase, etc.
25 billion yen ((a)+(b)+(c)+(d))

(3) Relationship, etc. between the Tender Offeror and Company Issuing Securities to be Used as Consideration for the Tender Offer, etc.

N/A

9. Information on Company Issuing Securities to be Used as Consideration for the Tender Offer, etc.

N/A

10. Method of Settlement

(1) Name and Address of Head Offices of Securities Companies and Banks, etc. in Charge of Settlement

Nomura Securities Co., Ltd.
1-9-1 Nihonbashi, Chuo-ku, Tokyo

(2) Commencement Date of Settlement

Tuesday, February 5, 2008

(3) Method of Settlement

A notice of purchase will be mailed to the address or location of the tendering shareholder (or the standing proxy in the case of Non-Resident Shareholders) without delay after the expiration of the Tender Offer Period. Payment of the purchase price will be made in cash. The Tender Offer Agent will, in accordance with the instructions of tendering shareholders, remit the purchase price without delay after the commencement date of settlement to the account designated by the tendering shareholder or pay at the head office or branch offices of the Tender Offer Agent.

(4) Method to return Share Certificates, etc.

In the event that the tendered share certificates, etc. are not purchased under the terms mentioned in “(1) Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Law” or “(2) Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.” under “11. Other Conditions and Methods of Purchase, etc.”, promptly on or after the commencement date of the settlement, (or the date of withdrawal, etc. in the event that the Tender Offer is withdrawn), the tendered share certificates will be delivered to the tendering shareholder or mailed to the address of the tendering shareholder (in the case of Non-Resident Shareholders, the address of their standing proxy), or in cases where share certificates, etc. were kept in the custody of the Tender Offer Agent (or by another organization through the Tender Offer Agent) as of the application, the share certificates will be returned to their original state of custody as of the application.

11. Other Conditions and Methods of Purchase, etc.

(1) Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Law

If the total number of the tendered shares is less than the “Minimum Number of Shares to be Purchased if Converted into Shares” (17,326,000 shares), none of the tendered shares, etc. will be purchased by the Tender Offeror.

If the total number of the tendered shares is not less than the number listed above in “Minimum Number of Shares to be Purchased if Converted into Shares” (17,326,000 shares), all the tendered shares, etc. will be purchased.

(2) Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and 1.12 through 1.18, Items 3.1 through 3.8, and Article 14, Paragraph 2, Items 3 through

6 of the Enforcement Order, the Tender Offeror may withdraw the Tender Offer. In the event that the Tender Offeror plans to withdraw the Tender Offer, it must make a public notice electronically, and then post notice in the *Nihon Keizai Shimbun* that such public notice has been made; provided, however, that, if it is difficult to make such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and make the public notice immediately thereafter.

(3) Conditions of Reduction of Purchase Price, etc., Details thereof and Method of Disclosure of Reduction

Should the Target Company conduct any of the acts listed in Article 13, Paragraph 1 of the Enforcement Order, in accordance with Article 27-6, Paragraph 1, Item 1 of the Law, the Tender Offer Price may be reduced in accordance with the criteria set forth under Article 19, Paragraph 1 of the TOB Order. In the event that the Tender Offeror plans to reduce the Tender Offer Price, it must make a public notice electronically, and then post notice in the *Nihon Keizai Shimbun* that such public notice has been made; provided, however, that if it is difficult to make such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and make the public notice immediately thereafter. If any reduction of the Tender Offer Price is made, purchase of the share certificates, etc. tendered before the date of such public notice will also be made in accordance with the conditions, etc. after such change(s).

(4) Matters Concerning Tendering Shareholders' Right of Cancellation of Application

Any tendering shareholder may cancel the agreements relating to the Tender Offer at any time during the Tender Offer Period. The method of cancellation shall be as described in “(2) Method of Cancellation of the tender under the Tender Offer” under “7. Method of Tendering Shares Under the Tender Offer and Cancellation thereof”

No compensation for damages or penalty payment will be demanded of any tendering shareholder, etc. by the Tender Offeror in the event that the application by the tendering shareholder, etc. is canceled. The cost of returning the share certificates, etc. held in the custody of the Tender Offeror will be borne by the Tender Offeror.

(5) Method of Disclosure if the Conditions or other Terms of Tender Offer are Changed

The Tender Offeror may amend the terms of the Tender Offer during the Tender Offer

Period unless prohibited in Article 27-6 of the Law and Article 13 of the Enforcement Order. In the event the Tender Offeror intends to change the terms and conditions, etc. of purchase, etc. with respect to the Tender Offer, a public notice providing the details of the change must first be issued electronically and then a public notice to such effect shall be published in the *Nihon Keizai Shimbun*. However, when it is difficult to issue such public notice before the last day of the Tender Offer Period, the Tender Offeror shall first make a public announcement in accordance with the procedures described in Article 20 of the TOB Order and shall release a public notice immediately thereafter. Once the amendment of the terms of the Tender Offer takes effect, the terms of the Tender Offer after such amendment shall also be applicable to the purchase of the shares already tendered before the date of such public notice.

(6) Method of Disclosure if Amendment Statement is Filed

If the Tender Offeror files an Amendment to the Registration Statement with the Director of the Kanto Local Financial Bureau, it will immediately make public those parts of such Amendment that relate to the contents of the Public Announcement of the Commencement of the Tender Offer in the way prescribed in Article 20 of the TOB Order. At the same time, the Tender Offeror will immediately amend the Tender Offer Explanatory Statement and deliver the amended Tender Offer Explanatory Statement to the tendering shareholders who have already received the original Tender Offer Explanatory Statement. However, if the scope of such amendment is limited to a small portion, the Tender Offeror may, instead of delivering an amended Tender Offer Explanatory Statement, prepare and deliver a written document describing the reasons for such amendment, matters amended and the description after such amendment to the tendering shareholders.

(7) Method of Disclosure of Results of the Tender Offer

The results of the Tender Offer will be publicly announced in the way prescribed in Article 9-4 of the Enforcement Order and in Article 30-2 of the TOB Order on the date immediately following the last day of the Tender Offer Period.

II. Description of the Tender Offeror

1. If the Tender Offeror is a Corporation

(1) Summary Description of the Tender Offeror

a. History of the Tender Offeror

Sept. 1932	Established based on the surveying instruments division of K. Hattori and Co., Ltd., with a capital of 1,000,000 yen. Corporate Name: Tokyo Kogaku Kikai Kabusikikaisha (Tokyo Optical Co., Ltd.) Head Office: 2, Ginza 4-chome, Kyobashi-ku, Tokyo Factories: Toshima-ku and Takinogawa-ku, Tokyo
Apr. 1933	Built head office and main factory at current address.
Dec. 1946	Established Yamagata Kikai Kogyo Kabusikikaisha (currently Topcon Yamagata Corporation) in Yamagata.
May 1949	Listed its stock on the Tokyo and Osaka Stock Exchanges.
Mar. 1960	Became an affiliate of Tokyo Shibaura Electric Co., Ltd. (currently TOSHIBA CORPORATION)
Mar. 1962	Increased its capital to 150,000,000 yen.
Oct. 1969	Established Tokyo Kogaku Seiki Kabushikikaisha (currently OPTONEXUS Co., Ltd.) in Fukushima.
Apr. 1970	Established Topcon Europe B.V. in The Netherlands.
Sept. 1970	Established Topcon Instrument Corporation of America (currently Topcon Medical Systems, Inc. : New Jersey) in New York.
Jan. 1975	Established Topcon Sokki Co., Ltd. (currently Topcon Sales Corporation) in Tokyo, as a surveying instrument sales company.
Dec. 1976	Established Topcon Medical Japan Co., Ltd. in Tokyo, as a medical instrument sales company.
Apr. 1979	Established Topcon Singapore Pte., Ltd. in Singapore.
Apr. 1982	Increased its capital to 1,082,510,000 yen.
Mar. 1985	Increased its capital to 5,056,510,000 yen.
Apr. 1986	Established Topcon Optical (H.K.) Ltd. in Hong Kong.
Sept. 1986	Listed on the First Sections of the Tokyo and Osaka Stock Exchanges.
Apr. 1989	Changed its corporate name to TOPCON CORPORATION.
Apr. 1991	Increased its capital to 10,297,960,000 yen.
Sept. 1994	Established Topcon Laser Systems, Inc. (currently Topcon Positioning Systems, Inc.) in California and started selling machine control system.

Jul. 1999 Established Topcon Laser Systems Japan, Inc. and started selling machine control system in Japanese market.

Jul. 2000 Acquired Javad Positioning Systems, Inc. in the United States and started selling precision GPS receivers and related system products.

Jul. 2001 Established Topcon America Corporation in New Jersey, as a holding company. Reorganized the subsidiaries in the United States dividing them into the medical instrument business and the positioning business.

Jul. 2002 Liquidated Topcon Singapore Pte., Ltd. and established Topcon South Asia Pte., Ltd. in Singapore.

Oct. 2002 Tokyo Kogaku Seiki Kabusikikaisha merged with Sanyu Kogaku Kabusikikaisha and changed its corporate name to OPTONEXUS Corporation.

Jul. 2003 Higashinohon Topcon Hanbai Kabushikikaisha merged with Kansai-Chubu Topcon Hanbai Kabushikikaisha, Kyushu Topcon Hanbai Kabushikikaisha and Topcon Laser Systems Japan, Inc. and changed its corporate name to Topcon sales Corporation.

Feb. 2004 Jointly established Topcon (Beijing) Opto-Electronics Corporation in China with Beijing Topcon Trade Corporation.

Apr. 2004 Topcon Engineering Corporation merged with Topcon Electron Beam Service Corporation and changed its corporate name to Topcon Technohouse Corporation.

Jul. 2004 Topcon Optical (H.K.) Ltd. jointly established Topcon Optical (Dongguan) Technology Ltd. in China with Yue Long Industrial Company.

Jul. 2005 Established Topcon Europe Positioning B.V. and Topcon Europe Medical B.V. in Rotterdam, the Netherlands.

Jul. 2005 Acquired a part of HOYA CORPORATION Vision Care Company's domestic ophthalmic instruments segment in Japan.

Aug. 2006 Acquired ANKA SYSTEMS, Inc., an ophthalmologic network software company in the United States.

Sept. 2006 Established TPS Australia Holdings Pty Ltd. in Australia, as a holding company.

Oct. 2006 Acquired KEE Technologies Pty., Ltd., a machine control system company for agriculture in Australia.

Feb. 2007 Established Topcon Polska Sp Z.O.O. in Poland.

May 2007 Topcon Positioning Systems, Inc. in the United States, through a special

- purpose entity, acquired the business rights concerning locomotion control (Navigation, ITS) from Javad Navigation Systems, Inc. in the United States.
- Jun. 2007 Topcon Positioning Systems, Inc. in the United States acquired Hayes Instruments, Co., Ltd. (Tennessee, the United States), a surveying instrument agency.
- Jul. 2007 Topcon Europe Positioning B. V. in the Netherlands acquired IBS Lasertechnik G. m. b. H. (Germany), a surveying instrument agency.
- Nov. 2007 Topcon Positioning Systems, Inc. in the United States jointly established Dudley & Hayes LLC (Alabama, the United States), a surveying instruments sales company, with Dudley & Associates, Inc. (Alabama, the United States), a surveying instruments agency.

b. Purpose and Business of the Tender Offeror

Purpose of the Tender Offeror

- (i) Manufacture, sales, lease, rental, export and import of products of optical equipments, measuring instruments, ophthalmic and medical instruments, electric instruments, eyeglasses, other precision instruments, and parts, related accessories, related software or the like thereof.
- (ii) To carry on business and investment which necessary to accomplish the purpose mentioned in the preceding item.
- (iii) Any other business which are incidental to or related to each item mentioned above.

Business of the Tender Offeror

As of December 11, 2007, the Company's group consists of the Company, 34 subsidiaries and 8 affiliates, and engages in the business of manufacture, sales and services of the products based on high-technology described below in the field of Positioning Business, Eye Care Business and Finetech Business.

Positioning Business: GPS Receivers for Surveying, Digital Photographic Surveying System, Machine Control System for Civil Engineering/Agriculture, Total Station, Auto Tracking Pulse Total Station, Field Controller, Level, Theodolite, Laser Applied Instrument

Eye Care Business: Retinal Camera, 3D-OCT, Tonometer, Slit Lamp, Operation Microscope, Laser Photocoagulator, Specular Microscope, Digital Imaging System, Electronic Chart System for

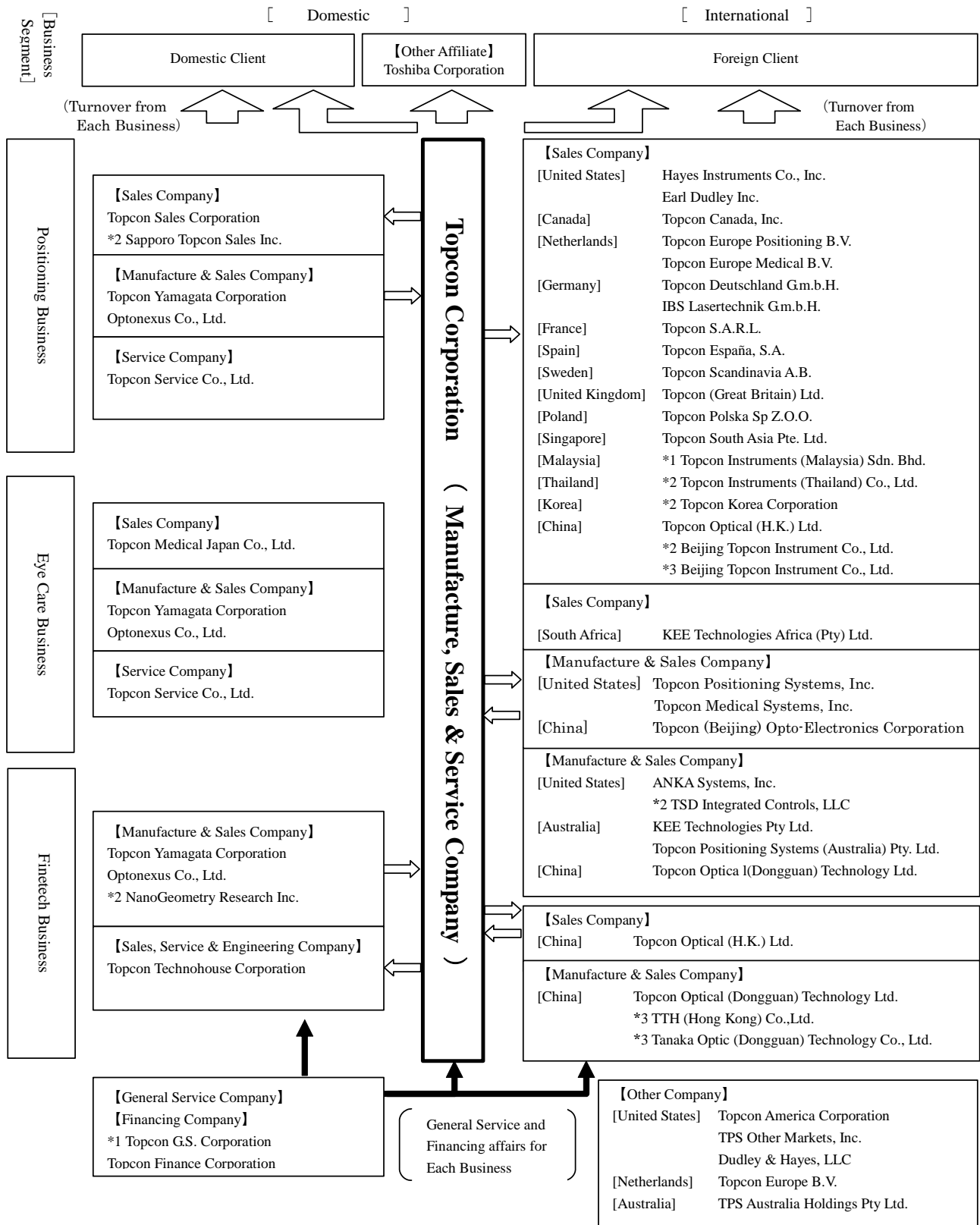
Ophthalmology, Lens Edger, Refraction System, Auto Refractometer, Lens Meter, Ophthalmic Unit

Finetech Business: Chip Defects Inspection System, CD-SEM, Wafer Surface Analyzer, Proximity Aligner, Illumination Meter, Luminance Meter, Spectral Radiometer, Scanning Electron Microscope, Measuring Microscope, Profile Projector, Optical Engines for Projector, Optical Device for DVD/CD Drive, Optical Unit for Copy Machine, Precision Lens, Infrared Optical Parts

(Reference)

The Company's group had been performing business in 4 segments, Positioning Business Division, Ophthalmic & Medical Instruments Division, Industrial Instruments Division and Optical Devices Division. However, on April 1, 2007, (i) in order to properly indicate current business status, which globally spread out, Positioning Business Division was renamed to Positioning Business Unit and Ophthalmic & Medical Division was renamed to Eye Care Business Unit, and (ii) for the purpose of establishment of revenue base through concentration of business field, Industrial Instruments Division and Optical Devices Division were merged and renamed to Finetech Business Unit, and now the Company's group performs business in said 3 segments.

The Company's schematic diagram of the business is as described below.



Supply of Products and/or Half-finished Products
 General Service and Financing affairs

(Notes) Companies with no mark are Consolidated Subsidiaries except [Other Company]
 *1 Nonconsolidated Subsidiaries but Equity Method Affiliates
 *2 Affiliates which are Equity Method Affiliates
 *3 Affiliates which are not Equity Method Affiliates

c. Amount of Paid-in Capital and Total Number of Issued Shares of the Tender Offeror

(As of December 11, 2007)

Amount of Paid-in Capital	Total Number of Issued Shares
10,297,969,476 yen	92,688,342 shares

d. Major Shareholders

(As of September 30, 2007)

Name of shareholder	Location	Number of shares held (Thousands of shares)	Ratio of shares held to the total number of shares outstanding (%)
Toshiba Corporation	1-1-1 Shibaura, Minato-ku, Tokyo	32,566	35.14
Taiyo Fund. L.P. (Standing proxy: The Hongkong and Shanghai Banking Corporation Ltd. Tokyo Branch)	1208 Orange Street. Wilmington, Delaware (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	9,068	9.78
The Dai-ichi Mutual Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	1-13-1 Yurakucho, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo)	4,038	4.36
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	3,303	3.56
State Street Bank and Trust Company (Standing proxy: Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division, Mizuho Corporate Bank, Ltd.)	P.O. Box 351 Boston Massachusetts 02101 U.S.A. (6-7 Nihonbashi Kabutocho, Chuo-ku, Tokyo)	2,615	2.82
Mitsui Sumitomo Insurance Co., Ltd.	2-27-2 Shinkawa, Chuo-ku, Tokyo	2,403	2.59
Bank of New York GCM Client Account JPRD ISG FE-AC (Standing proxy: Custody Business Office, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom (2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	2,177	2.35
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	1,697	1.83
Sumitomo Mitsui Banking Corporation	1-1-2 Yurakucho, Chiyoda-ku, Tokyo	1,464	1.58
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	1,400	1.51
Total	-	60,736	65.53

Notes:

1. Major shareholders are based on the register of shareholders as of September 30, 2007.

2. By the “Change Reports” concerning large shareholding, submitted by Dalton Strategic Partnership LLP as of April 19, 2007, the Company is informed of the fact that Dalton Strategic Partnership LLP possessed 3,574 thousand shares (share holding ratio: 3.86%) as of April 13, 2007. However, Dalton Strategic Partnership LLP is not included in the major shareholders, mentioned above, since the Company cannot confirm the number of shares practically held by the LLP as of September 30, 2007.

e. Employment History and Shareownership of Each Director and Auditor

(As of December 11, 2007)

Office	Title	Name	Date of Birth	History	Number of Shares Owned in the Tender Offeror (thousands)
President (Representative Director)		Takashi Yokokura	March 9, 1949	<p>April, 1971 Joined the Company</p> <p>October, 1993 Senior Manager of Electron Beam Engineering Dept, Electron Beam Div;</p> <p>April, 1997 Chief Engineering Manager of Industrial Instruments Div.</p> <p>June, 2002 Executive Officer</p> <p>June, 2003 Director & Executive Officer</p> <p>June, 2005 Director & Managing Executive Officer</p> <p>June, 2006 President (Present)</p>	15
Director	<p>Senior Managing Executive Officer,</p> <p>General Manager of Administration and Accounting & Financing Div.</p> <p>General Manager of Export Control Div.,</p>	Kazuo Okita	October 1, 1945	<p>April, 1969 Joined Tokyo Shibaura Electric Co., Ltd.</p> <p>April, 1990 Senior Manager of Accounting Dept., Consumer Products Group, Consumer Products Planning Office, Toshiba Corporation</p> <p>July, 1992 Vice President of Toshiba Consumer Products Europe G.m.b.H.</p> <p>May, 1995 Senior Manager of Accounting Dept., Air Conditioners & Appliances Group, Toshiba Corporation</p> <p>July, 1998 General Manager of Statutory Auditors Office</p> <p>June, 2001 Joined the Company</p> <p>June, 2001 Director</p> <p>June, 2002 Managing Director & Senior Executive Officer</p> <p>June, 2003 Director & Managing Executive Officer</p> <p>June, 2005 Director & Senior Managing Executive Officer (Present)</p>	14

Director	<p>Senior Managing Executive Officer,</p> <p>General Manager of General Engineering & Quality Assurance Div</p> <p>General Manager of Finetech Business Unit</p>	Fumio Ohtomo	February 19, 1948	<p>April, 1970 April 1993</p> <p>October, 1997</p> <p>June, 2002</p> <p>June, 2004</p> <p>June, 2006</p> <p>June, 2007</p>	<p>Joined the Company</p> <p>Senior Manager of Surveying Instruments Engineering Dept., Surveying Instruments Div.</p> <p>Chief Engineering Manager of Surveying Instruments Div.</p> <p>Executive Officer</p> <p>Director & Executive Officer</p> <p>Director & Managing Executive Officer</p> <p>Director & Senior Managing Executive Officer (Present)</p>	14
Director	<p>Managing Executive Officer,</p> <p>General Manager of Sales & Marketing Div.,</p> <p>General Manager of Positioning Business Div.</p>	Norio Uchida	October 22, 1950	<p>April, 1973</p> <p>June, 1996</p> <p>July, 1999</p> <p>June, 2003</p> <p>July, 2003</p> <p>June, 2005</p> <p>June, 2007</p>	<p>Joined the Company</p> <p>Senior Manager of Surveying Instruments Sales Dept., Domestic Sales Div.</p> <p>President of Topcon Laser Systems Japan Inc.</p> <p>Executive Officer</p> <p>President of Topcon Sales Corporation</p> <p>Director & Executive Officer</p> <p>Director & Managing Executive Officer (Present)</p>	21
Director	<p>Executive Officer,</p> <p>General Manager of General Production and Environment Div.</p>	Akira Kamioka	August 17, 1947	<p>April, 1971</p> <p>November, 2001</p> <p>April, 2002</p> <p>April, 2002</p> <p>June, 2004</p> <p>June, 2006</p>	<p>Joined Tokyo Shibaura Electric Co., Ltd.</p> <p>Senior Manager of Material Dept. and Material Procurement Group, Toshiba Digital Media Network Corporation</p> <p>Joined the Company</p> <p>Staff attached to General Manager of General Production and Environment Div.</p> <p>Executive Officer</p> <p>Director & Executive Officer (Present)</p>	6

Director	Executive Officer, General Manager of Eye Care Business Unit.	Hiroshi Fukuzawa	February 3, 1952	<p>April, 1974 Joined the Company</p> <p>January, 1994 President of Topcon Europe B.V.</p> <p>June, 1996 Senior Manager of China & Middle East & Africa Dept, International Trading Div.</p> <p>June, 2002 President of Topcon Medical Japan Co., Ltd.</p> <p>June, 2003 Executive Officer</p> <p>June, 2003 Deputy General Manager of Ophthalmic & Medical Instruments Div.</p> <p>June, 2006 Director & Executive Officer (Present)</p>	8
Director	Executive Officer, Deputy General Manager of Administration and Accounting & Financing Div.	Hiromasa Miyawaki	April 10, 1952	<p>April, 1977 Joined Tokyo Shibaura Electric Co., Ltd.</p> <p>June, 1999 Senior Manager of Administration Dep. Fukaya Factory, Toshiba Corporation</p> <p>August, 2000 Group Manager of Legal Dep., Toshiba Corporation</p> <p>June, 2003 Group Manager of Compliance Staff and Group Manager of Legal Dep., Toshiba Corporation</p> <p>April, 2007 Joined the Company</p> <p>April, 2007 Senior Manager, President's Staff</p> <p>June, 2007 Director & Executive Officer (Present)</p>	1

