

A large, abstract graphic of colorful light trails and bokeh circles dominates the center of the page. The trails are in shades of blue, green, and yellow, with some red and orange at the bottom left. They curve and swirl across the dark background, creating a sense of motion and energy. The bokeh circles are out-of-focus light spots in various colors, including blue, green, and purple.

Creativity & Growth

ANNUAL REPORT 2015

For the year ended March 31, 2015

Profile

Since its establishment in 1932, the Topcon Group has built itself around its core optical technologies, along with fusing together a wide array of technologies through M&A and alliances.

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 humankind by differentiating itself from its rivals through a relentless technological pursuit that enables the Company to be the first-to-market in delivering attractive products.

Agriculture



Health-Care



TOPCON for Human Life

The business fields we regard as core are "prevention and treatment with a foundation in eye examinations and diagnosis," "IT construction and IT precision agriculture with GNSS (GPS) technology as a foundation," and "civil engineering and social infrastructure operation and maintenance with a foundation in surveying instruments." Our business fields can be compared to the basic elements of human life—clothing, food, and shelter—and reconceived as "health care," "agriculture," and "infrastructure." We will remain a company that grows in step with society, always changing with the times, as a contributor to people's lives through our products and services.

Infrastructure



Group Overview

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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, please be aware that our actual performance may deviate from the forecasts contained herein depending on conditions going forward. Unless stated otherwise, information contained in this annual report is drawn from that currently available as of July 2015.

TOPCON WAY and History

TOPCON WAY

- 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.

History of Topcon

1932~

Founding and Business Base Establishment Phase

Entered the optical industry as a first step

1932

Our Founding

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

Focused mostly on the production of binoculars, most of which were exported to the United States, paving the way for Japanese binoculars to dominate the U.S. market. Contributed to the reconstruction and development of Japan in the post-war era, moreover, through the production of surveying instruments.

1951

Released Japan’s first refractometer, the RM-1.

1960

Became Toshiba Group Member

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

1963~

Development Phase

Levered technological expertise to launch a series of hit products

1963

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

1970

Overseas Expansion

Established Topcon Europe N.V. (currently Topcon Europe B.V.) in the Netherlands. Established Topcon Instrument Corporation of America (currently Topcon Medical Systems, Inc.) in the United States.

1979

Established Topcon Singapore Pte. Ltd. in Singapore.

1981

Recorded higher sales and profits on explosively strong sales of the popular refractometer RM-100 and the electric distance meter DM-C2.



1985~

Growth Phase

Ramped up global expansion

1985

Issued 3.8 million shares at market price in a public offering to boost its equity funding and strengthen its management foundation.

1986

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

1989

Renamed

Changed corporate name to Topcon Corporation.

1991

Entered the electron beam business.

1994~

Mature Phase

Laid groundwork for current core businesses

1994

Entered Machine Control 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 (MC) field.

2000

Entered GPS-related Business

Acquired JPS, Inc. in the United States and began developing precision GPS receivers and related system products, while merging GPS-related receivers with conventional surveying instruments.

2001

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

2004

Improved Production in China

Established Topcon (Beijing) Opto-Electronics Development Corporation, a surveying instruments manufacturer, to further expand its surveying instruments business in China.

2008~

Transformation Phase

Post-Lehman collapse, Second Growth Stage

2008

Pursued Business Merger with Sockia

Conducted a takeover bid for shares of Sockia Co., Ltd. to make it a subsidiary to enhance the 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.

Switched our organizational structure to three in-house companies as of June 27.

2013

Issued Shares in Public Offering

Issued 108,085,842 shares in a public offering to increase equity funding.

2014

Acquired display manufacturer Wachendorff Elektronik GmbH.

