

Creativity & Growth

A decorative graphic consisting of two overlapping wavy lines. The top line is a gradient from blue to green to yellow. The bottom line is a gradient from red to orange to yellow. An orange arrow points upwards and to the right, starting from the end of the top wavy line.

ANNUAL REPORT 2013

For the year ended March 31, 2013

TOPCON WAY

Profile

Ever since its establishment in 1932, the Topcon Group has maintained optical technology as its core technology, and has now merged this field with digital technology to develop a wide range of businesses. The Company's optical technology, spanning a wide range of wavelengths, is our major strength. Furthermore, from early on we have sought customers from many regions and have thus cultivated markets in such areas as the United States and Europe. As a result, we are currently implementing a global management system with development, production and sales centers in countries throughout the world. The Topcon Group aims to create new value and by extension contribute to mankind by differentiating itself from its rivals through the provision of the world's top as well as attractive products faster than anyone else.

Items related to performance forecasts and future outlook

In this annual report, information regarding performance forecasts, strategies and future outlook is based on predictions drawn from information currently available. Accordingly, we would like you to be aware of the fact that our actual performance may deviate from the listed forecasts depending on conditions going forward. Unless stated otherwise, information contained in this annual report is drawn from that currently available as of August 2013.

- ▶ Topcon studies the possibilities of “light”, creates new values toward the future, and contributes to build a rich human society.
- ▶ Topcon will maintain a proactive and responsive attitude by foreseeing any changes and place the utmost priority on compliance under all circumstances, thereby continually striving to be a trustworthy partner to all stakeholders.
- ▶ Topcon will do its utmost to improve quality in all stages from development and design to manufacturing, sales and service; supply products of the highest quality, and develop our customers’ businesses.
- ▶ Topcon will build relationships of mutual trust and partnership with sales agents and other business partners, and mutually develop business through information sharing and close cooperation.
- ▶ Topcon will implement two-way communication with employees, and will respect diverse individualities, values, and the spirit of creation and innovation, and maximize the employees’ skills.
- ▶ Topcon, as a member of the global and local community, will respect global standards concerning human rights, the environment, labor standards, and anti-corruption measures, and contribute to building sustainable markets.
- ▶ Topcon will appropriately disclose information to shareholders in a timely manner, work to build a relationship of trust with them, and continually strive to improve our corporate value.

Contents	TOPCON WAY	Topcon's Business Fields	Topcon's Strength	Consolidated Financial Highlights	To Our Stakeholders	Interview with the President
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Special Feature: Mid-Term Business Plan	At a Glance (For the year ended March 31, 2013)	Smart Infrastructure Company	Positioning Company	Eye Care Company	History of Topcon	Global Network
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Corporate Governance	CSR	Directors, Corporate Auditors and Executive Officers	Financial Section	Corporate Profile	Stock Information	Japanese and Overseas Group Companies
30	32	34	35	47	47	48

TOPCON'S BUSINESS FIELDS

The Topcon Group provides many attractive products based on our unparalleled optical and cutting-edge digital technologies.

SMART INFRASTRUCTURE COMPANY

Providing surveying instruments, Topcon's largest business since its establishment

Utilizing laser and image processing technologies, we provide high-precision and highly-productive products which are globally lauded in the construction and surveying market. We are developing our business domains by providing diversified field-to-office solutions. Such solutions include diagnostic evaluation of infrastructure deterioration via mobile 3D measurement, building disaster prevention systems utilizing IT and cloud computing, and entering the BIM* market with the world's first BIM-specialized product.

*BIM: Building Information Modeling

Surveying/Construction/Building

Topcon's total stations are widely used in the global market. We offer a lineup of products suited for various applications, including Imaging Stations equipped with CCDs and capable of performing image measurements, and high precision total stations that can monitor large structures. In addition, total stations are equipped with the world's first TSshield user support system, which provides highly reliable customer support.



3D Measurement/Monitoring

By simply mounting our mobile mapping system sensor unit on a vehicle and driving through, you can collect surrounding 3D positional information and 360 degree images to create 3D virtual space using our world's first image processing technology.



Mobile Mapping System
IP-S2 Standard+

POSITIONING COMPANY

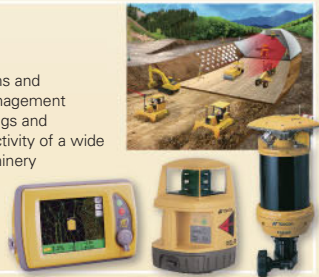
A World Leader in high-precision GNSS (GPS) and automated machine control

The Positioning Company is expanding existing markets and developing new markets for high-precision GNSS (GPS) positioning, automated construction machine control, and IT agriculture. The integration of new technologies, including radio-free RTK GNSS (GPS), high-speed automated grading and mapping, and enterprise data and site management systems broadens the reach of our products into all sizes of companies and new market segments.

IT Construction and Civil Engineering

Our machine control systems and enterprise data and site management systems improve time savings and dramatically increase productivity of a wide variety of construction machinery on job sites worldwide.

Machine Control System
3D-MC² & mmGPS

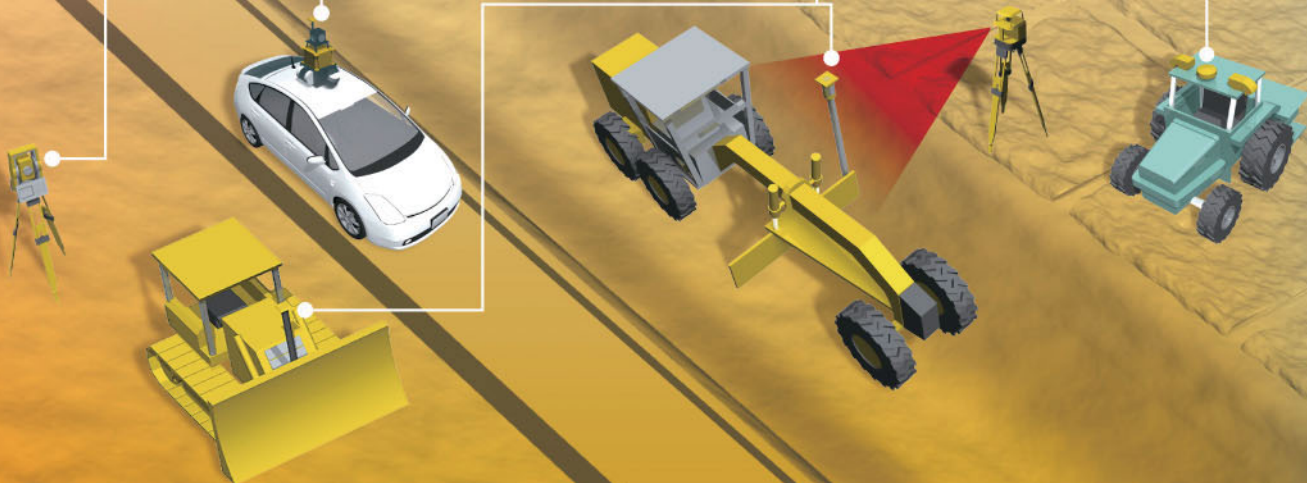


IT Agriculture

By applying Topcon's GNSS (GPS) and control technology to the global agricultural marketplace, the automation of agricultural machinery and the incorporation of information technology is improving the operation of farms of all sizes. Agricultural machines equipped with Topcon's innovative systems—from crop nutrient analysis to application control, and from field guidance to precision land leveling—increases yield while minimizing environmental impact.



Plant Nutrition Sensor
CropSpec



EYE CARE COMPANY

A top global brand of ophthalmic medical instruments

We provide ophthalmic diagnostic and treatment instruments, ophthalmic diagnosis support systems primarily for use in ophthalmology departments in hospitals, and refraction vision testing instruments for eyeglasses shops. Furthermore, we have lately been focusing on systems solutions, the development of advanced ophthalmic medical instruments and preventative medical devices for applications such as the screening of complications caused by diabetes.

Ophthalmic Instruments

All over the world, we supply diagnostic instruments that enable the observation and measurement of all parts of the eye, including the cornea, the crystalline lens and the retina. In particular, we maintain the top global market share for ophthalmic data management systems. Moreover, we are expanding our business to include not only diagnostic instruments but also instruments used in treatment and operating rooms, such as laser photocoagulators and operation microscopes.



Optical Coherence Tomography

3D OCT Series

Instruments for eyeglasses shops

We provide all types of vision-testing instruments and lens edgers used at eyeglasses shops. Topcon's vision tester, an instrument containing lenses for refraction of the eye, and other similar devices, are highly regarded not only in Japan but around the world.



Compu Vision
CV-5000 Series



Ophthalmic Laser
Photocoagulator
PASCAL®



IMAGEnet

OTHER BUSINESSES

LED/Electronic Instruments

In the LED field, we supply domestic and foreign manufacturers with luminance meters and illuminance meters used for controlling the quality of optical products such as next-generation lights and FPD backlights. In the electronics equipment field, we offer inspection instruments including spectroradiometers used for image quality evaluations of displays for fast-growing smart phones and tablets, defect inspection systems for essential inspection processes of CMOS image sensor, core components in all digital camera.

Spectral Illuminance Meter
IM-1000

Color Chip Defect
Inspection System
Vi-4x04C

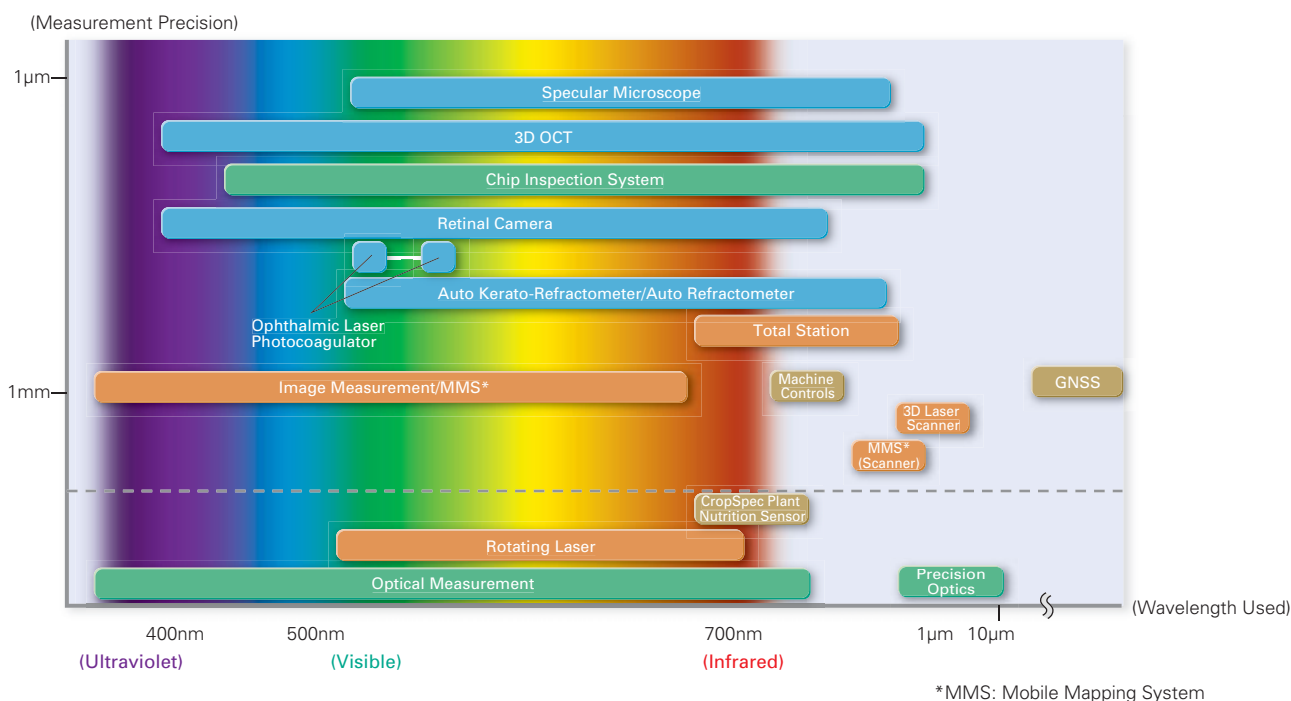


TOPCON'S STRENGTH

The Topcon Group's strength lies in its optical technology, which spans a wide range of wavelengths. Leveraging this technological strength, we continue to launch the world's first and No. 1 products which are both unique and outstanding. The Group also boasts a global development and manufacturing network as well as a high overseas sales ratio.

1 A Wide Range of Wavelengths

Topcon possesses optical technology that spans a wide range of wavelengths from deep ultra violet to infrared ray and operates in each wavelength region.



2 A High Level of Globalization

With an overseas sales ratio of 75% in fiscal 2012, Topcon has highly globalized business operations.

Overseas
sales ratio:
75%



3 World's First and No. 1 Products

Leveraging its optical technology spanning a wide range of wavelengths, Topcon continues to launch the world's first and No. 1 products, which are both unique and outstanding.

Smart Infrastructure Company

World's First



IS Imaging Station

With two digital cameras and Assist Focus function built in, this state-of-the-art Topcon total station also includes an advanced scanning function. The use of images makes operation intuitive, and inspires confidence in the accuracy and reliability of your data.

World's No.1



NET05AX 3D Station

This 3D station can do everything from industrial measurement to monitoring deformation of structures with high precision and efficiency. It boasts measurement precision of 0.5 arc seconds for vertical and horizontal angles-the world's leading angle precision among existing total stations.

World's First



mmGPS Millimeter GPS

Millimeter GPS+ combines the advantages of an innovative laser transmitter with GNSS into one versatile and easy to use system. This patented technology improves vertical accuracy, which is essential to enhance RTK surveying and machine control operation.

Positioning Company

World's First



MAGNET™ Field and Office Software

Topcon has created the world's first browser-based solution specifically designed to manage field data in the cloud. Connecting the field and the office, our innovative systems with cloud storage, data exchange, and messaging increases productivity and streamlines the workflow for surveyors, contractors, engineers and mapping professionals.

World's No.1



3D-MC² High-speed Machine Control

Topcon is a world leader in automating construction equipment, our systems provide two and three-dimensional grading, excavating or paving control. Using GNSS (GPS), total station, sonic or laser control sources, Topcon machine control systems increase the efficiency and quality of earthmoving and paving around the globe.

World's No.1



CropSpec Plant Nutrition Sensor

One of Topcon's many revolutionizing innovation is CropSpec, a sensor that enables the appropriate application of fertilizer in real time by performing non-contact analysis of crop conditions using a broad spectrum laser. Agricultural machines equipped with Topcon's advanced precision agriculture guidance and control systems can dramatically improve production while reducing the environmental footprint through highly accurate chemical application, and improve water management through precise land preparation.

Eye Care Company

World's First



Optical Coherence Tomography 3D OCT Series

The 3D OCT is a diagnostic instrument that combines a retinal camera with Optical Coherence Tomography (OCT), which acquires a cross-sectional image of the eye, employing infrared light. This instrument not only provides fundus photography but also 3D cross-sectional images of the layers inside the retina. The 3D OCT enables the early detection and diagnosis of various ophthalmic diseases.

World's First



Ophthalmic Laser Photocoagulator PASCAL®

An ophthalmic laser photocoagulator treats the retina by using laser irradiation to burn diseased parts. It is used to prevent the formation of new fragile, leaking blood vessels in the retina, or to burn away newly formed blood vessels to prevent bleeding. The equipment is essential for ophthalmic care and is used in the treatment of such conditions as diabetic retinopathy and retinal break, which causes retinal detachment.

World's No.1



Slit Lamp SL-D701/DC4

A slit lamp, a microscope for eye examination, is the most basic equipment used in ophthalmology. Topcon offers a broad lineup of slit lamp products as well as digital photo attachments it pioneered that are built exclusively for this series.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Topcon Corporation and Consolidated Subsidiaries

	FY2008	FY2009	FY2010	FY2011	Millions of yen FY2012	Thousands of U.S. dollars FY2012
Operating results						
Net sales	¥ 112,666	¥ 94,862	¥ 102,470	¥ 98,834	¥ 97,345	\$ 1,035,041
Smart Infrastructure Company					29,839	317,270
(Positioning Business)	58,031	49,350	51,559	52,656	37,824	402,172
Positioning Company						
Eye Care Company (Eye Care Business)	33,503	31,561	30,946	32,598	31,073	330,390
Other Businesses (Finetech Business)	21,131	13,950	19,964	13,579	9,262	98,483
Elimination					(10,653)	(113,275)
Overseas sales	83,684	69,138	74,210	73,949	72,711	773,113
Operating income (loss)	(6,944)	1,405	1,799	2,080	5,214	55,447
Ordinary income (loss)	(9,326)	545	608	467	3,471	36,913
Net income (loss)	(9,992)	133	(1,288)	(3,686)	511	5,441
Capital expenditures	2,620	2,109	4,499	3,443	3,297	35,060
Depreciation and amortization	4,619	4,531	3,689	3,115	3,384	35,991
Amortization of goodwill	1,828	1,846	1,596	1,660	1,618	17,211
R&D expenditures	11,589	9,609	10,275	8,707	8,221	87,417
Free cash flows	(6,991)	1,112	(7,903)	(3,575)	1,862	19,808

Financial position

Shareholders' equity	¥ 39,801	¥ 40,490	¥ 36,908	¥ 32,667	¥ 48,474	\$ 515,407
Total assets	119,702	125,539	124,816	120,777	129,503	1,376,962
Interest-bearing liabilities	49,706	51,501	55,300	58,882	50,629	538,325

Per share data (¥, \$)

Earnings per share (EPS)	¥ (107.89)	¥ 1.44	¥ (13.91)	¥ (39.80)	¥ 5.48	\$ 0.058
Net assets per share (BPS)	429.72	437.17	398.50	352.71	448.77	4.771

Management indicators

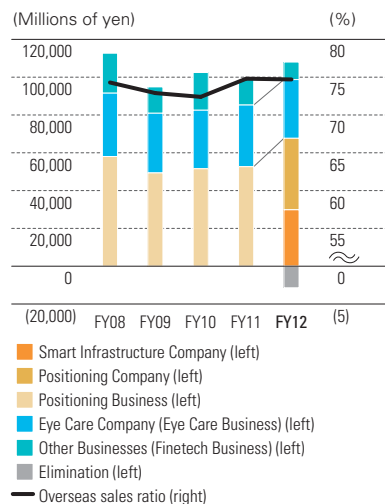
Gross profit ratio (%)	34.6	42.4	40.1	38.6	44.0
Operating income ratio (%)	(6.2)	1.5	1.8	2.1	5.4
Net income ratio (%)	(8.9)	0.1	(1.3)	(3.7)	0.5
Ratio of R&D expenditures to net sales (%)	10.3	10.1	10.0	8.8	8.4
Overseas sales ratio (%)	74.3	72.9	72.4	74.8	74.7
Return on assets (ROA) (%)	(7.7)	0.1	(1.0)	(3.0)	0.4
Return on equity (ROE) (%)	(20.8)	0.3	(3.3)	(10.6)	1.3
Return on invested capital (ROIC) (%)	(5.2)	1.1	1.3	1.6	3.8
Price earnings ratio (PER) (times)	—	358.0	—	—	156.3
Price book-value ratio (PBR) (times)	0.9	1.2	1.1	1.6	1.9
Equity ratio (%)	33.2	32.3	29.6	27.0	37.4
Total assets turnover ratio (times/year)	0.87	0.77	0.82	0.80	0.78
D/E ratio (%)	124.9	127.2	149.8	180.3	104.4
Dividend payout ratio (%)	—	277.0	—	—	109.4

Notes: 1. For the sake of convenience, the US\$ is converted at a rate of ¥94.05/US\$ as of March 31, 2013. We referenced the Tokyo foreign exchange market rate.
 2. As of June 27, 2012, we have changed our organizational structure to three in-house companies. As a result, the former Positioning Business Unit was split into the Smart Infrastructure Company and the Positioning Company. Likewise, the former Eye Care Business Unit became Eye Care Company. The Finetech Business Unit was discontinued as of April 1, 2012.