<p>Corporate Auditor In Regular Service</p>		<p>Akira Ono</p>	<p>June 3, 1947</p>	<p>April, 1973 Joined Tokyo Shibaura Electric Co., Ltd.</p> <p>April, 1996 Senior Manager of Manufacturing System Research Dept., Manufacturing Engineering Research Laboratory, Toshiba Corporation</p> <p>April, 1999 Senior Manager of Optical Application System Research Dept., Corporate Manufacturing Engineering Center, Toshiba Corporation</p> <p>October, 1999 Joined the Company</p> <p>October, 1999 Chief Engineering Manager of General Engineering Div. (in charge of Optical Devices Application) and Chief Engineering Manager of General Production Div. (in charge of Optical Devices Application)</p> <p>June, 2000 Director</p> <p>June, 2002 Director & Executive Officer</p> <p>June, 2003 President of Topcon Engineering Corporation, President of Topcon Electron Beam Service Corporation</p> <p>April, 2004 President of Topcon Technohouse Corporation</p> <p>June, 2004 Deputy General Manager of Industrial Instruments Div.</p> <p>June, 2006 Corporate Auditor (Present)</p>	<p>15</p>
<p>Corporate Auditor In Regular Service</p>		<p>Susumu Hokari</p>	<p>April 12, 1948</p>	<p>April, 1971 Joined the Company</p> <p>July, 1992 President of Topcon Singapore Pte. Ltd.</p> <p>April, 1997 Senior Manager of Europe Dept., International Trading Div.</p> <p>June, 2003 President of Topcon America Corporation, President of Topcon Medical Systems, Inc.</p> <p>June, 2004 Executive Officer</p> <p>June, 2004 Deputy General Manager of Ophthalmic & Medical Instruments Div.</p> <p>June, 2006 Corporate Auditor (Present)</p>	<p>10</p>

Corporate Auditor In Regular Service		Kumio Fukuda	June 30, 1950	<p>April, 1975 July, 1997 April, 2004 April, 2004 July, 2004 July, 2004 January, 2006 June, 2006</p>	<p>Joined Tokyo Shibaura Electric Co., Ltd. Chief Engineering Manager of Picture Tube Dept., Electric Parts & Material Div., Toshiba Corporation Staff attached to General Manager of CRT Personnel Transfer Center, Display, Parts & Material Div., Toshiba Corporation Administrative leave from Toshiba Corporation, Vice President of MT Picture Display (Deutschland) G.m.b.H. Joined Matsushita Toshiba Picture Display Corporation Administrative leave from Matsushita Toshiba Picture Display Corporation, Vice President of MT Picture Display (Deutschland) G.m.b.H. Staff attached to Director of Matsushita Toshiba Picture Display Corporation Corporate Auditor (Present)</p>	1
Corporate Auditor Absentee Auditor		Akinobu Kasami	July 2, 1938	<p>April, 1962 April, 1987 October, 1992 June, 1994 June, 1996 June, 1997 June, 2000 June, 2001 June, 2003 June, 2004 June, 2005</p>	<p>Joined Tokyo Shibaura Electric Co., Ltd. Deputy General Manager of General Research Center, Toshiba Corporation General Manager of Corporate Research & Development Center, Toshiba Corporation Director, Toshiba Corporation Managing Director, Toshiba Corporation Senior Managing Director, Toshiba Corporation Director & Vice President, Toshiba Corporation Corporate Auditor, Toshiba Corporation Director, Toshiba Corporation Supreme Advisor, Toshiba Corporation (Present) Corporate Auditor (Present)</p>	0
Total						108

Notes:

1. Tokyo Shibaura Electric Co., Ltd. is former trade name of Toshiba Corporation.
2. Corporate auditor Akinobu Kasami and Kumio Fukuda are the Outside Corporate Auditor defined in Article 2, Item (16 of the Company Law).
3. The Company adopt a system of Executive officers. Executive Officers except above person who combined with Director are Junichi Daigo (Deputy General Manager of General Production and Environment Div.), Hiroshi Watanabe (Deputy General Manager of Finetech Business Unit), Toru Tojo (Deputy General Manager of Finetech Business Unit and Deputy General Manager of General Engineering & Quality Assurance Div.), Toshio Ushiyama (President of Topcon Europe Medical B.V.), Kazunori Shoji (General Manager of Corporate Strategic Planning Div.), Hiroshi Koizumi (Deputy General Manager of Eye Care Business Unit and Chief Engineering Manager of Ophthalmic & Medical Instruments Div.), Shinji Iwasaki (President of Topcon Medical Systems, Inc.) and Satoshi Hirano (Deputy General Manager of Positioning Business Unit).

4. Effective April 1, 2007, Positioning Business Division was renamed to Positioning Business Unit, Ophthalmic & Medical Instruments Division was renamed to Eye Care Business Unit, and Industrial Instrument Division and Optical Devices Division were merged and renamed to Finetech Business Unit.

(2) Financial Condition

1. Preparation method of consolidated financial statements

The consolidated financial statements of the Company is prepared based on the “Regulations Regarding Terminology, Forms and Methods for Preparation of Consolidated Financial Statements (promulgated in 1976, Ministry of Finance Ordinance No. 28; hereinafter referred to as the “Regulations of Consolidated Financial Statements).”

The consolidated financial statements for the 113th consolidated fiscal year (from April 1, 2005 to March 31, 2006) were prepared based on the “Regulations of Consolidated Financial Statements” before their revision, and the consolidated financial statements for the 114th consolidated fiscal year (from April 1, 2006 to March 31, 2007) were prepared based on the “Regulations of Consolidated Financial Statements” after their revision.

2. Preparation method of interim consolidated financial statements

The interim consolidated financial statements of the Company are prepared based on the “Regulations Regarding Terminology, Forms, and Methods of Preparation of Interim Consolidated Financial Statements” (promulgated in 1999, Ministry of Finance Ordinance No. 24; hereinafter referred to as “Regulations of Interim Consolidated Financial Statements”).

The interim consolidated financial statements for the interim period of the 114th consolidated fiscal year (from April 1 to September 30, 2006) were prepared based on the “Regulations of Interim Consolidated Financial Statements” before their revision, and the interim consolidated financial statements for the interim period of the 115th consolidated fiscal year (from April 1 to September 30, 2007) were prepared based on the “Regulations of Interim Consolidated Financial Statements” after their revision.

3. Audit certification

- (1) Ernst & Young ShinNihon audited the consolidated financial statements for the 113th consolidated fiscal year (from April 1, 2005 to March 31, 2006) and the 114th consolidated fiscal year (from April 1, 2006 to March 31, 2007) in accordance with Article 193-2 of the Securities and Exchange Law.

- (2) Ernst & Young ShinNihon audited the interim consolidated financial statements for the interim period of the 114th consolidated fiscal year (from April 1 to September 30, 2006) and

the interim period of the 115th consolidated fiscal year (from April 1 to September 30, 2007)
in accordance with Article 193-2 of the Securities and Exchange Law.

[Consolidated Financial Statements]

i) [Consolidated Balance Sheets]

Category	Note	113th consolidated fiscal year (As of March 31, 2006)		114th consolidated fiscal year (As of March 31, 2007)	
		Amount (Thousands of yen)	Compositio n ratio (%)	Amount (Thousands of yen)	Compositio n ratio (%)
(Assets)					
I Current Assets					
1 Cash and deposits		8,991,315		9,068,706	
2 Notes and accounts receivable, trade	*7	29,241,994		31,447,672	
3 Inventories		15,873,683		20,187,307	
4 Deferred tax assets		4,221,655		4,491,189	
5 Other		2,389,191		4,017,393	
6 Allowance for doubtful accounts		(1,409,300)		(1,001,831)	
Total Current Assets		59,308,538	66.4	68,210,436	68.3
II Fixed Assets					
1 Tangible fixed assets	*1				
(1) Buildings and structures		6,264,022		6,138,565	
(2) Machinery, equipment and vehicles		4,163,167		4,431,269	
(3) Land		1,129,686		1,138,294	
(4) Construction in progress		9,628		43,870	
(5) Other		2,409,484		2,324,577	
Total Tangible Fixed Assets		13,975,987	15.6	14,076,575	14.1
2 Intangible Fixed Assets					
(1) Goodwill		3,513,289		4,155,370	
(2) Other		944,797		2,170,988	
Total Intangible Fixed Assets		4,458,086	5.0	6,326,358	6.3
3 Investments and Other Assets	*2				
(1) Investment securities		8,212,982		8,286,188	
(2) Long-term loans		1,069,082		637,166	
(3) Deferred tax assets		1,253,609		1,492,333	
(4) Other		1,155,349		872,180	
(5) Allowance for doubtful accounts		(54,015)		(42,027)	
Total Investments and Other Assets		11,637,007	13.0	11,245,840	11.3
Total Fixed Assets		30,071,080	33.6	31,648,773	31.7
Total Assets		89,379,618	100.0	99,859,209	100.0

Category	Note	113th consolidated fiscal year (As of March 31, 2006)		114th consolidated fiscal year (As of March 31, 2007)	
		Amount (Thousands of yen)	Compositio n ratio (%)	Amount (Thousands of yen)	Compositio n ratio (%)
(Liabilities)					
I Current Liabilities					
1 Notes and accounts payable, trade	*7	11,279,355		13,086,369	
2 Short-term loans payable		7,750,090		13,962,379	
3 Accrued expenses		5,245,155		5,857,150	
4 Accrued income taxes		2,414,476		2,695,829	
5 Deferred tax liabilities		2,860		3,829	
6 Reserve for bonuses to directors and corporate auditors		50,000		46,298	
7 Other		2,176,207		1,890,455	
Total Current Liabilities		28,918,143	32.3	37,542,309	37.6
II Long-term Liabilities					
1 Long-term debt		4,600,000		106,375	
2 Deferred tax liabilities		397,034		384,018	
3 Reserve for employees' retirement benefits		7,056,382		6,441,909	
4 Reserve for retirement benefits for directors and corporate auditors		204,126		133,398	
5 Other		34,384		69,768	
Total Long-term Liabilities		12,291,926	13.8	7,135,468	7.1
Total Liabilities		41,210,069	46.1	44,677,777	44.7
(Minority Interests)					
Minority Interests		388,859	0.4		
(Shareholders' Equity)					
I Common Stock	*5	10,297,969	11.5		
II Capital Surplus		14,711,230	16.5		
III Retained Earnings		19,065,980	21.3		
IV Net Unrealized Gains on Securities		3,241,527	3.6		
V Foreign Currency Translation Adjustments		513,211	0.6		
VI Treasury Stock	*6	(49,227)	-		
Total Shareholders' Equity		47,780,690	53.5		
Total Liabilities, Minority Interests and Shareholders' Equity		89,379,618	100.0		

Category	Note	113th consolidated fiscal year (As of March 31, 2006)		114th consolidated fiscal year (As of March 31, 2007)	
		Amount (Thousands of yen)	Compositio n ratio (%)	Amount (Thousands of yen)	Compositio n ratio (%)
(Net Assets)					
I Shareholders' Equity					
1 Common stock				10,297,969	10.3
2 Capital surplus				14,711,230	14.7
3 Retained earnings				25,759,690	25.8
4 Treasury stock				(51,880)	-
Total Shareholders' Equity				50,717,009	50.8
II Valuation and Translation Adjustments					
1 Net unrealized gains on securities				2,800,037	2.8
2 Deferred losses on hedges				(5,478)	-
3 Foreign currency translation adjustments				1,178,183	1.2
Total Valuation and Translation Adjustments				3,972,742	4.0
III Minority Interests				491,681	0.5
Total Net Assets				55,181,432	55.3
Total Liabilities and Net Assets				99,859,209	100.0

ii) [Consolidated Statements of Income]

Category	Note	113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)		114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)	
		Amount (Thousands of yen)	Compositio n ratio (%)	Amount (Thousands of yen)	Compositio n ratio (%)
I Net Sales		102,799,173	100.0	110,490,589	100.0
II Cost of Sales	*2	58,915,313	57.3	59,650,597	54.0
Gross Profit		43,883,860	42.7	50,839,992	46.0
III Selling, General and Administrative Expenses	*1, 2	30,818,574	30.0	35,563,579	32.2
Operating Income		13,065,286	12.7	15,276,413	13.8
IV Non-operating Income					
1 Interest income		133,038		160,271	
2 Dividends income		43,813		55,170	
3 Gain on transfer of business		231,439		0	
4 Other		491,447	899,737	462,159	677,600
V Non-operating Expenses					
1 Interest paid		830,084		691,880	
2 Equity in losses of affiliates		295,777		168,093	
3 Loss on abandonment of inventories		430,923		316,489	
4 Loss on valuation of inventories		107,644		30,525	
5 Foreign exchange losses		366,712		119,180	
6 Other		429,906	2,461,046	394,275	1,720,442
Ordinary Income			11,503,977		14,233,571
Income before Income Taxes and Minority Interests			11,503,977		14,233,571
Income Taxes—Current		5,178,018		5,418,804	
Income Taxes—Deferred		(527,791)	4,650,227	131,066	5,549,870
Minority Interests			72,725		134,663
Net Income			6,781,025		8,549,038

iii) [Consolidated Statement of Capital Surplus and Retained Earnings, and Consolidated Statement of Changes in Net Assets]

Consolidated Statement of Capital Surplus and Retained Earnings

		113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	
Category	Note	Amount (Thousands of yen)	
(Capital Surplus)			
I Balance at the beginning of the year			13,022,817
II Increase in capital surplus			
Gain on disposal of treasury stock		1,688,413	1,688,413
III Balance at the end of the year			14,711,230
(Retained Earnings)			
I Balance at the beginning of the year			12,972,638
II Increase in retained earnings			
Net income		6,781,025	6,781,025
III Decrease in retained earnings			
1 Dividends		686,683	
2 Bonuses to directors and corporate auditors		1,000	687,683
IV Balance at the end of the year			19,065,980

Consolidated Statement of Changes in Net Assets

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	10,297,969	14,711,230	19,065,980	(49,227)	44,025,952
Changes during the fiscal year					
Dividends from surplus			(1,852,493)		(1,852,493)
Net income			8,549,038		8,549,038
Purchase of treasury stock				(2,653)	(2,653)
Other			(2,835)		(2,835)
Changes in items other than shareholders' equity during the fiscal year (net changes)					
Total changes during the fiscal year			6,693,710	(2,653)	6,691,057
Balance as of March 31, 2007	10,297,969	14,711,230	25,759,690	(51,880)	50,717,009

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Translation adjustment	Total valuation and translation adjustments		
Balance as of March 31, 2006	3,241,527		513,211	3,754,738	388,859	48,169,549
Changes of items during the fiscal year						
Dividends from surplus						(1,852,493)
Net income						8,549,038
Purchase of treasury stock						(2,653)
Other						(2,835)
Changes in items other than shareholders' equity during the fiscal year (net changes)	(441,490)	(5,478)	664,972	218,004	102,822	320,826
Total changes during the fiscal year	(441,490)	(5,478)	664,972	218,004	102,822	7,011,883
Balance as of March 31, 2007	2,800,037	(5,478)	1,178,183	3,972,742	491,681	55,181,432

iv) [Consolidated Statements of Cash Flows]

		113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
Category	Note	Amount (Thousands of yen)	Amount (Thousands of yen)
I Cash Flows From Operating Activities			
1 Income before income taxes and minority interests		11,503,977	14,233,571
2 Depreciation and amortization		3,081,407	3,287,193
3 Increase (decrease) in allowance for doubtful accounts		54,799	(480,285)
4 Interest and dividends income		(176,814)	(215,441)
5 Interest paid		830,084	691,880
6 Loss on disposal of tangible fixed assets		135,549	94,144
7 Loss (gain) on sale of tangible fixed assets		(34,754)	24,001
8 Equity in (earnings) losses of affiliates		295,777	168,093
9 Loss (gain) on transfer of business		(231,439)	0
10 Increase (decrease) in reserve for employees' retirement benefits		(348,708)	(614,473)
11 Decrease (increase) in notes and accounts receivable	*2, 3, 5	(3,336,401)	(1,047,560)
12 Decrease (increase) in inventories	*2, 3, 4, 5	(610,059)	(3,147,748)
13 Decrease (increase) in accounts receivable, other		(193,008)	
14 Decrease (increase) in prepaid expenses			(492,295)
15 Increase (decrease) in notes and accounts payable, trade	*2, 3	523,243	1,112,023
16 Increase (decrease) in accrued expenses		445,516	510,804
17 Other	*2, 3, 5	509,483	(1,757,419)
Subtotal		12,448,652	12,366,488
18 Interest and dividends income received		194,806	234,663
19 Interest expenses paid		(805,234)	(688,714)
20 Income taxes paid		(4,969,218)	(5,203,621)
Net cash provided by operating activities		6,869,006	6,708,816
II Cash Flows From Investing Activities			
1 Payments into time deposits		(57,046)	(86,008)
2 Proceeds from withdrawal of time deposits		444,820	76,008
3 Purchase of tangible fixed assets		(2,126,559)	(2,375,659)
4 Proceeds from sale of tangible fixed assets		211,463	97,519
5 Purchase of intangible fixed assets		(206,940)	(541,566)
6 Purchase of investment securities		(1,297,764)	(970,794)
7 Payments for acquisition of newly consolidated subsidiaries	*2, 3		(1,868,260)
8 Payments of long-term loans receivable		(270,002)	(162,027)
9 Collection of long-term loans receivable		275,344	676,677
10 Payments for transfer of business		(1,400,000)	-
11 Other		(10,758)	(535,508)
Net cash used in investing activities		(4,437,442)	(5,689,618)
III Cash Flows From Financing Activities			
1 Increase (decrease) in short-term loans payable	*3	(5,509,574)	2,024,789
2 Proceeds from long-term debt		100,000	0
3 Repayment of long-term debt		(1,820,792)	(1,297,155)
4 Redemption of bonds with stock acquisition rights		(400,000)	0
5 Proceeds from stock issuance to minority shareholders		89,171	0
6 Purchase of treasury stock		(49,536)	(2,653)
7 Dividends paid		(685,305)	(1,848,543)
8 Other		(50)	(38)
Net cash used in financing activities		(8,276,086)	(1,123,600)
IV Effects of Exchange Rate Change on Cash and Cash Equivalents		209,082	171,793
V Increase (Decrease) in Cash and Cash Equivalents		(5,635,440)	67,391
VI Cash and Cash Equivalents at the Beginning of the Year		14,568,255	8,932,815
VII Cash and Cash Equivalents at the End of the Year	*1	8,932,815	9,000,206

Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>1 Scope of Consolidation</p> <p>(1) Number of consolidated subsidiaries: 25 [Names of principal companies] Names of principal companies are omitted, since they are listed in "I Corporate Summary 4 State of Major Subsidiaries and Affiliates" in the Securities Report submitted on June 29, 2006. (Changes in consolidated subsidiaries) Topcon Europe Positioning B.V. and Topcon Europe Medical B.V. were established in the Netherlands in July 2005 and included in the scope of consolidation.</p> <p>(2) Names, etc. of major non-consolidated subsidiaries: [Major non-consolidated subsidiary] Topcon Instruments (Malaysia) Sdn. Bhd. (Reason for exclusion from the scope of consolidation) The two non-consolidated subsidiaries are excluded from the scope of consolidation because they are small in scale and each of the total amounts of total assets, sales, net income (the amounts corresponding to the Company's equity interest) and retained earnings (the amounts corresponding to the Company's equity position) of the companies do not have a material influence on the consolidated financial statements.</p> <p>2 Application of Equity Method</p> <p>(1) Number of non-consolidated subsidiaries which are accounted for by equity method: 2 [Name of major company] Topcon Instruments (Malaysia) Sdn. Bhd.</p> <p>(2) Number of affiliates which are accounted for by equity method: 7 [Names of major companies] Hirose. TH (H.K.) Co., Ltd. and Topcon Korea Corporation (Change in affiliates which are accounted for by the equity method) NanoGeometry Research Inc. was made an affiliate accounted for by equity method as a result of additional acquisition of shares by the Company.</p> <p>(3) The equity method is not applied to two affiliates (TTH (Hong Kong) Co., Ltd. and one other company), because they have minor effects on the consolidated net income and retained earnings when excluded from the scope of equity method and they are not important as a whole.</p>	<p>1 Scope of Consolidation</p> <p>(1) Number of consolidated subsidiaries: 29 [Names of principal companies] Names of principal companies are omitted, since they are listed in "I Corporate Summary 4 State of Major Subsidiaries and Affiliates" in the Securities Report submitted on June 28, 2007. (Changes in consolidated subsidiaries) In the 114th consolidated fiscal year, KEE Technologies Pty Ltd., KEE Technologies Africa (Pty) Ltd. and ANKA Systems, Inc. were included in the scope of consolidation as a result of acquisition of their shares by the Company, while TPS Australia Holdings Pty Ltd. and Topcon Positioning Systems (Australia) Pty. Ltd. were included in the scope of consolidation as they started business activities. Topcon Australia Pty. Ltd. was excluded from the scope of consolidation in the 114th consolidated fiscal year due to its dissolution.</p> <p>(2) Names, etc. of major non-consolidated subsidiaries: Same as on the left (Reason for exclusion from the scope of consolidation) The three non-consolidated subsidiaries are excluded from the scope of consolidation because they are small in scale and each of the total amounts of total assets, sales, net income (the amounts corresponding to the Company's equity interest) and retained earnings (the amounts corresponding to the Company's equity position) of the companies do not have a material influence on the consolidated financial statements.</p> <p>2 Application of Equity Method</p> <p>(1) Number of non-consolidated subsidiaries which are accounted for by equity method: 2 Same as on the left</p> <p>(2) Number of affiliates which are accounted for by equity method: 6 [Names of major companies] NanoGeometry Research Inc. and Topcon Korea Corporation (Changes in affiliates which are accounted for by equity method) TSD Integrated Controls, LLC was made an affiliate accounted for by equity method in the 114th consolidated fiscal year, since its importance had increased. Hirose. TH (H.K.) Co., Ltd and Hirose Topcon (Dongguan) Electronics Co., Ltd. were each excluded from affiliates accounted for by equity method, since HIROSE Electronic System Co., Ltd. and Topcon Optical (H.K.) Ltd., a subsidiary of the Company, had dissolved their capital relationship.</p> <p>(3) The equity method is not applied to a non-consolidated subsidiary (Topcon Polska Sp Z.O.O.) and to two affiliates (TTH (Hong Kong) Co., Ltd. and one other company), because they have minor effects on the consolidated net income and retained earnings when excluded from the scope of equity method and they are not important as a whole.</p>

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>(4) Of the companies which are accounted for by equity method, NanoGeometry Research Inc. settles accounts on June 30. When we prepare the consolidated financial statements, we use the financial statements of NanoGeometry Research Inc. based on the provisional settlement of accounts, prepared in the same way as the settlement of accounts as of the Company's consolidated fiscal year-end.</p> <p>With regard to companies that are among the other companies accounted for by equity method and settle accounts on a day different from the Company's consolidated fiscal year-end, we use their financial statements for their each fiscal year.</p> <p>(5) Name of other company, etc., which is not classified as an affiliate although the Group owns 20% or more and 50% or less of its voting rights in its own calculation: Hirose Topcon (Wuxi) Electronics Co., Ltd. (Reason why it is not classified as an affiliate) Topcon Optical (H.K.) Ltd., a wholly owned subsidiary of the Company, indirectly owns 49% of the voting rights of the abovementioned other company. However, the abovementioned other company is not considered to be significantly affected by the Company and its subsidiaries in financial terms or regarding the decision of sales or business policies, since there is no business relationship between the abovementioned other company and the Company and its subsidiaries, and officials of the Company and its subsidiaries do not serve as directors of the abovementioned other company.</p> <p>3 Fiscal year-end of consolidated subsidiaries Of the consolidated subsidiaries, Topcon (Beijing) Opto-Electronics Corporation and Topcon Optical (Dongguan) Technology Ltd. settle accounts on December 31. When we prepare consolidated financial statements, we use their financial statements as of their fiscal year-end, and make necessary adjustments regarding important transactions conducted between the Company's consolidated fiscal year-end and their fiscal year-end. The fiscal year-end of the other consolidated subsidiaries is the same as the consolidated fiscal year-end.</p> <p>4 Accounting policies (1) Valuation of material assets 1) Valuation of marketable securities Bonds held to maturity Stated at amortized cost. Other securities Other securities with fair market values are stated at fair market value as of the balance sheet date. (The unrealized gains and losses on these securities are booked directly to Shareholders' Equity. Cost of securities sold is computed using the moving average method.) Other securities without fair market values are stated at cost as determined by the moving average method.</p>	<p>(4) Of the companies which are accounted for by equity method, NanoGeometry Research Inc. settles accounts on June 30. When we prepare the consolidated financial statements, we use the financial statements of NanoGeometry Research Inc. based on the provisional settlement of accounts, prepared in the same way as the settlement of accounts as of the Company's consolidated fiscal year-end.</p> <p>The fiscal-year end of TSD Integrated Controls, LLC is December 31. When we prepare consolidated financial statements, we use the financial statements of TSD Integrated Controls, LLC as of its fiscal year-end, and make necessary adjustments regarding important transactions conducted between the Company's consolidated fiscal year-end and the fiscal year-end of TSD Integrated Controls, LLC.</p> <p>With regard to companies that are among the other companies accounted for by equity method and settle accounts on a day different from the Company's consolidated fiscal year-end, we use their financial statements for their each fiscal year.</p> <p>(5) _____</p> <p>3 Fiscal year-end of consolidated subsidiaries Same as on the left</p> <p>4 Accounting policies (1) Valuation of material assets 1) Valuation of marketable securities Bonds held to maturity Same as on the left Other securities Other securities with fair market values are stated at fair market value as of the balance sheet date. (The unrealized gains and losses on these securities are booked directly to Net Assets. Cost of securities sold is computed using the moving average method.) Same as on the left</p>