2015

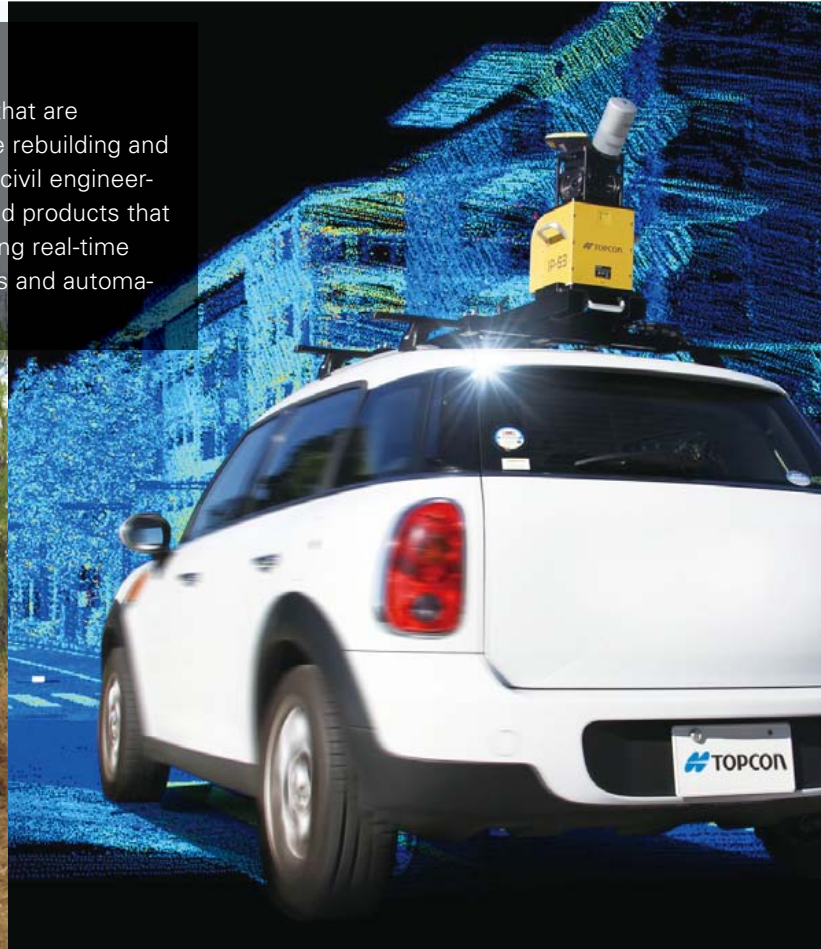
Acquired Digi-Star Investments, Inc. to foster expansion in IT agriculture.

Business Fields and Market Environment

The Topcon Group offers products and services for the construction field, including surveying, civil engineering, and building; for the agriculture field, where IT solutions are gaining acceptance; and for the ophthalmic field, including preventive checkups, treatment, and prognosis management.

Construction Field

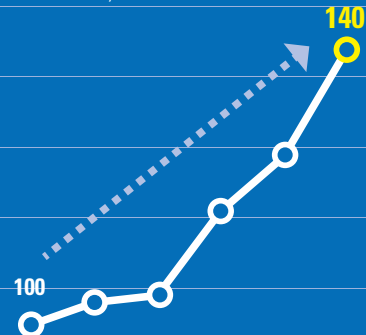
Greater activity in civil engineering, construction markets that are expanding globally, and acceleration of aging infrastructure rebuilding and maintenance are rapidly reshaping the demands upon the civil engineering and surveying industries. Topcon provides solutions and products that promote efficiency through 3D data measurement, including real-time construction site management using cloud-based solutions and automation via IT construction.



Market Environment

U.S. Construction Investment Progress

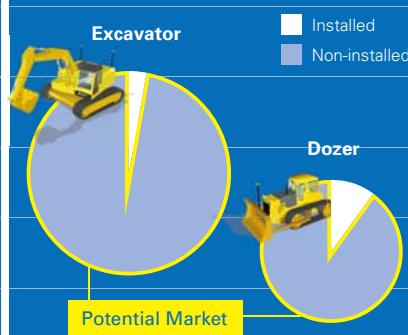
Index base year 2010=100



Source: Dodge Data & Analytics 2014

Penetration of IT Construction

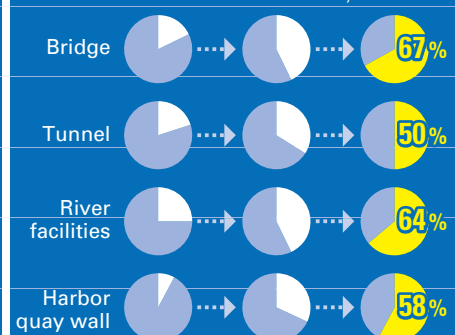
(Europe, the United States, Japan and Australia)



Source: Our estimate

Current State of Social Infrastructure Aging

Ratio of infrastructures built in 50 years or more



Source: White Paper 2014, Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Agriculture Field

A leader in precision agriculture via its fusion of GNSS positioning technologies with machinery control systems, Topcon has introduced a range of sensors, from feed and fertilizer quality measurement to crop weight measurement, into agricultural processes. Through cloud-based software to manage and analyze collected data, it promotes optimal decision-making and contributes to sustainable farm management.

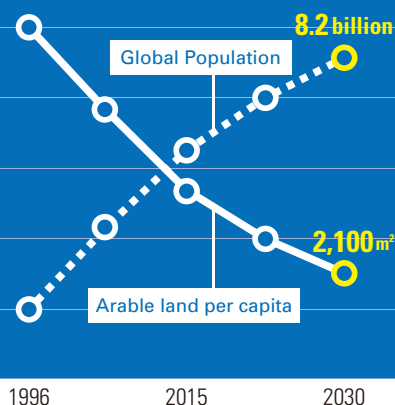


Ophthalmic Field

In the ophthalmic field, Topcon provides products and solutions such as inspection instruments, treatment instruments, and ophthalmologist support systems, along with vision testing instruments for eyeglass stores, thus covering the entire ophthalmic gamut; from examinations and diagnosis, to prevention and diagnostic screenings, to treatment and prognosis management.