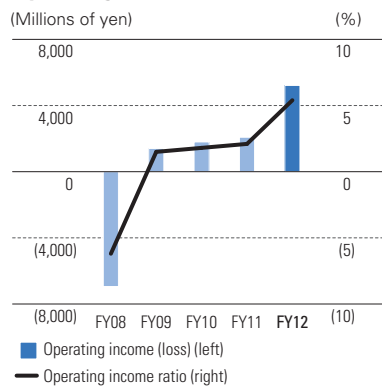
FY2012 Financial Earnings Highlights

- Consolidated net sales in FY2012, ended March 31, 2013, fell 1.5% year on year to ¥97,345 million.
- Operating income soared 150.6% year on year to ¥5,214 million, despite lower net sales, on reductions in fixed costs and COGS.
- Net income improved sharply to ¥511 million on a year-on-year upswing of ¥4,198 million despite recording an extraordinary loss on the valuation of investment securities.

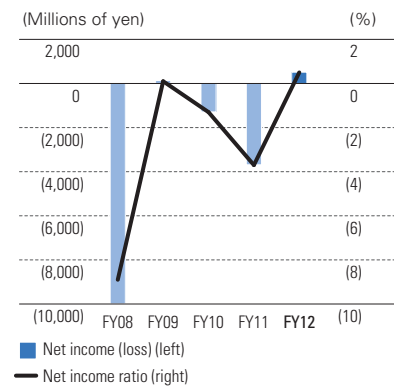
Net Sales and Overseas Sales Ratio



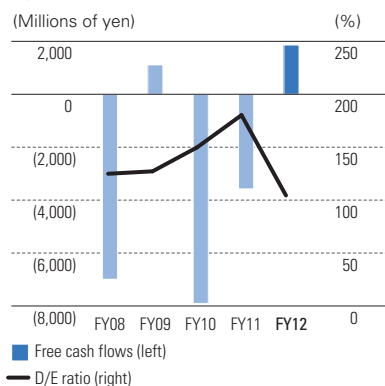
Operating Income (Loss) and Operating Income Ratio



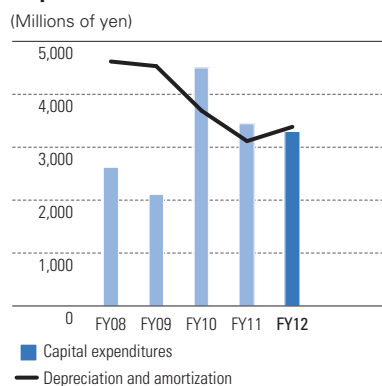
Net Income (Loss) and Net Income Ratio



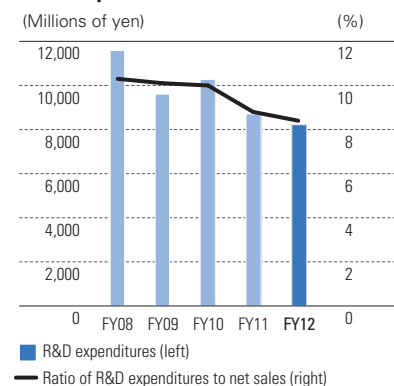
Free Cash Flows and D/E Ratio



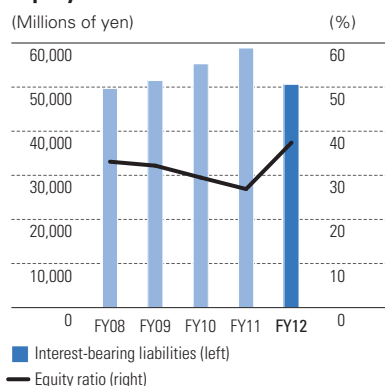
Capital Expenditures and Depreciation and Amortization



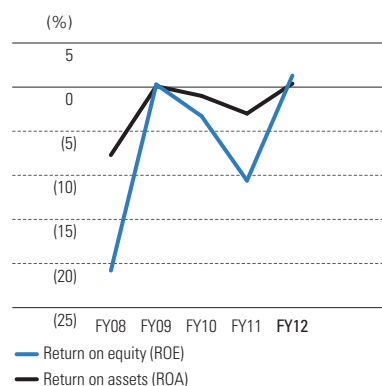
R&D Expenditures and Ratio of R&D Expenditures to Net Sales



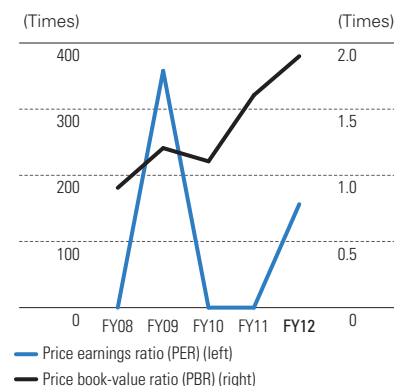
Interest-Bearing Liabilities and Equity Ratio



ROE and ROA



PER and PBR



TO OUR STAKEHOLDERS

Shift from Structural Reform to Growth Strategy To be an excellent, top-ranked global company through creativity

Creativity & Growth

Introduction

I was appointed president of Topcon Corporation on June 26, 2013.

As a result of expanding its business around the world, Topcon is highly susceptible to external environment conditions such as economic conditions and exchange fluctuations. However, as an outcome of our Reform Project (reduction of fixed costs and costs of goods) implemented over the past two years, Topcon has reinforced its structure so as to make itself resilient against external factors. Followed by the conclusion of our Reform Project in March 2013, we embark on shifting our focus from structural reform to the growth strategy and aiming to become an excellent, top-ranked global company by realizing a profitable and sustainable growth through creativity.

Fiscal 2012 Results

In fiscal 2012, ended in March 2013, economic conditions in Europe remained sluggish due to concerns over fiscal uncertainty, while the U.S. made a mild recovery led by domestic demand. Emerging economies, including China, generally slowed down due to the decline in exports (mainly to Europe), although each country's economic situation may vary. The Japanese economy continued to recover slowly due to construction needs in recovery efforts of the Great East Japan Earthquake and the effects of "Abenomics," a set of economic and fiscal policies introduced by Shinzo Abe, the Prime Minister of Japan.

In fiscal 2012, despite the strong performance of the Smart Infrastructure Company and the Positioning Company, consolidated net sales declined by 1.5% year on year to ¥97,345 million due to a revenue drop caused by the downsizing of the former Finetech Business. Operating income increased by 150.6% year on year to ¥5,214

million. Net income amounted to ¥511 million, a significant increase of ¥4,198 million year on year, despite losses on valuation of investment securities. In the year under review, reflecting growth in our consolidated earnings, we distributed a full-year cash dividend of ¥6 per share representing a ¥2 increase from the previous fiscal year.

Strategic Direction to Achieve the Mid-Term Business Plan 2015

Our goal is to achieve significant growth and become an excellent, top-ranked global company. We have adopted the new slogan "Creativity & Growth" to express a corporate strategy centered on a basic policy of "accelerating new business development with creativity ideas and realize a profitable and sustainable growth."

Vital strategies we will promote are "strengthening core businesses and enhancing new businesses," "acceleration on launching products with disruptive technologies," and "capitalizing on the full value of global human resources." Firstly, "strengthening core businesses and enhancing new businesses" involves continuing to strengthen and growing core businesses of each company while simultaneously investing into prospective fields in order to achieve both stability and growth. Next, "acceleration on launching products with disruptive technologies" involves relying on the ability of "Monozukuri," the nature of manufacturers, to launch creative unique products with disruptive technologies in a rapid-fire manner. Lastly, as a company that generates 75% of its sales overseas, "capitalizing on the full value of global human resources" must be a priority matter. It involves focusing on the appropriate positioning of personnel, regardless of nationality, to ensure the highest performance, and to hire elite global personnel.

Realization of Profitable and Sustainable Growth

In fiscal 2013, ending March 31, 2014, we will shift to growth strategy and strive to develop new and growing businesses at each in-house company.

As for our long-term management stance, following the TOPCON WAY set out in April 2011, we will reinforce our corporate governance, which is trusted by all of our stakeholders, and aim to realize a profitable and sustainable growth. Furthermore, in quest to “Monozukuri,” the nature of manufacturers, we will strive to become an excellent, top-ranked global company while targeting the sustainable and profitable growth.

Lastly, to our stakeholders, I appreciate your continued support and encouragement.

August 2013

Satoshi Hirano
President & CEO



INTERVIEW WITH THE PRESIDENT

Q1 How would you sum up fiscal 2012 results?

A1 We strengthened the competitiveness of our core businesses and achieved significant growth in profits. In addition, we met the goal of our Reform Project a year ahead of the initial plan.

Fiscal 2012 Results

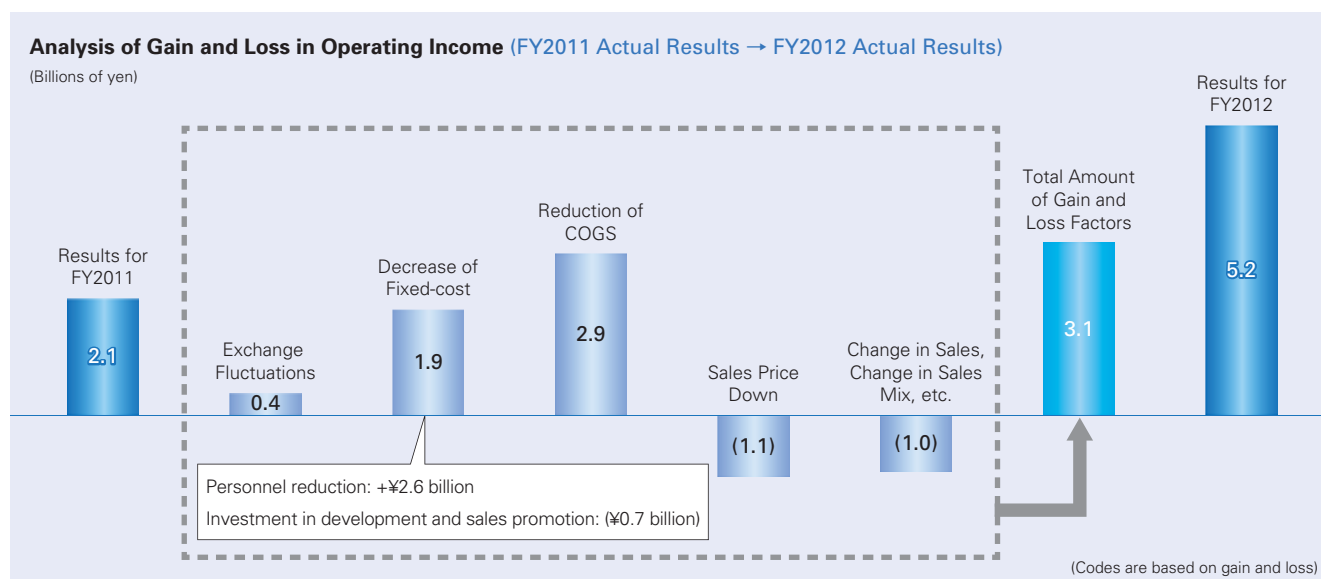
The Topcon Group has worked to reduce fixed costs and costs of goods through the consolidation of domestic factories and downsizing of the former Finetech Business in line with the "Reform" restructuring project. Initially, we aimed to reduce costs by ¥10 billion over three years, but we managed to achieve this goal in two years, a year ahead of the initial plan, as a result of our swift implementation efforts. We have also strived to strengthen the competitiveness of our core businesses as part of the "Enhancement" strategy.

As a group consolidated results, although net sales declined 1.5% year on year to ¥97,345 million, operating income surged 150.6% year on year to ¥5,214 million. Net income amounted to ¥511 million, an increase of ¥4,198 million year on year.

Looking at each company's result, although the Eye Care Company posted a decline in both net sales and profits, the Smart Infrastructure Company and the Positioning Company attained growth in both net sales and profits.

Future Goals *Creativity & Growth*

After we announced the completion of the Reform Project in March 2013, we are clearly shifting up to growth strategy from structural reform stage. In line with our basic policy "accelerating new business development with creative ideas and realize profitable and sustainable growth," and with the Company's new slogan "Creativity & Growth," Topcon aims to achieve far-reaching business expansion and become an excellent, top-ranked global company.



Q2 Where will Topcon Group focus its efforts under the newly-released Mid-Term Business Plan 2015?

A2 We have shifted our focus to the growth strategy from structural reform, and aim to be an excellent, top-ranked global company that realizes sustainable and profitable growth through creativity.

In the Mid-Term Business Plan 2015, we aim to achieve net sales of ¥132 billion, operating income of ¥22 billion and net income of ¥12.8 billion in fiscal 2015, the final year of the plan, by implementing the following three strategies.

Strategy 1: Enhance new businesses and strengthen core business

In Mid-Term Business Plan 2015, we will strengthen each in-house company's core businesses as well as enhance new businesses aggressively.

The core businesses are surveying at the Smart Infrastructure Company, GNSS (GPS) at the Positioning Company and examination/diagnostic at the Eye Care Company. We will strengthen these consistently growing core businesses of each in-house company to secure profits. As for new business development, we will expand our business scale by making vigorous investments in promising business areas, such as disaster prevention by IT, BIM*¹ and CIM*² markets, IT construction, IT agriculture, prevention/checkup business, treatment/prognostic management business and ophthalmic IT solution business. In this way, we will seek to realize both stability and growth in our business.

For research and development expenditures, we will allocate ¥35 billion (R&D to sales ratio of 10%) over the three-year period of the business plan. We aim to achieve growth of 136% in net sales by making effective use of funds raised through the issuance of new shares in March 2013.

*1 BIM: Building Information Modeling

*2 CIM: Construction Information Modeling

Strategy 2: Launch products with disruptive technologies

We have been merging and evolving various technologies, having our origin in the optical technology. On top of this, we will accelerate investment in development of strategic products by drawing on our technological DNA of "Technology-driven Topcon" derived from our many years of experience. During the period of the Mid-Term Business Plan 2015, we will boost the number of new product launches group-wide to 74 models, compared to a total of 51 models over the past three years.

By company, 21 new models from the Smart Infrastructure Company (18 in the past three years), 32 from the Positioning Company (22) and 21 from the Eye Care Company (11).

Strategy 3: Capitalize on the full value of global human resources

The Topcon Group expands its business operations around the world, with overseas sales accounting for around 75% of overall sales. Non-Japanese employees account for 60% of the group-wide workforce. In particular, at the Positioning Company, headquartered in the United States, 98% of its employees are non-Japanese. Aiming to be a global company, the Topcon Group will actively utilize its global human resources by putting the right person in the right job.



Q3 What is your earnings outlook and shareholder-return policy for fiscal 2013?

A3 With the completion of our Reform Project, we are shifting up to a profit-generating structure. As for dividend payments, we aim to increase our dividend and raise the payout ratio to 20% or higher.

Fiscal 2013 Outlook *Creativity & Growth*

There are uncertainties, including the European sovereign debt crisis and cuts in expenditures aimed at fiscal soundness in the United States. However, even so, economies in emerging countries are likely to be steady and thus the global economy is expected to continue to recover slowly. In Japan as well, there is an expectation that the economy will recover led by better consumer sentiment resulting from the effects of economic and monetary policies.

In fiscal 2013, which is the first year of Mid-Term Business Plan 2015, we will strive to increase our corporate value with a view to becoming an excellent, top-ranked global top company under the slogan "Creativity & Growth."

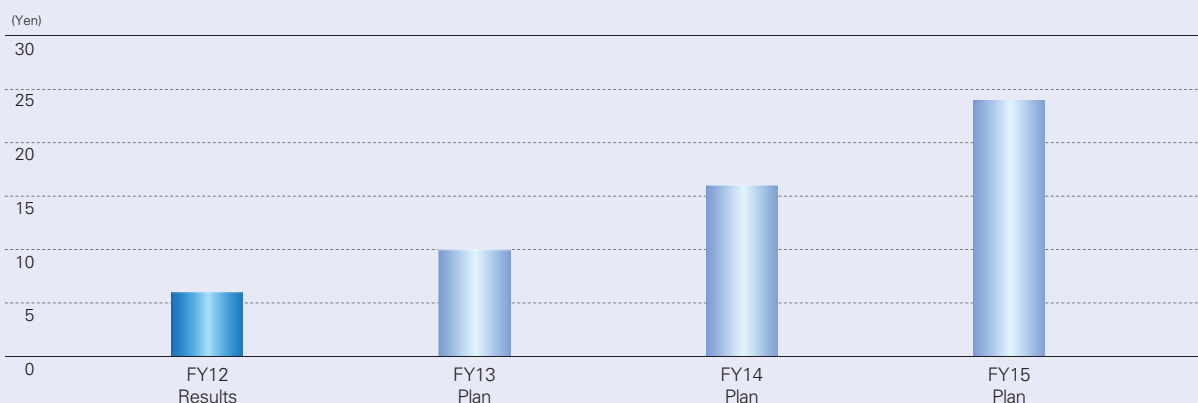
As for the outlook in fiscal 2013, we forecast net sales of ¥110 billion, up 13.0% year on year, operating income of ¥11.5 billion, up 120.5% and net income of ¥5 billion, up 877.1%.

Shareholder Return

We plan to distribute a full-year cash dividend of ¥10 per share for fiscal 2013. Our basic policy is to return profits to shareholders through the distribution of dividends according to the earning results, and target payout ratio is 20% or higher. For fiscal 2012, we have distributed a full-year dividend of ¥6 per share, which was higher than our net income per-share, as we were able to enhance our profit-generating capability by the completion of the Reform Project and expected significant profit growth in the next fiscal year and beyond.

From fiscal 2013 onward, by achieving quick recovery in net profit, we plan to raise a full-year dividend per share to ¥10, ¥16 and then to ¥24, in which the payout ratio around 20%.

Dividends per Share



Q4 Explain your system of corporate governance, which is important for sustainable growth. Finally, please tell us your message for shareholders and investors.

A4 We strive to enhance transparency over our business management and foster a corporate culture that does not overlook injustice.

Corporate Governance

Emphasis in corporate governance is on increasing transparency of management.

To ensure transparency, Topcon has appointed one outside director and two outside corporate auditors who are responsible for supervising the management.

Topcon has also been implementing an executive officer system by which the responsibilities and authorities of the directors and the executive officers are clearly divided. The Company separates the supervisory function of the Board of Directors and its members from the business execution function of executive officers in order to maintain an effective system for a timely and appropriate response to possible changes in the business environment.

These two functions ensure transparency in management.

Our obligation to our stakeholders, who place their trust in us, is to implement corporate governance steadily. We will work not only on implementation of organizational measures but also on fostering a corporate culture that does not overlook injustice.

Message for Shareholders and Investors

I am deeply grateful to our shareholders and investors who have supported Topcon during difficult times. As a new president who was appointed as the Group was transitioning from a stage of structural reform to enhancement, I assert that I will continue living up to expectations of our shareholders and investors by harnessing every opportunity for growth as well as enhancing our corporate value.

With regard to shareholder returns, our basic policy is to continuously increase our dividends in accordance with earning growth.

I reaffirm that, based on the TOPCON WAY, the Group's supreme set of common value, all of us in the Group will work together to achieve a profitable and sustainable growth. I would respectfully appreciate continued support by our shareholders and investors for our activities.



SPECIAL FEATURE: MID-TERM BUSINESS PLAN

Aim to be an excellent, top-ranked global company

Creativity & Growth

The Topcon Group will accelerate new business development with innovations and realize profitable and sustainable growth.