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>2) Valuation of inventories The Company and its domestic consolidated subsidiaries state inventories mainly at cost determined by the average method, or at the lower of cost or market determined by the average method. Consolidated subsidiaries outside of Japan state inventories at the lower of cost or market determined by the average method, or at the lower of cost or market determined by the first-in, first-out method.</p> <p>(2) Depreciation and amortization of significant fixed assets</p> <p>1) Depreciation of tangible fixed assets The Company and its domestic consolidated subsidiaries calculate depreciation using the declining-balance method and consolidated subsidiaries outside of Japan calculate depreciation using the straight-line method. However, the Company and its domestic consolidated subsidiaries apply the straight-line method to buildings (excluding building fixtures) acquired on or after April 1, 1998. The useful lives for buildings, structures, machinery, equipment and vehicles are as follows: Buildings and structures: 3 years to 50 years Machinery, equipment and vehicles: 4 years to 10 years</p> <p>2) Amortization of intangible fixed assets The Company and its domestic consolidated subsidiaries amortize software for sale on the market using a method based on the estimated sales volume or using the straight-line method based on the residual valid period (within three years). We amortize software internally used using the straight-line method over the estimated useful lives (five years). The straight-line method is applied to the other intangible fixed assets. Consolidated subsidiaries outside of Japan adopt the straight-line method. However, goodwill of U.S. consolidated subsidiaries is not amortized in accordance with the Statement of Financial Accounting Standards No. 142 (goodwill and other intangible assets) of the U.S. Financial Accounting Standards Board. Under the said standards, acquired goodwill and intangible fixed assets, for which useful lives cannot be determined, are not amortized, but instead are tested for impairment at least annually and the existence of impairment loss is recognized when an event indicating a possibility of impairment loss occurs.</p> <p>(3) Accounting standards for major reserves</p> <p>1) Allowance for doubtful accounts The Company and consolidated subsidiaries provide allowance for doubtful accounts arising from default on accounts receivable. For general claims, the amounts deemed necessary are provided in the allowance based on the historical default rates. In the case of specific claims including claims in higher danger of default, the expected uncollectible amounts are provided in the allowance after considering the recoverability of each claim.</p> <p>2) Reserve for bonuses to directors and corporate auditors The Company provides reserve for bonuses to directors and corporate auditors based on the estimated amount of payments.</p>	<p>2) Valuation of inventories The Company and its domestic consolidated subsidiaries state inventories at cost determined by the average method, or at the lower of cost or market determined by the average method. Consolidated subsidiaries outside of Japan state inventories at the lower of cost or market determined by the average method, or at the lower of cost or market determined by the first-in, first-out method.</p> <p>(2) Depreciation and amortization of significant fixed assets</p> <p>1) Depreciation of tangible fixed assets Same as on the left</p> <p>2) Amortization of intangible fixed assets The Company and its domestic consolidated subsidiaries amortize software for sale on the market using a method based on the estimated sales volume or using the straight-line method based on the residual valid period (within three years). We amortize software internally used using the straight-line method over the estimated useful lives (five years). The straight-line method is applied to the other intangible fixed assets. Consolidated subsidiaries outside of Japan adopt the straight-line method. However, goodwill of U.S. consolidated subsidiaries is not amortized in accordance with the Statement of Financial Accounting Standards No. 142 (goodwill and other intangible assets) of the U.S. Financial Accounting Standards Board. Under the said standards, acquired goodwill and intangible fixed assets, for which useful lives cannot be determined, are not amortized, but instead are tested for impairment at least annually and the existence of impairment loss is recognized when an event indicating a possibility of impairment loss occurs. Other goodwill is equally amortized within five years.</p> <p>(3) Accounting standards for major reserves</p> <p>1) Allowance for doubtful accounts Same as on the left</p> <p>2) Reserve for bonuses to directors and corporate auditors Same as on the left</p>

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)						
<p>3) Reserve for employees' retirement benefits The Company and its domestic consolidated subsidiaries provide this reserve for future pension and retirement benefit payments to employees. This reserve is recorded based on the estimated benefit obligation and plan asset amounts at the end of the 113th consolidated fiscal year. Actuarial gains (losses) are recognized as expenses starting from each fiscal year following the fiscal year in which they occur and amortized over a fixed number of years within the average remaining service period of the current employees (10 years) using the straight-line method.</p> <p>4) Reserve for retirement benefits for directors and corporate auditors To provide for future payments of retirement benefits to directors and corporate auditors, the Company and its domestic consolidated subsidiaries book the amount accrued at the end of the fiscal year based on their by-laws.</p> <p>(4) Impairment accounting of fixed assets The "Accounting Standard for Impairment of Fixed Assets" and the "Implementation Guidance on Accounting Standard for Impairment of Fixed Assets" are adopted.</p> <p>(5) Standard for translation of significant foreign-currency-denominated assets or liabilities into Japanese yen Foreign-currency-denominated money claims and liabilities are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and the foreign exchange differences are scored as gains/losses. Assets, liabilities, earnings and expenses of consolidated subsidiaries outside of Japan are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and the exchange differences are included in Minority Interests, and Foreign Currency Translation Adjustments under Shareholders' Equity.</p> <p>(6) Lease transactions In principle, finance leases which do not involve the transfer of ownership to the lessee are treated in the same manner as operating leases.</p> <p>(7) Hedge accounting</p> <p>1) Method of hedge accounting Deferred hedge accounting is adopted. Special treatment of deferred hedge is applied to interest swaps.</p> <p>2) Hedging instruments and hedged item</p> <table border="0" data-bbox="304 1541 794 1682"> <thead> <tr> <th style="text-align: left;">Hedging instrument:</th> <th style="text-align: left;">Hedged item:</th> </tr> </thead> <tbody> <tr> <td>Interest rate swap</td> <td>Interest expense on loans payable</td> </tr> <tr> <td>Currency swap</td> <td>Forecasted foreign-currency-denominated transaction</td> </tr> </tbody> </table> <p>3) Hedging policy The Company and consolidated subsidiaries keep the limit amount of derivative transactions within the actual demand, and will not conduct derivative transactions for speculative purposes.</p>	Hedging instrument:	Hedged item:	Interest rate swap	Interest expense on loans payable	Currency swap	Forecasted foreign-currency-denominated transaction	<p>3) Reserve for employees' retirement benefits The Company and its domestic consolidated subsidiaries provide this reserve for future pension and retirement benefit payments to employees. This reserve is recorded based on the estimated benefit obligation and plan asset amounts at the end of the 114th consolidated fiscal year. Actuarial gains (losses) are recognized as expenses starting from each fiscal year following the fiscal year in which they occur and amortized over a fixed number of years within the average remaining service period of the current employees (10 years) using the straight-line method.</p> <p>4) Reserve for retirement benefits for directors and corporate auditors Same as on the left</p> <p>(4) Impairment accounting of fixed assets Same as on the left</p> <p>(5) Standard for translation of significant foreign-currency-denominated assets or liabilities into Japanese yen Foreign-currency-denominated money claims and liabilities are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and the foreign exchange differences are scored as gains/losses. Assets, liabilities, earnings and expenses of consolidated subsidiaries outside of Japan are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and the exchange differences are included in Minority Interests, and Foreign Currency Translation Adjustments under Net Assets.</p> <p>(6) Lease transactions Same as on the left</p> <p>(7) Hedge accounting</p> <p>1) Method of hedge accounting Same as on the left</p> <p>2) Hedging instruments and hedged item Same as on the left</p> <p>3) Hedging policy Same as on the left</p>
Hedging instrument:	Hedged item:						
Interest rate swap	Interest expense on loans payable						
Currency swap	Forecasted foreign-currency-denominated transaction						
<p>4) Assessment of hedging effectiveness Judgment of hedging effectiveness is omitted, since the important conditions concerning hedging instruments and hedged items are the same, and the influence of exchange and interest rate fluctuations is expected to be offset or limited within a certain scope continuously.</p>	<p>4) Assessment of hedging effectiveness Same as on the left</p>						

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>(8) Other items of importance concerning the preparation of Consolidated Financial Statements</p> <p>1) Consumption taxes and others Consumption taxes and local consumption taxes are excluded from the transaction accounts.</p> <p>2) Application of consolidated tax payment system Effective from the 113th consolidated fiscal year, the consolidated tax payment system is adopted.</p> <p>5 Valuation of the assets and liabilities of consolidated subsidiaries The assets and liabilities of consolidated subsidiaries are evaluated using the fair market value at the time when the Company acquired control of the respective subsidiaries.</p> <p>6 Amortization of consolidated adjustment account Consolidated adjustment account is equally amortized within 5 years. When the amount is small, the whole amount is amortized in the fiscal year in which the difference arises.</p> <p>7 Appropriation of retained earnings The Consolidated Statement of Capital Surplus and Retained Earnings is prepared based on the appropriation of retained earnings of consolidated companies confirmed during the consolidated fiscal year.</p> <p>8 Scope of cash and cash equivalents in the statements of cash flows In preparing the Consolidated Statements of Cash Flows, cash on hand, readily available deposits and short-term, high-liquidity investment with maturities of not exceeding 3 months, which can be easily cashed and involves little fluctuation risk of value, are considered to be cash and cash equivalents.</p>	<p>(8) Other items of importance concerning the preparation of Consolidated Financial Statements</p> <p>1) Consumption taxes and others Same as on the left</p> <p>2) Application of consolidated tax payment system The consolidated tax payment system is adopted.</p> <p>5 Valuation of the assets and liabilities of consolidated subsidiaries Same as on the left</p> <p>6 _____</p> <p>7 _____</p> <p>8 Scope of cash and cash equivalents in the statements of cash flows Same as on the left</p>

Information Regarding Changes in Fundamental Items of Importance Concerning the Preparation of Consolidated Financial Statements

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>(Accounting Standard for Impairment of Fixed Assets) Effective from the 113th consolidated fiscal year, the Company and consolidated subsidiaries adopted the "Accounting Standard for Impairment of Fixed Assets" ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002)) and the "Implementation Guidance on Accounting Standard for Impairment of Fixed Assets" (Accounting Standards Board of Japan, October 31, 2003, Accounting Standard Implementation Guidance No. 6). The change has no influence on profit and loss.</p> <p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p> <p>(Accounting Standard for Presentation of Net Assets in the Balance Sheet) Effective from the 114th consolidated fiscal year, the Company and consolidated subsidiaries adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005). The amount corresponding to former Shareholders' Equity stands at 54,695,229 thousand yen.</p>

Change in Presentation

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>(Consolidated Balance Sheets)</p> <p>“Accrued expenses” (4,704,943 thousand yen in the 112th consolidated fiscal year), which was included in “Other” in “Current Liabilities” in the 112th consolidated fiscal year, is separately presented in the 113th consolidated fiscal year, because it became material.</p> <p>_____</p>	<p>(Consolidated Statements of Cash Flows)</p> <p>“Decrease (increase) in accounts receivable, other” (43,859 thousand yen in the 114th consolidated fiscal year), which was separately presented in Cash Flows from Operating Activities in the 113th consolidated fiscal year, is included in “Other,” because it became immaterial in terms of amount.</p> <p>“Decrease (increase) in prepaid expenses” (29,410 thousand yen in the 113th consolidated fiscal year), which was included in “Other” in Cash Flows from Operating Activities in the 113th consolidated fiscal year, is separately presented in the 114th consolidated fiscal year, because it became material in terms of amount.</p>

(Notes to Consolidated Statements of Income)

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)		114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)	
*1 Major expense items of selling, general and administrative expenses and their amounts are: 9,684,809 thousand yen in employee salaries; 208,836 thousand yen in provision of allowance for doubtful accounts; 360,960 thousand yen in provision of reserve for employees' retirement benefits; and 1,390,778 thousand yen in depreciation.		*1 Major expense items of selling, general and administrative expenses and their amounts are: 10,917,101 thousand yen in employee salaries; 283,269 thousand yen in provision of reserve for employees' retirement benefits; and 1,566,551 thousand yen in depreciation.	
*2 Research and development expenses included in general and administrative expenses and manufacturing cost for the 113th consolidated fiscal year is as follows: General and administrative expenses 3,565,001 thousand yen Manufacturing cost for the 113th consolidated fiscal year 4,148,681 thousand yen <u>Total</u> 7,713,682 thousand yen		*2 Research and development expenses included in general and administrative expenses and manufacturing cost for the 114th consolidated fiscal year is as follows: General and administrative expenses 5,161,087 thousand yen Manufacturing cost for the 114th consolidated fiscal year 4,263,631 thousand yen <u>Total</u> 9,424,718 thousand yen	

(Notes to Consolidated Statement of Changes in Net Assets)

114th consolidated fiscal year (from April 1, 2006 to March 31, 2007)

- Matters related to the type and total number of shares issued and the type and number of shares in treasury stock

Classification	Number of shares at the end of the 113th consolidated fiscal year (Thousand shares)	Increase in the number of shares during the 114th consolidated fiscal year (Thousand shares)	Decrease in the number of shares during the 114th consolidated fiscal year (Thousand shares)	Number of shares at the end of the 114th consolidated fiscal year (Thousand shares)
Number of shares issued				
Common stock	46,344	46,344	0	92,688
Total	46,344	46,344	0	92,688
Treasury stock				
Common stock	31	32	0	64
Total	31	32	0	64

Notes:

- The increase of 46,344 thousand in the number of common stock issued is due to a 2-for-1 stock split executed as of April 1, 2006.
- The increase of 32 thousand in the number of common stock in treasury stock is due to a 2-for-1 stock split executed as of April 1, 2006 (31 thousand shares) and purchase of shares in less than a share-trading unit.

- Matters related to stock acquisition rights and treasury stock acquisition rights

Not applicable.

- Matters related to dividends

(1) Amount of dividends paid

(Resolved at)	Type of stock	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2006	Common stock	926,249	20	March 31, 2006	June 29, 2006
Board of Directors meeting held on October 27, 2006	Common stock	926,244	10	September 30, 2006	December 4, 2006

- (2) Of dividends whose record dates belong to the current fiscal year, those whose effective dates are in the following fiscal year

(Resolved at)	Type of stock	Total amount of dividends (Thousands of yen)	Fiscal resource of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on April 27, 2007	Common stock	926,236	Retained earnings	10	March 31, 2007	June 7, 2007

(Notes to Consolidated Statements of Cash Flows)

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)																																																
<p>*1 Relationship between the balance of cash and cash equivalents at the end of the fiscal year and the amounts of the items entered on the consolidated balance sheet</p> <table> <tr> <td>Cash and deposit account</td> <td>8,991,315 thousand yen</td> </tr> <tr> <td>Time deposits with terms longer than 3 months</td> <td><u>58,500 thousand yen</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td><u>8,932,815 thousand yen</u></td> </tr> </table> <p>*2 _____</p> <p>*3 _____</p> <p>*4 Increases in assets as a result of transfer of business</p> <table> <tr> <td>Current assets</td> <td>36,700 thousand yen</td> </tr> <tr> <td>Fixed assets</td> <td><u>1,363,299 thousand yen</u></td> </tr> <tr> <td>Total assets</td> <td><u>1,400,000 thousand yen</u></td> </tr> </table>	Cash and deposit account	8,991,315 thousand yen	Time deposits with terms longer than 3 months	<u>58,500 thousand yen</u>	Cash and cash equivalents	<u>8,932,815 thousand yen</u>	Current assets	36,700 thousand yen	Fixed assets	<u>1,363,299 thousand yen</u>	Total assets	<u>1,400,000 thousand yen</u>	<p>*1 Relationship between the balance of cash and cash equivalents at the end of the fiscal year and the amounts of the items entered on the consolidated balance sheet</p> <table> <tr> <td>Cash and deposit account</td> <td>9,068,706 thousand yen</td> </tr> <tr> <td>Time deposits with terms longer than 3 months</td> <td><u>68,500 thousand yen</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td><u>9,000,206 thousand yen</u></td> </tr> </table> <p>*2 Breakdown of the assets and liabilities of the company that became a consolidated subsidiary through the acquisition of shares by the Company The breakdown of the assets and liabilities of ANKA Systems Inc. when it was included in the scope of consolidation through the acquisition of shares and the relationship between the acquisition value of shares in ANKA Systems Inc. and expenditure (net amount) for the acquisition of ANKA Systems Inc. are as follows:</p> <table> <tr> <td>Current assets</td> <td>29,984 thousand yen</td> </tr> <tr> <td>Fixed assets</td> <td>414,592 thousand yen</td> </tr> <tr> <td>Goodwill</td> <td>195,845 thousand yen</td> </tr> <tr> <td>Current liabilities</td> <td><u>50,171 thousand yen</u></td> </tr> <tr> <td>Acquisition value of shares in ANKA Systems Inc.</td> <td>590,250 thousand yen</td> </tr> <tr> <td>Cash and cash equivalents of ANKA Systems Inc.</td> <td><u>1,416 thousand yen</u></td> </tr> <tr> <td>Difference: Expenditure for the acquisition of ANKA Systems Inc.</td> <td><u>588,834 thousand yen</u></td> </tr> </table> <p>*3 Breakdown of the assets and liabilities of the company that became a consolidated subsidiary through the acquisition of shares by the Company The breakdown of the assets and liabilities of KEE Technologies Pty Ltd. when it was included in the scope of consolidation through the acquisition of shares and the relationship between the acquisition value of shares in KEE Technologies Pty Ltd. and expenditure (net amount) for the acquisition of KEE Technologies Pty Ltd. are as follows:</p> <table> <tr> <td>Current assets</td> <td>1,092,789 thousand yen</td> </tr> <tr> <td>Fixed assets</td> <td>363,357 thousand yen</td> </tr> <tr> <td>Goodwill</td> <td>702,398 thousand yen</td> </tr> <tr> <td>Current liabilities</td> <td>717,626 thousand yen</td> </tr> <tr> <td>Fixed liabilities</td> <td><u>154,055 thousand yen</u></td> </tr> <tr> <td>Acquisition value of shares in KEE Technologies Pty Ltd.</td> <td>1,286,863 thousand yen</td> </tr> <tr> <td>Cash and cash equivalents of KEE Technologies Pty Ltd</td> <td><u>7,437 thousand yen</u></td> </tr> <tr> <td>Difference: Expenditure for the acquisition of KEE Technologies Pty Ltd.</td> <td><u>1,279,426 thousand yen</u></td> </tr> </table> <p>*4 _____</p>	Cash and deposit account	9,068,706 thousand yen	Time deposits with terms longer than 3 months	<u>68,500 thousand yen</u>	Cash and cash equivalents	<u>9,000,206 thousand yen</u>	Current assets	29,984 thousand yen	Fixed assets	414,592 thousand yen	Goodwill	195,845 thousand yen	Current liabilities	<u>50,171 thousand yen</u>	Acquisition value of shares in ANKA Systems Inc.	590,250 thousand yen	Cash and cash equivalents of ANKA Systems Inc.	<u>1,416 thousand yen</u>	Difference: Expenditure for the acquisition of ANKA Systems Inc.	<u>588,834 thousand yen</u>	Current assets	1,092,789 thousand yen	Fixed assets	363,357 thousand yen	Goodwill	702,398 thousand yen	Current liabilities	717,626 thousand yen	Fixed liabilities	<u>154,055 thousand yen</u>	Acquisition value of shares in KEE Technologies Pty Ltd.	1,286,863 thousand yen	Cash and cash equivalents of KEE Technologies Pty Ltd	<u>7,437 thousand yen</u>	Difference: Expenditure for the acquisition of KEE Technologies Pty Ltd.	<u>1,279,426 thousand yen</u>
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Current liabilities	<u>50,171 thousand yen</u>																																																
Acquisition value of shares in ANKA Systems Inc.	590,250 thousand yen																																																
Cash and cash equivalents of ANKA Systems Inc.	<u>1,416 thousand yen</u>																																																
Difference: Expenditure for the acquisition of ANKA Systems Inc.	<u>588,834 thousand yen</u>																																																
Current assets	1,092,789 thousand yen																																																
Fixed assets	363,357 thousand yen																																																
Goodwill	702,398 thousand yen																																																
Current liabilities	717,626 thousand yen																																																
Fixed liabilities	<u>154,055 thousand yen</u>																																																
Acquisition value of shares in KEE Technologies Pty Ltd.	1,286,863 thousand yen																																																
Cash and cash equivalents of KEE Technologies Pty Ltd	<u>7,437 thousand yen</u>																																																
Difference: Expenditure for the acquisition of KEE Technologies Pty Ltd.	<u>1,279,426 thousand yen</u>																																																

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>*5 Decreases in assets and liabilities as a result of transfer of business</p> <p>Current assets 973,016 thousand yen</p> <p>Fixed assets <u>312,183 thousand yen</u></p> <p>Total assets <u>1,285,199 thousand yen</u></p> <p>Current liabilities <u>19,559 thousand yen</u></p> <p>Total liabilities <u>19,559 thousand yen</u></p> <p>Note: The amount of loans receivable increased by the amount equivalent to the transfer price (1,497,079 thousand yen), since the transfer price was collected through loans receivable.</p>	*5 _____
<p>*6 Details of significant non-capital transactions</p> <p>Exercise of stock acquisition rights</p> <p>Decrease in treasury stock due to the exercise of stock acquisition rights 911,586 thousand yen</p> <p>Increase in gains on disposal of treasury stock as a result of the exercise of stock acquisition rights <u>1,688,413 thousand yen</u></p> <p>Decrease in bonds with stock acquisition rights as a result of the exercise of stock acquisition rights <u>2,600,000 thousand yen</u></p>	*6 _____

(Lease Transactions)

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)					114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)				
1 Finance leases, except for those under which the ownership of the leased assets is deemed to be transferred to the lessee, are as follows: (1) Acquisition cost equivalent, accumulated depreciation equivalent, accumulated impairment losses equivalent and book value equivalent of leased properties					1 Finance leases, except for those under which the ownership of the leased assets is deemed to be transferred to the lessee, are as follows: (1) Acquisition cost equivalent, accumulated depreciation equivalent and book value equivalent of leased properties				
	Machinery, equipment and vehicles (Thousands of yen)	Tools, furniture and fixtures (Thousands of yen)	Other (Thousands of yen)	Total (Thousands of yen)		Machinery, equipment and vehicles (Thousands of yen)	Tools, furniture and fixtures (Thousands of yen)	Other (Thousands of yen)	Total (Thousands of yen)
Acquisition cost equivalent	162,485	293,948	14,981	471,414	Acquisition cost equivalent	176,029	412,787	18,023	606,839
Accumulated depreciation equivalent	71,639	150,472	5,815	227,926	Accumulated depreciation equivalent	74,516	189,959	9,750	274,225
Book value equivalent	90,846	143,476	9,166	243,488	Book value equivalent	101,513	222,828	8,273	332,614
Acquisition cost equivalent is computed by treatment of including interests paid, because the ratio of future lease payments obligation to the term-end balance of tangible fixed assets is small.					Same as on the left				
(2) Present value of future lease payment, etc. Present value of future lease payment					(2) Present value of future lease payment				
Due within one year 86,124 thousand yen					Due within one year 110,646 thousand yen				
<u>Due after one year 157,364 thousand yen</u>					<u>Due after one year 221,968 thousand yen</u>				
Total 243,488 thousand yen					Total 332,614 thousand yen				
Present value of future lease payment is computed by including interests paid, because the ratio of the value to the term-end balance of tangible fixed assets is small.					Same as on the left				
(3) Lease payments, reversal of lease asset impairment account, depreciation equivalents and impairment losses					(3) Lease payments and depreciation equivalents				
Lease payments 101,205 thousand yen					Lease payments 110,745 thousand yen				
Depreciation equivalents 101,205 thousand yen					Depreciation equivalents 110,745 thousand yen				
(4) Calculation method of depreciation equivalents Depreciation equivalents are calculated using the straight-line method over the lease terms without residual value.					(4) Calculation method of depreciation equivalents Same as on the left				
2 Operating leases Present value of future lease payment					2 Operating leases Present value of future lease payment				
Due within one year 1,687 thousand yen					Due within one year 1,687 thousand yen				
<u>Due after one year 3,374 thousand yen</u>					<u>Due after one year 1,687 thousand yen</u>				
Total 5,061 thousand yen					Total 3,374 thousand yen				
(Losses on impairment of fixed assets) No loss on impairment of fixed assets is allocated to lease assets.									