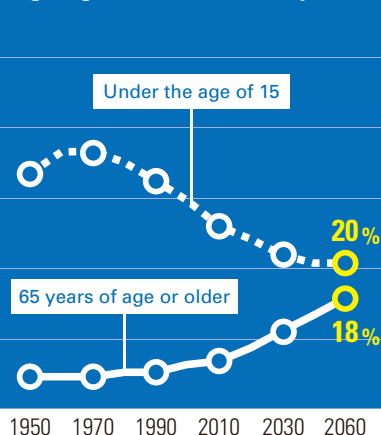


Global Population and Arable Land per Capita



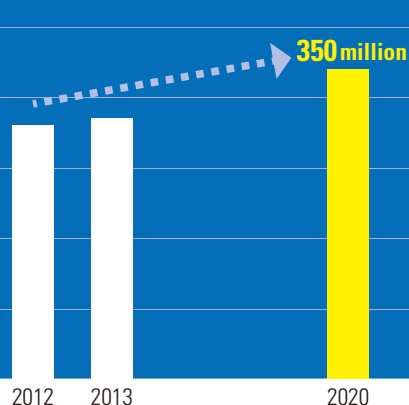
Source: Food and Agriculture Organization of the United Nations (FAO)

Ageing Societies Globally



Source: United Nations Report

Increase Three Major Ophthalmic Diseases*



Source: Market Scope; *Three major ophthalmic diseases: diabetic retinopathy, age-related macular degeneration, glaucoma

Topcon Attributes and Positioning

Many of the Topcon Group's products are global market leaders that harness the latest digital technologies and our unparalleled optical technologies, drawing on our foundational attributes in R&D, marketing, brand, and other areas.

Four Attributes

1 R&D Capabilities

Drawing on its core optical technologies, Topcon has over the years combined a wide array of technologies and harnessed them to expand its businesses beyond its origins in survey instruments. Over this span, Topcon has launched products with world-first features rather than relying on low prices to prevail over rivals thanks to the drive of its engineers to develop imaginative, never-before-seen products. These achievements have elicited high praise for our R&D capabilities.

2 Marketing Capabilities

Going back to the establishment of our subsidiaries in the Netherlands and the United States in 1970, we have rapidly expanded our ability to respond globally. On top of quickly responding to myriad client needs around the world, the structure we built can provide locally adapted sales service. With fine-tuned local outreach and services rooted in local communities, our worldwide marketing capabilities are a source of strength.

3 Strong Brand

Not only has Topcon created world-first, global market leaders in surveying and ophthalmic instruments, but it has also introduced the world to epoch-shaping products that overturned that era's conventional wisdom. As a result of this powerful impact, the Topcon brand is widely recognized in its core competencies of surveying and ophthalmic instruments.

4 Partnerships

In the IT construction and IT agriculture fields, where we expect growth, most of our products are installed in construction machinery and agricultural machinery rather than sold on a standalone basis. With the convenience of end users in mind, Topcon is stepping up collaboration with machinery makers that install our products with the intention of developing products that are easier to use. Our sales as an OEM supplier are also growing thanks to the trust-based relationships we have cultivated with these manufacturers.

Topcon's World-leading Products



3D-MC² High-Speed Machine Control

The newly developed MC² inertial sensor overcomes the critical challenge to IT construction—speed—and achieves remarkable high precision while the dozer is running at high speed.



Guidance System 350

We offer agricultural solutions with superior maneuverability that enables online autosteering of agricultural machinery through high-precision GNSS signal receivers and an autosteering system.

3D Laser Scanner GLS-2000

Balancing scanning speed with high precision in capturing 3D data, the GLS-2000 is versatile with a wide scanning range, from long-range, wide-scope scans to short-range, high-precision ones, that can be deployed for any measurement task.



Mobile Survey System IP-S3 HD1

Compact at half the size of its predecessor, the IP-S3 HD1 can be mounted and set up even on the roof of a small car that can drive relatively narrow streets and roads. High-speed scanning of 700,000 points-per-second enables swift and simple capture of detailed object shapes along the driving route even in a moving vehicle.



World-leading Products



Optical Coherence Tomography 3D OCT Series

This series, which combines a retinal camera with optical coherence tomography, contributes to early detection and treatment of various ophthalmic diseases by capturing 3D as well as 2D cross-sectional fundus images.



Non-Mydriatic Retinal Camera TRC-NW400

In anticipation of fundus scanning demand, Topcon has introduced the simple-to-use TRC-NW400 non-mydriatic retinal camera with fully automatic functions for alignment and shooting, and with a touch screen that even an entry-level operator can use to easily capture retinal images.