Topcon initially planned cost reductions of ¥10 billion over three years in fixed costs and costs of goods. However, we achieved total reductions of ¥11.2 billion over two years, one year ahead to schedule.

Therefore, in the Mid-Term Business Plan 2015 (which starts in fiscal 2013, which ends in March 2014), we will accelerate new business development with innovation and realize profitable and sustainable growth aiming to achieve far-reaching business expansion as an excellent, top-ranked global company with the Company's new slogan, "Creativity & Growth."

Under the Mid-Term Business Plan 2015, we aim to achieve consolidated net sales of ¥132 billion, operating income of ¥22 billion, net income of ¥12.8 billion and ROE of 20% in fiscal 2015 ending March 2016, the last year of the plan. As for shareholder returns, we plan to distribute a full-year cash dividend of ¥24 per share in fiscal 2015, in line with the dividend payout policy based on a consolidated payout ratio of 20%.

Financial Targets (Consolidated)

← Mid-Term Plan 2015 →
(Millions of yen)

[Consolidated]		FY2012	FY2013	FY2014	FY2015
Net Sales		97,345	110,000	120,000	132,000
Operating Income (Operating income ratio)		5,214 (5.4%)	11,500 (10.5%)	16,000 (13.3%)	22,000 (16.7%)
Ordinary Income		3,471	10,000	14,500	20,500
Net Income		511	5,000	8,300	12,800
ROE		1.3%	10.3%	15%	20%
ROIC		3.8%	9.5%	11%	15%
Dividends per Share (yen)		6	10	16	24
Dividend Payout Ratio		109.4%	21.6%	20%	20%
Assumed Exchange Rate	US\$ (yen)	83.23 Average Exchange Rate	90	90	90
	EUR (yen)	107.57 Average Exchange Rate	120	120	120

Group-Wide Strategies

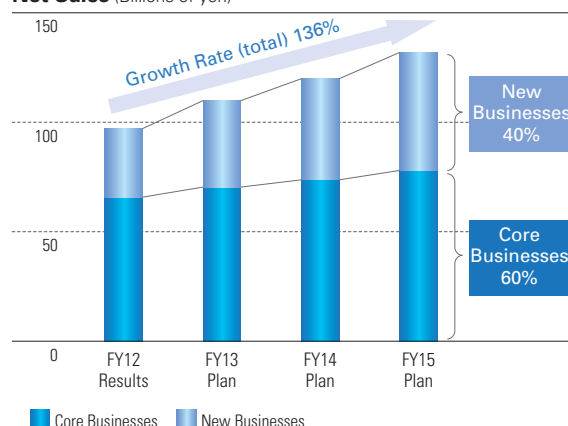
Strategy 1. Enhance new businesses and strengthen core businesses

We will strengthen growing core businesses of each company while simultaneously investing in fields and businesses with significant growth potential in order to achieve both stability and growth.

Topcon has set targets for sales from new businesses for fiscal 2015. The target is 40% for all companies, 46% for the Smart Infrastructure Company, 45% for the Positioning Company, and 33% for the Eye Care Company. As for strengthening core businesses, we aim to ensure stable growth for existing businesses.

For research and development expenditures, which is essential to business expansion, we will allocate ¥35 billion (R&D to sales ratio of 10%) over the three years of the business plan. Using an index where the fiscal 2012 net sales level equals 100, we aim for net sales 136% the base year level by making effective use of funds raised through the issuance of new shares in March 2013.

Net Sales (Billions of yen)



Strategy 2. Launch disruptive products

We will continuously launch innovative, unique, disruptive products based on our core strength, "Monozukuri," the nature of manufacturers to businesses that make things.

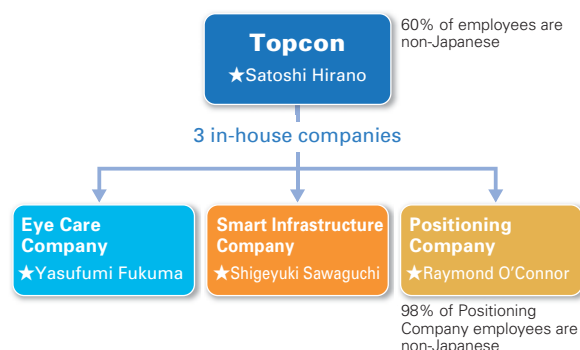
We will boost the number of new product launches group-wide to 74 models, compared to a total of 51 models over the past three years, during the Mid-Term Business Plan 2015. In particular, we plan to develop 10 disruptive, innovative models (five models in the same past period), 17 world No. 1 models in their categories (22 models in the same past period), and 22 models that are world firsts in their category (nine models in the same past period).

By company, 21 new models are to be launched by the Smart Infrastructure Company (this company launched a total of 18 models over the past three years), 32 models by the Positioning Company (22 models), and 21 models by the Eye Care Company (11 models).

	FY2010–FY2012 (Results)	FY2013–FY2015 (Plan)
Disruptive Innovation	5 models	10 models
World's No. 1	22 models	17 models
World's First	9 models	22 models
Reduction of COGS	8 models	10 models
Products for Emerging Markets	4 models	9 models
Enhancement of Sales Capability	3 models	6 models
Total	51 models	74 models

Strategy 3. Capitalize on the full value of global human resources

The Topcon Group is expanding our business operations around the world, with overseas sales accounting for around 75% of overall sales. Non-Japanese employees account for 60% of the group-wide workforce. In particular, at the Positioning Company, whose headquarters is in the United States, 98% of its employees are non-Japanese. Aiming to be an excellent, top-ranked global company, the Topcon Group will actively utilize its global human resources by putting the right person in the right job without regard to nationality.

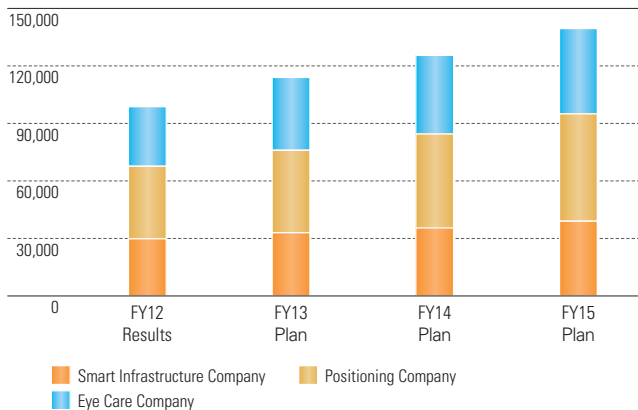


Business Strategies by Company

As of June 27, 2012, we have changed our organizational structure from the former two business units to three in-house companies (hereafter each is referred to as "company"). This transition provides each company with enhanced authority by giving presidents of the companies more discretionary authority and other powers, enabling swift decision-making and speedier management.

Sales Plans of Each Company

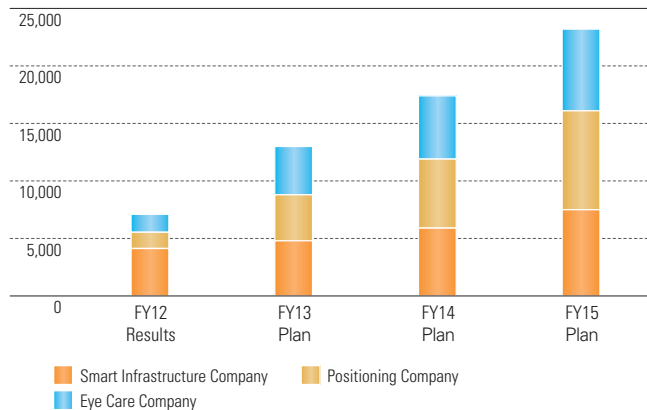
(Millions of yen)



Under Mid-Term Business Plan 2015, the Smart Infrastructure Company, the Positioning Company and the Eye Care Company all plan to enhance new businesses and strengthen core businesses.

Operating Income Plans of Each Company

(Millions of yen)



Smart Infrastructure Company

Enhance new businesses with a strong basis of surveying instruments

The Smart Infrastructure Company promotes new businesses including disaster prevention by IT, BIM*¹, CIM*², and sensors for IT agriculture, while strengthening its core businesses in the surveying/construction/building sectors. For fiscal 2015, we expect to achieve net sales of ¥39 billion (an average annual growth rate of 9% over three years) and net income of ¥7.5 billion (an average growth rate of 22% over three years).

*1 BIM: Building Information Modeling

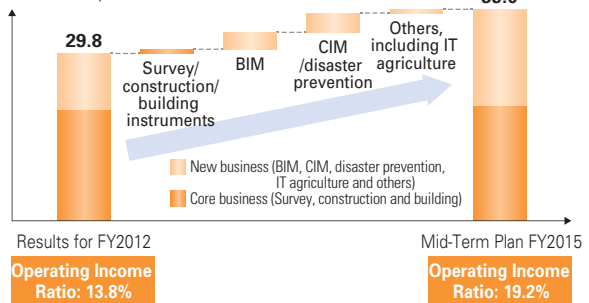
*2 CIM: Construction Information Modeling

New Business

We plan to launch products in the following categories: in the IT disaster prevention business (market size: ¥20 billion), the world's first non-contact sensor for evaluating deterioration; in the BIM business (market size: ¥30 billion), the world's first BIM-specialized product; in the CIM business (market size: ¥30 billion), the world's first CIM-specialized product; and in the sensor supply business for IT agriculture (market size: ¥10 billion), innovative sensors which can be used for multiple varieties of agricultural products.

Breakdown of Sales Growth

(Billions of yen)



Core Business

For the surveying/construction/building sectors (market size: ¥100 billion), we facilitate efficient asset management system of surveying instruments first in the world realized by cloud computing and establish the industry's first automated manufacturing system.

Positioning Company

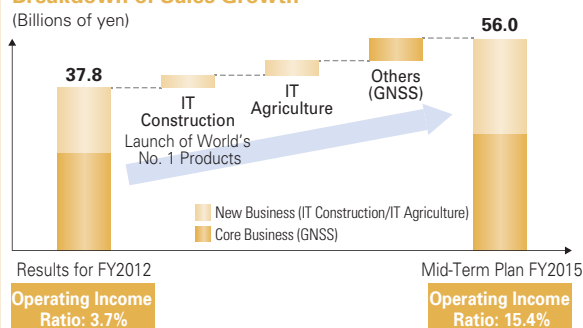
Utilizing GNSS (GPS) as a core technology for rapid expansion in IT construction and IT agriculture

The Positioning Company will promote the IT construction and IT agriculture businesses and continue to strengthen the GNSS (GPS) business as a core technology. For fiscal 2015, we project net sales of ¥56 billion (an average growth rate of 14% over the three years of the Mid-Term Business Plan) and operating income of ¥8.6 billion (an average growth rate of 83% over the three years).

New Business

We will promote OEM business growth in the IT construction business (market size: ¥90 billion) based upon the unique advantages of our "world's first" disruptive, innovative technologies. In the IT agriculture business (market size: ¥150 billion) we will expand market share and strengthen OEM business by introducing new products based upon disruptive, innovative products and technologies.

Breakdown of Sales Growth



Core Business

In the core GNSS (GPS) business (market size: ¥90 billion), we will expand business in Asia through the fast paced introduction of innovative products that will positively impact work performance.

Eye Care Company

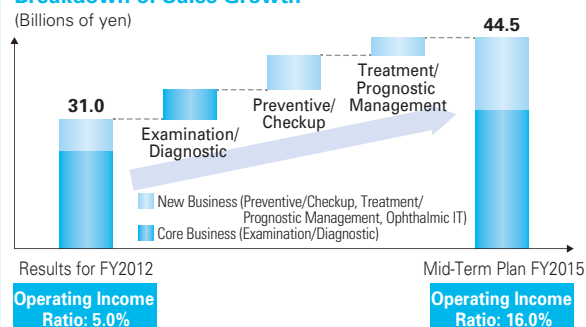
Strengthening Preventive Medicine and Treatment Segment by Enhancing the Strong Competitiveness of Examination/Diagnosis Segment

Eye Care Company will strive to ensure stable growth by promoting new businesses including the fields of preventive medicine/physical checkups, treatment/prognostic management and ophthalmic IT, by enhancing our core OCT business, and by strengthening the competitiveness of our examination/diagnostic products. For fiscal 2015, ending in March 2016, we target net sales of ¥44.5 billion (an average annual growth rate of 13% over three years) and operating income of ¥7.1 billion (an average annual growth rate of 66% over three years).

New Business

In the preventive/checkup business (market size: ¥80 billion), we plan to expand the checkup business by launching low-cost devices based on disruptive innovation technologies and fully automated devices with simple operation for everyone. As for the treatment/prognostic management business (market size: ¥70 billion), we will launch products combining pattern lasers and OCT technology. Furthermore, in the ophthalmic IT business (market size: ¥30 billion), we will introduce the world's first cloud-based system for the ophthalmic field with the goal of reducing medical costs.

Breakdown of Sales Growth



Core Business

To further enhance the OCT business (market size: ¥60 billion), we aim to ensure stable growth based on ultimate standard devices and will promote the development of next-generation OCT products utilizing disruptive innovation technologies. As for strengthening of the competitiveness of examination/diagnostic products (market size: ¥100 billion), we aim to improve profitability through the launch of common platform products enabling a 25% cost reduction (12 models over three years).

AT A GLANCE

(For the year ended March 31, 2013)

Fields

Major Products

Market Conditions

Smart Infrastructure Company



- Surveying/Construction/Building
- 3D Measurement/Monitoring

- Total stations (Motorized Robotic Total Stations, Imaging Stations)
- Mobile mapping system
- 3D laser scanners
- Data collectors
- Theodolites
- Levels/Digital levels
- Self-Leveling Construction Lasers
- Pipe lasers
- Asset management system (Cloud-based total station management system)

- Rather flat markets in advanced countries due to the strong yen throughout the year and market uncertainty
- Emerging markets generally grew, but growth slowed
- Nearly flat markets for surveying
- Steady growth in the measurement market

Positioning Company



- IT construction
- IT agriculture

- GNSS (GPS) receivers
- Machine control systems
- Precision agriculture systems
- IT site management solutions

- Markets in advanced countries remained flat for the year amid the strong yen and uncertainty over future business conditions
- Although emerging country markets expanded, the pace of growth slowed
- Showed stable growth of IT construction and IT agriculture

Eye Care Company



- Preventive Medicine Checkups
- Examination
- Diagnosis
- Treatment

- 3D optical coherence tomography systems (3D OCT)
- Retinal cameras
- Ophthalmic digital image filing systems
- Auto refractometers/Auto kerato-refractometers
- Slit lamps
- Computerized tonometers
- Lens edgers
- Lens meters
- Ophthalmic laser photocoagulators

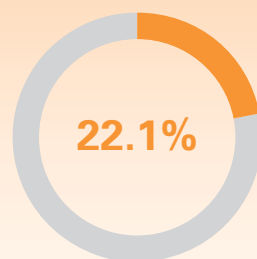
- EU economic recession still negatively impacts investments
- Rebounding U.S. economy
- Flat trend in Japanese ophthalmic device market
- Steady sales in Asia in spite of the impact of political factors in China

Strengths/Strategies

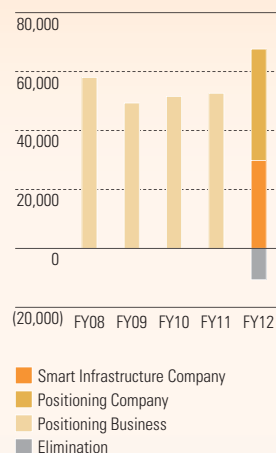
Strengths We are utilizing in various areas precise position data, acquired by combining optical technologies developed since our founding and cutting-edge technologies that include lasers and image processing.

Strategies By making innovations, increase our presence as a manufacturer and promote profitable and sustainable business growth. We also aim to be the world's leading manufacturer by building global business structure integrating manufacturing, sales and engineering.

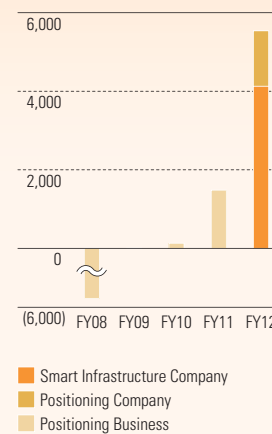
Sales Composition Ratio (%)



Net Sales (Millions of yen)

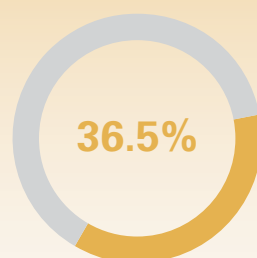


Operating Income (Millions of yen)



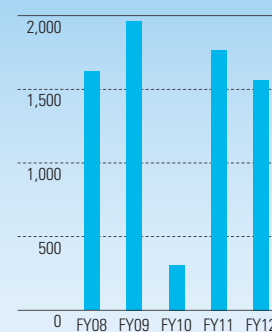
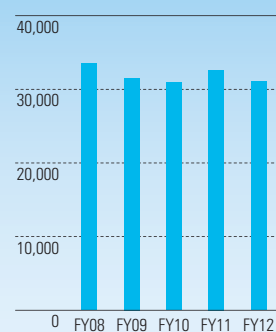
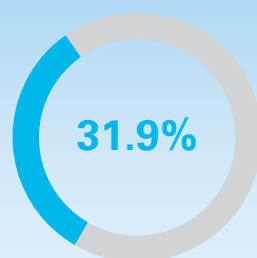
Strengths We are supplying products and systems using high-precision GNSS (GPS) positioning technology in the fields of GNSS (GPS) surveying, IT construction and IT agriculture on a global scale.

Strategies We will achieve rapid growth in new business fields with GNSS (GPS) as the core technology. At the same time, we will increase global market share by launching strategic products and targeting the Asia and Latin American markets.



Strengths We will provide total healthcare solutions through our expanded product lineup, ranging from examination and diagnostic systems (hardware), which leverage optomechatronic technology, to image processing software.

Strategies We are expanding our business domains from our core focus on the examination and diagnostic equipment fields to include preventive medicine/physical checkups and treatment. In addition, we will strive to generate stable profits on a worldwide basis.



Note: As of June 27, 2012, we have changed our organizational structure to three in-house companies. As a result, the former Positioning Business Unit was split into the Smart Infrastructure Company and the Positioning Company. Likewise, the former Eye Care Business Unit became the Eye Care Company.

SMART INFRASTRUCTURE COMPANY

Change the World

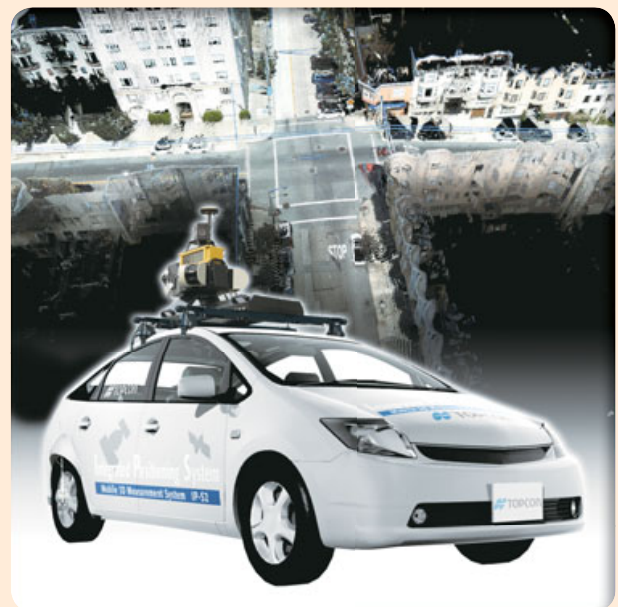
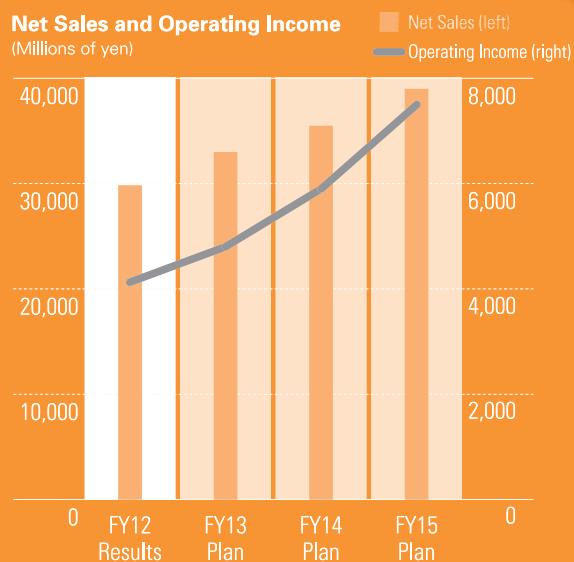
We will provide world leading, highly innovative positioning products by incorporating the most advanced technologies such as leading-edge technology in GNSS (GPS), laser and image analysis based on the optical technology Topcon has fostered since its beginning.