(Securities)

113th consolidated fiscal year

1. Other securities with fair market value (March 31, 2006)

Type	Acquisition cost (Thousands of yen)	Book value (Thousands of yen)	Difference (Thousands of yen)
Securities with book value exceeding acquisition cost			
Stocks	930,498	6,373,360	5,442,862
Subtotal	930,498	6,373,360	5,442,862
Securities with book value not exceeding acquisition cost			
Stocks	72,556	69,169	(3,387)
Subtotal	72,556	69,169	(3,387)
Total	1,003,054	6,442,529	5,439,475

2. Content and book value of securities which are not marked to market (March 31, 2006)

Other securities

Details	Book value (Thousands of yen)
1) Unlisted stocks	344,464
2) Other	2,000
Total	346,464

114th consolidated fiscal year

1. Other securities with fair market value (March 31, 2007)

Type	Acquisition cost (Thousands of yen)	Book value (Thousands of yen)	Difference (Thousands of yen)
Securities with book value exceeding acquisition cost			
Stocks	937,784	5,669,744	4,731,960
Subtotal	937,784	5,669,744	4,731,960
Securities with book value not exceeding acquisition cost			
Stocks	82,299	69,396	(12,903)
Subtotal	82,299	69,396	(12,903)
Total	1,020,083	5,739,140	4,719,057

2. Content and book value of securities which are not marked to market (March 31, 2007)

Other securities

Details	Book value (Thousands of yen)
1) Unlisted stocks	1,298,532
2) Other	2,000
Total	1,300,532

(Derivative Transactions)

1. Circumstances of derivative transactions

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>(1) Details of derivative transactions and purpose of usage, etc. The Company and consolidated subsidiaries engage in forward exchange contracts, currency options and currency swaps to provide against fluctuation risks of exchange rates concerning foreign currency-denominated claims and liabilities or forecasted foreign currency-denominated transactions. The Company and consolidated subsidiaries also level financial expenses by using interest rate swaps to hedge future fluctuation risks of interest rates on the market regarding borrowings with variable interest payment.</p> <p>(2) Transaction guidelines The Company and consolidated subsidiaries determine the amounts, time and terms of forward exchange contracts, currency options and currency swaps in accordance with prescribed rules, and do not conduct speculative transactions, including long-term contracts with a term exceeding one year and transactions for expansion of profits. The Company and consolidated subsidiaries utilize interest rate swaps as a means to hedge fluctuation risks of interest rates, and will not engage in speculative transactions that are not based on actual demand.</p> <p>(3) Details of transaction-related risk Forward exchange contracts, currency options and currency swaps are exposed to the fluctuation risks of exchange rates, while interest rate swaps involve fluctuation risks of market interest rates. The credit risks associated with these derivatives are considered extremely low because all the counterparties of these derivative transactions are domestic and overseas banks with high credit standing.</p> <p>(4) Derivative transaction risk control structure Derivative transactions are conducted after obtaining the prior approval of the Board of Directors or an executive officer of each company. The results of such transactions are reported as occasion calls, and the actual influence on profits and losses is reported monthly.</p>	<p>(1) Details of derivative transactions and purpose of usage, etc. Same as on the left</p> <p>(2) Transaction guidelines Same as on the left</p> <p>(3) Details of transaction-related risk Same as on the left</p> <p>(4) Derivative transaction risk control structure Same as on the left</p>

2. Fair market value of derivatives

Category	Type	113th consolidated fiscal year (As of March 31, 2006)				114th consolidated fiscal year (As of March 31, 2007)			
		Contract value (Thousands of yen)	Over one year (Thousands of yen)	Fair market value (Thousands of yen)	Unrealized gains (losses) (Thousands of yen)	Contract value (Thousands of yen)	Over one year (Thousands of yen)	Fair value (Thousands of yen)	Unrealized gains (losses) (Thousands of yen)
Transactions other than market transactions	Forward exchange contracts								
	Selling								
	US \$	4,357,761	0	4,587,024	(229,263)	1,068,498	0	1,074,494	(5,996)
	EUR	3,972,955	0	4,127,941	(154,986)	878,952	0	891,408	(12,456)
	BAHT	36,930	0	35,759	1,171	13,273	0	12,936	337
Buying									
JP¥	154,323	0	162,170	7,846	0	0	0	0	
	Total				(375,231)				(18,115)

Note:

113th consolidated fiscal year (As of March 31, 2006)	114th consolidated fiscal year (As of March 31, 2007)
1 Calculation of fair market values Forward exchange contracts: Fair market values are based on the exchange rates presented by financial institutions.	1 Same as on the left
2 Derivative transactions applying hedge accounting are excluded from the above table.	2 Same as on the left

(Reserve for Employees' Retirement Benefits)

1. General information of adopted employees' retirement benefit plans

The Company and its domestic consolidated subsidiaries provide the corporate pension fund plan, the qualified pension plan, and the retirement lump-sum payment plan as defined-benefit pension plans. Extra payments may be added upon retirement of employees of the Company and its domestic consolidated subsidiaries.

2. Retirement benefit obligations

	113th consolidated fiscal year (As of March 31, 2006) (Thousands of yen)	114th consolidated fiscal year (As of March 31, 2007) (Thousands of yen)
a Projected benefit obligation	(15,946,712)	(16,154,488)
b Plan assets	8,719,406	9,798,711
c Unfunded retirement benefit obligation (a + b)	(7,227,305)	(6,355,777)
d Unrecognized actuarial differences	170,923	(86,132)
e Unrecognized prior service cost	0	0
f Net amount on the Consolidated Balance Sheets (c + d + e)	(7,056,382)	(6,441,909)
g Prepaid pension cost	0	0
h Reserve for employees' retirement benefits (f - g)	(7,056,382)	(6,441,909)

Note:

113th consolidated fiscal year (As of March 31, 2006)	114th consolidated fiscal year (As of March 31, 2007)
Subsidiaries adopt the simplified method for calculating projected retirement benefit obligations.	Same as on the left

3. Retirement benefit expenses

	113th consolidated fiscal year (From April 1, 2005 to March 31, 2006) (Thousands of yen)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007) (Thousands of yen)
a Service cost	697,269	534,217
b Interest cost	334,109	333,841
c Expected return on plan assets	(253,168)	(338,658)
d Amortization of actuarial differences	259,087	136,658
e Amortization of prior service cost	0	0
Total	1,037,297	666,058

Note:

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
1 In addition to the retirement benefit expenses mentioned above, 76,046 thousand yen were paid as extra retirement benefits.	1 In addition to the retirement benefit expenses mentioned above, 51,980 thousand yen were paid as extra retirement benefits.
2 The retirement benefit expenses of consolidated subsidiaries which use the simplified method are included in a "Service cost."	2 Same as on the left

4. Basis for calculation of retirement benefit obligations etc.

	113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
a Method of attributing the projected benefits to periods of service	Straight-line basis for the period	Straight-line basis for the period
b Discount rate	2.5%	2.5%
c Expected rate of return on plan assets	4.5%	4.5%
d Number of years for amortization of prior service cost	1 year	1 year
e Number of years for amortization of actuarial differences	10 years	10 years

(Stock Options, etc.)

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Not applicable.

(Tax Effect Accounting)

113th consolidated fiscal year (As of March 31, 2006)		114th consolidated fiscal year (As of March 31, 2007)	
1	Breakdown of major components of deferred tax assets and liabilities (Thousands of yen)	1	Breakdown of major components of deferred tax assets and liabilities (Thousands of yen)
	(Deferred tax assets)		(Deferred tax assets)
	Inventories 962,801		Inventories 1,196,317
	Accrued bonuses 895,037		Accrued bonuses 900,061
	Accrued enterprise tax 187,855		Accrued enterprise tax 217,514
	Reserve for employees' retirement benefits 2,847,986		Reserve for employees' retirement benefits 2,593,103
	Unrealized profits 1,381,785		Unrealized profits 999,691
	Allowance for doubtful accounts 328,643		Allowance for doubtful accounts 273,179
	Software 440,700		Software 695,987
	Other 675,244		Other 1,068,097
	Subtotal deferred tax assets 7,720,051		Subtotal deferred tax assets 7,943,949
	Valuation reserve (32,038)		Valuation reserve (24,650)
	Total deferred tax assets 7,688,013		Total deferred tax assets 7,919,299
	(Deferred tax liabilities)		(Deferred tax liabilities)
	Depreciation 399,893		Depreciation 385,968
	Net unrealized gains on securities 2,197,934		Net unrealized gains on other securities 1,919,791
	Other 14,816		Other 17,865
	Total deferred tax liabilities (fixed) 2,612,643		Total deferred tax liabilities (fixed) 2,323,624
	Net deferred tax assets 5,075,370		Net deferred tax assets 5,595,675
2	Breakdown of major items that lead to difference between statutory effective tax rate and contribution percentage of corporate and other taxes after applying tax effect accounting	2	Breakdown of major items that lead to difference between statutory effective tax rate and contribution percentage of corporate and other taxes after applying tax effect accounting
	Statutory effective tax rate (Adjustments) 40.69%		Statutory effective tax rate (Adjustments) 40.69%
	Permanent differences by exclusion of expenses (e.g. entertainment expenses) from expenses against revenue 2.98%		Permanent differences by exclusion of expenses (e.g. entertainment expenses) from expenses against revenue 2.18%
	Permanent differences by exclusion of income (e.g. dividends income) from gross revenue (1.22%)		Permanent differences by exclusion of income (e.g. dividends income) from gross revenue (1.85%)
	Per capita inhabitant taxes 0.15%		Per capita inhabitant taxes 0.10%
	Increase (decrease) in valuation reserve (0.17%)		Increase (decrease) in valuation reserve (0.58%)
	Tax deductibles (7.33%)		Tax deductibles (7.81%)
	Profit/loss of consolidated subsidiaries whose deferred tax assets and liabilities are not posted (0.82%)		Profit/loss of consolidated subsidiaries whose deferred tax assets and liabilities are not posted (1.19%)
	Difference in tax rates of consolidated subsidiaries (1.36%)		Difference in tax rates of consolidated subsidiaries (1.18%)
	Elimination of dividends income offset between consolidated companies 7.42%		Elimination of dividends income offset between consolidated companies 8.33%
	Equity in earnings (losses) of affiliates 0.90%		Equity in earnings (losses) of affiliates 0.48%
	Increase (decrease) in unrecognized deferred tax assets and liabilities related to unrealized profit (0.01%)		Increase (decrease) in unrecognized deferred tax assets and liabilities related to unrealized profit (0.06%)
	Other (0.81%)		Other (0.12%)
	Contribution rate of corporate and other taxes after application of tax effect accounting 40.42%		Contribution rate of corporate and other taxes after application of tax effect accounting 38.99%

(Segment Information)

[Segment Information by Type of Business]

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)

Category	Positioning Business (Thousands of yen)	Ophthalmic & Medical Instruments (Thousands of yen)	Industrial Instruments (Thousands of yen)	Optical Devices (Thousands of yen)	Total (Thousands of yen)	Corporate (Thousands of yen)	Consolidated (Thousands of yen)
I Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	47,804,747	31,864,918	12,888,461	10,241,047	102,799,173	0	102,799,173
(2) Internal or transferred sales between segments	0	0	0	0	0	0	0
Total	47,804,747	31,864,918	12,888,461	10,241,047	102,799,173	0	102,799,173
Operating expenses	38,007,840	28,735,336	11,992,636	10,998,075	89,733,887	0	89,733,887
Operating income or operating loss	9,796,907	3,129,582	895,825	(757,028)	13,065,286	0	13,065,286
II Assets, depreciation and capital expenditure							
Assets	38,805,717	24,546,823	12,751,286	4,500,372	80,604,199	8,775,419	89,379,618
Depreciation	1,310,355	1,012,962	326,850	431,240	3,081,407	0	3,081,407
Capital expenditure	1,308,645	2,125,413	285,026	265,172	3,984,256	0	3,984,256

Notes:

1. Method of business segmentation

Businesses of the Company are segmented in consideration of type of products, markets, etc.

2. Major products of each business segment

(1) Positioning Business:

GPS + GLONASS (GNSS) receiver for surveying, GNSS reference station system, GNSS automatic observation system, GNSS network service Packet RTK, MILLIMETER GPS, digital image measurement system, machine control system for civil engineering, total station (non-prism total station, automatic tracking total station, imaging total station), data collector, level, theodolite, rotating laser and pipe laser

(2) Ophthalmic & Medical Instruments:

Retinal camera, tonometer, slit lamp, automatic perimeter, operation microscope, laser photocoagulator for ophthalmology, corneal cell camera, digital image filing system IMAGEnet, ophthalmic electronic medical record system IMAGEnet, PSF analyzer, ophthalmic lens edger, optometer, auto refractometer, auto kerato-refractometer, lens meter and vision tester

(3) Industrial Instruments:

Chip defect inspection system, electronic beam inspection device for wafer, electronic beam inspection device for mask, wafer surface analyzer, precision optical unit, electronic beam unit, proximity aligner, spectroradiometer, illuminometer, color luminance meter, brightness/chromaticity uniformity measuring instrument, scanning electron microscope, measuring microscope, projector, special order product

(4) Optical Devices:

Optical unit for projector, optical parts for DVD optical pickup, optical unit for copier, high-precision lens, infrared optical parts

3. The amount of "corporate" in "II Assets" presents corporate assets, which are mainly surplus funds (cash and marketable securities) and long-term investment assets (investment securities) at the parent company.

4. Depreciation and capital expenditure include Intangible fixed assets and other investment as well as their depreciation.

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Category	Positioning Business (Thousands of yen)	Ophthalmic & Medical Instruments (Thousands of yen)	Industrial Instruments (Thousands of yen)	Optical Devices (Thousands of yen)	Total (Thousands of yen)	Corporate (Thousands of yen)	Consolidated (Thousands of yen)
I Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	53,631,116	38,464,899	11,313,861	7,080,713	110,490,589	0	110,490,589
(2) Internal or transferred sales between segments	0	0	0	0	0	0	0
Total	53,631,116	38,464,899	11,313,861	7,080,713	110,490,589	0	110,490,589
Operating expenses	43,403,504	32,678,308	11,125,477	8,006,887	95,214,176	0	95,214,176
Operating income or operating loss	10,227,612	5,786,591	188,384	(926,174)	15,276,413	0	15,276,413
II Assets, depreciation and capital expenditure							
Assets	44,735,286	26,413,200	15,589,661	3,817,534	90,555,681	9,303,528	99,859,209
Depreciation	1,460,678	1,107,799	354,393	364,910	3,287,780	0	3,287,780
Capital expenditure	2,638,028	1,499,318	597,473	242,493	4,977,312	0	4,977,312

Notes:

1. Method of business segmentation

Businesses of the Company are segmented in consideration of type of products, markets, etc.

2. Major products of each business segment

(1) Positioning Business:

GPS + GLONASS + GALILEO (GNSS) receiver for surveying, GNSS reference station system, GNSS automatic observation system, GNSS network service Packet RTK, MILLIMETER GPS, digital image measurement system, machine control system for civil engineering, machine control system for agricultural use, total station (non-prism total station, automatic tracking total station, imaging total station), data collector, level, theodolite, rotating laser and pipe laser

(2) Ophthalmic & Medical Instruments:

Retinal camera, non-mydratric retinal camera, 3D OCT, tonometer, slit lamp, automatic perimeter, operation microscope, laser photocoagulator for ophthalmology, corneal cell camera, digital image filing system IMAGEnet, ophthalmic electronic medical record system IMAGEnet, PSF analyzer, ophthalmic lens edger, optometer, bino-vision analyzer, auto refractometer, auto kerato-refractometer, lens meter and vision tester

(3) Industrial Instruments:

Chip defect inspection system, electronic beam inspection device for wafer, electronic beam inspection device for mask, electronic beam unit, wafer surface analyzer, precision optical unit, proximity aligner, spectroradiometer, illuminometer, color luminance meter, brightness/chromaticity uniformity measuring instrument, scanning electron microscope, measuring microscope, projector, special order product

(4) Optical Devices:

Optical unit for projector, optical parts for DVD optical pickup, optical unit for copier, high-precision lens, infrared optical parts

3. The amount of "corporate" in "II Assets" presents corporate assets, which are mainly surplus funds (cash and marketable securities) and long-term investment assets (investment securities) at the parent company.

4. Depreciation and capital expenditure include Intangible fixed assets and other investment as well as their depreciation.

[Segment Information by Geographic Area]

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)

	Japan (Thousands of yen)	North America (Thousands of yen)	Europe (Thousands of yen)	China (Thousands of yen)	Asia/Oceania (Thousands of yen)	Elimination and corporate (Thousands of yen)	Consolidated (Thousands of yen)
I Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	36,333,638	30,667,098	21,118,275	10,577,899	4,102,263	0	102,799,173
(2) Internal or transferred sales between segments	20,765,517	4,435,757	41,755	367,750	8,197	(25,618,976)	0
Total	57,099,155	35,102,855	21,160,030	10,945,649	4,110,460	(25,618,976)	102,799,173
Operating expenses	51,424,304	28,613,462	19,847,946	11,015,042	3,566,526	(24,733,392)	89,733,887
Operating income or operating loss	5,674,851	6,489,393	1,312,084	(69,393)	543,935	(885,584)	13,065,286
II Assets	69,679,719	22,254,178	14,408,888	4,517,542	3,017,676	(24,498,385)	89,379,618

Notes:

- Regions are classified based on geographical proximity.
- Countries or regions that belong to categories other than "Japan" are as follows:
 - North America:the U.S. and Canada
 - Europe:the Netherlands, Germany, France, the U.K., Spain and Sweden
 - China:China
 - Asia/Oceania:Singapore and Australia
- The whole amount of "Elimination and corporate" of "I Net sales and operating income (loss)" is the amount of elimination of internal transactions between segments.
- The amount of elimination of internal transactions between segments, which is included in "Elimination and corporate" of "II Assets," is -33,273,804 thousand yen (-24,811,270 thousand yen in the 112th consolidated fiscal year). Corporate assets amounted to 8,775,419 thousand yen (10,429,831 thousand yen in the 112th consolidated fiscal year). They are mainly surplus funds (cash and marketable securities) and long-term investment assets (investment securities) at the parent company.

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

	Japan (Thousands of yen)	North America (Thousands of yen)	Europe (Thousands of yen)	China (Thousands of yen)	Asia/Oceania (Thousands of yen)	Elimination and corporate (Thousands of yen)	Consolidated (Thousands of yen)
I Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	39,054,042	33,775,742	27,334,138	6,842,850	3,483,817	0	110,490,589
(2) Internal or transferred sales between segments	21,320,868	5,121,162	3,895	771,166	108,322	(27,325,413)	0
Total	60,374,910	38,896,904	27,338,033	7,614,016	3,592,139	(27,325,413)	110,490,589
Operating expenses	53,525,902	32,567,812	25,827,181	7,875,167	3,528,266	(28,110,152)	95,214,176
Operating income or operating loss	6,849,008	6,329,092	1,510,852	(261,151)	63,873	784,739	15,276,413
II Assets	74,591,236	24,223,641	17,430,915	4,510,644	4,546,703	(25,443,930)	99,859,209

Notes:

- Regions are classified based on geographical proximity.
- Countries or regions that belong to categories other than "Japan" are as follows:
 - North America:the U.S. and Canada
 - Europe:the Netherlands, Germany, France, the U.K., Spain and Sweden
 - China:China
 - Asia/Oceania:Singapore and Australia
- The whole amount of "Elimination and corporate" of "I Net sales and operating income (loss)" is the amount of elimination of internal transactions between segments.
- The amount of elimination of internal transactions between segments, which is included in "Elimination and corporate" of "II Assets," is -34,747,458 thousand yen (-33,273,804 thousand yen in the 113th consolidated fiscal year). Corporate assets amounted to 9,303,528 thousand yen (8,775,419 thousand yen in the 113th consolidated fiscal year). They are mainly surplus funds (cash and marketable securities) and long-term investment assets (investment securities) at the parent company.

[Overseas Sales]

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)

Category	North America	Europe	China	Asia/Oceania	Other	Total
I Overseas sales (Thousands of yen)	28,995,670	22,485,733	8,965,556	6,621,143	5,194,042	72,262,144
II Consolidated net sales (Thousands of yen)						102,799,173
II Ratio of overseas sales to consolidated net sales	28.2	21.9	8.7	6.4	5.1	70.3

Notes:

1. Regions are classified based on geographical proximity.
2. Major countries or regions that belong to each category are as follows:
 - (1) North America:the U.S. and Canada
 - (2) Europe:the Netherlands, Germany, France, the U.K., Spain and Sweden
 - (3) China:China
 - (4) Asia/Oceania:Singapore, Taiwan and Australia
 - (5) Other:Egypt, Latin America and the Middle and Near East

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Category	North America	Europe	China	Asia/Oceania	Other	Total
I Overseas sales (Thousands of yen)	29,041,310	27,093,646	7,870,279	8,198,743	8,371,905	80,575,883
II Consolidated net sales (Thousands of yen)						110,490,589
II Ratio of overseas sales to consolidated net sales	26.3	24.5	7.1	7.4	7.6	72.9

Notes:

1. Regions are classified based on geographical proximity.
2. Major countries or regions that belong to each category are as follows:
 - (1) North America:the U.S. and Canada
 - (2) Europe:the Netherlands, Germany, France, the U.K., Spain and Sweden
 - (3) China:China
 - (4) Asia/Oceania:Singapore, Taiwan and Australia
 - (5) Other:Latin America, the Middle East, Russia and Africa

[Related Party Transactions]

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)

Recording is omitted, since the transactions are not material.

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Recording is omitted, since the transactions are not material.