Ophthalmic Laser Photocoagulator PASCAL Synthesis

PASCAL, which burns the diseased part of the retina through multi-spot laser irradiation, contributes to the treatment of diabetic retinopathy and retinal break, which causes retinal detachment.



IMAGENet® 6 Integral

The IMAGENet® 6 Integral, a new cloud-based ophthalmic image filing system, enables remote screening systems, allowing the provision of high-quality services to the growing pool of patients as world's population ages and to remote communities where doctors are in short supply or access is lacking.



Targeting 20% ROE

Based on our basic policy of aiming to be a top-ranked global company, we are working to accelerate our growth strategy, and the entire company is pressing ahead to meet the challenge of attaining a 20% ROE in fiscal 2015.

Since current President Satoshi Hirano assumed office in 2013, Topcon has changed tack from the restructuring track it had followed until then. Under the motto of “aiming to be a top-ranked global company by realizing profitable and sustainable growth through creativity,” Topcon established three strategies it is moving forward with. We then selected ROE as a management indicator that all our investors could verify and set a challenging ROE target of 20% for fiscal 2015 despite recording an ROE of just 1.3% in fiscal 2012.

The three strategies are: strategy 1 “enhance new businesses and strengthen core businesses”; strategy 2 “launch strategic products that disrupt markets”; and strategy 3 “capitalize on the full value of global human

resources.” All these strategies are indispensable for Topcon, which does business globally in markets where differentiated products are valued and chosen. We set key performance indicators (KPI), starting with sales and operating income targets, for each fiscal year as a way to verify whether the results of these strategies are measuring up, and we are confident we are making steady progress toward our targets.

As for much-watched ROE, we more or less attained our targets for both fiscal 2013 and fiscal 2014. With a year remaining to reach the final year target of the mid-term business plan, we are accelerating our strategies beyond the pace to date and putting all our efforts into reaching the 20% ROE target.



Our Three Basic Strategies for Achieving a 20% ROE

Strategy 1

Enhance new businesses and strengthen core businesses

Each in-house company is bolstering its business foundation for stable growth while at the same time developing new businesses with substantial growth prospects with the aim of balancing stability and growth. In particular, we are moving new business development into a higher gear, centering on strategic products that disrupt markets that harness our considerable technological capabilities.

Strategy 2

Launch strategic products that disrupt markets

As a key strategy to achieve future growth based on our “monozukuri” ability as a manufacturer, Topcon will focus its efforts on the development of strategic products with disruptive impacts that incorporate creative, unique, disruptive innovations and that shake up conventional industry and market thinking.

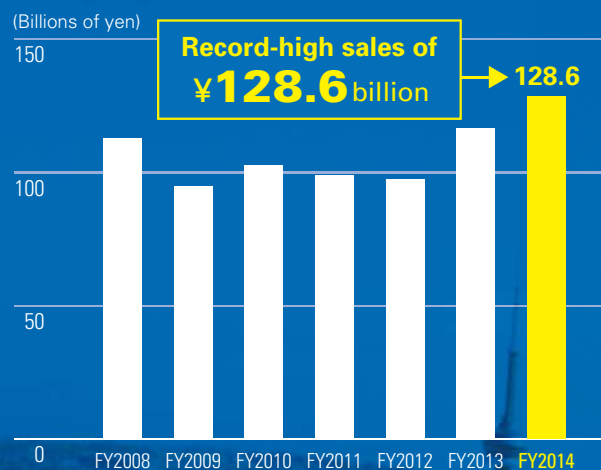
Strategy 3

Capitalize on the full value of global human resources

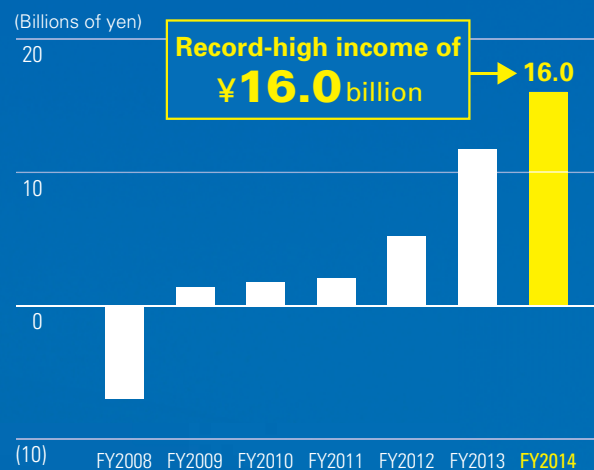
(develop a global management system)

Overseas sales account for over 70% of the Topcon Group's overall sales and non-Japanese employees account for 60% of the group-wide workforce. As these ratios suggest, we have made progress in globalizing our sales and workforce, and we will now strive to globalize management.