We will enhance new businesses with strong basis of surveying instruments.



Director,
Managing Executive Officer
President,
Smart Infrastructure Company
Shigeyuki Sawaguchi



FY2012 Financial Results

Net sales came to ¥29,839 million, up 5.7% year on year, due to the business growth in Japan. Reduced cost of goods and the lower fixed costs helped boost operating income to ¥4,126 million, an increase of ¥1,649 million over the previous fiscal year.

Looking at business conditions by region, there was an expansion of demand in emerging countries, while some regions' growth slowed due to financial and political uncertainty.

By business field, the surveying field showed sluggish pace of growth due to the strong yen and fiercer competition, while there was a steady growth in the field of measurement.

Performance Outlook

For fiscal 2013, we forecast net sales of ¥33,000 million (up 11% year on year) and operating income of ¥4,800 million (up 16% year on year).

As for regional business outlooks across regions, we expect China's economy will grow but at a slower rate than before, while in emerging countries, we expect steady demand growth albeit with disparities in performance by region.

By business field, we expect the surveying markets to remain flat, but we see growth in the measurement field. Moreover, we anticipate demand for high value-added products to again increase in emerging countries.

In these circumstances, the Smart Infrastructure Company aims to be a global leader through innovation and far-reaching business expansion. In fiscal 2013, the Company will implement the following five priority measures:

- 1) In the field of the IT disaster prevention, develop innovative disaster diagnosis systems
- 2) In the field of BIM*¹, launch BIM-specialized products
- 3) In the field of CIM*², launch CIM-specialized products
- 4) In the field of IT agriculture, launch integrated crop monitoring sensors which can be used for multiple varieties of agricultural products
- 5) In the field of surveying and construction, expand asset management system of instruments utilizing cloud computing

Particularly for maintenance and reinforcement of infrastructure to prepare for disaster, we plan to introduce cost-effective, high-precision, high-efficiency diagnosis systems with non-contact sensors for evaluating deterioration that can be installed in vehicles. This makes it possible to detect cracking in infrastructure simply by driving a vehicle with a system across motorways, tunnels, and the like.

In fiscal 2013, the Smart Infrastructure Company plans to launch 10 new models.

*1 BIM: Building Information Modeling

*2 CIM: Construction Information Modeling

topic

Forecasting the needs of the motorized robotic total station market, our Direct Aiming Stations DS series combines smaller, more compact body with an auto collimation function, enabling easier, faster survey measurements even in severe operating conditions.

Topcon's latest line of total stations, the DS series comes with innovative, advanced auto collimation technologies (equal to or better than human eyesight) that automatically collimate to prisms with precision that requires an operator only to take a rough aim at a target and push the trigger key. Even in dim or dark places like the wilderness, the DS series makes it easier than ever for an operator to do their job faster while still maintaining accuracy.

Regarding its new features, the DS series is 30% smaller than the previous total drive station models, which provides a greater portability and ease in setting-up.

Furthermore, when used with Topcon's Field

Controller FC-250, which provides a wireless connection up to 300m (984 feet), the DS series can be used to conduct reliable and efficient measurements such as attribution information entry on the prism-side and graphical navigations in stakeout work.

Fast, light-weight, and reliable, the DS series is the result of our conscientious research and analysis of user needs and has been widely lauded since its release.

The Smart Infrastructure Company will remain diligent in our market research so we can develop new products that meet user needs.



Direct Aiming Stations
DS series

POSITIONING COMPANY

Your Productivity. Our Technology.

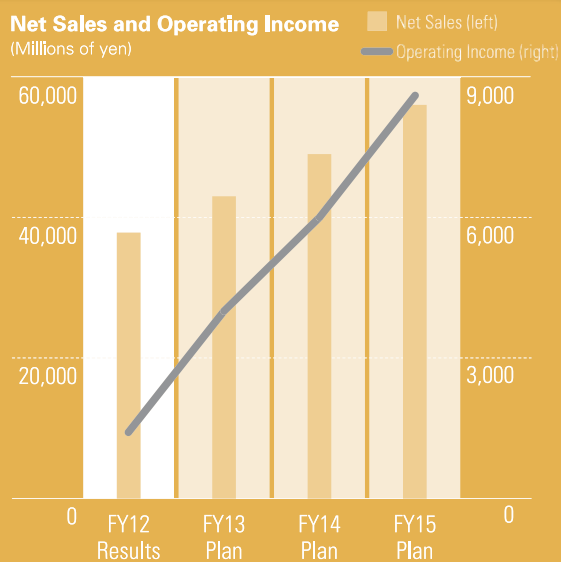
We will expand sales of products and systems using high-precision GNSS (GPS) positioning technology in the fields of GNSS (GPS) surveying, IT construction and IT agriculture on a global scale.



We will utilize GNSS (GPS) as a core technology for rapid expansion in IT construction and IT agriculture.



Senior Managing
Executive Officer
President,
Positioning Company
Raymond O'Connor



FY2012 Financial Results

Despite the impact of the sluggishness of the European market, net sales grew 10.5% year on year to ¥37,824 million due to robust sales in the United States. Operating income increased by ¥905 million year on year to ¥1,413 million as a result of the increased net sales.

By region, even though the yen's depreciation accelerated in advanced countries in the fourth quarter, the market remained flat for the whole year due to the effects of the strong yen and uncertainty over future business conditions.

By business field, business performance in the fields of both IT construction and IT agriculture showed stable growth.

Performance Outlook

We forecast net sales of ¥43,000 million (up 14% year on year) and operating income of ¥4,000 million (up 183% year on year).

With regard to business conditions, we expect that the European economy will continue to be sluggish but that the U.S. economy will remain on the path of recovery as a result of improvements in the housing market and employment.

Under these circumstances, the Positioning Company will strengthen the OEM business as a pillar of its growth strategy in order to achieve rapid growth in new business fields with GNSS (GPS) as the core technology. We will implement the following three measures as the priorities for fiscal 2013:

- 1) Strengthen OEM partnerships with construction machinery makers in the field of IT construction
- 2) Strengthen OEM partnerships with agricultural machinery makers in the field of IT agriculture
- 3) Gain market share in the GNSS (GPS) business by launching products for emerging countries

Regarding the strengthening of OEM partnerships in particular, we will build strategic partnerships that can be expected to lead to business expansion for both us and our partners by improving the quality and efficiency of their products and services through the introduction of our automation technology using GNSS (GPS). We will continue to pour resources into this business field.

In fiscal 2013, the Positioning Company plans to launch 19 new models.

topic

We have launched HiPer V, a GNSS receiver with Universal Tracking channels, the world's most versatile multi-constellation technology, and HiPer SR, the world's most compact and light-weight GNSS receiver.

HiPer V, equipped with the advanced Vanguard Technology™, is a dual-frequency GNSS receiver with an integrated antenna that is capable of receiving GPS, GLONASS, QZSS (Quasi-Zenith Satellite System) and Galileo signals. It features a fully integrated design—antenna, receiver and small-area wireless equipment with both transmission and receiving functions—and its housing is made of rugged, durable, light-weight magnesium alloy. HiPer V is adaptable to a wide variety of surveying applications using GNSS (GPS) and achieves significant improvements in the efficiency and energy conservation of surveying operation.

HiPer SR, which integrates all necessary functions in its compact, light-weight and robust housing, enables RTK (real-time kinematic) observation without the use of cables or radio signals and also makes it possible to conduct one-person surveying

to improve productivity and efficiency. HiPer SR, one set of which is comprised of two receivers—one for a base station and the other for a rover station—enables satellite-based positioning that is most suitable for civil engineering works. It can also be used for land improvement and agricultural applications in addition to large-scale construction projects to achieve significant improvements in efficiency and productivity.



GNSS Receiver HiPer V



GNSS Receiver HiPer SR

EYE CARE COMPANY

CONNECTING VISIONS™

The vision of Topcon Eye Care Company is to support the satisfaction and happiness of people by connecting visions of people in society (healthy and fulfilling lives), visions of healthcare professionals (provision of advanced and effective medical care), and visions of eyeglasses shops (provision of advanced and effective medical care and eyeglasses that satisfy customers' needs).



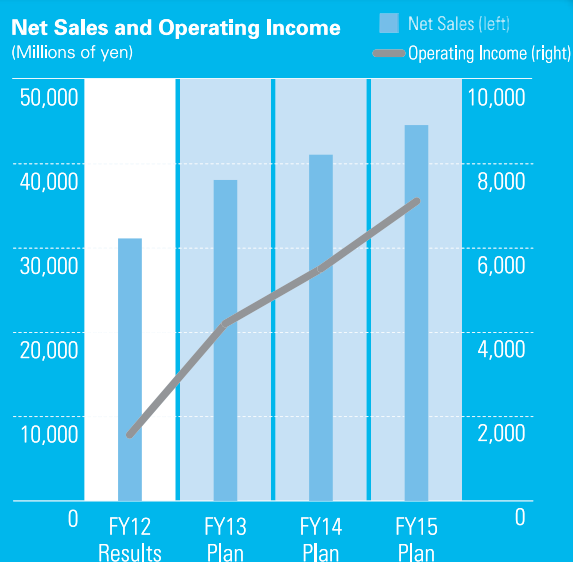
We will strengthen preventive medicine and treatment segment by enhancing the strong competitiveness of examination/diagnosis segment.



*Director,
Executive Officer
President,
Eye Care Company*
Yasufumi Fukuma

Net Sales and Operating Income

(Millions of yen)



FY2012 Financial Results

Net sales came to ¥31,073 million, down 4.7% year on year, due to the sluggish market conditions in Europe. Operating income declined by ¥308 million year on year to ¥1,563 million due to the lower net sales and other factors.

As for regional economic trends, economies in the Americas showed signs of recovery, while those in Japan and Asia were stable. However, net sales and profits declined due to weak capital investment, which was hurt by persistent economic sluggishness in Europe.

In terms of product fields, although there was a trend of price reductions in the ophthalmic field, the medical checkup market in emerging countries grew with the proliferation of OCT demand. On the other hand, capital investment trends in the eyeglass field were sluggish worldwide.

Performance Outlook

We forecast net sales of ¥38,000 million (up 22% year on year) and operating income of ¥4,200 million (up 169% year on year).

As for regional business outlooks, in Europe, there is uncertainty over the prospects for recovery from the sluggish economic conditions, but the U.S. market is showing signs of recovery. In Japan, we expect growth for treatment and diagnostic devices, and, in Asia, we expect capital investment for medical equipment to grow in concert with economic growth.

In the ophthalmic field, we expect price competition to intensify for products such as OCT. In the eyeglass field, competition in supplying chain stores centering on price and differentiation strategies is expected to intensify.

In these circumstances, Eye Care Company is expanding its business domains to include the fields of preventive medicine/physical checkups and treatment/prognosis management in addition to the fields of examination and diagnosis, in an effort to generate stable profits on a worldwide basis. In fiscal 2013, Eye Care Company will implement the following four measures as its priorities:

- 1) In the field of preventive medicine/physical checkups, expand business by introducing fully automated devices
- 2) In the field of treatment/prognosis management, create synergy effects by combining laser treatment instruments and retinal imaging devices
- 3) In the ophthalmic IT field, aim to reduce medical care costs by introducing the world's first cloud system in the ophthalmic field
- 4) In the examination/diagnosis field, strengthen the OCT business by providing the most powerful lineup of products and reduce the cost of goods by standardizing product platforms

In particular, we aim to further expand sales of our core OCT series by actively promoting such OCT systems as "Atlantis," the world's first deep-penetrating swept source OCT system (high-end model), and Maestro, the world's first auto-scanning OCT (standard model).

In fiscal 2013, Eye Care Company plans to launch 10 new products.

topic

Launch of 3D OCT-1 Maestro: 3D optical coherence tomography enables new testing styles

3D OCT-1 Maestro supports ophthalmic diagnosis by providing cross-sectional images of the eye (anterior eye and fundus) and measurement results. Moreover, this is a next-generation model that inherits the basic concept of Topcon's OCT systems of combining a "fundus camera with OCT technology." Its automatic alignment function reduces the time needed to capture images and enables even people unfamiliar with operating the machine to easily capture images. The rotatable touch screen, which allows the screen to

be positioned across a range of angles, enhances usability by enabling use in various situations and providing greater freedom in installation locations. The Eye Care Company aims to encourage further adoption of OCT systems in medical institutions by offering a wider range of options through the addition of 3D OCT-1 Maestro to our lineup to go with the 3D OCT-2000 series and DRI OCT-1 Atlantis.



3D Optical Coherence Tomography
3D OCT-1 Maestro

HISTORY OF TOPCON

Topcon was established in 1932, based on the surveying instruments division of K. Hattori & Co., Ltd. (currently Seiko Holdings Corporation). The Company changed its name from Tokyo Optical Co., Ltd. to Topcon Corporation in 1989. Today, the Company continues its activities as a general precision optical manufacturer mainly of surveying instruments, GNSS (GPS)-related instruments, and ophthalmic medical instruments.



1947
TOHKOH Transit
3inch half



1951
Refractometer
RM-1



1963
Topcon RE Super



1966
Universal Measuring
Microscope TUM



1979
Electric Distance
Meter DM-C2



1979
Non-Mydriatic
Retinal Camera
TRC-NW



1985
Electronic
Total Station
GTS-3 series



1988
Digital Image Filing
System IMAGEnet



1993
Auto-Tracking
Total Station
AP-L1

Founding and Business Base Establishment Phase

Enter the optical industry as a first step

1932~

1932

Establishment of Tokyo Optical Co., Ltd. Established based on the surveying instruments division of K. Hattori & Co., Ltd. after acquiring the lens manufacturing facilities of Katsuma Kogaku Kikai Co., Ltd. at the request of the Japanese Ministry of War.

1945

Concentrated mostly on the production of binoculars, which were largely exported to the United States, paving the way for the dominance of the U.S. market by Japanese binoculars. Moreover, the production of surveying instruments contributed to the reconstruction and development of Japan in the post-war era.

1951

Released Japan's first Refractometer, RM-1.

1960

Became an affiliate of Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation).

Development Phase

Leverage technological expertise to launch a series of hit products

1963~

1963

Released Topcon RE Super, the world's first single-lens reflex camera, with a TTL full-aperture metering system.

1970

Established Topcon Europe N.V. (currently Topcon Europe B.V.) in the Netherlands.

Then established Topcon Instrument Corporation of America (currently Topcon Medical Systems, Inc.) in the United States.

1979

Established Topcon Singapore Pte. Ltd. in Singapore.

1981

Enjoyed increased profit from strong sales of the extremely popular refractometer RM-100 and the electric distance meter DM-C2.

Growth Phase

Undertake full-scale globalization

1985~

1985

Made a 3.8 million public stock offering, the largest amount for the company at the time, in order to strengthen its managerial foundation by means of a capital increase at the market price.

1986

Established Topcon Optical (H.K.) Ltd., its first overseas local manufacturing base, in Hong Kong.

1989

Changed corporate name to Topcon Corporation.

1991

Entered the electron beam business.



1998
3D Machine Control System
3D-MC LPS



2003
Proximity Aligner for
LCD Color Filters
TME-1750S



2006
Optical Coherence
Tomography
3D OCT-1000



2006
GNSS Receiver
GR-3



2008
3D Laser Scanner
GLS-1000



2009
Mobile Survey System
IP-S2



2009
Plant Nutrition Sensor
CropSpec



2010
Ophthalmic Laser
Photocoagulator
PASCAL



2013
Optical Coherence
Tomography
3D OCT-1 Maestro

Mature Phase

Lay the groundwork
for the current core businesses

1994~

1994

Entered the Machine Control (MC) Business.

Established Topcon Laser Systems, Inc.
(currently Topcon Positioning Systems, Inc.)
and acquired a laser equipment manufacturer in the United States to
enter the machine control field.

2000

Entered the GNSS (GPS)-related Business.

Acquired Javad Positioning Systems, Inc.
in the United States and began
developing precision GNSS receivers and related system products,
while merging the GNSS (GPS)-related business with conventional
surveying instruments.

2001

Established Topcon Positioning Systems, Inc.
and Topcon Medical Systems, Inc.
in the United States as part of a plan
to improve overseas business.

2004

Improved Production in China.

Established Topcon (Beijing) Opto-Electronics Development
Corporation, a surveying instruments manufacturing
company, to further accelerate the surveying instruments
business in China.

Transformation Phase

Reform the business structure
in the aftermath of the Lehman Shock

2008~

2008

Pursued Business Merger with Sokkia.

Conducted a takeover bid for shares of Sokkia Co., Ltd. and made it
a subsidiary to enhance competitiveness of the Positioning Business
in the global market.

2010

Established Topcon Medical Laser Systems, Inc. by acquiring
the retina and glaucoma business of OptiMedica (U.S.A.),
and entered the therapeutic laser market.

2011

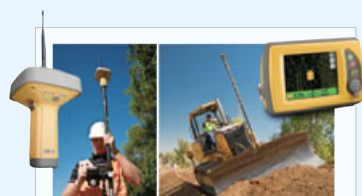
Established the "TOPCON WAY."

2012

Discontinued the Finetech Business Unit
as of April 1 and changed organizational structure
into three in-house companies as of June 27.

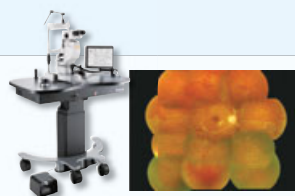
GLOBAL NETWORK

Topcon boasts an effective development and manufacturing network that utilizes outstanding human and other resources worldwide to grasp the needs of various customers throughout the world to which we promptly respond. In addition, Topcon is globally expanding its sales centers and conducts sales and provides services based on the needs of each particular locale.



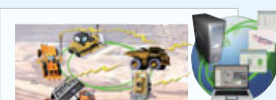
Topcon Positioning Systems, Inc.

Develops and manufactures GNSS instruments, machine control systems, and supporting software solutions. Software for surveying and mapping is developed at its Ohio and Calgary offices.



Topcon Medical Laser Systems, Inc.

Develops and manufactures laser photocoagulation systems for treatment of the eye.



Tierra S.p.A.

Topcon InfoMobility S.r.l. GEOPRO s.r.l.

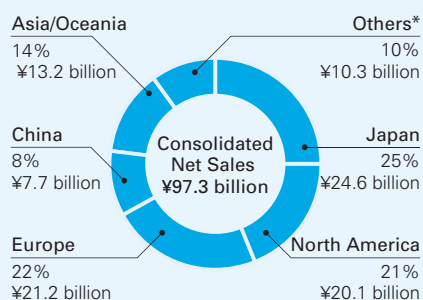
GNSS-related software and telematics-related development



Topcon Medical Systems, Inc.