(Per Share Information)

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)		114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)	
Net assets per share	1,031.70 yen	Net assets per share	590.45 yen
Net income per share	146.89 yen	Net income per share	92.30 yen
Diluted net income per share	146.39 yen	Diluted net income per share is not presented because there are no potentially dilutive shares.	
(For reference) The Company conducted a 2-for-1 stock split of common stock as of April 1, 2006. Per share information in the 112th consolidated fiscal year on the assumption that the said stock split was executed at the beginning of the 112th consolidated fiscal year and per share information in the 113th consolidated fiscal year on the assumption that the said stock split was conducted at the beginning of the 113th consolidated fiscal year are respectively as follows:		(For reference) The Company conducted a 2-for-1 stock split of common stock as of April 1, 2006. Per share information in the 113th consolidated fiscal year on the assumption that the said stock split was executed at the beginning of the 113th consolidated fiscal year is as follows:	
112th consolidated fiscal year	113th consolidated fiscal year	Net assets per share	515.85 yen
Net assets per share	Net assets per share	Net income per share	73.44 yen
396.09 yen	515.85 yen	Diluted net income per share	73.20 yen
Net income per share	Net income per share		
48.03 yen	73.44 yen		
Diluted net income per share	Diluted net income per share		
47.90 yen	73.20 yen		

Note: The basis for calculation of Net income per share and Diluted net income per share is as follows:

	113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
Net income per share		
Net income (Thousands of yen)	6,781,025	8,549,038
Amount which does not belong to shareholders of common stock (Thousands of yen)	0	0
Net income attributable to common stock (Thousands of yen)	6,781,025	8,549,038
Average number of common stock during the fiscal year (Shares)	46,164,411	92,624,329
Diluted net income per share		
Adjustment on net income (Thousands of yen)	0	0
Increase in the number of common stocks (Shares)	155,856	0
(Of which, bonds with stock acquisition rights (shares))	(155,856)	(0)
Outline of potentially dilutive shares not included in the calculation of diluted net income per share because they have no dilutive effect	—————	—————

(Significant Subsequent Events)

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>1 Stock split The Company conducted a 2-for-1 stock split of common stock as of April 1, 2006.</p> <p>(1) Method of split The Company split the number of shares held by shareholders listed or recorded in the final register of shareholders and register of substantial shareholders as of March 31, 2006, allocating two shares to each existing share.</p> <p>(2) Number of shares to increase as a result of the stock split Common stock: 46,344,171 shares</p> <p>(3) Initial date for dividend accrual April 1, 2006</p> <p>2 Change in the total number of shares authorized to be issued by the Company The Company changed the total number of shares to be issued by the Company from 80,000,000 shares to 160,000,000 shares by changing the Articles of Incorporation of the Company as of April 1, 2006. "Stock split" and "change in the total number of shares authorized to be issued by the Company" were resolved at a meeting of the Board of Directors held on February 24, 2006.</p> <p>3 Dissolution of a subsidiary The Company resolved the dissolution of Topcon Australia Pty. Ltd., a subsidiary, at a meeting of the Board of Directors held on May 25, 2006.</p> <p>(1) Reason for dissolution The said subsidiary sells and provides services for Positioning Business and Ophthalmic & Medical Instruments in Australia and New Zealand. The Company reviewed the sales system in the region and decided to further develop sales and services in the region by shifting to direct operations by Topcon Positioning Systems, Inc., a U.S. subsidiary, as for Positioning Business and to direct operations by the Company with regard to Ophthalmic & Medical Instruments in order to improve the efficiency of operations.</p> <p>(2) Outline of the said subsidiary (in thousands of Australian dollars)</p> <p>1) Business outline: Sales and services for Positioning Business and Ophthalmic & Medical Instruments</p> <p>2) Establishment: December 29, 1988</p> <p>3) Capital: 6,100 (as of the end of March 2006)</p> <p>4) Number of shares outstanding: 6,100,000 shares (as of the end of March 2006)</p> <p>5) Net assets: 9,863 (as of the end of March 2006)</p> <p>6) Total assets: 17,956 (as of the end of March 2006)</p> <p>7) Investors and ownership percentage: TOPCON CORPORATION, 100%</p> <p>(3) Schedule of dissolution September 2006: Liquidation to be resolved at the said subsidiary (planned) May 2007: Liquidation to be completed (planned)</p> <p>(4) Effect on profit and loss The effect of the dissolution on the profit and loss of the 113th consolidated fiscal year is slight.</p>	<p>1 _____</p> <p>2 _____</p> <p>3 _____</p>

113th consolidated fiscal year (From April 1, 2005 to March 31, 2006)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
4	<p>4 Dissolution of a subsidiary The Company resolved the dissolution of Optical Distributors International, Inc. (hereinafter referred to as "ODI"), a subsidiary, at a meeting of the Board of Directors held on April 20, 2007.</p> <p>(1) Reason for dissolution The said subsidiary is responsible for the sales of ophthalmic lens edgers, manufactured by the Company, as a subsidiary of Topcon Medical Systems, Inc. (TMS), a subsidiary of the Company in the U.S. to manufacture and market medical equipment. To further facilitate operations of Ophthalmic & Medical Instruments in the U.S., the Company decided to integrate the said subsidiary (ODI) into TMS. As a result, ODI will be dissolved.</p> <p>(2) Outline of the said subsidiary (in thousands of US dollars)</p> <p>1) Business outline: Sales and services for ophthalmic lens edgers</p> <p>2) Establishment: April 12, 1996</p> <p>3) Capital: 750 (as of the end of March 2007)</p> <p>4) Number of shares outstanding: 200 shares (as of the end of March 2007)</p> <p>5) Net assets: -5,169 (as of the end of March 2007)</p> <p>6) Total assets: 863 (as of the end of March 2007)</p> <p>7) Investors and ownership percentage: Topcon Medical Systems, Inc., 100%</p> <p>(3) Schedule of dissolution April 25, 2007: Liquidation resolved at the said subsidiary End of June 2007: Liquidation to be completed (planned)</p> <p>(4) Effect on profit and loss The effect of the dissolution on the profit and loss is slight.</p>
5	<p>5 Transfer of business The Company decided at a meeting of the Board of Directors held on May 11, 2007 that Topcon Positioning Systems, Inc., a U.S. subsidiary of the Company, will take over the business related to the positioning business from Javad Navigation Systems, Inc. of the U.S. The move is aimed at the further development and expansion of the Group's business on a global basis.</p> <p>(1) Content of business transfer</p> <p>1) Content of business transfer: Business right concerning mobile control (navigation, ITS, etc.)</p> <p>2) Business takeover value: 56 million US dollars</p> <p>3) Date of business takeover: May 15, 2007</p> <p>(2) Outline of transferor</p> <p>1) Firm name: Javad Navigation Systems, Inc.</p> <p>2) Location of the head office: 1731 Technology Drive, San Jose, CA 95110, U.S.A.</p> <p>3) Name of representative: Dr. Javad Ashjaee</p>

[Interim Consolidated Financial Statements]

i) [Interim Consolidated Balance Sheets]

Category	Note	114th interim consolidated fiscal period (As of September 30, 2006)		115th interim consolidated fiscal period (As of September 30, 2007)		114th consolidated fiscal year (As of March 31, 2007)	
		Amount (Thousands of yen)	Compositi on ratio (%)	Amount (Thousands of yen)	Compositi on ratio (%)	Amount (Thousands of yen)	Compositi on ratio (%)
(Assets)							
I Current Assets							
1 Cash and deposits		9,508,444		9,975,629		9,068,706	
2 Notes and accounts receivable, trade	*4	28,681,019		33,418,477		31,447,672	
3 Inventories		17,729,802		21,794,278		20,187,307	
4 Deferred tax assets		4,267,506		4,690,511		4,491,189	
5 Other		2,359,154		3,483,956		4,017,393	
6 Allowance for doubtful accounts		(1,077,113)		(991,734)		(1,001,831)	
Total Current Assets		61,468,812	66.4	72,371,117	65.1	68,210,436	68.3
II Fixed Assets							
1 Tangible Fixed Assets	*1						
(1) Buildings and structures		6,204,125		6,046,551		6,138,565	
(2) Machinery, equipment and vehicles		4,293,811		4,263,649		4,431,269	
(3) Land		1,135,255		1,135,677		1,138,294	
(4) Construction in progress		8,761		159,477		43,870	
(5) Other		2,483,898		2,566,678		2,324,577	
Total Tangible Fixed Assets		14,125,850	15.2	14,172,032	12.7	14,076,575	14.1
2 Intangible Fixed Assets							
(1) Goodwill		3,388,117		12,109,550		4,155,370	
(2) Other		1,674,344		2,135,023		2,170,988	
Total Intangible Fixed Assets		5,062,461	5.5	14,244,573	12.8	6,326,358	6.3
3 Investments and Other Assets							
(1) Investment securities		9,054,631		7,397,772		8,286,188	
(2) Long-term loans		933,458		343,011		637,166	
(3) Deferred tax assets		1,148,500		1,771,822		1,492,333	
(4) Other		861,105		948,396		872,180	
(5) Allowance for doubtful accounts		(58,207)		(42,971)		(42,027)	
Total Investments and Other Assets		11,939,487	12.9	10,418,030	9.4	11,245,840	11.3
Total Fixed Assets		31,127,798	33.6	38,834,635	34.9	31,648,773	31.7
Total Assets		92,596,610	100.0	111,205,752	100.0	99,859,209	100.0

Category	Note	114th interim consolidated fiscal period (As of September 30, 2006)		115th interim consolidated fiscal period (As of September 30, 2007)		114th consolidated fiscal year (As of March 31, 2007)	
		Amount (Thousands of yen)	Compositio n ratio (%)	Amount (Thousands of yen)	Compositio n ratio (%)	Amount (Thousands of yen)	Compositi on ratio (%)
(Liabilities)							
I Current Liabilities							
1 Notes and accounts payable, trade	*4	12,852,137		13,132,188		13,086,369	
2 Short-term loans payable		6,997,348		16,415,984		13,962,379	
3 Accrued expenses		5,543,092		6,053,983		5,857,150	
4 Accrued income taxes		2,026,762		2,055,654		2,695,829	
5 Deferred tax liabilities		2,928		3,812		3,829	
6 Reserve for bonuses to directors and corporate auditors		23,000		19,000		46,298	
7 Other		2,119,233		1,920,176		1,890,455	
Total Current Liabilities		29,564,500	31.9	39,600,797	35.6	37,542,309	37.6
II Long-term Liabilities							
1 Long-term debt		4,100,000		6,964,080		106,375	
2 Deferred tax liabilities		358,381		375,078		384,018	
3 Reserve for employees' retirement benefits		6,778,384		6,127,140		6,441,909	
4 Reserve for retirement benefits for directors and corporate auditors		113,964		91,057		133,398	
5 Other		25,208		74,568		69,768	
Total Long-term Liabilities		11,375,937	12.3	13,631,923	12.3	7,135,468	7.1
Total Liabilities (Net Assets)		40,940,437	44.2	53,232,720	47.9	44,677,777	44.7
I Shareholders' Equity							
1 Common stock		10,297,969	11.1	10,297,969	9.3	10,297,969	10.3
2 Capital surplus		14,711,230	15.9	14,711,230	13.1	14,711,230	14.7
3 Retained earnings		22,250,345	24.0	29,103,744	26.2	25,759,690	25.8
4 Treasury stock		(50,289)	-	(53,931)	-	(51,880)	-
Total Shareholders' Equity		47,209,255	51.0	54,059,012	48.6	50,717,009	50.8
II Valuation and Translation Adjustments							
1 Net unrealized gains on securities		3,232,321	3.5	2,211,824	2.0	2,800,037	2.8
2 Deferred losses on hedges		(14,179)	-	(15,278)	-	(5,478)	-
3 Foreign currency translation adjustments		771,629	0.8	1,158,669	1.0	1,178,183	1.2
Total Valuation and Translation Adjustments		3,989,771	4.3	3,355,215	3.0	3,972,742	4.0
III Minority Interests		457,147	0.5	558,805	0.5	491,681	0.5
Total Net Assets		51,656,173	55.8	57,973,032	52.1	55,181,432	55.3
Total Liabilities and Net Assets		92,596,610	100.0	111,205,752	100.0	99,859,209	100.0

ii) [Interim Consolidated Statements of Income]

Category	Note	114th interim consolidated fiscal period (From April 1 to September 30, 2006)		115th interim consolidated fiscal period (From April 1 to September 30, 2007)		114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)	
		Amount (Thousands of yen)	Compositi on ratio (%)	Amount (Thousands of yen)	Compositi on ratio (%)	Amount (Thousands of yen)	Compositi on ratio (%)
I Net Sales		53,498,270	100.0	57,005,519	100.0	110,490,589	100.0
II Cost of Sales		28,989,518	54.2	30,683,772	53.8	59,650,597	54.0
Gross Profit		24,508,752	45.8	26,321,747	46.2	50,839,992	46.0
III Selling, General and Administrative Expenses	*1	16,680,746	31.2	19,578,232	34.4	35,563,579	32.2
Operating Income		7,828,006	14.6	6,743,515	11.8	15,276,413	13.8
IV Non-operating Income							
1 Interest income		85,234		72,210		160,271	
2 Dividends income		16,648		18,907		55,170	
3 Equity in earnings of affiliates				146,331			
4 Gain on change in equity				61,635			
5 Foreign exchange gains				113,715			
6 Other		229,750	0.6	174,407	1.0	462,159	0.6
V Non-operating Expenses							
1 Interest paid		304,341		607,069		691,880	
2 Equity in losses of affiliates		144,299				168,093	
3 Loss on abandonment of inventories		147,871		121,674		316,489	
4 Loss on valuation of inventories		32,601		12,376		30,525	
5 Foreign exchange losses		123,727				119,180	
6 Other		171,423	1.7	190,089	1.6	394,275	1.5
Ordinary Income		7,235,376	13.5	6,399,512	11.2	14,233,571	12.9
Income before Income Taxes and Minority Interests		7,235,376	13.5	6,399,512	11.2	14,233,571	12.9
Income Taxes—Current		3,006,162		2,021,327		5,418,804	
Income Taxes—Deferred		54,786	5.7	35,248	3.6	131,066	5.1
Minority Interests		63,814	0.1	69,104	0.1	134,663	0.1
Net Income		4,110,614	7.7	4,273,833	7.5	8,549,038	7.7

iii) [Interim Consolidated Statements of Changes in Net Assets]

114th interim consolidated fiscal period (From April 1 to September 30, 2006)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	10,297,969	14,711,230	19,065,980	(49,227)	44,025,952
Changes during the interim fiscal period					
Dividends from surplus			(926,249)		(926,249)
Net income			4,110,614		4,110,614
Purchase of treasury stock				(1,062)	(1,062)
Changes in items other than shareholders' equity during the interim fiscal period (net changes)					
Total changes during the interim fiscal period	0	0	3,184,365	(1,062)	3,183,303
Balance as of September 30, 2006	10,297,969	14,711,230	22,250,345	(50,289)	47,209,255

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	3,241,527		513,211	3,754,738	388,859	48,169,549
Changes during the interim fiscal period						
Dividends from surplus						(926,249)
Net income						4,110,614
Purchase of treasury stock						(1,062)
Changes in items other than shareholders' equity during the interim fiscal period (net changes)	(9,206)	(14,179)	258,418	235,033	68,288	303,321
Total changes during the interim fiscal period	(9,206)	(14,179)	258,418	235,033	68,288	3,486,624
Balance as of September 30, 2006	3,232,321	(14,179)	771,629	3,989,771	457,147	51,656,173

115th interim consolidated fiscal period (From April 1 to September 30, 2007)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	10,297,969	14,711,230	25,759,690	(51,880)	50,717,009
Changes during the interim fiscal period					
Dividends from surplus			(926,236)		(926,236)
Net income			4,273,833		4,273,833
Purchase of treasury stock				(2,051)	(2,051)
Other			(3,543)		(3,543)
Changes in items other than shareholders' equity during the interim fiscal period (net changes)					
Total changes during the interim fiscal period	0	0	3,344,054	(2,051)	3,342,003
Balance as of September 30, 2007	10,297,969	14,711,230	29,103,744	(53,931)	54,059,012

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	2,800,037	(5,478)	1,178,183	3,972,742	491,681	55,181,432
Changes during the interim fiscal period						
Dividends from surplus						(926,236)
Net income						4,273,833
Purchase of treasury stock						(2,051)
Other						(3,543)
Changes in items other than shareholders' equity during the interim fiscal period (net changes)	(588,213)	(9,800)	(19,514)	(617,527)	67,124	(550,403)
Total changes during the interim fiscal period	(588,213)	(9,800)	(19,514)	(617,527)	67,124	2,791,600
Balance as of September 30, 2007	2,211,824	(15,278)	1,158,669	3,355,215	558,805	57,973,032

Consolidated Statement of Changes in Net Assets

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	10,297,969	14,711,230	19,065,980	(49,227)	44,025,952
Changes during the fiscal year					
Dividends from surplus			(1,852,493)		(1,852,493)
Net income			8,549,038		8,549,038
Purchase of treasury stock				(2,653)	(2,653)
Other			(2,835)		(2,835)
Changes in items other than shareholders' equity during the fiscal year (net changes)					
Total changes during the fiscal year			6,693,710	(2,653)	6,691,057
Balance as of March 31, 2007	10,297,969	14,711,230	25,759,690	(51,880)	50,717,009

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	3,241,527		513,211	3,754,738	388,859	48,169,549
Changes during the fiscal year						
Dividends from surplus						(1,852,493)
Net income						8,549,038
Purchase of treasury stock						(2,653)
Other						(2,835)
Changes in items other than shareholders' equity during the fiscal year (net changes)	(441,490)	(5,478)	664,972	218,004	102,822	320,826
Total changes during the fiscal year	(441,490)	(5,478)	664,972	218,004	102,822	7,011,883
Balance as of March 31, 2007	2,800,037	(5,478)	1,178,183	3,972,742	491,681	55,181,432

iv) [Interim Consolidated Statements of Cash Flows]

		114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
Category	Note	Amount (Thousands of yen)	Amount (Thousands of yen)	Amount (Thousands of yen)
I Cash Flows From Operating Activities				
1 Income before income taxes and minority interests		7,235,376	6,399,512	14,233,571
2 Depreciation and amortization		1,545,776	1,779,495	3,287,193
3 Increase (decrease) in allowance for doubtful accounts		(352,695)	(7,710)	(480,285)
4 Interest and dividends income		(101,882)	(91,117)	(215,441)
5 Interest paid		304,341	607,069	691,880
6 Loss (gain) on sale of tangible fixed assets		24,688		24,001
7 Equity in (earnings) losses of affiliates		144,299	(146,331)	168,093
8 Gain on change in equity			(61,635)	
9 Increase (decrease) in reserve for employees' retirement benefits		(277,998)	(314,769)	(614,473)
10 Decrease (increase) in notes and accounts receivable		1,013,734	(1,638,212)	(1,047,560)
11 Decrease (increase) in inventories		(1,607,201)	(990,026)	(3,147,748)
12 Decrease (increase) in prepaid expenses		(216,947)	(98,796)	(492,295)
13 Increase (decrease) in notes and accounts payable, trade		1,318,586	(345,949)	1,112,023
14 Increase (decrease) in accrued expenses		222,049	98,842	510,804
15 Other		(507,856)	(477,390)	(1,663,275)
Subtotal		8,744,270	4,712,983	12,366,488
16 Interest and dividends income received		101,342	95,620	234,663
17 Interest expenses paid		(297,551)	(561,432)	(688,714)
18 Income taxes paid		(3,423,841)	(2,687,108)	(5,203,621)
Net cash provided by operating activities		5,124,220	1,560,063	6,708,816
II Cash Flows From Investing Activities				
1 Payments into time deposits		(38,008)	(38,036)	(86,008)
2 Proceeds from withdrawal of time deposits		10,008	20,036	76,008
3 Purchase of tangible fixed assets		(1,223,456)	(1,348,793)	(2,375,659)
4 Proceeds from sale of tangible fixed assets		63,487	60,585	97,519
5 Purchase of investment securities		(905,782)	(299)	(970,794)
6 Proceeds from sale of investment securities		28,656	0	28,618
7 Payments for acquisition of newly consolidated subsidiaries		(588,085)	(1,966,698)	(1,868,260)
8 Payments of long-term loans receivable		(135,251)	(57,715)	(162,027)
9 Collection of long-term loans receivable		314,445	330,727	676,677
10 Payments for transfer of business		0	(6,702,163)	0
11 Other		122,125	686,492	(1,105,692)
Net cash used in investing activities		(2,351,861)	(9,015,864)	(5,689,618)
III Cash Flows From Financing Activities				
1 Increase (decrease) in short-term loans payable		(1,423,658)	2,807,044	2,024,789
2 Proceeds from long-term debt		0	6,964,080	0
3 Repayment of long-term debt		0	(500,000)	(1,297,155)
4 Purchase of treasury stock		(1,062)	(2,051)	(2,653)
5 Dividends paid		(923,802)	(924,498)	(1,848,543)
6 Other		(27)	(41,623)	(38)
Net cash provided by (used in) financing activities		(2,348,549)	8,302,952	(1,123,600)
IV Effects of Exchange Rate Change on Cash and Cash Equivalents		65,319	(14,478)	171,793
V Increase (Decrease) in Cash and Cash Equivalents		489,129	832,673	67,391
VI Cash and Cash Equivalents at the Beginning of the Period		8,932,815	9,000,206	8,932,815
VII Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries		0	56,250	0
VIII Cash and Cash Equivalents at the End of the Period		9,421,944	9,889,129	9,000,206

Fundamental Items of Importance Concerning the Preparation of Interim Consolidated Financial Statements

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>1 Scope of Consolidation</p> <p>(1) Number of consolidated subsidiaries: 27 [Names of principal companies] Topcon Yamagata Co., Ltd., Optonex Co., Ltd., Topcon Sales Corporation, Topcon Medical Japan Co., Ltd., Topcon Service Co., Ltd., Topcon Technohouse Corporation, Topcon Finance Co., Ltd., Topcon America Corporation, Topcon Positioning Systems, Inc., Topcon Medical Systems, Inc., Topcon Europe B.V., Topcon Europe Positioning B.V., Topcon Europe Medical B.V., Topcon Optical (H.K.) Ltd., Topcon South Asia Pte. Ltd., Topcon Australia Pty. Ltd., Topcon (Beijing) Opto-Electronics Corporation and Topcon Optical (Dongguan) Technology Ltd. (Changes in consolidated subsidiaries) In the 114th interim consolidated fiscal period, ANKA Systems, Inc. was included in the scope of consolidation as a result of acquisition of its shares by the Company, while Topcon Positioning Systems (Australia) Pty. Ltd. was included in the scope of consolidation as it started business activities.</p> <p>(2) Names, etc. of major non-consolidated subsidiaries: [Major non-consolidated subsidiary] Topcon Instruments (Malaysia) Sdn. Bhd. (Reason for exclusion from the scope of consolidation) The three non-consolidated subsidiaries are excluded from the scope of consolidation because they are small in scale and each of the total amounts of total assets, sales, net income and loss (the amounts corresponding to the Company's equity interest) and retained earnings (the amounts corresponding to the Company's equity position) of the companies do not have a material influence on the interim consolidated financial statements.</p>	<p>1 Scope of Consolidation</p> <p>(1) Number of consolidated subsidiaries: 32 [Names of principal companies] Topcon Yamagata Co., Ltd., Optonex Co., Ltd., Topcon Sales Corporation, Topcon Medical Japan Co., Ltd., Topcon Service Co., Ltd., Topcon Technohouse Corporation, Topcon Positioning Systems, Inc., Topcon Medical Systems, Inc., Topcon Europe Positioning B.V., Topcon Europe Medical B.V., Topcon South Asia Pte. Ltd., Topcon Optical (Dongguan) Technology Ltd., and Topcon (Beijing) Opto-Electronics Corporation (Changes in consolidated subsidiaries) In the 115th interim consolidated fiscal period, Topcon Polska Sp Z.O.O. was included in the scope of consolidation as it started business activities and Hayes Instruments Co., Inc. and IBS Lasertechnik G.m.b.H. were included in the scope of consolidation as a result of acquisition of their shares by the Company, while TPS Other Markets, Inc. was included in the scope of consolidation as it was established by Topcon Positioning Systems, Inc., a U.S. subsidiary of the Company. Optical Distributors International, Inc. was excluded from the scope of consolidation in the 115th interim consolidated fiscal period due to its dissolution.</p> <p>(2) Names, etc. of major non-consolidated subsidiaries: [Major non-consolidated subsidiary] Topcon Instruments (Malaysia) Sdn. Bhd. (Reason for exclusion from the scope of consolidation) The two non-consolidated subsidiaries are excluded from the scope of consolidation because they are small in scale and each of the total amounts of total assets, sales, net income and loss (the amounts corresponding to the Company's equity interest) and retained earnings (the amounts corresponding to the Company's equity position) of the companies do not have a material influence on the interim consolidated financial statements.</p>	<p>1 Scope of Consolidation</p> <p>(1) Number of consolidated subsidiaries: 29 [Names of principal companies] Names of principal companies are omitted, since they are listed in "I Corporate Summary 4 State of Major Subsidiaries and Affiliates" in the Securities Report submitted on June 28, 2007. (Changes in consolidated subsidiaries) In the 114th consolidated fiscal year, KEE Technologies Pty Ltd., KEE Technologies Africa (Pty) Ltd. and ANKA Systems, Inc. were included in the scope of consolidation as a result of acquisition of their shares by the Company, while TPS Australia Holdings Pty Ltd. and Topcon Positioning Systems (Australia) Pty. Ltd. were included in the scope of consolidation as they started business activities. Topcon Australia Pty. Ltd. was excluded from the scope of consolidation in the 114th consolidated fiscal year due to its dissolution.</p> <p>(2) Names, etc. of major non-consolidated subsidiaries: [Major non-consolidated subsidiary] Topcon Instruments (Malaysia) Sdn. Bhd. (Reason for exclusion from the scope of consolidation) The three non-consolidated subsidiaries are excluded from the scope of consolidation because they are small in scale and each of the total amounts of total assets, sales, net income and loss (the amounts corresponding to the Company's equity interest) and retained earnings (the amounts corresponding to the Company's equity position) of the companies do not have a material influence on the consolidated financial statements.</p>