Net Sales



Operating Income



Consolidated Financial Highlights

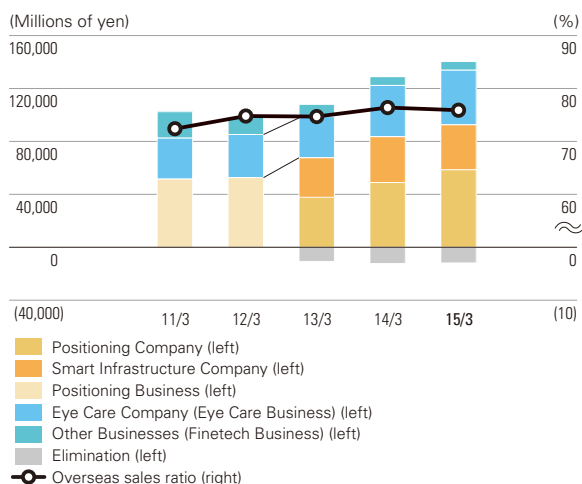
Topcon Corporation and Consolidated Subsidiaries

	Millions of yen				Thousands of U.S. dollars	
	2011/3	2012/3	2013/3	2014/3	2015/3	2015/3
Operating results						
Net sales	¥102,470	¥ 98,834	¥ 97,345	¥116,685	¥128,569	\$ 1,070,338
Positioning Company	51,559	52,656	→ 37,824	48,959	58,672	488,445
Smart Infrastructure Company (Positioning Business)			→ 29,839	34,621	33,909	282,293
Eye Care Company (Eye Care Business)	30,946	32,598	31,073	38,736	41,240	343,323
Other Businesses (Finetech Business)	19,964	13,579	9,262	6,625	6,558	54,595
Elimination			(10,653)	(12,258)	(11,812)	(98,335)
Overseas sales	74,210	73,949	72,711	89,187	97,568	812,254
Operating income	1,799	2,080	5,214	11,730	16,041	133,541
Ordinary income	608	467	3,471	11,300	14,880	123,876
Net income (loss)	(1,288)	(3,686)	511	5,963	8,670	72,178
Capital expenditures	4,499	3,443	3,297	3,692	5,070	42,208
Depreciation and amortization	3,689	3,115	3,384	3,803	3,732	31,069
Amortization of goodwill	1,596	1,660	1,618	1,782	1,833	15,260
R&D expenditures	10,275	8,707	8,221	9,184	10,677	88,886
Free cash flows	(7,903)	(3,575)	1,862	4,599	7,951	66,192
Financial position						
Shareholders' equity	¥ 36,908	¥ 32,667	¥ 48,474	¥ 53,598	¥ 63,460	\$ 528,305
Total assets	124,816	120,777	129,503	135,818	143,181	1,191,983
Interest-bearing liabilities	55,300	58,882	50,629	47,733	44,014	366,417
Per share data (¥, \$)						
Earnings per share (EPS)	¥ (13.91)	¥ (39.80)	¥ 5.48	¥ 55.21	¥ 80.27	\$ 0.668
Net assets per share (BPS)	398.50	352.71	448.77	496.22	587.52	4.891
Management indicators						
Gross profit ratio (%)	40.1	38.6	44.0	47.7	51.5	
Operating income ratio (%)	1.8	2.1	5.4	10.1	12.5	
Net income ratio (%)	(1.3)	(3.7)	0.5	5.1	6.7	
Ratio of R&D expenditures to net sales (%)	10.0	8.8	8.4	7.9	8.3	
Overseas sales ratio (%)	72.4	74.8	74.7	76.4	75.9	
Return on assets (ROA) (%)	(1.0)	(3.0)	0.4	4.4	6.1	
Return on equity (ROE) (%)	(3.3)	(10.6)	1.3	11.7	14.8	
Return on invested capital (ROIC) (%)	1.3	1.6	3.8	7.9	10.9	
Price earnings ratio (PER) (times)	—	—	156.3	30.7	36.7	
Price book-value ratio (PBR) (times)	1.1	1.6	1.9	3.4	5.0	
Equity ratio (%)	29.6	27.0	37.4	39.5	44.3	
Total assets turnover ratio (times/year)	0.82	0.80	0.78	0.88	0.92	
D/E ratio (%)	149.8	180.3	104.4	89.1	69.3	
Dividend payout ratio (%)	—	—	109.4	18.1	19.9	

Notes: 1. For the sake of convenience, the US\$ is converted at a rate of ¥120.12/US\$ as of March 31, 2015. We referenced the Tokyo foreign exchange market rate.