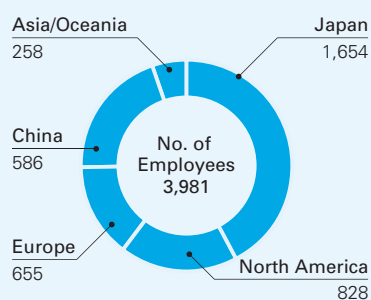
Develops and manufactures eye care products, and develops network solutions for the image filing systems IMAGENet, EMR, and EyeRoute (a web-based network system).

Sales by Region: FY2012



* The "Others" in the sales by region chart includes Latin America, Middle East, Russia, Africa etc.

Number of Employees by Region

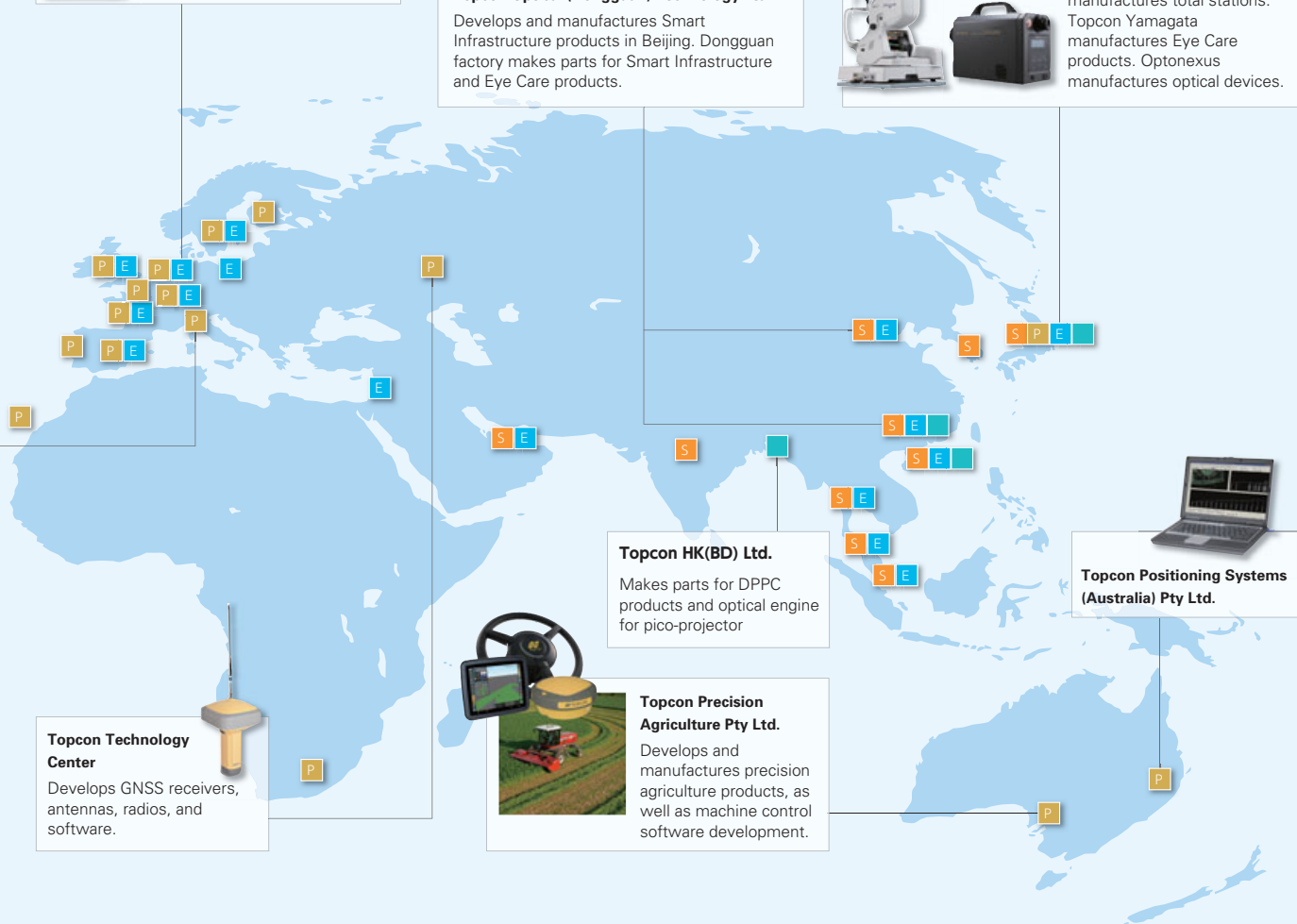


(As of March 31, 2013)

North America

Topcon Positioning Systems, Inc./U.S.A.	P	■	●	▲
Topcon Medical Systems, Inc./U.S.A.	E	■	●	▲
Topcon Medical Laser Systems, Inc./U.S.A.	E	■	●	▲
TPS Columbus Office/U.S.A.	P	■		
TPS Kansas Office/U.S.A.	P	■		
TPS Calgary Office/Canada	P	■		
Topcon Canada Inc./Canada	E	■		

■ Research & Development	■ Smart Infrastructure Company
● Manufacture	■ Positioning Company
▲ Sales & Marketing	■ Eye Care Company
	■ Others



Europe/Africa

Topcon Europe Positioning B.V./The Netherlands	P ▲
Topcon Europe Medical B.V./The Netherlands	E ▲
Topcon Deutschland G.m.b.H./Germany	P E ▲
Ibs GmbH, Lasertechnik, Vermessungs- und Baugeräte/Germany	P ▲
Topcon S.A.R.L./France	P E ▲
Topcon España, S.A./Spain	E ▲
Topcon Positioning Spain, S.L./Spain	P ▲
Topcon Positioning Canarias, S.L./Spain	P ▲
Topcon Positioning Portugal, L.D.A./Portugal	P ▲
Topcon Scandinavia A.B./Sweden	E ▲
Topcon (Great Britain) Ltd./U.K.	P E ▲
Topcon Polska Sp. Zo.o./Poland	E ▲
Tierra S.p.A./Italy	P ▲
Topcon InfoMobility S.r.l./Italy	P ▲
GEOTOP s.r.l./Italy	P ▲
GEOPRO s.r.l./Italy	P ▲
Sokkia N.V./Belgium	P ▲
DynaRoad Oy/Finland	P ▲
Topcon Technology Center/Russia	P ▲
KEE Technologies Africa (Pty) Ltd./South Africa	P ▲

Asia/Oceania/Middle East

Topcon Singapore	S ▲
Positioning Sales Pte. Ltd./Singapore	S ▲
Topcon Singapore Medical Pte. Ltd./Singapore	E ▲
Sokkia Singapore	S ▲
Positioning Sales Pte. Ltd./Singapore	S ▲
Topcon Instruments (Malaysia) Sdn. Bhd./Malaysia	S E ▲
Topcon Instruments (Thailand) Co., Ltd./Thailand	S E ▲
Topcon Sokkia India Pvt. Ltd./India	S ▲
Sokkia Korea Co., Ltd./Korea	S ▲
Topcon Optical (H.K.) Ltd./China	S E ▲
Topcon (Beijing) Opto-Electronics Development Corporation/China*	S E ▲
*Exclusively focused on eye care product sales	
Topcon Optical (Dongguan) Technology Ltd./China	S E ▲
Topcon HK(BD) Ltd./Bangladesh	S ▲
Topcon Precision Agriculture Pty Ltd./Australia	P ▲
Topcon Positioning Systems (Australia) Pty Ltd./Australia	P ▲
Topcon Positioning Middle East and Africa FZE/UAE	S ▲
Topcon Corporation Dubai Office/UAE	E ▲
Topcon Corporation Beirut Office/Lebanon	E ▲

Japan

Topcon Corporation	S P E ▲
Sokkia Topcon Co., Ltd.	S ▲
Topcon Sokkia Positioning Japan Co., Ltd.	S P ▲
Topcon Medical Japan Co., Ltd.	E ▲
Topcon Vision Care Japan Co., Ltd.	E ▲
Topcon Technohouse Corporation	S ▲
Sapporo Topcon Sales Co., Ltd.	S ▲
Topcon Yamagata Co., Ltd.	S E ▲
Optonexus Co., Ltd.	S E ▲

CORPORATE GOVERNANCE

Topcon pursues sustained growth in its corporate value and a greater degree of soundness and transparency of its management. The Company achieves this by enhancing its corporate governance, which includes not only thorough implementation of compliance, but also doing business in good faith with respect for corporate ethics, in addition to strengthening risk management.

Corporate Governance

Topcon is a Company with Board of Auditors, and Topcon's Board of Auditors consists of four members (two of which are outside corporate auditors) that examine decision-making and business execution by directors. The Board of Directors consists of six members of directors (one of which is an outside director), and the meeting of the Board of Directors is held once per month (and on other occasions as needed) to deliberate on and report regular agenda items related to management policies, laws, articles of incorporation, or other important matters related to the management of Topcon. Through these actions, the Board of Directors could strengthen supervisory functions. Topcon has adopted the Executive Officer System. By entrusting day-to-day execution to executive officers, Topcon has separated the supervision by directors or Board of Directors and the operations by executive officers. This system allows for appropriate and timely response to rapid changes in the business environment. As a rule, the Executive Officers Meeting (attended by directors, corporate auditors, and executive officers) is held weekly. Agenda items in the Executive officers Meeting include analyses of the business environment, discussions of mid-term business plans and budgets, information sharing on budget-versus-actual execution and other data, discussions of important corporate decisions, thoroughness of compliance activities in adopting key points, and discussions on a variety of other matters to ensure the fairness and transparency of management decisions.

Topcon has established Corporate Audit Division which serves as the internal audit department under the direction of the President. This Corporate Audit Division is a part of a system which ensures legal compliance, as well as the appropriateness and efficiency of business performance.

Outside Directors and Corporate Auditors

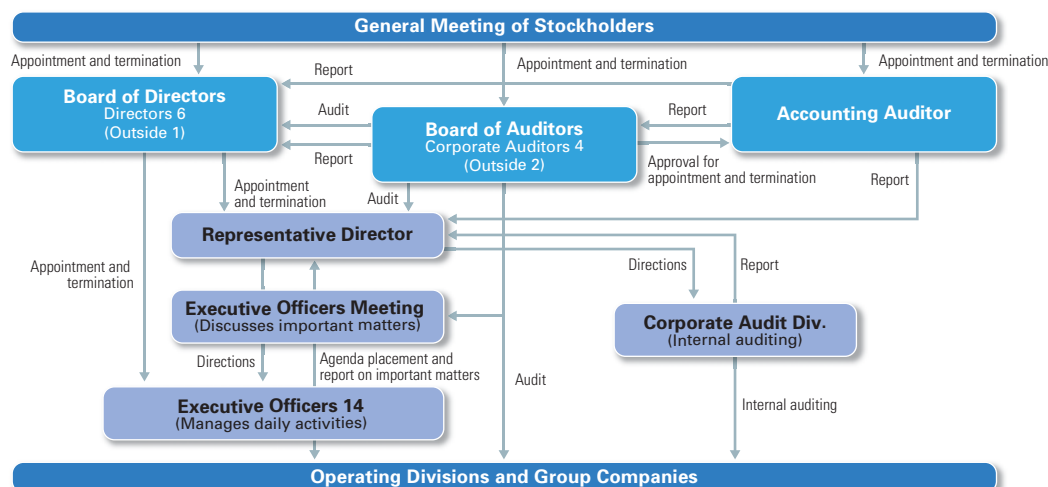
Topcon has one outside director and two outside corporate auditors.

The purpose of appointment of the outside director is to directly obtain external opinions and enhance the monitoring and supervision of the Board of Directors. Auditing by the outside corporate auditors is a key function to fortify independent supervision of management. Also, given the importance of the outside director in monitoring and supervising management and outside corporate auditors in monitoring, Topcon makes best effort to appoint outside directors and outside corporate auditors who have detailed knowledge about all facets of corporate management and of Topcon's businesses, and are entirely independent.

Mr. Chikahiro Yokota is Topcon's outside corporate auditor who also serves as an advisor for Toshiba Corporation, which is a major shareholder in Topcon (he has no operational responsibilities at Toshiba); Mr. Yokota conducts fair and impartial audits for Topcon. Sales to Toshiba Corporation account for only a small percentage of Topcon's overall net sales, and do not represent a significant issue of reliance.

Topcon has satisfied the independent executive requirements recommended by the Tokyo Stock Exchange Inc. (TSE) for at least one outside director and one outside corporate auditor, and we have notified the TSE of such satisfaction.

Corporate Governance Structure (As of June 26, 2013)



Directors and Corporate Auditors Compensation

Each maximum annual compensation for directors and corporate auditors is established, as follows, in a resolution by 120th Ordinary General Meeting of Shareholders held on June 26, 2013.

The maximum annual compensation for directors is ¥500 million (the maximum fixed portion is ¥300 million and the maximum performance-linked portion calculated on the basis of prescribed benchmarks for the relevant fiscal year is ¥200 million), which does not include employee compensation for a directors who also serve as employees. Among the ¥500 million, the maximum fixed annual compensation for an outside director is ¥30 million.

On the other hand, the maximum annual compensation for corporate auditors is ¥100 million.

These compensations consist of a monthly salary (basic pay plus additional compensation) and bonuses. Monthly salary is calculated based on standards of each classification of directors, but bonuses are calculated by multiplying the basic monthly salary by a constant coefficient (number of months, evaluated based on performance). Based on such standard or calculation, directors' compensation is determined by approval of the Board of Directors, and corporate auditors' compensation is determined by negotiations among corporate auditors.

Total compensation of directors and corporate auditors for the fiscal year ended March 2013 was as shown below.

Classification	Total Compensation (Millions of yen)	Compensation by Position (Millions of yen)		Number of Individuals
		Basic Compensation	Executive bonuses	
Directors (excluding outside directors)	105	83	22	6
Corporate Auditors (excluding outside corporate auditors)	33	29	4	2
Outside Officers	6	6	0	2

Notes: 1. As of March 31, 2013, Topcon had 6 directors, 2 corporate auditors, and 2 outside corporate auditors.

2. In addition to the compensation presented above, ¥31 million in compensation (including bonuses) was paid to directors who also served as Topcon's employees.

- Maximum annual compensation for directors was limited to ¥150 million (not including employee compensation for directors who also serve as employees), as established in a resolution by 103rd Ordinary General Meeting of Shareholders held on June 27, 1996.
- Maximum annual compensation for corporate auditors was limited to ¥56 million, as established in a resolution by 111th Ordinary General Meeting of Shareholders held on June 29, 2004.
- The amount of bonuses, calculated based on Topcon's earnings performance in FY2012, to the six directors and two corporate auditors (excluding the outside corporate auditors) was authorized at 120th Ordinary General Meeting of Shareholders held on June 26, 2013. The shareholders approved a total of ¥27,357,000 in bonuses (¥22,725,000 for directors, and ¥4,632,000 for corporate auditors (excluding the outside corporate auditors)).

Risk Compliance

Topcon has established Basic Rules for Risk and Compliance and has appointed individuals responsible for risk management, whereby Topcon has established systems capable for responding to any Topcon Group risks in a timely and appropriate manner.

In addition to the ordinary organizational channels, Topcon has also introduced the Internal Reporting System (whistle blower system) to enable direct notification of risk-related information from the person who identified the risk, whereby Topcon could quickly discover risk information and a swiftly and appropriately respond to the risk incident, as well as help to raise awareness of risk management among directors and employees in Topcon and its subsidiaries. The Internal Reporting System is administered by the Corporate Audit Division.

Topcon has established the Basic Regulation on Personal Information Protection concerning protection of private information, and the Basic Regulation on Information Security regarding confidential information and associated regulations thereof and seeks to keep employees of Topcon and subsidiaries fully informed of these regulations. These regulations provide for the protection of such information itself as well as make directors or employees in Topcon respond in timely and appropriate manners if risk arises related to such information.

Message from the Outside Director

As an Outside Director, what I see as important is supporting sustainable growth and profits at Topcon and thus its development as a global company by offering my candid, unrestrained views in the form of encouragement or warnings, drawing on my broad range of knowledge and experience.

To realize this, I emphasize the following four points: (1) Clarifying what and for whom the Company is doing business; (2) Ensuring the Board of Directors is a team with relationships based on mutual trust, mutual respect, and the open exchange of views; (3) Ensuring the Company discloses a full range of information, both positive and negative, while preserving transparency, and it is ready to respond to requests for information disclosure; and (4) Keeping an open mind towards constructive dissent rather than dismissing it as disloyalty.

On top of this, I strive to make decisions and take action in accordance with the TOPCON WAY, the Group's most significant set of common values.



Director (Outside Director)
Kazuyuki Matsumoto

April	1970	Joined Teijin Seiki Co., Ltd. (Currently Nabtesco Corporation)
Sep.	2003	Corporate Officer at Nabtesco Corporation
June	2004	Director of the board, Corporate Officer, Deputy General Manager, Technology and R&D Div.
June	2005	Representative Director, President & CEO
June	2011	Director & Chairman
June	2013	Advisor, Nabtesco Corporation (to present) Director (Outside Director) (to present)

CSR

The Topcon Group promotes the CSR activities based on the TOPCON WAY, the Group's highest common values, and its Code of Business Conduct. These are also in compliance with the ten principles of the United Nations Global Compact. The Group's common policies and the organization structure are established to support these CSR activities.

Basic Policy for CSR

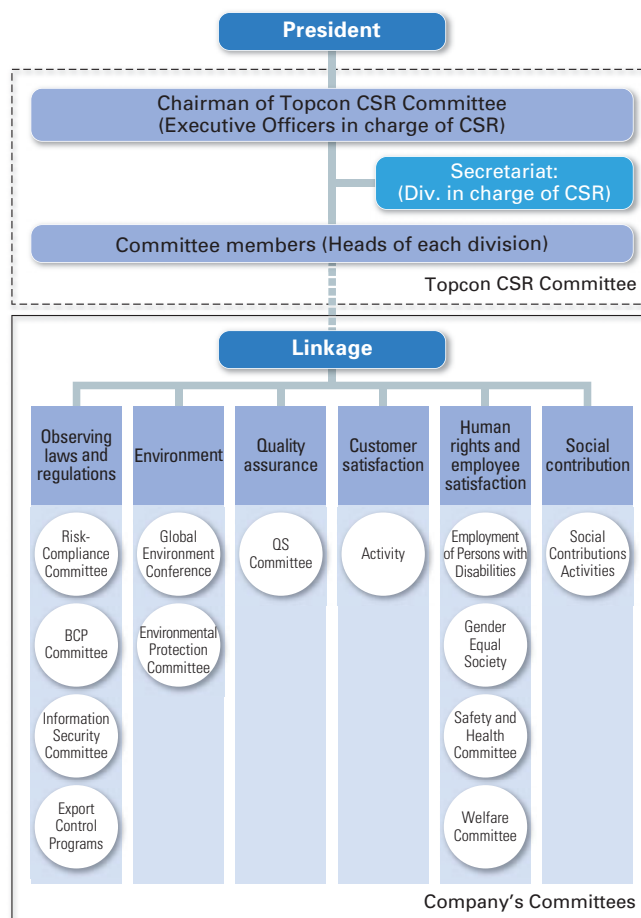
Topcon defines the basic policies for carrying out CSR activities that conform to the UN Global Compact, in which Topcon has participated since October 2007.