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>2 Application of Equity Method</p> <p>(1) Number of non-consolidated subsidiaries which are accounted for by equity method: 2</p> <p>[Name of major company] Topcon Instruments (Malaysia) Sdn. Bhd.</p> <p>(2) Number of affiliates which are accounted for by equity method: 6</p> <p>[Names of major companies] NanoGeometry Research Inc. and Topcon Korea Corporation</p> <p>(Change in affiliates which are accounted for by equity method)</p> <p>TSD Integrated Controls, LLC was made an affiliate accounted for by equity method in the 114th interim consolidated fiscal period, since its importance had increased.</p> <p>Hirose. TH (H.K.) Co., Ltd and Hirose Topcon (Dongguan) Electronics Co., Ltd. were each excluded from affiliates accounted for by equity method, since HIROSE Electronic System Co., Ltd. and Topcon Optical (H.K.) Ltd., a subsidiary of the Company, had dissolved their capital relationship.</p> <p>(3) The equity method is not applied to a non-consolidated subsidiary (TPS Australia Holdings Pty Ltd.) and to two affiliates (TTH (Hong Kong) Co., Ltd. and one other company), because they have minor effects on the consolidated net income and retained earnings when excluded from the scope of equity method and they are not important as a whole.</p> <p>(4) Matters considered required to be recorded, in particular, in the procedure for the application of equity method</p> <p>Of the companies which are accounted for by equity method, NanoGeometry Research Inc. settles interim accounts on December 31. When we prepare the interim consolidated financial statements, we use the financial statements of NanoGeometry Research Inc. based on the provisional settlement of accounts, prepared in the same way as the settlement of interim accounts as of the Company's interim consolidated fiscal period-end.</p> <p>The interim fiscal-period end of TSD Integrated Controls, LLC is June 30. When we prepare interim consolidated financial statements, we use the interim financial statements of TSD Integrated Controls, LLC as of its interim fiscal period-end, and make necessary adjustments regarding important transactions conducted between the Company's interim consolidated fiscal period-end and the interim fiscal period-end of TSD Integrated Controls, LLC.</p> <p>With regard to companies that are among the other companies accounted for by equity method and settle accounts on a day different from the Company's interim consolidated fiscal period-end, we use their interim financial statements for their each interim fiscal period.</p>	<p>2 Application of Equity Method</p> <p>(1) Number of non-consolidated subsidiaries which are accounted for by equity method: 2</p> <p>[Name of major company] Topcon Instruments (Malaysia) Sdn. Bhd.</p> <p>(2) Number of affiliates which are accounted for by equity method: 6</p> <p>[Names of major companies] NanoGeometry Research Inc. and Topcon Korea Corporation</p> <p>(3) The equity method is not applied to two affiliates (TTH (Hong Kong) Co., Ltd. and one other company), because they have minor effects on the consolidated net income and retained earnings when excluded from the scope of equity method and they are not important as a whole.</p> <p>(4) Matters considered required to be recorded, in particular, in the procedure for the application of equity method</p> <p style="text-align: center;">Same as on the left</p>	<p>2 Application of Equity Method</p> <p>(1) Number of non-consolidated subsidiaries which are accounted for by equity method: 2</p> <p>[Name of major company] Topcon Instruments (Malaysia) Sdn. Bhd.</p> <p>(2) Number of affiliates which are accounted for by equity method: 6</p> <p>[Names of major companies] NanoGeometry Research Inc. and Topcon Korea Corporation</p> <p>(Changes in affiliates which are accounted for by equity method)</p> <p>TSD Integrated Controls, LLC was made an affiliate accounted for by equity method in the 114th consolidated fiscal year, since its importance had increased.</p> <p>Hirose. TH (H.K.) Co., Ltd and Hirose Topcon (Dongguan) Electronics Co., Ltd. were each excluded from affiliates accounted for by equity method, since HIROSE Electronic System Co., Ltd. and Topcon Optical (H.K.) Ltd., a subsidiary of the Company, had dissolved their capital relationship.</p> <p>(3) The equity method is not applied to a non-consolidated subsidiary (Topcon Polska Sp Z.O.O.) and to two affiliates (TTH (Hong Kong) Co., Ltd. and one other company), because they have minor effects on the consolidated net income and retained earnings when excluded from the scope of equity method and they are not important as a whole.</p> <p>(4) Matters considered required to be recorded, in particular, in the procedure for the application of equity method</p> <p>Of the companies which are accounted for by equity method, NanoGeometry Research Inc. settles accounts on June 30. When we prepare the consolidated financial statements, we use the financial statements of NanoGeometry Research Inc. based on the provisional settlement of accounts, prepared in the same way as the settlement of accounts as of the Company's consolidated fiscal year-end.</p> <p>The fiscal-year end of TSD Integrated Controls, LLC is December 31. When we prepare consolidated financial statements, we use the financial statements of TSD Integrated Controls, LLC as of its fiscal year-end, and make necessary adjustments regarding important transactions conducted between the Company's consolidated fiscal year-end and the fiscal year-end of TSD Integrated Controls, LLC.</p> <p>With regard to companies that are among the other companies accounted for by equity method and settle accounts on a day different from the Company's consolidated fiscal year-end, we use their financial statements for their each fiscal year.</p>

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>3 Interim fiscal period-end of consolidated subsidiaries Of the consolidated subsidiaries, Topcon (Beijing) Opto-Electronics Corporation and Topcon Optical (Dongguan) Technology Ltd. settle interim accounts on June 30. When we prepare interim consolidated financial statements, we use their interim financial statements as of their interim fiscal period-end, and make necessary adjustments regarding important transactions conducted between the Company's interim consolidated fiscal period-end and their interim fiscal period-end. The interim fiscal period-end of the other consolidated subsidiaries is the same as the interim consolidated fiscal period-end.</p> <p>4 Accounting policies (1) Valuation of material assets 1) Valuation of marketable securities Bonds held to maturity Stated at amortized cost. Other securities Other securities with fair market values are stated at fair market value as of the interim balance sheet date. (The unrealized gains and losses on these securities are booked directly to Net Assets. Cost of securities sold is computed using the moving average method.) Other securities without fair market values are stated at cost as determined by the moving average method.</p> <p>2) Valuation of inventories The Company and its domestic consolidated subsidiaries state inventories mainly at cost determined by the average method, or at the lower of cost or market determined by the average method. Consolidated subsidiaries outside of Japan state inventories at the lower of cost or market determined by the average method, or at the lower of cost or market determined by the first-in, first-out method.</p> <p>(2) Depreciation and amortization of significant fixed assets 1) Depreciation of tangible fixed assets The Company and its domestic consolidated subsidiaries calculate depreciation using the declining-balance method and consolidated subsidiaries outside of Japan calculate depreciation using the straight-line method. However, the Company and its domestic consolidated subsidiaries apply the straight-line method to buildings (excluding building fixtures) acquired on or after April 1, 1998. The useful lives for buildings, structures, machinery, equipment and vehicles are as follows: Buildings and structures: 3 years to 50 years Machinery, equipment and vehicles: 4 years to 10 years</p>	<p>3 Interim fiscal period-end of consolidated subsidiaries Of the consolidated subsidiaries, Topcon (Beijing) Opto-Electronics Corporation, Topcon Optical (Dongguan) Technology Ltd. and Hayes Instruments Co., Inc. settle interim accounts on June 30. When we prepare interim consolidated financial statements, we use their interim financial statements as of their interim fiscal period-end, and make necessary adjustments regarding important transactions conducted between the Company's interim consolidated fiscal period-end and their interim fiscal period-end. The interim fiscal period-end of the other consolidated subsidiaries is the same as the interim consolidated fiscal period-end.</p> <p>4 Accounting policies (1) Valuation of material assets 1) Valuation of marketable securities Other securities Same as on the left Same as on the left</p> <p>2) Valuation of inventories The Company and its domestic consolidated subsidiaries state inventories at cost determined by the average method, or at the lower of cost or market determined by the average method. Consolidated subsidiaries outside of Japan state inventories at the lower of cost or market determined by the average method, or at the lower of cost or market determined by the first-in, first-out method.</p> <p>(2) Depreciation and amortization of significant fixed assets 1) Depreciation of tangible fixed assets Same as on the left</p>	<p>3 Fiscal year-end of consolidated subsidiaries Of the consolidated subsidiaries, Topcon (Beijing) Opto-Electronics Corporation and Topcon Optical (Dongguan) Technology Ltd. settle accounts on December 31. When we prepare consolidated financial statements, we use their financial statements as of their fiscal year-end, and make necessary adjustments regarding important transactions conducted between the Company's consolidated fiscal year-end and their fiscal year-end. The fiscal year-end of the other consolidated subsidiaries is the same as the consolidated fiscal year-end.</p> <p>4 Accounting policies (1) Valuation of material assets 1) Valuation of marketable securities Bonds held to maturity Stated at amortized cost. Other securities Other securities with fair market values are stated at fair market value as of the balance sheet date. (The unrealized gains and losses on these securities are booked directly to Net Assets. Cost of securities sold is computed using the moving average method.) Same as on the left</p> <p>2) Valuation of inventories Same as on the left</p> <p>(2) Depreciation and amortization of significant fixed assets 1) Depreciation of tangible fixed assets Same as on the left</p>

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>2) Amortization of intangible fixed assets The Company and its domestic consolidated subsidiaries amortize software for sale on the market using a method based on the estimated sales volume or using the straight-line method based on the residual valid period (within three years). We amortize software internally used using the straight-line method over the estimated useful lives (five years). The straight-line method is applied to the other intangible fixed assets.</p> <p>Consolidated subsidiaries outside of Japan adopt the straight-line method. However, goodwill of U.S. consolidated subsidiaries is not amortized in accordance with the Statement of Financial Accounting Standards No. 142 (goodwill and other intangible assets) of the U.S. Financial Accounting Standards Board. Under the said standards, acquired goodwill and intangible fixed assets, for which useful lives cannot be determined, are not amortized, but instead are tested for impairment at least annually and the existence of impairment loss is recognized when an event indicating a possibility of impairment loss occurs.</p> <p>(3) Accounting standards for major reserves</p> <p>1) Allowance for doubtful accounts The Company and consolidated subsidiaries provide allowance for doubtful accounts arising from default on accounts receivable. For general claims, the amounts deemed necessary are provided in the allowance based on the historical default rates. In the case of specific claims including claims in higher danger of default, the expected uncollectible amounts are provided in the allowance after considering the recoverability of each claim.</p> <p>2) Reserve for bonuses to directors and corporate auditors To provide for bonuses to directors and corporate auditors, the Company books the amount deemed necessary to bear in the 114th interim fiscal period.</p> <p>3) Reserve for employees' retirement benefits The Company and its domestic consolidated subsidiaries provide this reserve mainly for future pension and retirement benefit payments to employees. An amount deemed to have been occurred at the end of the 114th interim consolidated fiscal period is recorded, based on the estimated benefit obligation and plan asset amounts at the end of the 114th consolidated fiscal year.</p> <p>Actuarial gains (losses) are recognized as expenses starting from each fiscal year following the fiscal year in which they occur and amortized over a fixed number of years within the average remaining service period of the current employees (10 years) using the straight-line method.</p>	<p>2) Amortization of intangible fixed assets The Company and its domestic consolidated subsidiaries amortize software for sale on the market using a method based on the estimated sales volume or using the straight-line method based on the residual valid period (within three years). We amortize software internally used using the straight-line method over the estimated useful lives (five years). The straight-line method is applied to the other intangible fixed assets.</p> <p>Consolidated subsidiaries outside of Japan adopt the straight-line method. However, goodwill of U.S. consolidated subsidiaries is not amortized in accordance with the Statement of Financial Accounting Standards No. 142 (goodwill and other intangible assets) of the U.S. Financial Accounting Standards Board. Under the said standards, acquired goodwill and intangible fixed assets, for which useful lives cannot be determined, are not amortized, but instead are tested for impairment at least annually and the existence of impairment loss is recognized when an event indicating a possibility of impairment loss occurs.</p> <p>Other goodwill is equally amortized within five years.</p> <p>(3) Accounting standards for major reserves</p> <p>1) Allowance for doubtful accounts Same as on the left</p> <p>2) Reserve for bonuses to directors and corporate auditors To provide for bonuses to directors and corporate auditors, the Company and its domestic consolidated subsidiaries book the amount deemed necessary to bear in the 115th interim fiscal period.</p> <p>3) Reserve for employees' retirement benefits Same as on the left</p>	<p>2) Amortization of intangible fixed assets Same as on the left</p> <p>(3) Accounting standards for major reserves</p> <p>1) Allowance for doubtful accounts Same as on the left</p> <p>2) Reserve for bonuses to directors and corporate auditors The Company provides reserve for bonuses to directors and corporate auditors based on the estimated amount of payments.</p> <p>3) Reserve for employees' retirement benefits The Company and its domestic consolidated subsidiaries provide this reserve for future pension and retirement benefit payments to employees. This reserve is recorded based on the estimated benefit obligation and plan asset amounts at the end of the 114th consolidated fiscal year.</p> <p>Actuarial gains (losses) are recognized as expenses starting from each fiscal year following the fiscal year in which they occur and amortized over a fixed number of years within the average remaining service period of the current employees (10 years) using the straight-line method.</p>

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>4) Reserve for retirement benefits for directors and corporate auditors To provide for future payments of retirement benefits to directors and corporate auditors, the Company and its domestic consolidated subsidiaries book the amount accrued at the end of the interim fiscal period based on their by-laws.</p> <p>(4) Impairment accounting of fixed assets The "Accounting Standard for Impairment of Fixed Assets" and the "Implementation Guidance on Accounting Standard for Impairment of Fixed Assets" are adopted.</p> <p>(5) Standard for translation of significant foreign-currency-denominated assets or liabilities into Japanese yen Foreign-currency-denominated money claims and liabilities are translated into Japanese yen at the spot exchange rates in effect at the interim consolidated balance sheet date, and the foreign exchange differences are scored as gains/losses. Assets, liabilities, earnings and expenses of subsidiaries outside of Japan are translated into Japanese yen at the spot exchange rates in effect at the interim consolidated balance sheet date, and the exchange differences are included in Minority Interests, and Foreign Currency Translation Adjustments under Net Assets.</p> <p>(6) Lease transactions In principle, finance leases which do not involve the transfer of ownership to the lessee are treated in the same manner as operating leases.</p> <p>(7) Hedge accounting</p> <p>1) Method of hedge accounting Deferred hedge accounting is adopted. Special treatment of deferred hedge is applied to interest swaps.</p> <p>2) Hedging instruments and hedged item <u>Hedging instrument:</u> <u>Hedged item:</u> Interest rate swap Interest expense on loans payable Currency swap Forecasted foreign-currency-denominated transaction</p> <p>3) Hedging policy The Company and consolidated subsidiaries keep the limit amount of derivative transactions within the actual demand, and will not conduct derivative transactions for speculative purposes.</p> <p>4) Assessment of hedging effectiveness Judgment of hedging effectiveness is omitted, since the important conditions concerning hedging instruments and hedged items are the same, and the influence of exchange and interest rate fluctuations is expected to be offset or limited within a certain scope continuously.</p>	<p>4) Reserve for retirement benefits for directors and corporate auditors Same as on the left</p> <p>(4) Impairment accounting of fixed assets Same as on the left</p> <p>(5) Standard for translation of significant foreign-currency-denominated assets or liabilities into Japanese yen Same as on the left</p> <p>(6) Lease transactions Same as on the left</p> <p>(7) Hedge accounting</p> <p>1) Method of hedge accounting Same as on the left</p> <p>2) Hedging instruments and hedged item Same as on the left</p> <p>3) Hedging policy Same as on the left</p> <p>4) Assessment of hedging effectiveness Same as on the left</p>	<p>4) Reserve for retirement benefits for directors and corporate auditors To provide for future payments of retirement benefits to directors and corporate auditors, the Company and its domestic consolidated subsidiaries book the amount accrued at the end of the fiscal year based on their by-laws.</p> <p>(4) Impairment accounting of fixed assets Same as on the left</p> <p>(5) Standard for translation of significant foreign-currency-denominated assets or liabilities into Japanese yen Foreign-currency-denominated money claims and liabilities are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and the foreign exchange differences are scored as gains/losses. Assets, liabilities, earnings and expenses of consolidated subsidiaries outside of Japan are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and the exchange differences are included in Minority Interests, and Foreign Currency Translation Adjustments under Net Assets.</p> <p>(6) Lease transactions Same as on the left</p> <p>(7) Hedge accounting</p> <p>1) Method of hedge accounting Same as on the left</p> <p>2) Hedging instruments and hedged item Same as on the left</p> <p>3) Hedging policy Same as on the left</p> <p>4) Assessment of hedging effectiveness Same as on the left</p>

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>(8)Other items of importance concerning the preparation of Interim Consolidated Financial Statements</p> <p>1) Consumption taxes and others Consumption taxes and local consumption taxes are excluded from the transaction accounts.</p> <p>2) Application of consolidated tax payment system The consolidated tax payment system is adopted.</p> <p>5 Scope of cash and cash equivalents in the Interim Consolidated Statements of Cash Flows In preparing the Interim Consolidated Statements of Cash Flows, cash on hand, readily available deposits and short-term, high-liquidity investment with maturities of not exceeding 3 months, which can be easily cashed and involves little fluctuation risk of value, are considered to be cash and cash equivalents.</p>	<p>(8)Other items of importance concerning the preparation of Interim Consolidated Financial Statements</p> <p>1) Consumption taxes and others Same as on the left</p> <p>2) Application of consolidated tax payment system Same as on the left</p> <p>5 Scope of cash and cash equivalents in the Interim Consolidated Statements of Cash Flows Same as on the left</p>	<p>(8)Other items of importance concerning the preparation of Consolidated Financial Statements</p> <p>1) Consumption taxes and others Same as on the left</p> <p>2) Application of consolidated tax payment system Same as on the left</p> <p>5 Scope of cash and cash equivalents in the Consolidated Statements of Cash Flows In preparing the Consolidated Statements of Cash Flows, cash on hand, readily available deposits and short-term, high-liquidity investment with maturities of not exceeding 3 months, which can be easily cashed and involves little fluctuation risk of value, are considered to be cash and cash equivalents.</p>

Information Regarding Changes in Fundamental Items of Importance Concerning the Preparation of Interim Consolidated Financial Statements

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>(Accounting Standard for Presentation of Net Assets in the Balance Sheet)</p> <p>Effective from the 114th interim consolidated fiscal period, the Company and consolidated subsidiaries adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005). The amount corresponding to former Shareholders' Equity stands at 51,213,205 thousand yen.</p>	<p>(Depreciation method of tangible fixed assets)</p> <p>Following the revision of the Corporation Tax Law, with regard to tangible fixed assets acquired on and after April 1, 2007, the Company and its domestic consolidated subsidiaries changed, effective from the 115th interim consolidated fiscal period, the depreciation method they had previously used, in consideration of the depreciation method based on the revised Corporation Tax Law. The influence of the change on profit and loss is insignificant.</p>	<p>(Accounting Standard for Presentation of Net Assets in the Balance Sheet)</p> <p>Effective from the 114th consolidated fiscal year, the Company and consolidated subsidiaries adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005). The amount corresponding to former Shareholders' Equity stands at 54,695,229 thousand yen.</p>

Change in Presentation

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)
	<p>(Interim Consolidated Statements of Cash Flows)</p> <p>"Loss (gain) on sale of tangible fixed assets" (-15,438 thousand yen in the 115th interim consolidated fiscal period), which was separately presented in Cash Flows from Operating Activities in the 114th interim consolidated fiscal period, is included in "Other" because it became immaterial in terms of amount.</p>

Notes to Interim Consolidated Financial Statements

(Notes to Interim Consolidated Balance Sheets)

114th interim consolidated fiscal period (As of September 30, 2006)	115th interim consolidated fiscal period (As of September 30, 2007)	114th consolidated fiscal year (As of March 31, 2007)																								
<p>*1 Accumulated depreciation 29,428,969 thousand yen</p> <p>2 Contingent liabilities The Company has submitted letters of awareness for the borrowings of other companies as follows: Submission of letters of awareness</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Details</th> <th>Amount (Thousands of yen)</th> </tr> </thead> <tbody> <tr> <td>Topcon Instruments (Malaysia) Sdn. Bhd.</td> <td>Borrowings from financial institutions</td> <td>106,110 (US\$ 900 thousand)</td> </tr> </tbody> </table> <p>3 Liquidation of credit The Company has been liquidating credit based on claim transfer contracts since October 2003. The transfer balance at the end of the 114th interim consolidated fiscal period is as follows: Transfer balance of notes and accounts receivable, trade 1,344,880 thousand yen</p> <p>*4 Bills due on the last day of the interim consolidated fiscal period Bills due on the last day of the interim consolidated fiscal period are deemed to have been settled on the due date as was previously the case, though the last day of the 114th interim consolidated fiscal period was a holiday of financial institutions. Bills due on the last day of the interim consolidated fiscal period that are excluded from the balance at the end of the 114th interim consolidated fiscal period are as follows:</p> <table> <tr> <td>Notes receivable:</td> <td>315,884 thousand yen</td> </tr> <tr> <td>Notes payable:</td> <td>537,198 thousand yen</td> </tr> </table>	Company	Details	Amount (Thousands of yen)	Topcon Instruments (Malaysia) Sdn. Bhd.	Borrowings from financial institutions	106,110 (US\$ 900 thousand)	Notes receivable:	315,884 thousand yen	Notes payable:	537,198 thousand yen	<p>*1 Accumulated depreciation 31,424,737 thousand yen</p> <p>2 _____</p> <p>3 Liquidation of credit The Company has been liquidating credit based on claim transfer contracts since October 2003. The transfer balance at the end of the 115th interim consolidated fiscal period is as follows: Transfer balance of notes and accounts receivable, trade 1,562,973 thousand yen</p> <p>*4 Bills due on the last day of the interim consolidated fiscal period Bills due on the last day of the interim consolidated fiscal period are deemed to have been settled on the due date as was previously the case, though the last day of the 115th interim consolidated fiscal period was a holiday of financial institutions. Bills due on the last day of the interim consolidated fiscal period that are excluded from the balance at the end of the 115th interim consolidated fiscal period are as follows:</p> <table> <tr> <td>Notes receivable:</td> <td>136,436 thousand yen</td> </tr> <tr> <td>Notes payable:</td> <td>458,012 thousand yen</td> </tr> </table>	Notes receivable:	136,436 thousand yen	Notes payable:	458,012 thousand yen	<p>*1 Accumulated depreciation 30,457,287 thousand yen</p> <p>2 Contingent liabilities The Company has submitted letters of awareness for the borrowings of other companies as follows: Submission of letters of awareness</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Details</th> <th>Amount (Thousands of yen)</th> </tr> </thead> <tbody> <tr> <td>Topcon Instruments (Malaysia) Sdn. Bhd.</td> <td>Borrowings from financial institutions</td> <td>29,522 (RM 864 thousand)</td> </tr> </tbody> </table> <p>3 Liquidation of credit The Company has been liquidating credit based on claim transfer contracts since October 2003. The transfer balance in the 114th consolidated fiscal year is as follows: Transfer balance of notes and accounts receivable, trade 1,297,666 thousand yen</p> <p>*4 Bills due on the last day of the consolidated fiscal year Bills due on the last day of the consolidated fiscal year are deemed to have been settled on the due date as was previously the case, though the last day of the 114th consolidated fiscal year was a holiday of financial institutions. Bills due on the last day of the consolidated fiscal year that are excluded from the balance at the end of the 114th consolidated fiscal year are as follows:</p> <table> <tr> <td>Notes receivable:</td> <td>280,888 thousand yen</td> </tr> <tr> <td>Notes payable:</td> <td>611,382 thousand yen</td> </tr> </table>	Company	Details	Amount (Thousands of yen)	Topcon Instruments (Malaysia) Sdn. Bhd.	Borrowings from financial institutions	29,522 (RM 864 thousand)	Notes receivable:	280,888 thousand yen	Notes payable:	611,382 thousand yen
Company	Details	Amount (Thousands of yen)																								
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Notes receivable:	280,888 thousand yen																									
Notes payable:	611,382 thousand yen																									

(Notes to Interim Consolidated Statements of Income)

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
*1 Major expense items of selling, general and administrative expenses and their amounts are: 5,330,984 thousand yen in employee salaries; 60,144 thousand yen in provision of allowance for doubtful accounts; 151,298 thousand yen in provision of reserve for employees' retirement benefits; and 709,115 thousand yen in depreciation.	*1 Major expense items of selling, general and administrative expenses and their amounts are: 6,103,998 thousand yen in employee salaries; 149,338 thousand yen in provision of reserve for employees' retirement benefits; and 780,383 thousand yen in depreciation.	*1 Major expense items of selling, general and administrative expenses and their amounts are: 10,917,101 thousand yen in employee salaries; 283,269 thousand yen in provision of reserve for employees' retirement benefits; and 1,566,551 thousand yen in depreciation.

(Notes to Interim Consolidated Statements of Changes in Net Assets)

114th interim consolidated fiscal period (From April 1 to September 30, 2006)

1. Matters related to the type and total number of shares issued and the type and number of shares in treasury stock

Classification	Number of shares at the end of the 113th consolidated fiscal year (Thousand shares)	Increase in the number of shares during the 114th interim consolidated fiscal period (Thousand shares)	Decrease in the number of shares during the 114th interim consolidated fiscal period (Thousand shares)	Number of shares at the end of the 114th interim consolidated fiscal period (Thousand shares)
Number of shares issued				
Common stock	46,344	46,344	0	92,688
Total	46,344	46,344	0	92,688
Treasury stock				
Common stock	31	32	0	63
Total	31	32	0	63

Notes:

- The increase of 46,344 thousand shares in the number of common stock issued is due to a 2-for-1 stock split executed as of April 1, 2006.
- The increase of 32 thousand shares in the number of common stock in treasury stock is due to a 2-for-1 stock split executed as of April 1, 2006 (31 thousand shares) and purchase of shares in less than a share-trading unit.

2. Matters related to dividends

(1) Amount of dividends paid

(Resolved at)	Type of stock	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2006	Common stock	926,249	20	March 31, 2006	June 29, 2006

(2) Of dividends whose record dates belong to the 114th interim fiscal period, those whose effective dates are after the interim fiscal period-end

(Resolved at)	Type of stock	Total amount of dividends (Thousands of yen)	Fiscal resource of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on October 27, 2006	Common stock	926,244	Retained earnings	10	September 30, 2006	December 4, 2006

115th interim consolidated fiscal period (From April 1 to September 30, 2007)

1. Matters related to the type and total number of shares issued and the type and number of shares in treasury stock

Classification	Number of shares at the end of the 114th consolidated fiscal year (Thousand shares)	Increase in the number of shares during the 115th interim consolidated fiscal period (Thousand shares)	Decrease in the number of shares during the 115th interim consolidated fiscal period (Thousand shares)	Number of shares at the end of the 115th interim consolidated fiscal period (Thousand shares)
Number of shares issued				
Common stock	92,688	0	0	92,688
Total	92,688	0	0	92,688
Treasury stock				
Common stock	64	1	0	65
Total	64	1	0	65

Note: The increase of 1 thousand in the number of common stock in treasury stock is due to a purchase of shares in less than a share-trading unit.