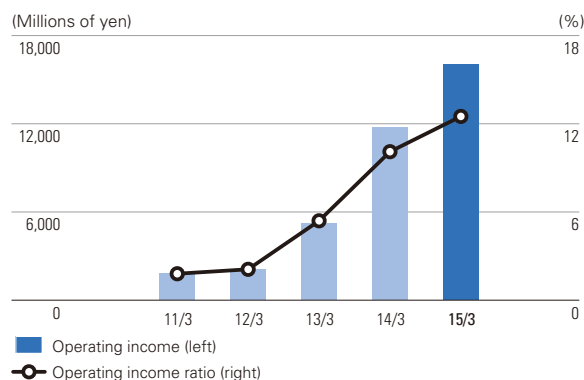
2. As of June 27, 2012, we have changed our organizational structure to three in-house companies. As a result, the former Positioning Business Unit was split into the Positioning Company and the Smart Infrastructure Company. Likewise, the former Eye Care Business Unit became Eye Care Company. The Finetech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

Net Sales and Overseas Sales Ratio



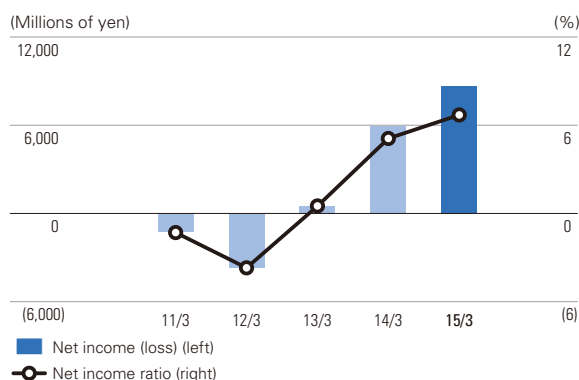
Net sales rose for a second successive fiscal year, and with the overseas sales ratio trending at about 75%, our businesses are even more global.

Operating Income and Operating Income Ratio



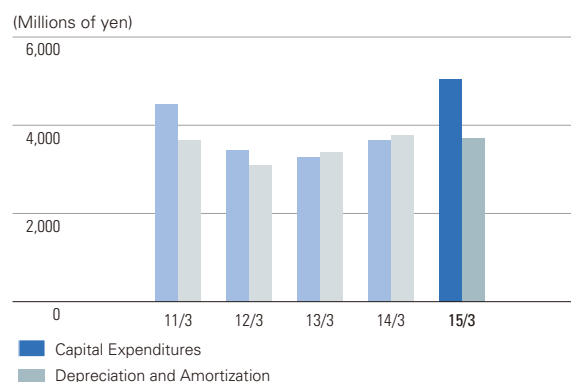
Operating income rose for a sixth successive fiscal year and the operating margin stayed over 10% for a second successive year.

Net Income (Loss) and Net Income Ratio



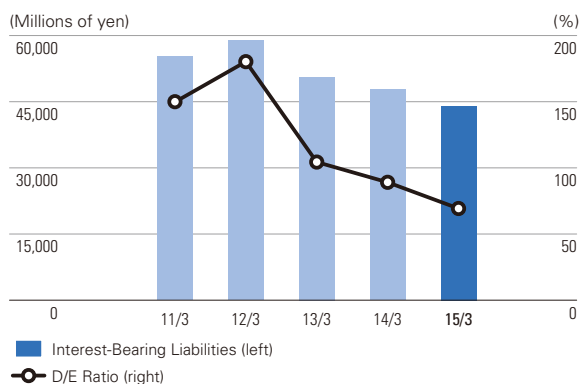
Rebounding sharply off the fiscal 2011 bottom, net income rose for a third consecutive year in fiscal 2014 and attained a new record high.

Capital Expenditures and Depreciation and Amortization



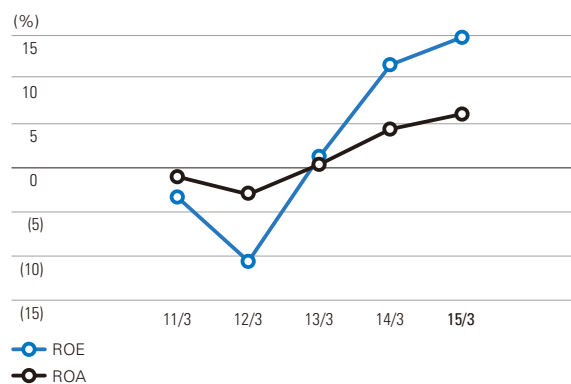
Since start of the 1st mid-term business plan (FY2013-FY2015), we switched to a growth track with capital expenditures continuing to outpace depreciation costs.

Interest-Bearing Liabilities and D/E Ratio



Steady efforts to cut interest-bearing debt in the past few years has lowered our debt-equity ratio (below 100% in FY2013-FY2014), bolstering our financial position.

ROE and ROA



ROA and ROE improved for a third successive fiscal year, with ROE on track to exceed our fiscal 2015 target of 20%.

To Our Stakeholders

Creativity & Growth

**Our aims are to attain
new record-high profits
and ROE of 20% via
our focus on growth
strategy acceleration**

Fiscal 2014 Results

In fiscal 2014, which ended March 31, 2015, corporate activity and consumer spending trended firmly in the United States, but in Europe, the slow economic recovery and deep-rooted geopolitical risks fed into uncertainties clouding the economic environment. In addition, in China and other emerging countries, conditions varied by region but the weak pace of recovery fed into a trend of ongoing stagnation. In contrast, with exports up and public-works projects lifting demand, the Japanese economy stayed on a gradual recovery path.