1. Topcon will locate CSR activities in the center of business and work on it intentionally in order to build, share and implement the sense of values and standards suitable for global enterprise.
2. Topcon will, to the extent of our influence, support and implement the rules and regulations that are globally approved regarding Human Rights, Labor Standards, Environment and/or Anti-Corruption as declared in the Global Compact.
3. Topcon will make a social contribution voluntarily and actively through developments, production, sales and services of useful products.
4. Topcon will promote an environmental management through the creation of environmentally-conscious business process and through providing with environmentally-conscious products and services.
5. Topcon will strive to establish CSR activities in every officer and employee's daily work and to infiltrate and establish them within global Topcon Group companies.
6. Topcon will acquire understanding and earn the trust of all the stakeholders of Topcon Group companies by providing with information actively.

Structure for Promoting CSR

Topcon's CSR activities are conducted in line with the policies decided by the Topcon CSR Committee, headed by an executive officer in charge of CSR, and are implemented globally throughout the Topcon Group with the collaboration of CSR-related business divisions and committees, which include the Risk Compliance Committee, the Business Continuity Planning (BCP) Committee, and the Quality & Safety (QS) Committee.

Structure for Promoting CSR



The measures and targets of our CSR

The role of the TOPCON CSR Committee is to review and evaluate year-by-year achievements regarding our CSR activities, and to set goals and plans for the next year. In fiscal 2012, we particularly focused on the BCP, employment of people with disabilities, and environmental auditing of group companies.

Items	Key Goals and Plans for FY2012	Key Achievements in FY2012	*	Key Goals and Plans for FY2013
Corporate Governance	<ul style="list-style-type: none"> Disseminating the Corporate Governance Principles Holding seminars on the Corporate Governance Principles and CSR Disseminating the reference leaflet on TOPCON Code of Business Conduct across the TOPCON Group 	<ul style="list-style-type: none"> Education for managers was carried out according to plan Education was carried out according to plan Held a training session to the executives Posted on the Risk-Compliance Bulletin Board to keep everyone informed 	○	<ul style="list-style-type: none"> Disseminating the Corporate Governance Principles (Continued) Holding seminars on the Corporate Governance Principles and CSR education program (Continued) Ratification of TOPCON Code of Business Conduct (revised ver.) in the all group companies
Risk Compliance	<ul style="list-style-type: none"> Reviewing the BCP according to the changes in social conditions Improvement of employment rate for persons with disabilities: 1.8% Reviewing the contents and continuing the Risk-Compliance seminars Establishing a SNS (Social Networking Service) guideline 	<ul style="list-style-type: none"> Reviewed the Business Continuity Plan (BCP) from the viewpoint of product supplies (ensuring availability of parts inventory, reviewing products to be manufactured continuously, sorting out suppliers, etc.) Further expanded the emergency stockpile (food and beverage) Achieved the number of employees with disabilities required by laws Reviewed the contents and updated the educational content Considering a SNS guideline 	○	<ul style="list-style-type: none"> Reviewing the BCP according to the changes in social conditions (Continued) Employment rate of persons with disabilities: 2.0% (complying with legal requirements) Reviewing the contents of the Risk-Compliance seminars (Continued) Establishing SNS guidelines and reviewing them in a timely manner
Responsibilities to Customers	<ul style="list-style-type: none"> Holding topic-by-topic compliance seminars Developing and releasing new products through promotion of TM-1activities Improving the total quality assurance system across group companies Improving pre-verification capabilities in upper stream and prevention of quality problems Promoting prompt feedback of customer information 	<ul style="list-style-type: none"> Held the seminars according to plan Conducted the Technology/Quality innovation project to shorten development times and improve quality Promoted awareness of prioritizing the quality through the Technology/Quality Month or other quality forums Conducted Technology/Quality innovation project to strengthen the pre-verification and the design review Sped up the feedback of quality information from call centers and group companies 	○	<ul style="list-style-type: none"> Holding topic-by-topic compliance seminars (Continued) Developing and releasing new products through promotion of TM-1activities (Continued) Improving the total quality assurance system across group companies (Continued) Improving pre-verification capabilities in upper stream and preventing quality problems (Continued) Promoting prompt feedback of customer information (Continued)
Responsibilities to Business Partners	<ul style="list-style-type: none"> Further extending applications of the RoHS compliance assurance system to overseas suppliers (4 suppliers) Measures for reducing metabolic syndrome cases (special health maintenance guidance, in-house plans) Continuing no-smoking programs 	<ul style="list-style-type: none"> Conducted as planned 4 suppliers (4 companies in second half of FY2012) Conducted measures for reducing metabolic syndrome cases as planned Achieved smoking rate = 26.7% (3.6% decrease from FY2011) 	○	<ul style="list-style-type: none"> Revising green procurement standards to ensure that suppliers appropriately manage chemical substances Measures for reducing metabolic syndrome cases (Continued) Continuing no-smoking programs (Continued)
Responsibilities to Employees	<ul style="list-style-type: none"> Strengthening cooperation in safety and health matters with group companies and improving management levels Continual improvement of the personnel system 	<ul style="list-style-type: none"> Disseminated the important items related to health and safety Changed working hours because of introduction of daylight saving time 	○	<ul style="list-style-type: none"> Strengthening cooperation in safety and health matters with group companies and improving management levels (Continued) Continual improvement of the personnel system (Continued)
Responsibilities to International and Local Communities	<ul style="list-style-type: none"> Providing environmentally conscious and resource-saving products, and products and services useful for improving medical care, health care and life in general International volunteer assistance Assisting of medical and academic institutes (product donation and sponsor seminars) 	<ul style="list-style-type: none"> Provided products that would help address social issues (reconstruction of the areas affected by the Great East Japan Earthquake, population aging, resource depletion) Conducted as planned Conducted as planned 	○	<ul style="list-style-type: none"> Continued Continued Continued
Enforcing Environment Management System	<ul style="list-style-type: none"> Review the audited, and implementation of the audit 	<ul style="list-style-type: none"> Company subject to audit was changed into a factory and a company with many employees In fiscal 2012, 7 group companies underwent the survey and revealed no problems regarding the level of control. 	○	<ul style="list-style-type: none"> Further implementation of continuous audit
Providing Environmentally Conscious Products and Services	<ul style="list-style-type: none"> Further improvement of providing environmentally conscious products 	<ul style="list-style-type: none"> Provided environmentally conscious products 85.3% of sales (Target achievement) 	○	<ul style="list-style-type: none"> Further improvement of providing environmentally conscious products (Continued)
Establishing Environmentally Conscious Business Processes	<ul style="list-style-type: none"> Implementation of measures against global warming (Reduction in CO₂ emissions) 6.0% reduction from the previous fiscal year (to comply with Tokyo metropolitan ordinance) Effective use of resources Continuing zero-emission efforts (Less than the previous fiscal year) Management of chemical substances Strengthening central management (Using less chemical substances than the previous year) 	<ul style="list-style-type: none"> 31.8% reduction from FY2011 (Target achieved) Continuing zero-emission efforts (Increase in emissions; 13%) Use of organic solvents: 45% reduction (1,409kg) 	○	<ul style="list-style-type: none"> Implementation of measures against global warming (Reduction in CO₂ emissions) 6.5% reduction from the previous year (to comply with Tokyo metropolitan ordinance) Continued Continued
Promoting Environmental Communication	<ul style="list-style-type: none"> Strengthening of cooperation with administration and local residents 	<ul style="list-style-type: none"> Held local contribution activities 	○	<ul style="list-style-type: none"> Strengthening of cooperation with administration and local residents (Continued)
Responsibilities to Stockholders and Investors	<ul style="list-style-type: none"> Providing information to stockholders and investors Maintaining external evaluations and increasing analyst coverage Issuing TOPCON GROUP CSR Report Issuing group media of CSR (CSR INFO-LINK) Participating in the GC-JN working group (CSR Report, etc.) 	<ul style="list-style-type: none"> Improved in Web content Decreased in analyst coverage (4 to 3 firms) Issued TOPCON GROUP CSR Report according to plan Continued publication Participated in the GC-JN working group 	○	<ul style="list-style-type: none"> Providing information to stockholders and investors Maintaining external evaluations and increasing analyst coverage (Continued) Issuing TOPCON GROUP CSR Report (Continued) Issuing the CSR information (CSR INFO-LINK)(Continued) Reviewing subcommittees the group will join
Communication	<ul style="list-style-type: none"> Posting corporate information on the website in a timely fashion Social contribution activities in collaboration with NPOs 	<ul style="list-style-type: none"> Disclosed corporate information in a timely fashion Cooperated with NPOs specialized in social contributions and labor issues 	○	<ul style="list-style-type: none"> Posting corporate information on the website in a timely fashion (Continued) Social contribution activities in collaboration with NPOs (Continued)

* Legend in the Self-Assessment column: Of the three marks used, basically, ○ means "the target is 100% met"; △ means "the target is partly not met, or there is room for improvement"; and X means "the target is not met."

■ For more detailed information on the Topcon Group's CSV (Creating Shared Value) activities, environmental conservation etc., please refer to our CSR Report.

<http://global.topcon.com/csr/>

DIRECTORS, CORPORATE AUDITORS AND EXECUTIVE OFFICERS



Kazuyuki Matsumoto

Shinji Iwasaki

Takayuki Ogawa

Satoshi Hirano

Shigeyuki Sawaguchi

Yasufumi Fukuma

Directors

President & CEO

Satoshi Hirano

Director, Senior Managing Executive Officer

Takayuki Ogawa

Director, Managing Executive Officer

Shigeyuki Sawaguchi

Director, Executive Officer

Shinji Iwasaki

Yasufumi Fukuma

Director (Outside Director)

Kazuyuki Matsumoto

Corporate Auditors

Corporate Auditor

Haruhiko Kobayashi

Ikuo Kobayashi

Corporate Auditor (Outside Corporate Auditor)

Chikahiro Yokota

Tatsuya Kuroyanagi

Executive Officers

Senior Managing Executive Officer

Raymond O'Connor

Executive Officer

Shuji Ichimaru

Makoto Iwasaki

Masayuki Momiuchi

Kanji Ikegaya

Hiroyuki Nakamura

Hiroshi Taguchi

Hiroshi Sakai

Takashi Eto

FINANCIAL SECTION

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Consolidated Statements of Income	Consolidated Statements of Comprehensive Income	Consolidated Statements of Changes in Net Assets	Consolidated Statements of Cash Flows
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CONSOLIDATED TEN-YEAR SUMMARY

Topcon Corporation and Consolidated Subsidiaries

	FY2003	FY2004	FY2005	FY2006	
Operating results					
Net sales	¥ 71,480	¥ 96,631	¥ 102,799	¥ 110,490	
Smart Infrastructure Company					
Positioning Business	30,518	36,652	47,804	53,631	
Positioning Company					
Eye Care Company (Eye Care Business)	24,365	26,145	31,864	38,464	
Other Businesses (Finetech Business)	16,596	33,832	23,129	18,394	
Elimination					
Overseas sales	46,589	66,895	72,262	80,575	
Cost of sales	44,272	63,514	58,915	59,650	
Gross profit	27,207	33,116	43,883	50,839	
Selling, general and administrative expenses	23,040	25,967	30,818	35,563	
Operating income (loss)	4,167	7,149	13,065	15,276	
Ordinary income (loss)	3,184	6,267	11,503	14,233	
Net income (loss)	2,303	4,278	6,781	8,549	
Capital expenditures	3,290	3,402	2,753	3,012	
Depreciation and amortization	2,487	2,619	2,813	3,018	
Amortization of goodwill	—	—	268	268	
R&D expenditures	5,356	5,956	7,713	9,424	
Free cash flows	3,096	4,357	2,431	1,019	
Net cash provided by (used in) operating activities	6,090	7,809	6,869	6,708	
Net cash provided by (used in) investing activities	(2,994)	(3,452)	(4,437)	(5,689)	
Net cash provided by (used in) financing activities	(9,122)	1,352	(8,276)	(1,123)	

Financial position

Shareholders' equity	¥ 31,077	¥ 35,413	¥ 47,780	¥ 54,689	
Total assets	74,704	83,758	89,379	99,859	
Interest-bearing liabilities	19,998	18,927	12,350	14,068	

Per share data (¥, \$)

Stock price (end of term)	¥ 632	¥ 930	¥ 2,200	¥ 1,800	
Earnings per share (EPS)	25.01	48.03	73.44	92.30	
Net assets per share (BPS)	348.93	396.09	515.85	590.45	

Management indicators

Gross profit ratio (%)	38.1	34.3	42.7	46.0	
Operating income ratio (%)	5.8	7.4	12.7	13.8	
Net income ratio (%)	3.2	4.4	6.6	7.7	
Ratio of R&D expenditures to net sales (%)	7.5	6.2	7.5	8.5	
Overseas sales ratio (%)	65.2	69.2	70.3	72.9	
Return on assets (ROA) (%)	3.0	5.4	7.8	9.0	
Return on equity (ROE) (%)	7.5	12.9	16.3	16.7	
Return on invested capital (ROIC) (%)	5.1	8.6	14.3	14.8	
Price earnings ratio (PER) (times)	25.3	19.4	30.0	19.5	
Price book-value ratio (PBR) (times)	1.8	2.3	4.3	3.0	
Equity ratio (%)	41.6	42.3	53.5	54.8	
Total assets turnover ratio (times/year)	0.92	1.22	1.19	1.17	
D/E ratio (%)	64.4	53.4	25.8	25.7	
Dividend payout ratio (%)	10.0	10.4	20.4	21.7	
Fixed assets turnover ratio (times/year)	2.99	3.98	3.76	3.58	
Inventory turnover ratio (times/year)	4.84	6.61	6.70	6.13	
Current ratio (%)	181.0	187.4	205.1	181.7	
Interest coverage ratio (times)	8.2	10.9	8.5	9.7	

Notes: 1. For the sake of convenience, the US\$ is converted at a rate of ¥94.05/US\$ as of March 31, 2013. We referenced the Tokyo foreign exchange market rate.

2. On April 1, 2006, shares were split into 2 shares per 1 common share and the per share data prior to 2005 has been modified, incorporating the values after the split.

3. As of June 27, 2012, we have changed our organizational structure to three in-house companies. As a result, the former Positioning Business Unit was split into the Smart Infrastructure Company and the Positioning Company. Likewise, the former Eye Care Business Unit became Eye Care Company. The Finetech Business Unit was discontinued as of April 1, 2012.

					Millions of yen	Thousands of U.S. dollars
FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2012
¥ 110,818	¥ 112,666	¥ 94,862	¥ 102,470	¥ 98,834	¥ 97,345	\$ 1,035,041
50,928	58,031	49,350	51,559	52,656	29,839	317,270
39,828	33,503	31,561	30,946	32,598	37,824	402,172
20,061	21,131	13,950	19,964	13,579	31,073	330,390
					9,262	98,483
					(10,653)	(113,275)
81,027	83,684	69,138	74,210	73,949	72,711	773,113
61,948	73,661	54,636	61,408	60,716	54,517	579,666
48,869	39,004	40,226	41,061	38,118	42,828	455,375
37,894	45,949	38,821	39,261	36,037	37,613	399,927
10,975	(6,944)	1,405	1,799	2,080	5,214	55,447
9,205	(9,326)	545	608	467	3,471	36,913
7,736	(9,992)	133	(1,288)	(3,686)	511	5,441
2,893	2,620	2,109	4,499	3,443	3,297	35,060
3,478	4,619	4,531	3,689	3,115	3,384	35,991
268	1,828	1,846	1,596	1,660	1,618	17,211
10,178	11,589	9,609	10,275	8,707	8,221	87,417
(16,185)	(6,991)	1,112	(7,903)	(3,575)	1,862	19,808
6,904	(1,267)	3,755	(934)	47	3,474	36,941
(23,090)	(5,724)	(2,643)	(6,969)	(3,622)	(1,611)	(17,133)
23,761	5,667	1,468	4,761	3,467	976	10,384
¥ 56,082	¥ 39,801	¥ 40,490	¥ 36,908	¥ 32,667	¥ 48,474	\$ 515,407
139,362	119,702	125,539	124,816	120,777	129,503	1,376,962
43,329	49,706	51,501	55,300	58,882	50,629	538,325
¥ 785	¥ 382	¥ 517	¥ 440	¥ 550	¥ 857	\$ 9,112
83.52	(107.89)	1.44	(13.91)	(39.80)	5.48	0.058
605.49	429.72	437.17	398.50	352.71	448.77	4.771
44.1	34.6	42.4	40.1	38.6	44.0	
9.9	(6.2)	1.5	1.8	2.1	5.4	
7.0	(8.9)	0.1	(1.3)	(3.7)	0.5	
9.2	10.3	10.1	10.0	8.8	8.4	
73.1	74.3	72.9	72.4	74.8	74.7	
6.5	(7.7)	0.1	(1.0)	(3.0)	0.4	
14.0	(20.8)	0.3	(3.3)	(10.6)	1.3	
7.3	(5.2)	1.1	1.3	1.6	3.8	
9.4	—	358.0	—	—	156.3	
1.3	0.9	1.2	1.1	1.6	1.9	
40.2	33.2	32.3	29.6	27.0	37.4	
0.93	0.87	0.77	0.82	0.80	0.78	
77.3	124.9	127.2	149.8	180.3	104.4	
19.2	—	277.0	—	—	109.4	
2.71	2.38	2.18	2.39	2.30	2.35	
4.78	4.63	4.19	4.28	4.23	4.06	
146.0	197.4	177.4	157.1	141.2	163.0	
6.3	—	2.9	—	—	3.0	

FISCAL 2012 MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary

In fiscal 2012, ended March 31, 2013, although net sales declined slightly, profits grew significantly. In March 2013, we increased the capital amount by raising new funds totaling ¥12.6 billion. We will invest the funds in research and development to develop new products.

Market Environment

In fiscal 2012, ended March 31, 2013, economic conditions in Europe worsened due to persistent concern over prolonged fiscal insecurity, while the U.S. made a mild recovery led by its domestic demand. Emerging economies, including China, generally slowed down due to the decline in exports (mainly to Europe) etc., although each country's economic situation may vary.

The Japanese economy continued to recover slowly led by reconstruction needs of the Great East Japan Earthquake and hopes for new policies after a change of government.

Under these economic conditions, in accordance with our plans to promote "Reform and Enhancement, and the TOPCON WAY," the Topcon Group embarked on measures to improve our corporate climate to edge out competitors and achieve profitable and sustainable growth by vigorously generating profits and cash flow.

As of June 27, 2012, the Topcon Group shifted from the previous business unit structure to an in-house company structure comprised of three companies: Smart Infrastructure Company, Positioning Company, and Eye Care Company.



Director, Senior Managing Executive Officer
General Manager,
Accounting & Finance Div.
Takayuki Ogawa

Consolidated Results

In fiscal 2012, despite an improvement in the United States, net sales decreased by 1.5% year on year to ¥97,345 million as a result of a sales decline mainly caused by the Finetech Business downsizing in the previous year and the sluggish market conditions in Europe and China.

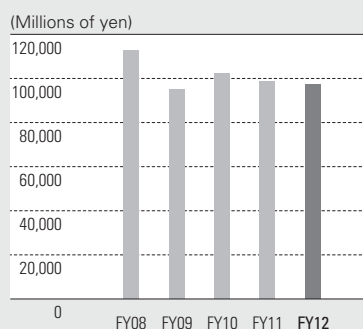
Notwithstanding the net sales declined, operating income and ordinary income grew substantially compared with the previous year, by ¥3,134 million to ¥5,214 million and by ¥3,004 million to ¥3,471 million, respectively, by way of a decline in fixed costs and reduced costs of goods from continuous business reforming, including the downsizing of the Finetech Business and a voluntary retirement program in the previous year. The Company posted net income of ¥511 million, an improvement of ¥4,198 million year on year, as it recorded extraordinary losses associated with the costs of relocating Sokkia Topcon's Matsuda factory to optimize manufacturing operations and the costs of abandoning the relocation of Topcon (Beijing) Opto-Electronics Development Corporation, a Chinese subsidiary, as well as losses for impairment of investment securities.