2. Matters related to dividends

(1) Amount of dividends paid

(Resolved at)	Type of stock	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on April 27, 2007	Common stock	926,236	10	March 31, 2007	June 7, 2007

(2) Of dividends whose record dates belong to the 115th interim fiscal period, those whose effective dates are after the interim fiscal period-end

(Resolved at)	Type of stock	Total amount of dividends (Thousands of yen)	Fiscal resource of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on October 26, 2007	Common stock	1,018,848	Retained earnings	11	September 30, 2007	December 10, 2007

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

1. Matters related to the type and total number of shares issued and the type and number of shares in treasury stock

Classification	Number of shares at the end of the 113th consolidated fiscal year (Thousand shares)	Increase in the number of shares during the 114th consolidated fiscal year (Thousand shares)	Decrease in the number of shares during the 114th consolidated fiscal year (Thousand shares)	Number of shares at the end of the 114th consolidated fiscal year (Thousand shares)
Number of shares issued				
Common stock	46,344	46,344	0	92,688
Total	46,344	46,344	0	92,688
Treasury stock				
Common stock	31	32	0	64
Total	31	32	0	64

Notes:

- The increase of 46,344 thousand in the number of common stock issued is due to a 2-for-1 stock split executed as of April 1, 2006.
- The increase of 32 thousand in the number of common stock in treasury stock is due to a 2-for-1 stock split executed as of April 1, 2006 (31 thousand shares) and purchase of shares in less than a share-trading unit.

2. Matters related to stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Matters related to dividends

(1) Amount of dividends paid

(Resolved at)	Type of stock	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2006	Common stock	926,249	20	March 31, 2006	June 29, 2006
Board of Directors meeting held on October 27, 2006	Common stock	926,244	10	September 30, 2006	December 4, 2006

(2) Of dividends whose record dates belong to the 114th fiscal year, those whose effective dates are in the following fiscal year

(Resolved at)	Type of stock	Total amount of dividends (Thousands of yen)	Fiscal resource of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on April 27, 2007	Common stock	926,236	Retained earnings	10	March 31, 2007	June 7, 2007

(Notes to Consolidated Statements of Cash Flows)

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>Relationship between the balance of cash and cash equivalents at the end of the interim fiscal period and the amounts of the items entered on the interim consolidated balance sheet</p> <p style="text-align: right;">As of September 30, 2006</p> <p>Cash and deposit account 9,508,444 thousand yen</p> <p>Time deposits with terms longer than 3 months <u>86,500 thousand yen</u></p> <p>Cash and cash equivalents 9,421,944 thousand yen</p>	<p>Relationship between the balance of cash and cash equivalents at the end of the interim fiscal period and the amounts of the items entered on the interim consolidated balance sheet</p> <p style="text-align: right;">As of September 30, 2007</p> <p>Cash and deposit account 9,975,629 thousand yen</p> <p>Time deposits with terms longer than 3 months <u>86,500 thousand yen</u></p> <p>Cash and cash equivalents 9,889,129 thousand yen</p>	<p>Relationship between the balance of cash and cash equivalents at the end of the fiscal year and the amounts of the items entered on the consolidated balance sheet</p> <p style="text-align: right;">As of March 31, 2007</p> <p>Cash and deposit account 9,068,706 thousand yen</p> <p>Time deposits with terms longer than 3 months <u>68,500 thousand yen</u></p> <p>Cash and cash equivalents 9,000,206 thousand yen</p>

(Lease Transactions)

114th interim consolidated fiscal period (From April 1 to September 30, 2006)					115th interim consolidated fiscal period (From April 1 to September 30, 2007)					114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)				
1 Finance leases, except for those under which the ownership of the leased assets is deemed to be transferred to the lessee, are as follows: (1) Acquisition cost equivalent, accumulated depreciation equivalent and book value equivalent of leased properties					1 Finance leases, except for those under which the ownership of the leased assets is deemed to be transferred to the lessee, are as follows: (1) Acquisition cost equivalent, accumulated depreciation equivalent and book value equivalent of leased properties					1 Finance leases, except for those under which the ownership of the leased assets is deemed to be transferred to the lessee, are as follows: (1) Acquisition cost equivalent, accumulated depreciation equivalent and book value equivalent of leased properties				
	Machinery, equipment and vehicles (Thousands of yen)	Tools, furniture and fixtures (Thousands of yen)	Other (Thousands of yen)	Total (Thousands of yen)		Machinery, equipment and vehicles (Thousands of yen)	Tools, furniture and fixtures (Thousands of yen)	Other (Thousands of yen)	Total (Thousands of yen)		Machinery, equipment and vehicles (Thousands of yen)	Tools, furniture and fixtures (Thousands of yen)	Other (Thousands of yen)	Total (Thousands of yen)
Acquisition cost equivalent	184,606	382,645	14,981	582,232	Acquisition cost equivalent	176,029	416,716	14,178	606,923	Acquisition cost equivalent	176,029	412,787	18,023	606,839
Accumulated depreciation equivalent	88,811	148,386	7,688	244,885	Accumulated depreciation equivalent	89,479	186,130	7,838	283,447	Accumulated depreciation equivalent	74,516	189,959	9,750	274,225
Book value equivalent	95,795	234,259	7,293	337,347	Book value equivalent	86,550	230,586	6,340	323,476	Book value equivalent	101,513	222,828	8,273	332,614
<p>Acquisition cost equivalent is computed by treatment of including interests paid, because the ratio of future lease payments obligation to the interim term-end balance of tangible fixed assets is small.</p> <p>(2) Present value of future lease payment Due within one year 109,460 thousand yen <u>Due after one year 227,887 thousand yen</u> Total 337,347 thousand yen Present value of future lease payment is computed by including interests paid, because the ratio of the value to the interim term-end balance of tangible fixed assets is small.</p> <p>(3) Lease payments and depreciation equivalents Lease payments 58,437 thousand yen Depreciation equivalents 58,437 thousand yen</p> <p>(4) Calculation method of depreciation equivalents Depreciation equivalents are calculated using the straight-line method over the lease terms without residual value.</p>					<p>Same as on the left</p> <p>(2) Present value of future lease payment Due within one year 115,957 thousand yen <u>Due after one year 207,519 thousand yen</u> Total 323,476 thousand yen Same as on the left</p> <p>(3) Lease payments and depreciation equivalents Lease payments 60,764 thousand yen Depreciation equivalents 60,764 thousand yen</p> <p>(4) Calculation method of depreciation equivalents Same as on the left</p>					<p>Acquisition cost equivalent is computed by treatment of including interests paid, because the ratio of future lease payments obligation to the term-end balance of tangible fixed assets is small.</p> <p>(2) Present value of future lease payment Due within one year 110,646 thousand yen <u>Due after one year 221,968 thousand yen</u> Total 332,614 thousand yen Present value of future lease payment is computed by including interests paid, because the ratio of the value to the term-end balance of tangible fixed assets is small.</p> <p>(3) Lease payments and depreciation equivalents Lease payments 110,745 thousand yen Depreciation equivalents 110,745 thousand yen</p> <p>(4) Calculation method of depreciation equivalents Same as on the left</p>				
2 Operating leases Present value of future lease payments Due within one year 1,687 thousand yen <u>Due after one year 2,530 thousand yen</u> Total 4,217 thousand yen					2 Operating leases Present value of future lease payment Due within one year 1,687 thousand yen <u>Due after one year 843 thousand yen</u> Total 2,530 thousand yen					2 Operating leases Present value of future lease payment Due within one year 1,687 thousand yen <u>Due after one year 1,687 thousand yen</u> Total 3,374 thousand yen				

(Securities)

114th interim consolidated fiscal period

1. Securities with fair market value

Type	114th interim consolidated fiscal period (As of September 30, 2006)		
	Acquisition cost (Thousands of yen)	Book value (Thousands of yen)	Difference (Thousands of yen)
Other securities			
Stocks	1,012,296	6,462,227	5,449,931
Total	1,012,296	6,462,227	5,449,931

2. Securities which are not marked to market

Type	114th interim consolidated fiscal period (As of September 30, 2006)	
Other securities	Book value (Thousands of yen)	
1) Unlisted stocks		1,240,206
2) Other		2,000
Total		1,242,206

115th interim consolidated fiscal period

1. Securities with fair market value

Type	115th interim consolidated fiscal period (As of September 30, 2007)		
	Acquisition cost (Thousands of yen)	Book value (Thousands of yen)	Difference (Thousands of yen)
Other securities			
Stocks	1,013,586	4,742,888	3,729,302
Total	1,013,586	4,742,888	3,729,302

2. Securities which are not marked to market

Type	115th interim consolidated fiscal period (As of September 30, 2007)	
Other securities	Book value (Thousands of yen)	
1) Unlisted stocks		1,249,826
2) Other		2,000
Total		1,251,826

114th consolidated fiscal year

1. Securities with fair market value

Type	114th consolidated fiscal year (As of March 31, 2007)		
	Acquisition cost (Thousands of yen)	Book value (Thousands of yen)	Difference (Thousands of yen)
Other securities			
Stocks	1,020,083	5,739,140	4,719,057
Total	1,020,083	5,739,140	4,719,057

2. Securities which are not marked to market

Type	114th consolidated fiscal year (As of March 31, 2007)	
Other securities	Book value (Thousands of yen)	
1) Unlisted stocks		1,298,532
2) Other		2,000
Total		1,300,532

(Derivative Transactions)

114th interim consolidated fiscal period (As of September 30, 2006)

Contract value and fair market value of derivative transactions, and unrealized gains (losses) on them

Type of object	Type of transaction	Contract value (Thousands of yen)	Fair market value (Thousands of yen)	Unrealized gains (losses) (Thousands of yen)
Currency	Forward exchange contract	6,095,803	6,316,109	(220,306)

115th interim consolidated fiscal period (As of September 30, 2007)

Contract value and fair market value of derivative transactions, and unrealized gains (losses) on them

Type of object	Type of transaction	Contract value (Thousands of yen)	Fair market value (Thousands of yen)	Unrealized gains (losses) (Thousands of yen)
Currency	Forward exchange contract	2,897,947	2,852,001	45,945

114th consolidated fiscal year (As of March 31, 2007)

Contract value and fair market value of derivative transactions, and unrealized gains (losses) on them

Type of object	Type of transaction	Contract value (Thousands of yen)	Fair market value (Thousands of yen)	Unrealized gains (losses) (Thousands of yen)
Currency	Forward exchange contract	1,960,723	1,978,838	(18,115)

(Segment Information)

[Segment Information by Type of Business]

114th interim consolidated fiscal period (From April 1 to September 30, 2006)

Category	Positioning Business (Thousands of yen)	Ophthalmic & Medical Instruments (Thousands of yen)	Industrial Instruments (Thousands of yen)	Optical Devices (Thousands of yen)	Total (Thousands of yen)	Elimination (Thousands of yen)	Consolidated (Thousands of yen)
Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	25,985,102	18,452,455	5,518,079	3,542,634	53,498,270	0	53,498,270
(2) Internal or transferred sales between segments	0	0	0	0	0	0	0
Total	25,985,102	18,452,455	5,518,079	3,542,634	53,498,270	0	53,498,270
Operating expenses	20,573,217	15,789,481	5,362,433	3,945,133	45,670,264	0	45,670,264
Operating income or operating loss	5,411,885	2,662,974	155,646	(402,499)	7,828,006	0	7,828,006

Notes:

1. Method of business segmentation

Businesses of the Company are segmented in consideration of type and nature of products, etc.

2. Major products of each business segment

(1) Positioning Business:

GPS + GLONASS + GALILEO (GNSS) receiver for surveying, GNSS reference station system, GNSS automatic observation system, GNSS network service Packet RTK, MILLIMETER GPS, digital image measurement system, machine control system for civil engineering, machine control system for agricultural use, total station (non-prism total station, automatic tracking total station, imaging total station), data collector, level, theodolite, rotating laser and pipe laser

(2) Ophthalmic & Medical Instruments:

Retinal camera, 3D optical coherence tomography, tonometer, slit lamp, automatic perimeter, operation microscope, laser photocoagulator for ophthalmology, corneal cell camera, digital image filing system IMAGEnet, ophthalmic electronic medical record system IMAGEnet, PSF analyzer, ophthalmic lens edger, optometer, bino-vision analyzer, auto refractometer, auto kerato-refractometer, lens meter and eye examination unit

(3) Industrial Instruments:

Chip defect inspection system, electronic beam inspection device for wafer, electronic beam inspection device for mask, electronic beam unit, wafer surface analyzer, precision optical unit, proximity aligner, spectroradiometer, illuminometer, color luminance meter, brightness/chromaticity uniformity measuring instrument, scanning electron microscope, measuring microscope, projector, special order product

(4) Optical Devices:

Optical unit for projector, optical parts for DVD optical pickup, optical unit for copier, high-precision lens, infrared optical parts

115th interim consolidated fiscal period (From April 1 to September 30, 2007)

Category	Positioning Business (Thousands of yen)	Eye Care Business (Thousands of yen)	Finetech Business (Thousands of yen)	Total (Thousands of yen)	Elimination (Thousands of yen)	Consolidated (Thousands of yen)
Net sales and operating income (loss)						
Net sales						
(1) Sales to outside customers	27,735,840	20,130,541	9,139,138	57,005,519	0	57,005,519
(2) Internal or transferred sales between segments	0	0	0	0	0	0
Total	27,735,840	20,130,541	9,139,138	57,005,519	0	57,005,519
Operating expenses	22,976,446	17,585,331	9,700,227	50,262,004	0	50,262,004
Operating income or operating loss	4,759,394	2,545,210	(561,089)	6,743,515	0	6,743,515

Notes:

1. Method of business segmentation

Businesses of the Company are segmented in consideration of type of products, markets, etc.

2. Major products of each business segment

(1) Positioning Business:

GPS + GLONASS + GALILEO (GNSS) receiver for surveying, GNSS reference station system, GNSS automatic observation system, GNSS network service Packet RTK, MILLIMETER GPS, digital image measurement system, machine control system for civil

- engineering, machine control system for agricultural use, total station (non-prism total station, automatic tracking total station, imaging total station), data collector, level, theodolite, rotating laser and pipe laser
- (2) Eye Care Business: Retinal camera, non-mydratric retinal camera, 3D optical coherence tomography, tonometer, slit lamp, operation microscope, laser photocoagulator for ophthalmology, corneal cell camera, digital image filing system IMAGEnet, ophthalmic electronic medical record system IMAGEnet, PSF analyzer, ophthalmic lens edger, optometer, bino-vision analyzer, auto refractometer, auto kerato-refractometer, lens meter and refraction testing system
- (3) Finetech Business: Chip defect inspection system, electronic beam inspection device for wafer, electronic beam inspection device for mask, electronic beam unit, wafer surface analyzer, precision optical unit, proximity aligner, spectroradiometer, color luminance meter, illuminometer, ultraviolet dosimeter, brightness/chromaticity uniformity measuring instrument, scanning electron microscope, measuring microscope, projector, special order product, optical unit for projector, optical parts for DVD optical pickup, optical unit for copier, high-precision lens, infrared optical parts
3. The Company Group previously classified its businesses into four segments: "Positioning Business," "Ophthalmic & Medical Instruments," "Industrial Instruments" and "Optical Devices." However, to better reflect the actual status of globally operated businesses, the Company renamed the "Ophthalmic & Medical Instruments" to "Eye Care Business" as of April 1, 2007, while it integrated "Industrial Instruments" and "Optical Devices" into one in order to establish a firm earnings base by narrowing down business segments and named the new segment "Finetech Business." As a result, the Company now has three business segments.
- Segment Information by Type of Business for the 114th interim fiscal period and the 114th fiscal year based on the business segmentation used in the 115th interim consolidated fiscal period is as follows.

114th interim consolidated fiscal period (From April 1 to September 30, 2006)

Category	Positioning Business (Thousands of yen)	Eye Care Business (Thousands of yen)	Finetech Business (Thousands of yen)	Total (Thousands of yen)	Elimination (Thousands of yen)	Consolidated (Thousands of yen)
Net sales and operating income (loss)						
Net sales						
(1) Sales to outside customers	25,985,102	18,452,455	9,060,713	53,498,270	0	53,498,270
(2) Internal or transferred sales between segments	0	0	0	0	0	0
Total	25,985,102	18,452,455	9,060,713	53,498,270	0	53,498,270
Operating expenses	20,573,217	15,789,481	9,307,566	45,670,264	0	45,670,264
Operating income or operating loss	5,411,885	2,662,974	(246,853)	7,828,006	0	7,828,006

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Category	Positioning Business (Thousands of yen)	Eye Care Business (Thousands of yen)	Finetech Business (Thousands of yen)	Total (Thousands of yen)	Elimination (Thousands of yen)	Consolidated (Thousands of yen)
Net sales and operating income (loss)						
Net sales						
(1) Sales to outside customers	53,631,116	38,464,899	18,394,574	110,490,589	0	110,490,589
(2) Internal or transferred sales between segments	0	0	0	0	0	0
Total	53,631,116	38,464,899	18,394,574	110,490,589	0	110,490,589
Operating expenses	43,403,504	32,678,308	19,132,364	95,214,176	0	95,214,176
Operating income or operating loss	10,227,612	5,786,591	(737,790)	15,276,413	0	15,276,413

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Category	Positioning Business (Thousands of yen)	Ophthalmic & Medical Instruments (Thousands of yen)	Industrial Instruments (Thousands of yen)	Optical Devices (Thousands of yen)	Total (Thousands of yen)	Elimination (Thousands of yen)	Consolidated (Thousands of yen)
Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	53,631,116	38,464,899	11,313,861	7,080,713	110,490,589	0	110,490,589
(2) Internal or transferred sales between segments	0	0	0	0	0	0	0
Total	53,631,116	38,464,899	11,313,861	7,080,713	110,490,589	0	110,490,589
Operating expenses	43,403,504	32,678,308	11,125,477	8,006,887	95,214,176	0	95,214,176
Operating income or operating loss	10,227,612	5,786,591	188,384	(926,174)	15,276,413	0	15,276,413

Notes:

1. Method of business segmentation

Businesses of the Company are segmented in consideration of type of products, markets, etc.

2. Major products of each business segment

(1) Positioning Business:

GPS + GLONASS + GALILEO (GNSS) receiver for surveying, GNSS reference station system, GNSS automatic observation system, GNSS network service Packet RTK, MILLIMETER GPS, digital image measurement system, machine control system for civil engineering, machine control system for agricultural use, total station (non-prism total station, automatic tracking total station, imaging total station), data collector, level, theodolite, rotating laser and pipe laser

(2) Ophthalmic & Medical Instruments:

Retinal camera, non-mydratric retinal camera, 3D optical coherence tomography, tonometer, slit lamp, automatic perimeter, operation microscope, laser photocoagulator for ophthalmology, corneal cell camera, digital image filing system IMAGEnet, ophthalmic electronic medical record system IMAGEnet, PSF analyzer, ophthalmic lens edger, optometer, bino-vision analyzer, auto refractometer, auto kerato-refractometer, lens meter and vision tester

(3) Industrial Instruments:

Chip defect inspection system, electronic beam inspection device for wafer, electronic beam inspection device for mask, electronic beam unit, wafer surface analyzer, precision optical unit, proximity aligner, spectroradiometer, illuminometer, color luminance meter, brightness/chromaticity uniformity measuring instrument, scanning electron microscope, measuring microscope, projector, special order product

(4) Optical Devices:

Optical unit for projector, optical parts for DVD optical pickup, optical unit for copier, high-precision lens, infrared optical parts

[Segment Information by Geographic Area]

114th interim consolidated fiscal period (From April 1 to September 30, 2006)

	Japan (Thousands of yen)	North America (Thousands of yen)	Europe (Thousands of yen)	China (Thousands of yen)	Asia/ Oceania (Thousands of yen)	Elimination (Thousands of yen)	Consolidated (Thousands of yen)
Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	19,432,094	16,806,900	12,078,087	3,516,153	1,665,036	0	53,498,270
(2) Internal or transferred sales between segments	10,150,099	2,716,750	1,162	208,842	4,265	(13,081,118)	0
Total	29,582,193	19,523,650	12,079,249	3,724,995	1,669,301	(13,081,118)	53,498,270
Operating expenses	26,190,299	15,713,122	11,623,569	3,797,074	1,526,718	(13,180,518)	45,670,264
Operating income or operating loss	3,391,894	3,810,528	455,680	(72,079)	142,583	99,400	7,828,006

Notes:

- Regions are classified based on geographical proximity.
- Countries or regions that belong to categories other than "Japan" are as follows:
 - North America: the U.S. and Canada
 - Europe: the Netherlands, Germany, France, the U.K., Spain and Sweden
 - China: China
 - Asia/Oceania: Singapore and Australia

115th interim consolidated fiscal period (From April 1 to September 30, 2007)

	Japan (Thousands of yen)	North America (Thousands of yen)	Europe (Thousands of yen)	China (Thousands of yen)	Asia/ Oceania (Thousands of yen)	Elimination (Thousands of yen)	Consolidated (Thousands of yen)
Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	19,216,417	16,510,164	16,007,504	3,404,489	1,866,945	0	57,005,519
(2) Internal or transferred sales between segments	11,913,018	3,098,202	13,224	551,245	146,200	(15,271,889)	0
Total	31,129,435	19,608,366	16,020,728	3,955,734	2,013,145	(15,271,889)	57,005,519
Operating expenses	28,628,702	16,617,871	14,939,882	3,694,916	1,924,167	(15,543,534)	50,262,004
Operating income or operating loss	2,500,733	2,990,495	1,080,846	260,818	88,978	(178,355)	6,743,515

Notes:

- Regions are classified based on geographical proximity.
- Countries or regions that belong to categories other than "Japan" are as follows:
 - North America: the U.S. and Canada
 - Europe: the Netherlands, Germany, France, the U.K., Spain, Sweden and Poland
 - China: China
 - Asia/Oceania: Singapore and Australia

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

	Japan (Thousands of yen)	North America (Thousands of yen)	Europe (Thousands of yen)	China (Thousands of yen)	Asia/ Oceania (Thousands of yen)	Elimination and corporate (Thousands of yen)	Consolidated (Thousands of yen)
Net sales and operating income (loss)							
Net sales							
(1) Sales to outside customers	39,054,042	33,775,742	27,334,138	6,842,850	3,483,817	0	110,490,589
(2) Internal or transferred sales between segments	21,320,868	5,121,162	3,895	771,166	108,322	(27,325,413)	0
Total	60,374,910	38,896,904	27,338,033	7,614,016	3,592,139	(27,325,413)	110,490,589
Operating expenses	53,525,902	32,567,812	25,827,181	7,875,167	3,528,266	(28,110,152)	95,214,176
Operating income or operating loss	6,849,008	6,329,092	1,510,852	(261,151)	63,873	784,739	15,276,413

Notes:

1. Regions are classified based on geographical proximity.
2. Countries or regions that belong to categories other than "Japan" are as follows:
 - (1) North America: the U.S. and Canada
 - (2) Europe: the Netherlands, Germany, France, the U.K., Spain and Sweden
 - (3) China: China
 - (4) Asia/Oceania: Singapore and Australia
3. The whole amount of "Elimination and corporate" of "Net sales and operating income (loss)" is the amount of elimination of internal transactions between segments.

[Overseas Sales]

114th interim consolidated fiscal period (From April 1 to September 30, 2006)

Category	North America	Europe	China	Asia/Oceania	Other	Total
I Overseas sales (Thousands of yen)	14,866,689	12,165,634	3,766,213	3,596,518	4,468,443	38,863,497
II Consolidated net sales (Thousands of yen)						53,498,270
II Ratio of overseas sales to consolidated net sales	27.8	22.7	7.0	6.7	8.4	72.6

Notes:

1. Regions are classified based on geographical proximity.
2. Major countries or regions that belong to each category are as follows:
 - (1) North America: the U.S. and Canada
 - (2) Europe: the Netherlands, Germany, France, the U.K., Spain and Sweden
 - (3) China: China
 - (4) Asia/Oceania: Singapore, Taiwan and Australia
 - (5) Other: Latin America, the Middle East and Africa

115th interim consolidated fiscal period (From April 1 to September 30, 2007)

Category	North America	Europe	China	Asia/Oceania	Other	Total
I Overseas sales (Thousands of yen)	13,287,741	15,848,334	4,454,030	4,736,663	4,276,952	42,603,720
II Consolidated net sales (Thousands of yen)						57,005,519
II Ratio of overseas sales to consolidated net sales	23.3	27.8	7.8	8.3	7.5	74.7

Notes:

1. Regions are classified based on geographical proximity.
2. Major countries or regions that belong to each category are as follows:
 - (1) North America: the U.S. and Canada
 - (2) Europe: the Netherlands, Germany, France, the U.K., Spain, Sweden and Poland
 - (3) China: China
 - (4) Asia/Oceania: Singapore, Taiwan and Australia
 - (5) Other: Latin America, the Middle East, Russia and Africa

114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Category	North America	Europe	China	Asia/Oceania	Other	Total
I Overseas sales (Thousands of yen)	29,041,310	27,093,646	7,870,279	8,198,743	8,371,905	80,575,883
II Consolidated net sales (Thousands of yen)						110,490,589
II Ratio of overseas sales to consolidated net sales	26.3	24.5	7.1	7.4	7.6	72.9

Notes:

1. Regions are classified based on geographical proximity.
2. Major countries or regions that belong to each category are as follows:
 - (1) North America: the U.S. and Canada
 - (2) Europe: the Netherlands, Germany, France, the U.K., Spain and Sweden
 - (3) China: China
 - (4) Asia/Oceania: Singapore, Taiwan and Australia
 - (5) Other: Latin America, the Middle East, Russia and Africa

(Business Combinations, etc.)