Under these economic conditions, the Topcon Group pushed ahead with measures to improve our corporate climate in line with the TOPCON WAY, while also taking many steps to expand our businesses in growth markets through unique ideas and to realize profitable and sustainable growth, under the slogan of “Creativity & Growth.”

As a result, consolidated net sales grew 10.2% year on year to ¥128,569 million in fiscal 2014. On the profit side, thanks to sales growth and lower cost of sales, operating income expanded 36.7% to ¥16,041 million and ordinary income rose 31.7% to ¥14,880 million. Net income increased 45.4% to ¥8,670 million. Sales and operating income were new record highs. ROE, an indicator management emphasizes, came in at 14.8%, keeping ROE above 10% for a second successive fiscal year.

Fiscal 2015 Forecasts and What Topcon Aims to Be

In fiscal 2015, while there are downside risks to the economic outlook such as interest rate hikes in the United States and slower capital expenditures in China, we look for better employment conditions and capital expenditure growth in the United States and Europe to provide boosts and support gradual recovery overall in the global economy. We expect the economic expansion in Japan to persist thanks to a pickup in consumer sentiment, which cooled after the consumption tax hike, and boosts from yen weakness and lower crude oil prices.

Given such conditions, we are focusing our efforts on further growth strategy acceleration, embracing our basic policy of seeking to be a genuinely top-ranked global company. Under the group-wide slogan of "Creativity & Growth," we aim to realize profitable and sustainable growth by stepping up new business development through creative thinking.

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

August 2015



Satoshi Hirano
President & CEO



Interview with the President

Q₁

The Topcon Group reported record highs in consolidated sales and profits for fiscal 2014 but what about results at the in-house company level?

A₁

Thanks to robust markets in Japan and the United States, profits rose sharply at all three in-house companies.

In fiscal 2014, the Group reported record highs for sales at ¥128,569 million and operating income at ¥16,041 million. This trend was evident at the in-house company level as well, with the Positioning Company, the Smart Infrastructure Company, and the Eye Care Company all recording profit increases.

First, at the Positioning Company, the temporary stagnation in agricultural markets caused by a fall in grain prices was a negative, but IT construction sales grew sharply, supported by the solid U.S. construction market.



As a result, sales grew 20% year on year and operating income expanded 47%.

Second, at the Smart Infrastructure Company, the brisk domestic markets in reconstruction and disaster prevention-related construction were positives, as was the firmness of the U.S. construction market. In contrast, the sluggishness of the Russian market and South American markets were negatives. As a result, sales were flat year on year but an improved product mix drove operating income growth of 15%.

Third, at the Eye Care Company, retinal cameras in the screening market, an area with promising growth prospects, expanded sharply, accompanied by growth in the United States and European markets. Moreover, the DRI OCT Triton, a new product, and laser treatment instruments contributed to sales growth. While FDA approval postponements were a disappointment, sales grew 7% year on year, and operating income increased 27%.

At the regional level, expansions in advanced countries made large contributions to sales growth, with consolidated net sales up 10% year on year in Japan, up 23% in North America, and up 9% in Europe. In Asia/Oceania, sales grew 6%, while in China and other regions, sales were broadly flat.

Q₂

The revised policy on formulating mid-term business plans applies from fiscal 2014. What is the aim of this change?

A₂

It will lock in the periods of our mid-term business plans. The three years since I became president will be the 1st period, and the three years from fiscal 2016 will be the 2nd period. We will continue to advance initiatives emphasizing the attainment of mid-term targets.

We have applied “the rolling method” so far to our mid-term business plans, revising them every year to take into account changes in the business environment. For example, the Mid-term Business Plan 2012 went from fiscal 2010 to fiscal 2012, and the Mid-term Business Plan 2013 from fiscal 2011 to fiscal 2013. We thus applied the rolling method

every year, resetting the starting year for each mid-term business plan. The rolling method allows for targets to be revised each fiscal year in concert with changes in the business environment, so it is fine for setting single-year targets, but constant revisions make it harder to see through to the attainment of mid-term targets.

As a result, management decided to stop using the rolling method and instead will apply “the fixed period method,” where we lock in three-year targets, to put greater weight on the final-year targets of our mid-term business plans. With this changeover, the three years since I became president will mark the starting point of

the new system, meaning the three years from fiscal 2013 to fiscal 2015 will be designated the 1st Mid-term Business Plan.

The 2nd Mid-term Business Plan will go from fiscal 2016 through fiscal 2018, and when we reach the launch point, I intend to explain a new vision for this plan.

Q₃

Can you update us on the progress thus far toward the goals in the 1st Mid-term Business Plan?