Segment Information

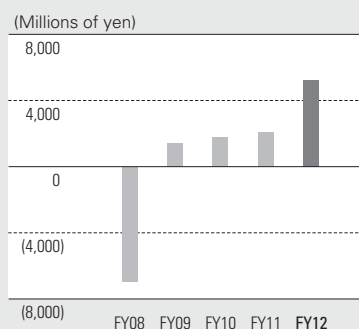
The Smart Infrastructure Company posted net sales of ¥29,839 million, up 5.7% year on year, due to growth in Japan. Operating income increased by ¥1,649 million year on year to ¥4,126 million as a result of reduced costs of goods and a decline in fixed costs.

The Positioning Company recorded net sales of ¥37,824 million, up 10.5% year on year, as strong sales in the United States more than offset the impact of the sluggish market condition in Europe. Because of the higher net sales, operating income grew by ¥905 million year on year to ¥1,413 million.

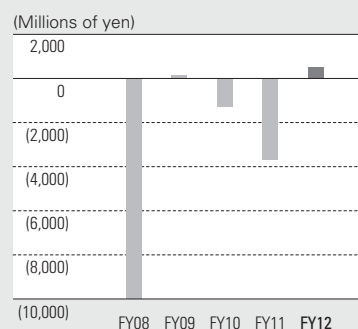
Net Sales



Operating Income (Loss)



Net Income (Loss)



Eye Care Company's net sales decreased by 4.7% year on year to ¥31,073 million due to the sluggish market condition in Europe. Operating income dropped by ¥308 million year on year to ¥1,563 million due to the net sales decline.

Financial Position

Assets

As of March 31, 2013, total assets stood at ¥129,503 million, an increase of ¥8,725 million from the end of previous fiscal year.

1. Current assets: Current assets amounted to ¥89,110 million, an increase of ¥10,903 million from the previous fiscal year-end, due primarily to an increase in cash and deposits associated with the issuance of shares as well as increases in notes and accounts receivable—trade and inventories.
2. Noncurrent assets: Noncurrent assets amounted to ¥40,392 million, a decrease of ¥2,177 million from the previous fiscal year-end, due mainly to a decline in property, plant and equipment resulting from the sales of the land owned by our subsidiary as well as a decline in deferred tax assets in connection with a decrease in deficits.

Liabilities

As of March 31, 2013, total liabilities amounted to ¥80,480 million, a decrease of ¥7,232 million from a year earlier.

1. Current liabilities: Current liabilities amounted to ¥54,662 million, a decline of ¥713 million from the previous year-end, primarily due to a decrease in notes and accounts payable—trade.
2. Noncurrent liabilities: Noncurrent liabilities amounted to ¥25,818 million, a decrease of ¥6,518 million from the previous year-end, primarily as a result of a decline in long-term loans payable as the repayment date on a portion of long-term loans fell below one year.

Net Assets

As of March 31, 2013, total net assets amounted to ¥49,022 million, an increase of ¥15,958 million from the previous

year-end, mainly due to increases in capital stock and capital surplus resulting from the issuance of shares as well as an increase in foreign currency translation adjustment.

Cash Flows

Cash and cash equivalents (hereinafter referred to as "net cash") at the fiscal year-end stood at ¥16,883 million, an increase of ¥3,277 million from the end of the previous fiscal year, due to income before income taxes and minority interests, and an increase in net cash resulting from proceeds from the issuance of shares.

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities in fiscal 2012 amounted to ¥3,474 million, compared with ¥47 million provided in the previous fiscal year. The increase was primarily due to proceeds from ¥2,027 million in income before income taxes and minority interests, ¥3,384 million in depreciation and amortization, and ¥1,618 million in amortization of goodwill as well as a decrease of ¥3,503 million in notes and accounts payable—trade.

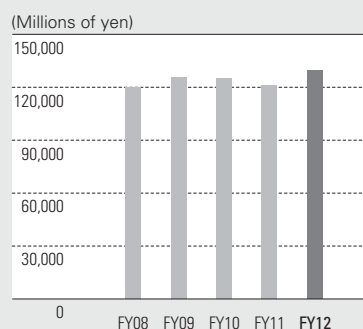
Net Cash Provided by (Used in) Investing Activities

Net cash used in investing activities in fiscal 2012 totaled ¥1,611 million compared with ¥3,622 million used in the previous fiscal year. The primary elements of this were ¥1,778 million used for the purchase of property, plant and equipment and ¥1,606 million used for the purchase of intangible assets as well as ¥1,537 million gained from the sale of property, plant and equipment, such as land owned by our subsidiary.

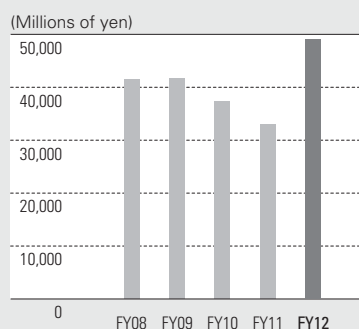
Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities in fiscal 2012, amounted to ¥976 million compared with ¥3,467 million provided in the previous fiscal year. The increase was primarily attributable to proceeds of ¥12,680 million from the issuance of shares and a decline of ¥10,388 million in short-term loans payable.

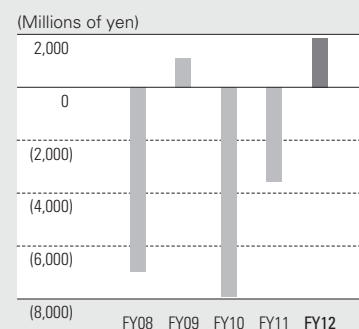
Total Assets



Net Assets



Free Cash Flows



Capital Expenditures

Total capital expenditures for the Topcon Group amounted to ¥3,297 million in fiscal 2012. By business segment, total capital expenditures were ¥1,073 million for the Smart Infrastructure Company, ¥854 million for the Positioning Company and ¥1,167 million for the Eye Care Company. Expenditures objectives were mainly to introduce ERP, to advance research and development, to enhance production systems, to improve operating efficiency, and to renew molds and other items.

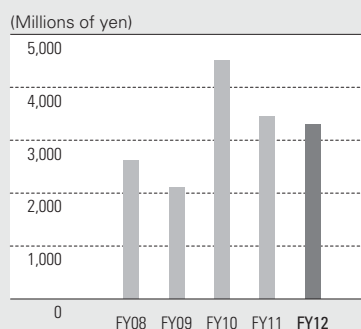
Dividend Policy

We place priority on dividend payments to return profits to shareholders. Our basic policy regarding the distribution of profits to shareholders is to steadily increase the dividend payment amount in line with the growth in consolidated earnings.

Regarding dividend payments, we make payments twice yearly, in principle, as an interim dividend and year-end dividend. Our Articles of Incorporation allow for the payment of dividends by resolution of the Board of Directors, without requiring the resolution of a the General Meeting of Shareholders, and provide a record date for the year-end dividend of March 31 and for the interim dividend of September 30 each year, as well as allowing for the payment of dividends besides above with the record date to be determined.

In fiscal 2012, ended March 31, 2013, the company's consolidated results, which improved significantly compared with the previous fiscal year due to restructuring efforts, met our consolidated performance targets of the year. As a result, in addition to paying an interim dividend of ¥2 per share as planned (compared with ¥2 per share interim dividend in fiscal 2011), the Company paid a year-end dividend of ¥4 per share (compared with ¥2 per share year-end dividend payment in fiscal 2011), bringing the full-year dividend payment to ¥6 per share (compared with the full-year dividend payment of ¥4 per share in fiscal 2011).

Capital Expenditures



Business Risks

Business risks related to business conditions, financial status, and other factors that may potentially have significant influence on investor decisions include the following.

1. Economic Conditions Affecting Product Demand

The Topcon Group (hereinafter "the Group") conducts business in three companies: the Smart Infrastructure Company, Positioning Company and Eye Care Company. Demand for the Group's products is influenced by the trends in each of the markets in which the companies conduct business (the construction, ophthalmic, and etc.). A significant fluctuation in one or more of these markets may thus impact the business results and financial position of the Group. The Group maintains a high ratio of overseas sales, selling products in Japan as well as around the world, including the United States, Europe, China and other Asian countries. Therefore, economic conditions in these countries may also impact the business results and financial position of the Group.

2. Overseas Business Development

The Group conducts a wide range of business activities overseas, including exporting products and undertaking local production at overseas sites. Accordingly, a deterioration in overseas political or economic conditions, foreign trade or foreign currency restrictions, revisions to laws and regulations or taxation systems, worsening public security, or the occurrence of terrorist actions, war, or natural disasters may obstruct business activities overseas and impact the business results and financial position of the Group.

3. Intensifying Competition (Price and Non-price Competition)

Competitors supplying products that are similar to the Group's products are present in each company. The Group strives to achieve early introduction of new products to the market, develop new technologies, reduce costs, and other activities to create a competitive advantage for the Group. However, delayed development of new products, protracted development of new technologies, sharp rises in raw material costs, and other factors may weaken the Group's growth potential or profitability, and thus may impact the business results and financial position of the Group.

4. Fluctuations in Interest Rates, Foreign Exchange Rates, or Other Conditions in Financial Markets

The Group maintains a high ratio of overseas sales in its total consolidated sales. Since this presents exposure to foreign exchange rate fluctuation risk, the Group uses forward exchange contracts to maintain an appropriate level of foreign exchange hedging within the scope of actual demand. Despite these precautions, severe fluctuations in foreign exchange markets may impact the business results and financial position of the Group. The Group also borrows funds from financial institutions, which presents exposure to interest rate fluctuation risk. Changes in financial market conditions could lead to sharp rises in interest rates. Such

fluctuations could raise the level of the Group's interest rate payments, which may impact the business results and financial position of the Group.

5. Fund Procurement

The Group procures the necessary funds by taking out loans from financial institutions. Deteriorating conditions in the financial markets or in the Group's operating performance could prevent the Group from continuing existing loans or taking out new loans. Such conditions may impact the business results and financial position of the Group.

The Group also enters into syndicated loan contracts with financial institutions that require the Group to commit to a financial covenant.* In the event that the Group should fail to meet any conditions of the covenant and fail to obtain agreement from a significant number of lenders that they will not exercise the right of forfeiture of the benefit of time, then the Group would forfeit the benefit of time with respect to all of the obligations associated with the syndicated loan contracts. Such an event may impact the business results and financial position of the Group.

* Syndicated loan financial covenants (summary)

1. At the end of each fiscal year, the net asset amount minus the foreign currency translation adjustment recorded in the consolidated balance sheets must be higher than 75% of the net asset amounts recorded in the consolidated balance sheets for fiscal year 2009.
2. At the end of each fiscal year, the consolidated statements of income must not show an operating loss for two consecutive terms.

6. New Business Strategies

The Group diligently considers initiatives for new businesses for the future growth of the Group. However, new businesses necessarily present various uncertainties. Failing to develop such businesses according to plan may impact the business results and financial position of the Group.

7. Fixed Assets

The Group maintains property, plant and equipment and intangible assets, such as goodwill assumed with corporate acquisitions. Decreases in the asset value of these noncurrent assets due to declining profitability, falling market prices, and other factors could lead to impairment losses or loss on sale at the time of sale. Such conditions may impact the business results and financial position of the Group.

8. Procurement of Materials and Other Items

The manufacturing activities of the Group in some cases require the use of special materials for which suppliers are very limited, or for which it would be difficult to change suppliers. Delays or disruptions in supply of such materials could lead to a rise in purchase costs and production delays, which may impact the business results and financial position of the Group.

9. Product Quality Issues

The Group puts every effort into quality control to maintain an optimal quality according to the features of its products. However, it is virtually impossible to eliminate the possibility that unforeseen conditions could cause quality issues that result in a product recall, litigation, or other action. Such an event may impact the business results and financial position of the Group.

10. Intellectual Property Rights

The Group utilizes a wide range of intellectual property rights in its research and recognizes these rights are the property of the Group or are being used under a legal licensing agreement. However, the possibility exists that a third party may file an infringement litigation concerning intellectual property rights against the Group. In the event a dispute over intellectual property rights occurs, it may impact the business results and financial position of the Group.

11. Laws and Regulations

Some of the products that the Group manufactures for Eye Care Company are medical devices subject to the Pharmaceuticals Affairs Act in Japan and laws and regulations concerning medical devices in the various countries in which the Group conducts business. Changes in regulations may impact the business results and financial position of the Group.

12. Natural Disasters and Accidents

Unforeseen natural disasters or man-made disasters, including earthquakes, acts of terrorism, wars, and epidemics that occur in regions where the Group conducts business, can cause human casualty, property damage, suspension of business activities to the Group. Such an event may impact the business results and financial position of the Group.

13. Seasonality

Our sales and profits tend disproportionately weighted towards the fourth quarter.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

Topcon Corporation and Consolidated Subsidiaries
As of March 31, 2012 and March 31, 2013

	Millions of yen		Thousands of U.S. dollars
	FY2011	FY2012	FY2012
Assets			
Current assets			
Cash and deposits	¥ 13,775	¥ 17,213	\$ 183,028
Notes and accounts receivable—trade	35,871	36,912	392,482
Merchandise and finished goods	11,744	16,051	170,674
Work in process	4,215	4,279	45,497
Raw materials and supplies	5,638	6,033	64,155
Deferred tax assets	4,784	5,616	59,713
Other	3,920	4,473	47,560
Allowance for doubtful accounts	(1,743)	(1,469)	(15,628)
Total current assets	78,207	89,110	947,483
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	5,632	5,198	55,272
Machinery, equipment and vehicles, net	2,040	1,993	21,194
Land	2,894	1,767	18,797
Construction in progress	170	179	1,910
Other, net	2,111	2,138	22,737
Total property, plant and equipment	12,850	11,277	119,913
Intangible assets			
Goodwill	10,048	9,650	102,612
Other	8,296	9,241	98,261
Total intangible assets	18,344	18,892	200,873
Investments and other assets			
Investment securities	3,005	3,345	35,567
Long-term loans receivable	1,327	800	8,513
Deferred tax assets	4,561	3,160	33,599
Other	2,566	2,997	31,871
Allowance for doubtful accounts	(85)	(80)	(859)
Total investments and other assets	11,374	10,222	108,692
Total noncurrent assets	42,569	40,392	429,478
Total assets	¥ 120,777	¥ 129,503	\$ 1,376,962

Note: We prepare and present our consolidated financial statements based on the Japanese yen. In addition, we indicate U.S. dollar amounts based on an exchange rate of ¥94.05/US\$ as of March 31, 2013 for our readers' convenience. It should be added that this conversion rate does not indicate that the yen-denominated figures presented in these consolidated financial statements can be converted at the same rate.

	Millions of yen		Thousands of U.S. dollars
	FY2011	FY2012	FY2012
Liabilities			
Current liabilities			
Notes and accounts payable—trade	¥ 12,206	¥ 9,903	\$ 105,296
Short-term loans payable	33,625	31,627	336,281
Accrued expenses	4,996	6,399	68,048
Income taxes payable	627	1,172	12,462
Provision for product warranties	827	584	6,210
Other	3,091	4,975	52,902
Total current liabilities	55,375	54,662	581,201
Noncurrent liabilities			
Long-term loans payable	25,256	19,002	202,044
Deferred tax liabilities	3	4	46
Provision for retirement benefits	5,802	5,331	56,691
Provision for directors' retirement benefits	30	35	379
Other	1,243	1,444	15,357
Total noncurrent liabilities	32,337	25,818	274,519
Total liabilities	87,713	80,480	855,721
Net assets			
Shareholders' equity			
Capital stock	10,297	16,638	176,909
Capital surplus	14,711	21,051	223,834
Retained earnings	12,717	12,843	136,558
Treasury stock	(56)	(57)	(607)
Total shareholders' equity	37,669	50,476	536,694
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	(246)	298	3,173
Deferred gains or losses on hedges	(0)	10	106
Foreign currency translation adjustment	(4,755)	(2,310)	(24,567)
Total accumulated other comprehensive income	(5,002)	(2,002)	(21,287)
Minority interests	397	548	5,833
Total net assets	33,064	49,022	521,241
Total liabilities and net assets	¥ 120,777	¥ 129,503	\$ 1,376,962

Consolidated Statements of Income

Topcon Corporation and Consolidated Subsidiaries

For the fiscal years ended March 31, 2012 and March 31, 2013

	Millions of yen		Thousands of U.S. dollars
	FY2011	FY2012	FY2012
Net sales	¥ 98,834	¥ 97,345	\$ 1,035,041
Cost of sales	60,716	54,517	579,666
Gross profit	38,118	42,828	455,375
Selling, general & administrative expenses	36,037	37,613	399,927
Operating income	2,080	5,214	55,447
Non-operating income			
Interest income	74	78	833
Dividends income	37	39	415
Other	458	305	3,253
Total non-operating income	571	423	4,502
Non-operating expenses			
Interest expenses	1,194	1,160	12,338
Equity in losses of affiliates	130	56	606
Foreign exchange losses	397	552	5,873
Other	462	396	4,218
Total non-operating expenses	2,185	2,166	23,036
Ordinary income	467	3,471	36,913
Extraordinary income			
Gain on sales of land	325	180	1,917
Gain on sales of subsidiaries and affiliates' stocks	605	—	—
Total extraordinary income	931	180	1,917
Extraordinary loss			
Loss on valuation of investment securities	—	584	6,213
Office transfer expenses	—	441	4,693
Loss on transfer of business	—	335	3,563
Loss on cancellation of office transfer	—	209	2,226
Loss on sales of land	—	54	576
Loss on business withdrawal	4,809	—	—
Special retirement expenses	701	—	—
Loss on sales of investment securities	282	—	—
Loss on sales of stocks of subsidiaries and affiliates	158	—	—
Loss on liquidation of subsidiaries and affiliates	55	—	—
Total extraordinary losses	6,007	1,624	17,274
Income (loss) before income taxes and minority interests	(4,608)	2,027	21,556
Income taxes—current	613	995	10,587
Income taxes—deferred	(1,540)	535	5,691
Total income taxes	(927)	1,531	16,278
Income (loss) before minority interests	(3,681)	496	5,277
Minority interests in income (loss)	5	(15)	(163)
Net income (loss)	¥ (3,686)	¥ 511	\$ 5,441

Consolidated Statements of Comprehensive Income

Topcon Corporation and Consolidated Subsidiaries

For the fiscal years ended March 31, 2012 and March 31, 2013

	Millions of yen		Thousands of U.S. dollars
	FY2011	FY2012	FY2012
Income (loss) before minority interests	¥ (3,681)	¥ 496	\$ 5,277
Other comprehensive income			
Valuation difference on available-for-sale securities	53	544	5,789
Deferred gains or losses on hedges	(3)	11	117
Foreign currency translation adjustment	(186)	2,462	26,182
Share of other comprehensive income of associates accounted for using equity method	(15)	64	686
Total other comprehensive income	(151)	3,082	32,776
Comprehensive income	(3,832)	3,579	38,054
Comprehensive income attributable to:			
Owners of the parent	(3,846)	3,512	37,345
Minority interests	13	66	709