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
	<p>Transfer of business</p> <p>Topcon Positioning Systems, Inc., a U.S. subsidiary of the Company, assumed took over the business related to the positioning business from Javad Navigation Systems, Inc. of the U.S. on May 15, 2007.</p> <p>The move was aimed at the further development and expansion of the Group's business on a global basis.</p> <ol style="list-style-type: none"> 1. Counterparty name, content of acquired business, date of business acquisition, and legal type of business combination <ol style="list-style-type: none"> (1) Counterparty name: Javad Navigation Systems, Inc. (2) Content of acquired business: Goodwill Business right concerning mobile control (navigation, ITS, etc.) (3) Date of business acquisition: May 15, 2007 (4) Legal type of business combination: Assignment of Take over business (as assignee) 2. Performance period of acquired business included in consolidated financial statements: From May 15, 2007 to September 30, 2007 3. Acquisition cost of business and its breakdown Business transfer value: 6,490 million yen 4. Amount of pertained goodwill, its source and cause, and method and period of amortization <ol style="list-style-type: none"> (1) Amount of goodwill: 6,490 million yen (2) Source and cause of goodwill: Arose from a future earning power expected in the course of going-forward business development (3) Method and period of amortization: This goodwill is not amortized in accordance with the provisions of the Statement of Financial Accounting Standards No. 142 (goodwill and other intangible assets) of the U.S. Financial Accounting Standards Board. 5. Amount of assets and liabilities assigned on the business combination and its major breakdown Goodwill: 6,490 million yen 6. Whether the allocation of acquisition cost is completed or not. If not, the reason. The allocation of acquisition cost is not completed because marking to the market was not completed at the end of the 115th interim consolidated fiscal period under review. Hence a provisional accounting entry is made based on reasonable information available at the time. 7. Approximate amount of influence on the Statement of Income for the 115th interim consolidated fiscal period under review on the assumption that the business combination was completed at the beginning of the 115th interim consolidated fiscal period under review. As the scope of influence by this business transfer is not clear, and the calculation of approximate amount of the influence is difficult, a provisional calculation is not conducted. This note (No. 7) is unaudited. 	

(Significant Subsequent Events)

114th interim consolidated fiscal period (From April 1 to September 30, 2006)	115th interim consolidated fiscal period (From April 1 to September 30, 2007)	114th consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>1. Purchase of a company through acquisition of shares KEE Technologies Pty Ltd. became a consolidated subsidiary of the Company, since Topcon Positioning Systems, Inc., a subsidiary of the Company, acquired all the outstanding shares of KEE Technologies Pty Ltd. through TPS Australia Holdings Pty Ltd., a wholly owned subsidiary of Topcon Positioning Systems, Inc., on October 4, 2006.</p> <p style="text-align: right;">(in thousands of US dollars)</p> <p>Location: 14 Park Way, Mawson Lakes, South Australia, 5095 Australia Establishment: May 5, 1998 Business outline: Development, manufacture and sales of automatic position control systems for agricultural machinery Capital: 11,327 Date of acquisition: October 4, 2006 Number of shares acquired 23,523,000 shares Acquisition value: 12,000 (including the assumed amount of additional payment in accordance with various conditions, as of the end of fiscal 2006-2008) Ownership percentage: TSP Australia Holdings Pty Ltd., 100%</p> <p>2. _____</p>	<p>1. _____</p> <p>2. _____</p>	<p>1. Dissolution of a subsidiary The Company resolved the dissolution of Optical Distributors International, Inc. (hereinafter referred to as "ODI"), a subsidiary, at a meeting of the Board of Directors held on April 20, 2007.</p> <p>(1) Reason for dissolution The said subsidiary is responsible for the sales of ophthalmic lens edgers, manufactured by the Company, as a subsidiary of Topcon Medical Systems, Inc. (TMS), a subsidiary of the Company in the U.S. to manufacture and market medical equipment. To further facilitate operations of Ophthalmic & Medical Instruments in the U.S., the Company decided to integrate the said subsidiary (ODI) into TMS. As a result, ODI will be dissolved.</p> <p>(2) Outline of the said subsidiary (in thousands of US dollars)</p> <p>1) Business outline: Sales and services for ophthalmic lens edgers 2) Establishment: April 12, 1996 3) Capital: 750 (as of the end of March 2007) 4) Number of shares outstanding: 200 shares (as of the end of March 2007) 5) Net assets: - 5,169 (as of the end of March 2007) 6) Total assets: 863 (as of the end of March 2007) 7) Investors and ownership percentage: Topcon Medical Systems, Inc., 100%</p> <p>(3) Schedule of dissolution April 25, 2007: Liquidation resolved at the said subsidiary End of June 2007: Liquidation to be completed (planned)</p> <p>(4) Effect on profit and loss The effect of the dissolution on the profit and loss is slight.</p> <p>2. Transfer of business The Company decided at a meeting of the Board of Directors held on May 11, 2007 that Topcon Positioning Systems, Inc., a U.S. subsidiary of the Company, will take over the business related to the positioning business from Javad Navigation Systems, Inc. of the U.S. The move is aimed at the further development and expansion of the Group's business on a global basis.</p> <p>(1) Content of business transfer 1) Content of business transfer: Business right concerning mobile control (navigation, ITS, etc.) 2) Business takeover value: 56 million US dollars 3) Date of business takeover: May 15, 2007</p> <p>(2) Outline of transferor 1) Firm name: Javad Navigation Systems, Inc. 2) Location of the head office: 1731 Technology Drive, San Jose, CA 95110, U.S.A. 3) Name of representative: Dr. Javad Ashjaee</p>

2. If the Tender Offeror is an Entity other than a Corporation

N/A

3. If the Tender Offeror is an Individual

N/A

III. Breakdown of Shares Owned and/or Traded by the Tender Offeror and its Interested Parties

1. Ownership of Share Certificates, etc. as of the Filing Date of the Registration Statement

(1) Total Number of Share Certificates, etc. Owned by the Tender Offeror and its Interested Parties

	Number of Share Certificates, etc. Owned	Number of Share Certificates, etc. Provided for in Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Share Certificates, etc. Provided for in Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share Certificate	1,000 (shares)	-	-
Certificate of Stock Acquisition Rights	-	-	-
Bond Certificate with Stock Acquisition Rights	-	-	-
Trust Beneficiary Certificate for Share Certificates, etc.	-	-	-
Depositary Receipt for Share Certificates, etc.	-	-	-
Total	1,000 (shares)	-	-
Total Number of Share Certificates, etc. Owned	1,000 (shares)	-	-
(Total Number of Latent Share Certificates, etc.)	(-)	-	-

(2) Ownership of Share Certificates, etc. by the Tender Offeror

	Number of Share Certificates, etc. Owned	Number of Share Certificates, etc. Provided for in Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Share Certificates, etc. Provided for in Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share Certificate	1,000 (shares)	-	-
Certificate of Stock Acquisition Rights	-	-	-
Bond Certificate with Stock Acquisition Rights	-	-	-
Trust Beneficiary Certificate for Share Certificates, etc.	-	-	-
Depository Receipt for Share Certificates, etc.	-	-	-
Total	1,000 (shares)	-	-
Total Number of Share Certificates, etc. Owned	1,000 (shares)	-	-
(Total Number of Latent Share Certificates, etc.)	(-)	-	-

(3) Ownership of Share Certificates, etc. by Interested Parties (in aggregate)

N/A

(4) Ownership of Share Certificates, etc. by Interested Parties (breakdown)

N/A

2. Trading of Share Certificates, etc.

(1) Trading During Sixty Days prior to the Filing Date of the Registration Statement

N/A

3. Important Agreements Executed in respect of the said Share Certificates, etc.

N/A

4. Agreements Providing for the Purchase, etc. of Shares, etc. of the Target Company on and after the Filing Date of the Registration Statement

N/A

IV. Transactions, etc. between the Tender Offeror and Target Company

1. Transactions between the Tender Offeror and the Target Company or its Directors/Officers, and the Details Thereof

N/A

2. Agreements between the Tender Offeror and Target Company or its Directors/Officers, and the Details Thereof

The Tender Offer is supported by the Target Company's board of directors.

In addition, the Tender Offeror and the Target Company executed an agreement on December 10, 2007, setting forth, among others, the following matters:

- (i) For the purpose of the Business Integration, the Tender Offeror will make the Target Company a wholly owned subsidiary by launching the Tender Offer followed by a stock for stock exchange (*kabushiki-koukan*) or other appropriate measures;
- (ii) The Tender Offeror and the Target Company make it their main goal to consummate the integration of their surveying and measurement instruments business by April 1, 2011. After the consummation of the integration, it is expected that the Tender Offeror will be responsible for (i) the development, manufacture and sales of GPS equipment and machine control systems, (ii) sales of total stations and other surveying instruments (excluding sales of non-motor-driven total stations in Japan) and (iii) the planning of the global business strategy, while the Target Company will be responsible for the development and manufacture of total stations and other surveying instruments. Officer(s) of the Target Company will join the "Executive Committee", which will be established under the Target Company's Positioning Business Unit (which manages the above functions) and be responsible for facilitating interaction among the above functions and preparing general business strategies;
- (iii) The Tender Offeror and the Target Company will standardize the platforms for total stations and mutually cooperate and strive for downsizing, weight saving and differentiation of motor-driven total stations, and development of 3D measurement instruments (such as scanners) for the civil engineering market and measurement market;
- (iv) Upon completion of the business integration described in (ii) above, the Tender Offeror and the Target Company will attempt to unify the working conditions, etc.

of the Tender Offeror's employees in the Positioning Business Unit or head office, and the Target Company's employees.

- (v) The Target Company's directors will, in principle, remain in their position until the annual general shareholders' meeting to be held in 2011;
- (vi) The Target Company will propose an agenda, at the annual general shareholders' meeting of the Target Company to be held in June 2008, to elect at least two directors designated by the Tender Offeror (with one of them being a part-time director);
- (vii) Upon completion of the Tender Offer, the Tender Offeror will promptly appoint one of the directors of the Target Company to be an advisor to the Tender Offeror, and will propose an agenda item, at the annual general shareholders' meeting of the Tender Offeror to be held in June 2008, to appoint the advisor as a director of the Tender Offeror;
- (viii) The Target Company will propose an agenda item at the first general shareholders' meeting after becoming a subsidiary of the Tender Offeror to change the name of the Target Company to "SOKKIA TOPCON" by amending its articles of incorporation; and
- (ix) The "SOKKIA" brand will continue to be used for some time.

V. Description of the Target Company

1. Profit & Loss, etc. for the Most Recent Three Years

(1) Profit and Loss

Fiscal Year Ended	March 31, 2005 (60th Term)	March 31, 2006 (61st Term)	March 31, 2007 (62nd Term)
Net sales (thousand yen)	13,773,760	13,984,497	16,242,128
Cost of sales (thousand yen)	9,676,235	9,638,140	11,368,346
Selling, general and administrative expenses (thousand yen)	2,967,027	3,108,014	4,039,643
Non-operating income (thousand yen)	406,632	544,748	686,142
Non-operating expenses (thousand yen)	389,106	309,012	248,779
Net income (thousand yen)	611,933	1,087,210	1,108,959

First Half of Fiscal Year Ending	March 31, 2008 (63rd Term)
Net sales (thousand yen)	8,619,623
Cost of sales (thousand yen)	5,800,242
Selling, general and administrative expenses (thousand yen)	2,152,248
Non-operating income (thousand yen)	181,212
Non-operating expenses (thousand yen)	111,506
Interim net income (thousand yen)	2,145,381

(Note 1) Consumption tax, etc. are not included in net sales.

(Note 2) The information above (including Note 1) is extracted from the Annual Securities Reports submitted by the Target Company on June 29, 2005, June 29, 2006 and June 28, 2007, and the Semi-annual Securities Report submitted by the Target Company on December 6, 2007.

(2) Per Share Information

Fiscal Year Ended	March 31, 2005 (60th Term)	March 31, 2006 (61st Term)	March 31, 2007 (62nd Term)
Net income per share (yen)	20.36	30.76	31.98
Dividend per share (Interim dividend per share) (yen)	2.00 (0.00)	5.00 (2.00)	6.00 (3.00)
Net assets per share (yen)	308.36	337.17	362.14

First Half of Fiscal Year Ending	March 31, 2008 (63rd Term)
Interim net profit per share (yen)	61.90
Interim dividend per share (yen)	3.00
Net assets per share (yen)	419.82

(Note) The information above is extracted from the Annual Securities Reports submitted by the Target Company on June 29, 2005, June 29, 2006 and June 28, 2007, and the Semi-annual Securities Report submitted by the Target Company on December 6, 2007.

2. Share Price Information

Name of Stock Exchange or Licensed Securities Dealers Association		First Section of Tokyo Stock Exchange						
		Month	6/2007	7/2007	8/2007	9/2007	10/2007	11/2007
Share Price (Yen)	High	578	577	519	490	530	470	502
	Low	493	506	451	418	431	373	448

(Note) The above information in respect of December 2007 is the stock price information for the period from December 1, 2007 through December 10, 2007.

3. Shareholder Information

(1) Ownership Status

(As of March 31, 2007)

Shareholder Category	Shareholdings by Shareholder Category (Number of Shares Constituting One Voting Unit: 1,000 shares)								Shares Constituting Less Than One Unit (shares)
	National and Local Government	Financial Institutions	Securities Companies	Other Corporate Entities	Foreign Entities, etc.	Foreign Shareholders, etc. who are individuals	Individuals or Others	Total	
Number of Shareholders	1	40	29	102	64	3	2,243	2,479	-
Number of Shares Owned (units)	8	7,864	848	10,620	6,769	1,921	9,193	35,302	488,289
Shareholding Ratio (%)	0.02	22.28	2.40	30.08	19.18	5.44	26.04	100	-

(Note 1) There are 1,121,851 treasury shares, 1,121 units of which are included in “Individual or Others” and 851 shares of which are included in “Shares Constituting Less Than One Unit”.

(Note 2) 1 unit of shares held under the name of JSDC is included in “Other Corporate Entities” above.

(Note 3) The information above (including Notes 1 and 2) is extracted from the Annual Securities Report submitted by the Target Company on June 28, 2007.

(2) Number of Shares Owned by Major Shareholders and Officers

a. Major Shareholders

(As of March 31, 2007)

Name of shareholder	Location	Number of shares held (Thousands of shares)	Ratio of shares held to the total number of shares outstanding (%)
Japan Recovery Fund II (General Partner: Phoenix Capital Co., Ltd.)	2-2-1, Marunouchi, Chiyoda-ku, Tokyo (2-2-1, Marunouchi, Chiyoda-ku, Tokyo)	7,200	20.12
Samuel H. Ellis	Chicago, Illinois, USA	1,914	5.35
Sumitomo Mitsui Banking Corporation	1-1-2, Yurakucho, Chiyoda-ku, Tokyo	1,709	4.78
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	1,400	3.91
BNP Paribas Securities Services Luxembourg Jasdec Securities (The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Standing Proxy)	23, AVENUE DE LA PORTE NEUVE L-2085 LUXEMBOURG (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	1,020	2.85
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	1,001	2.80
Mitsui Life Insurance Company Limited (Japan Trustee Services Bank, Ltd., Standing Proxy)	1-2-3, Otemachi, Chiyoda-ku, Tokyo (1-8-11, Harumi, Chuo-ku, Tokyo)	961	2.69
The Chase Manhattan Bank, N.A. London (Mizuho Corporate Bank, Ltd., Standing Proxy)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (1-3-3, Marunouchi, Chiyoda-ku, Tokyo)	930	2.60
Sokkia's Business Partners' Stock Ownership Association	260-63, Hase, Atsugi-shi, Kanagawa-ken	718	2.01
EXiV Co.,Ltd.	2-34-15, Kitaotsuka, Toshima-ku, Tokyo	572	1.60
Total	-	17,425	48.69

(Note 1) The number of shares held in connection with trust business and included in the above figures are as follows:

Japan Trustee Services Bank, Ltd. (Trust Account): 1,001,000 shares

The Master Trust Bank of Japan, Ltd. (Trust Account): 1,400,000 shares

(Note 2) The Target Company owns 1,121,000 treasury shares (3.13%), which are not shown in the above chart.

(Note 3) The information above (including Note 1 and Note 2) is extracted from the Annual Securities Report submitted by the Target Company on June 28, 2007.

(Note 4) The Target Company filed the 63rd Semi-annual Securities Report on December 6, 2007. According to the Semi-annual Report, the number of shares held by the Target Company's major shareholders as of September 30, 2007 have changed as follows:

(As of September 30, 2007)

Name of shareholder	Location	Number of shares held (Thousands of shares)	Ratio of shares held to the total number of shares outstanding (%)
Japan Recovery Fund II (General Partner: Phoenix Capital Co., Ltd.)	2-2-1, Marunouchi, Chiyoda-ku, Tokyo (2-2-1, Marunouchi, Chiyoda-ku, Tokyo)	7,200	20.12
Samuel H. Ellis	Chicago, Illinois, USA	2,104	5.88
Sumitomo Mitsui Banking Corporation	1-1-2, Yurakucho, Chiyoda-ku, Tokyo	1,709	4.78
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	1,166	3.26
Mitsui Life Insurance Company Limited (Japan Trustee Services Bank, Ltd., Standing Proxy)	1-2-3, Otemachi, Chiyoda-ku, Tokyo (1-8-11, Harumi, Chuo-ku, Tokyo)	961	2.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	941	2.63
BNP Paribas Securities Services Luxembourg Jasdec Securities (The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Standing Proxy)	23. AVENUE DE LA PORTE NEUVE L-2085 LUXEMBOURG (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	917	2.56
The Chase Manhattan Bank, N.A. London (Mizuho Corporate Bank, Ltd., Standing Proxy)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (1-3-3, Marunouchi, Chiyoda-ku, Tokyo)	909	2.54
Mitsubishi UFJ Securities Co., Ltd.	2-4-1, Marunouchi, Chiyoda-ku, Tokyo	774	2.16
UBS AG London Account-IBB Segregated Client Account (Securities Business Division, Citibank, Japan Ltd., Standing Proxy)	AESCHENVORST ADT 48 CH-4002 BASEL SWITZERLAND (2-3-14, Higashi Shinagawa, Shinagawa-ku, Tokyo)	734	2.05
Total	-	17,415	48.66

(Note 5) The number of shares held in connection with trust business and included in the above figures are as follows:

Japan Trustee Services Bank, Ltd. (Trust Account): 941,000 shares

The Master Trust Bank of Japan, Ltd. (Trust Account): 1,166,000 shares

(Note 6) The Target Company owns 1,136,000 treasury shares (3.17%) in addition to the number of shares above.

b. Directors and Auditors

(As of June 28, 2007)

Name	Office	Title	Number of shares held (Thousands of shares)	Ratio of shares held to the total number of shares outstanding (%)
Hitoshi Ito	Representative Director, President	Responsible for Headquarters Operations & Corporate Planning Operations	4	0.01
Kenichiro Maruyama	Representative Director, Senior Managing Director	Responsible for Manufacturing Functions & Quality Assurance Operations	13	0.04
Hiroyuki Arakawa	Managing Director	Responsible for Development Operations & Measurement Instruments Business Operations	6	0.02
Minoru Hayase	Director	Responsible for Sales & Marketing Operations	1	0
Akira Kijima	Director	-	-	-
Takeshi Fukawa	Standing Corporate Auditor	-	9	0.03
Hiroshi Tabata	Standing Corporate Auditor	-	-	-
Hideyuki Junicho	Corporate Auditor	-	5	0.01
Total	-	-	38	0.11

(Note 1) Akira Kijima, Director, is an outside director as defined in Article 2, Item 15 of the Company Law.

(Note 2) Hiroshi Tabata, Standing Corporate Auditor and Hideyuki Junicho, Corporate Auditor, are outside auditors as defined in Article 2, Item 16 of the Company Law.

(Note 3) The information above (including Notes 1 and 2, except for “Ratio of shares held to the total number of shares outstanding”) is extracted from the Annual Securities Report submitted by the Target Company on June 28, 2007.

(Note 4) The “Ratio of shares held to the total number of shares outstanding” is rounded off to the second decimal place

(Note 5) The Target Company filed the 63rd Semi-annual Securities Report on December 6, 2007. According to the Semi-annual Securities Report, no directors or auditors changed from the filing date of the Annual Securities Report for the previous fiscal year to the filing date of the Semi-annual Securities Report. In addition, no extraordinary reports have been submitted since the filing date of the Annual Securities Report for the previous fiscal year.

4. Other Items

(1) The Target Company made public, under the press release “Notice concerning the revision of the business forecast” on November 8, 2007, its revision of the business forecast announced on May 15, 2007. The Target company’s revised business forecasts for the fiscal year and the first half of the fiscal year ending March 2008 (from April 1, 2007 to March 31, 2008) are as follows:

a. Revision of Consolidated Business Forecast for six months ended September 30, 2007 (from April 1, 2007 to September 30, 2007)

	Net Sales (in million yen)	Operating Income (in million yen)	Ordinary Income (in million yen)	Interim Net Income (in million yen)	Interim Net Income Per Share (in yen)
Previous Forecast (A) (Announced on May 15, 2007)	13,000	1,000	900	500	14.12
Revised Forecast (B)	11,780	1,050	1,290	2,370	68.36
Change (B-A)	△ 1,220	50	390	1,870	-
Percentage Change (%)	△ 9.4%	5.0%	43.3%	374.0%	-
(Reference) Six months ended September 30, 2006	11,274	1,016	1,123	561	16.19

b. Revision of Consolidated Business Forecast for the fiscal year ending March 2008 (from April 1, 2007 to March 31, 2008)

	Net Sales (in million yen)	Operating Income (in million yen)	Ordinary Income (in million yen)	Interim Net Income (in million yen)	Interim Net Income Per Share (in yen)
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Previous Forecast (A) (Announced on May 15, 2007)	28,000	2,600	2,350	1,450	41.82
Revised Forecast (B)	26,000	2,600	2,350	2,820	81.34
Change (B-A)	△ 2,000	-	-	1,370	-
Percentage Change (%)	△ 7.1%	-	-	94.5%	-
(Reference) The fiscal year ended March 31, 2007	22,410	1,636	1,833	1,255	36.19

c. Revision of Non-consolidated Business Forecast for six months ended September 30, 2007 (from April 1, 2007 to September 30, 2007)

	Net Sales (in million yen)	Operating Income (in million yen)	Ordinary Income (in million yen)	Interim Net Income (in million yen)	Interim Net Income Per Share (in yen)
Previous Forecast (A) (Announced on May 15, 2007)	9,000	450	300	250	7.21
Revised Forecast (B)	8,620	660	730	2,140	61.73
Change (B-A)	△ 380	210	430	1,890	-
Percentage Change (%)	△ 4.2%	46.7%	143.3%	756.0%	-
(Reference) Six months ended September 30, 2006	8,442	591	745	535	15.43

d. Revision of Non-consolidated Business Forecast for the fiscal year ending March 2008 (from April 1, 2007 to March 31, 2008)

	Net Sales (in million yen)	Operating Income (in million yen)	Ordinary Income (in million yen)	Interim Net Income (in million yen)	Interim Net Income Per Share (in yen)
Previous Forecast (A) (Announced on May 15, 2007)	20,000	1,400	1,200	900	25.96
Revised Forecast (B)	18,000	1,400	1,200	2,270	65.48
Change (B-A)	△ 2,000	-	-	1,370	-
Percentage Change	△ 10.0%	-	-	152.2%	-

(%)					
(Reference)					
The fiscal year ended March 31, 2007	16,242	834	1,271	1,108	31.98

- (2) The Target Company made public, in the 63rd Semi-annual Securities Report submitted by the Target Company on December 6, 2007, that (i) on April 23, 2007 (EDT) the Target Company learned that the U.S. Department of State had announced that it would impose sanctions, in accordance with the United States' Iran and Syria Nonproliferation Act, on Sokkia Singapore Pte, Ltd. ("SSG"), and (ii) in response, SSG stopped selling its products to Iran and Syria, which did not have material impact on the Target Company's group's business performance for the interim period of the 63rd consolidated fiscal year (i.e., the six-month period from April 1, 2007 to September 30, 2007.).
- (3) The Target Company announced on December 10, 2007 that it resolved, at a board meeting held on the same date, not to pay a dividend to its shareholders with regard to the fiscal year ending March 31, 2008, in the press release "Notice concerning the revision of forecast for dividend with regard to the fiscal year ending March 31, 2008."