Consolidated Statements of Changes in Net Assets

Topcon Corporation and Consolidated Subsidiaries

For the fiscal years ended March 31, 2012 and March 31, 2013

	Millions of yen									
	Shareholders' equity					Accumulated other comprehensive income				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	Minority interests
Balance at the beginning of fiscal 2011	¥ 10,297	¥ 14,711	¥ 16,799	¥ (56)	¥ 41,751	¥ (299)	¥ 2	¥ (4,545)	¥ (4,843)	¥ 329
Changes of items during the period										
Dividends from surplus			(370)		(370)					
Net loss			(3,686)		(3,686)					
Purchase of treasury stock				(0)	(0)					
Other			(24)		(24)					
Net change of items other than shareholders' equity						53	(3)	(209)	(159)	67
Total changes of items during the period	—	—	(4,081)	(0)	(4,081)	53	(3)	(209)	(159)	67
Balance at the end of fiscal 2011	¥ 10,297	¥ 14,711	¥ 12,717	¥ (56)	¥ 37,669	¥ (246)	¥ (0)	¥ (4,755)	¥ (5,002)	¥ 397
Changes of items during the period										
Issuance of new shares	6,340	6,340			12,680					
Dividends from surplus			(370)		(370)					
Net income			511		511					
Purchase of treasury stock				(0)	(0)					
Other			(15)		(15)					
Net change of items other than shareholders' equity						544	11	2,445	3,000	151
Total changes of items during the period	6,340	6,340	125	(0)	12,806	544	11	2,445	3,000	151
Balance at the end of fiscal 2012	¥ 16,638	¥ 21,051	¥ 12,843	¥ (57)	¥ 50,476	¥ 298	¥ 10	¥ (2,310)	¥ (2,002)	¥ 548

	Thousands of U.S. dollars									
	Shareholders' equity					Accumulated other comprehensive income				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	Minority interests
Balance at the end of fiscal 2011	\$ 109,494	\$ 156,419	\$ 135,219	\$ (604)	\$ 400,528	\$ (2,616)	\$ (10)	\$ (50,564)	\$ (53,191)	\$ 4,222
Changes of items during the period										
Issuance of new shares	67,415	67,415			134,830					
Dividends from surplus			(3,939)		(3,939)					
Net income			5,441		5,441					
Purchase of treasury stock				(3)	(3)					
Other			(162)		(162)					
Net change of items other than shareholders' equity						5,789	117	25,997	31,904	1,611
Total changes of items during the period	67,415	67,415	1,339	(3)	136,166	5,789	117	25,997	31,904	1,611
Balance at the end of fiscal 2012	\$ 176,909	\$ 223,834	\$ 136,558	\$ (607)	\$ 536,694	\$ 3,173	\$ 106	\$ (24,567)	\$ (21,287)	\$ 5,833

Consolidated Statements of Cash Flows

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2012 and March 31, 2013

	Millions of yen		Thousands of U.S. dollars
	FY2011	FY2012	FY2012
Net cash provided by (used in) operating activities			
Income (loss) before income taxes and minority interests	¥ (4,608)	¥ 2,027	\$ 21,556
Depreciation and amortization	3,115	3,384	35,991
Amortization of goodwill	1,660	1,618	17,211
Increase (decrease) in allowance for doubtful accounts	81	(435)	(4,630)
Interest and dividends income	(112)	(117)	(1,249)
Interest expenses	1,194	1,160	12,338
Loss on retirement of property, plant and equipment	191	282	3,002
Loss (gain) on sales of property, plant and equipment	(270)	(114)	(1,222)
Loss (gain) on valuation of investment securities	27	584	6,213
Loss (gain) on sales of investment securities	(223)	—	—
Equity in (earnings) losses of affiliates	130	56	606
Loss on withdrawal from business	4,809	—	—
Loss (gain) on transfer of business	—	335	3,563
Extra retirement payment	701	—	—
Office transfer expenses	—	441	4,693
Increase (decrease) in provision for retirement benefits	(1,134)	(471)	(5,013)
Decrease (increase) in notes and accounts receivable—trade	(882)	1,727	18,363
Decrease (increase) in inventories	(815)	(2,553)	(27,148)
Decrease (increase) in prepaid expenses	417	(147)	(1,566)
Increase (decrease) in notes and accounts payable—trade	(987)	(3,503)	(37,246)
Increase (decrease) in accrued expenses	(141)	882	9,379
Other, net	(223)	(67)	(712)
Subtotal	2,929	5,091	54,131
Interest and dividends income received	145	147	1,571
Interest expenses paid	(1,184)	(1,176)	(12,511)
Payments for extra retirement payments	(701)	—	—
Income taxes paid	(1,142)	(587)	(6,249)
Net cash provided by (used in) operating activities	47	3,474	36,941
Net cash provided by (used in) investing activities			
Payments into time deposits	(304)	(331)	(3,525)
Proceeds from withdrawal of time deposits	289	194	2,064
Purchase of property, plant and equipment	(2,198)	(1,778)	(18,905)
Proceeds from sales of property, plant and equipment	600	1,537	16,344
Purchase of intangible assets	(2,229)	(1,606)	(17,084)
Purchase of investment securities	(496)	(339)	(3,614)
Proceeds from sales of investment securities	950	—	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(47)	(36)	(388)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	12	134
Additional purchase of investments in subsidiaries	(15)	(4)	(48)
Proceeds from transfer of business	—	210	2,232
Payments of long-term loans receivable	(0)	(87)	(931)
Collection of long-term loans receivable	13	64	691
Other, net	(184)	554	5,898
Net cash provided by (used in) investing activities	(3,622)	(1,611)	(17,133)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	3,978	(10,388)	(110,457)
Proceeds from long-term loans payable	3,500	5,161	54,880
Repayment of long-term loans payable	(3,738)	(5,802)	(61,697)
Proceeds from issuance of common stock	—	12,680	134,830
Proceeds from sales and leaseback	301	—	—
Repayments of finance lease obligations	(149)	(285)	(3,034)
Purchase of treasury stock	(0)	(0)	(3)
Cash dividends paid	(370)	(370)	(3,939)
Proceeds from stock issuance to minority shareholders	5	67	713
Cash dividends paid to minority shareholders	(59)	(85)	(907)
Net cash provided by (used in) financing activities	3,467	976	10,384
Effect of exchange rate change on cash and cash equivalents	(55)	437	4,653
Net increase (decrease) in cash and cash equivalents	(163)	3,277	34,846
Cash and cash equivalents at beginning of period	13,770	13,606	144,672
Cash and cash equivalents at end of period	¥ 13,606	¥ 16,883	\$ 179,518

CORPORATE PROFILE AND STOCK INFORMATION

(As of March 31, 2013)

Corporate Profile

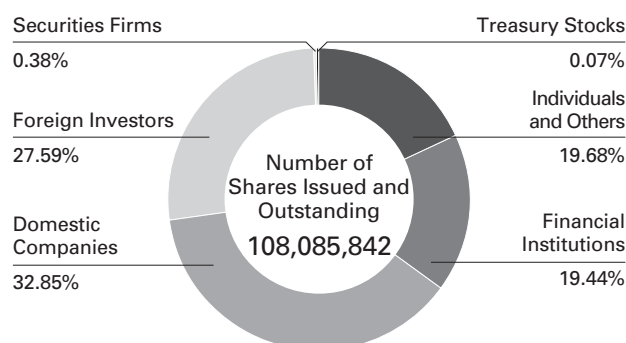
Corporate Name	TOPCON CORPORATION
Headquarters	75-1, Hasunuma-cho, Itabashi-ku, Tokyo 174-8580 Japan
Established	September 1, 1932
Paid in Capital	¥16,638 million
Business Outline	Smart Infrastructure (Surveying instruments, 3D measurement, Mobile mapping system) Positioning (GNSS (GPS), Machine control system, IT agriculture) Eye Care (Ophthalmic instruments, Optometric instruments)
Topcon Group	11 (Domestic) 55 (Overseas)
Employees	3,981 (Consolidated) 811 (Non-consolidated)
Number of Authorized Shares	160,000,000
Number of Shares Issued and Outstanding	108,085,842
Number of Shareholders	17,305
Stock Exchange Listings	Tokyo Stock Exchange
Securities Code	7732
Number of Shares per unit	100
Transfer Agent for common stock	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan
Ordinary General Meeting of Shareholders	June

Major Shareholders (As of March 31, 2013)

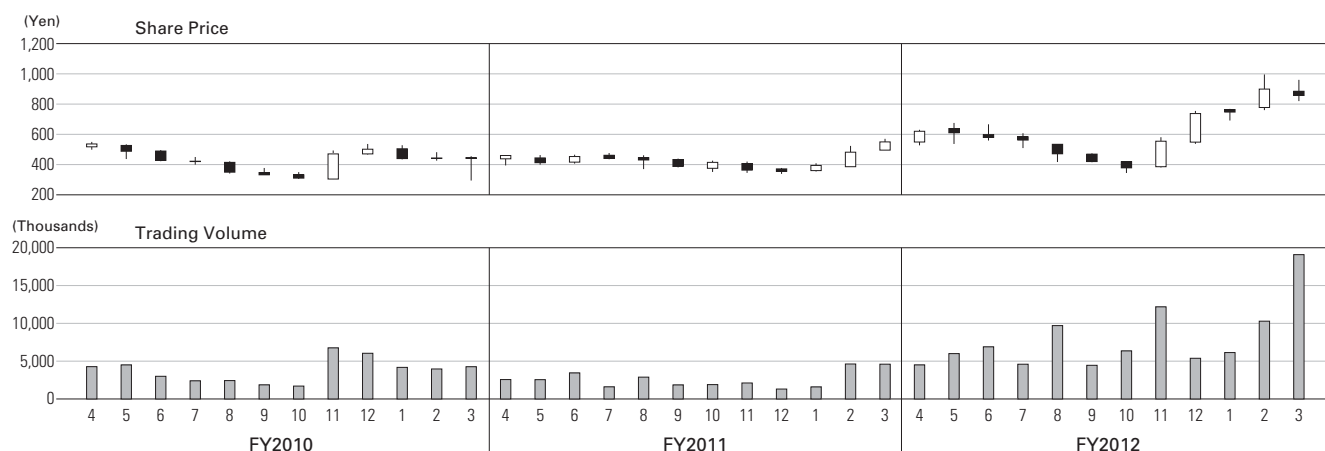
* Number of shares held are rounded down to the hundred and percentage of shares held are rounded down to the second decimal places.

Shareholder	Number of shares held (Hundreds)	Percentage of total shares issued (%)
Toshiba Corporation	325,668	30.13
TAIYO FUND, L.P.	151,493	14.01
Goldman Sachs International	42,804	3.96
Japan Trustee Services Bank, Ltd. (Trust Account)	40,919	3.78
The Dai-ichi Life Insurance Co., Ltd.	40,380	3.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,301	2.71
State Street Bank and Trust Company 505103	24,399	2.25
TAIYO BLUE PARTNERS, L.P.	15,339	1.41
Sumitomo Mitsui Banking Corporation	14,644	1.35
Nippon Life Insurance Company (Special Annuity Account)	14,232	1.31

Breakdown by Type of Shareholders



Share Price and Trading Volume



JAPANESE AND OVERSEAS GROUP COMPANIES

(As of March 31, 2013)

	Country/Region	Core Businesses	Capital/Investment in Capital*	Percentage of Voting Rights
Japan				
Sokkia Topcon Co., Ltd.	Tokyo	Production of smart infrastructure equipment	¥400 million	100.00
Topcon Sokkia Positioning Japan Co., Ltd.	Tokyo	Sales of smart infrastructure and positioning equipment	¥269 million	100.00
Topcon Medical Japan Co., Ltd.	Tokyo	Sales of eye care equipment	¥100 million	100.00
Topcon Vision Care Japan Co., Ltd.	Tokyo	Sales of eye care equipment	¥100 million	100.00
Topcon Technohouse Corporation	Tokyo	Development, production and sales of other equipment	¥55 million	100.00
Sapporo Topcon Sales Co., Ltd.	Hokkaido	Sales of smart infrastructure equipment	¥20 million	40.00
Topcon Yamagata Co., Ltd.	Yamagata	Production of smart infrastructure, eye care and other equipment	¥371 million	100.00
Optonex Co., Ltd.	Fukushima	Production of smart infrastructure, eye care and other equipment	¥263 million	100.00
Fukushima Sokkia Co., Ltd.	Fukushima	Production of smart infrastructure equipment	¥200 million	100.00
Topcon Service Co., Ltd.	Tokyo	After sales services for smart infrastructure and eye care equipment	¥57 million	100.00
Topcon G.S. Corporation	Tokyo	Overall services (product sales, cleaning, security, facilities, maintenance, etc.) for Topcon Group companies	¥20 million	100.00
North America				
Topcon America Corporation	New Jersey, U.S.A.	Holding company of Topcon Positioning Systems, Inc. and Topcon Medical Systems, Inc., etc.	USD85,000 thousand	100.00
Topcon Positioning Systems, Inc.	California, U.S.A.	Development, production and sales of positioning equipment	USD58,905 thousand	100.00
Topcon Medical Systems, Inc.	New Jersey, U.S.A.	Development, production and sales of eye care equipment	USD16,094 thousand	100.00
Topcon Medical Laser Systems, Inc.	California, U.S.A.	Development, production and sales of eye care equipment	USD10,000 thousand	100.00
Cacioppe Communications Companies, Inc.	Michigan, U.S.A.	Sales of positioning equipment	USD1 thousand	100.00
Bunce Industries, LLC	Massachusetts, U.S.A.	Sales of positioning equipment	USD3,000 thousand	100.00
Bunce Shoring, LLC	Massachusetts, U.S.A.	Sales of positioning equipment	USD0 thousand	100.00
New England Positioning Systems, LLC	New Hampshire, U.S.A.	Sales of positioning equipment	USD0 thousand	100.00
New England Cornet, LLC	Massachusetts, U.S.A.	Sales of positioning equipment	USD0 thousand	100.00
Mid-Atlantic Positioning Systems, LLC	Maryland, U.S.A.	Sales of positioning equipment	USD0 thousand	100.00
Blackmore Distribution Companies, Inc.	Massachusetts, U.S.A.	Sales of positioning equipment	USD0 thousand	100.00
Topcon Canada Inc.	Quebec, Canada	Sales of eye care equipment	CAD3,872 thousand	100.00
Europe/Africa				
Topcon Europe B.V.	Capelle, The Netherlands	Holding company of Topcon Europe Positioning B.V., and Topcon Europe Medical B.V., etc.	EUR5,437 thousand	100.00
Topcon Europe Positioning B.V.	Capelle, The Netherlands	Sales of positioning equipment	EUR18 thousand	100.00
Topcon Europe Medical B.V.	Capelle, The Netherlands	Development and sales of eye care equipment	EUR18 thousand	100.00
Topcon Deutschland G.m.b.H.	Willich, Germany	Sales of positioning and eye care equipment	EUR2,812 thousand	100.00
Ibs GmbH, Lasertechnik, Vermessungs- und Baugeräte	Hamburg, Germany	Sales of positioning equipment	EUR25 thousand	100.00
Topcon S.A.R.L.	Saint-Denis, Macon, France	Sales of positioning and eye care equipment	EUR1,372 thousand	100.00
Topcon España, S.A.	Barcelona, Spain	Sales of eye care equipment	EUR961 thousand	100.00
Topcon Positioning Iberia, S.L.	Madrid, Spain	Holding company of Topcon Positioning Spain, S.L. and Topcon Positioning Canarias, S.L., etc.	USD0 thousand	100.00
Topcon Positioning Spain, S.L.	Madrid, Spain	Sales of positioning equipment	USD0 thousand	100.00

*Figures of less than one unit are rounded down.

	Country/Region	Core Businesses	Capital/Investment in Capital*	Percentage of Voting Rights
Topcon Positioning Canarias, S.L.	Santa Cruz de Tenerife, Spain	Sales of positioning equipment	USD0 thousand	100.00
Topcon Positioning Portugal, L.D.A.	Lavos, Portugal	Sales of positioning equipment	USD0 thousand	100.00
Topcon Scandinavia A.B.	Molndal, Sweden	Sales of eye care equipment	SEK5,250 thousand	100.00
Topcon (Great Britain) Ltd.	Newbury, U.K.	Sales of positioning and eye care equipment	GBP2,500 thousand	100.00
Topcon Polska Sp. Zo.o.	Warszawska, Poland	Sales of eye care equipment	PLN1,330 thousand	100.00
Tierra S.p.A.	Torino, Italy	Development, production and sales of positioning equipment	USD2 thousand	50.10
Topcon InfoMobility S.r.l.	Modena, Italy	Development, production and sales of positioning equipment	EUR60 thousand	48.00
GEOTOP s.r.l.	Ancona, Italy	Sales of positioning equipment	EUR46 thousand	84.65
GEOPRO s.r.l.	Ancona, Italy	Development of positioning equipment	EUR10 thousand	51.00
Sokkia B.V.	Capelle, The Netherlands	Sales of positioning equipment	EUR10,373 thousand	100.00
Sokkia N.V.	Brussels, Belgium	Sales of positioning equipment	EUR198 thousand	100.00
DynaRoad Oy	Helsinki, Finland	Development and sales of positioning equipment	EUR14 thousand	50.00
KEE Technologies Africa (Pty) Ltd.	Johannesburg, South Africa	Sales of positioning equipment	ZAR9 thousand	100.00

Asia/Oceania/Middle East

Topcon Singapore Holdings Pte. Ltd.	Alexandra Terrace, Singapore	Holding company of Topcon Singapore Positioning Pte. Ltd. Pte. Ltd., and Topcon Singapore Medical Pte. Ltd.	USD1,121 thousand	100.00
Topcon Singapore Positioning Pte. Ltd.	Alexandra Terrace, Singapore	Holding company of Topcon Singapore Positioning Sales Pte. Ltd., and Sokkia Singapore Positioning Sales Pte. Ltd.	USD3,000 thousand	100.00
Topcon Singapore Positioning Sales Pte. Ltd.	Alexandra Terrace, Singapore	Sales of smart infrastructure equipment	USD1,000 thousand	100.00
Topcon Singapore Medical Pte. Ltd.	Alexandra Terrace, Singapore	Sales of eye care equipment	USD4,000 thousand	100.00
Sokkia Singapore Positioning Sales Pte. Ltd.	Alexandra Terrace, Singapore	Sales of smart infrastructure equipment	USD1,000 thousand	100.00
Topcon Instruments (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	Sales of smart infrastructure Sdn. Bhd. and eye care equipment	MYR6,600 thousand	100.00
Topcon Instruments (Thailand) Co., Ltd.	Bangkok, Thailand	Sales of smart infrastructure and eye care equipment	THB19,000 thousand	49.00
Topcon Sokkia India Pvt. Ltd.	Noida, India	Sales of smart infrastructure equipment	INR7,500 thousand	100.00
Sokkia Korea Co., Ltd.	Seoul, Korea	Sales of smart infrastructure equipment	KRW2,041,700 thousand	100.00
Topcon Optical (H.K.) Ltd.	Hong Kong, China	Sales of smart infrastructure, eye care and other equipment	HKD24,251 thousand	100.00
Topcon (Beijing) Opto-Electronics Development Corporation	Beijing, China	Development, production and sales of smart infrastructure equipment Sales of eye care equipment	CNY33,108 thousand	75.00
Topcon Optical (Dongguan) Technology Ltd.	Dongguan, China	Production and sales of smart infrastructure, eye care and other equipment	USD12,000 thousand	90.00
Topcon HK (BD) Ltd.	Chittagong, Bangladesh	Production of other equipment	HKD5,265 thousand	90.00
TPS Australia Holdings Pty Ltd.	South Australia, Australia	Holding company of Topcon Precision Agriculture Pty. Ltd., and Topcon Positioning Systems (Australia) Pty. Ltd.	USD10,901 thousand	100.00
Topcon Precision Agriculture Pty Ltd.	South Australia, Australia	Development, production and sales of Pty Ltd. positioning equipment	USD10,901 thousand	100.00
Topcon Positioning Systems (Australia) Pty Ltd.	Queensland, Australia	Development, production and sales of Pty Ltd. positioning equipment	USD0 thousand	100.00
Topcon Positioning Middle East and Africa FZE	Dubai, UAE	Sales of smart infrastructure equipment	USD1,089 thousand	100.00

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*This report was printed with attention to minimizing environmental impact by using ink manufactured from vegetable oil.

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