A₃

We continue to forge ahead with our growth strategy to achieve the 20% ROE target we set two years ago.

Under the motto of “aiming to be a top-ranked global company by realizing profitable and sustainable growth through creativity,” the 1st Mid-term Business Plan sets out three strategies we have advanced. As the end target, we aim to achieve an ROE of 20%.

The three strategies are: strategy 1 “enhance new businesses and strengthen core businesses; strategy 2 “launch strategic products with disruptive technologies”; and strategy 3 “capitalize on the full value of global human resources.”

Of these, strategy 1 and strategy 2 apply to the Positioning Company for “the revolution in civil engineering projects” and “the revolution in agriculture”; to the Smart Infrastructure Company for “public infrastructure build-out” and “rapid diagnosis systems for aging infrastructure”; to the Eye Care Company for the creation of a new market that “will strengthen our position from prevention through treatment, with a basis in the examination and diagnosis fields.” Our aim has been to realize our growth strategy by developing such a market. In each of these fields we are making steady progress in specific ways, and strategy 1 and strategy 2 are approaching realization as defined by the aims of the 1st Mid-term Business Plan.

Under strategy 3, we are moving ahead in developing a globalized workforce in step with the globalization of

our businesses. More than 60% of our global workforce is made up of local nationals, and the head of one of our three in-house companies is non-Japanese.

To sum up, we have made steady progress in the past two years on all three strategies while also reaching our sales and operating income targets. We have fared well versus our ROE targets of 10.3% for fiscal 2013 and 15% for fiscal 2014, delivering an ROE of 11.7% in fiscal 2013 and 14.8% in fiscal 2014.

We continue to press forward with the aim of achieving a 20% ROE in the final year of the plan by speeding up our current growth strategy.



Interview with the President

Q₄

The trend toward strengthening corporate governance is gaining traction with, among other milestones, the finalization of Japan's Corporate Governance Code. Given this, please share with us management's views on corporate governance.

A₄

Along with "preserving management soundness" and "ensuring management transparency," we value "improving management efficiency," as our 20% ROE target shows.

We believe companies are economic enterprises that pursue surpluses through free market competition, but they must also be useful to society as public entities. As a result, we seek to fulfill our social responsibilities toward all our stakeholders through corporate governance frameworks that properly enable "preserving management soundness," "ensuring management transparency," and "improving management efficiency."



Normally, reinforcing governance from the standpoint of "preserving management soundness" and "ensuring management transparency" entails putting related systems into place, building organizations, and training personnel. However, in addition to the aforementioned concepts, we set a 20% ROE target in our mid-term business plan to reflect Topcon's role as an economic enterprise. In the process of achieving our target, we strive for "improving management efficiency" and this effort, I believe, is important for strengthening governance.

At the same time, we welcome the establishment of a corporate governance code in Japan and the clarification of standards for listed companies. We are verifying initiatives already in place concerning the Code's five basic principles: "shareholder rights and equal treatment," "proper cooperation with non-shareholder stakeholders," "proper disclosure and transparency," "responsibilities of boards," and "shareholder engagement and dialogue." We are also examining concrete measures with regards to what sort of content new initiatives upholding the basic principles should contain. We will over time in a sequence we deem appropriate disclose our explanation of such initiatives.

Q₅

What is your outlook for fiscal 2015? Please tell us about conditions at each in-house company.

A₅

We are targeting new record highs in sales and income.

Our aims for fiscal 2015 are to further accelerate our growth strategy and attain new record highs in sales and income.

An examination of key initiatives at each in-house company shows the following. The Positioning Company is working to expand sales further in the buoyant U.S. market, while moving forward with the global business expansion of IT construction and reinforcing progress in IT

precision agriculture, which seems to be stagnating. The acquisition of Digi-Star LLC, a supplier of dairy farming solutions, is part of the stepped-up effort in IT precision agriculture and is intended to add new solutions to our crop farming solutions (planning, planting, growing, and harvesting) that use our high-precision GPS technology. It is expected to enable our plan to integrate crop and dairy farming solutions and yield new synergies. The

Positioning Company also brought Wachendorff Elektronik GmbH, a manufacturer specializing in control consoles for maneuvering farming equipment, under the Topcon Group's corporate umbrella in 2014. It seeks to strengthen its businesses by leveraging these synergy opportunities.

The Smart Infrastructure Company is further strengthening its business foundation. In surveying instruments for infrastructure projects, it is working to expand sales, focusing on the firm U.S. market and the brisk domestic market. Moreover, it seeks to widen the number of fields where the LN-100 layout navigator, which targets building information modeling (BIM), is used to include civil engineering and construction with the

aim of expanding sales. It also plans to ramp up its entry into rapid diagnosis systems for aging infrastructure, a promising new business, via the rollout of new products.

The Eye Care Company aims to boost sales growth with the addition of DRI OCT Triton, a premium model, to its 3D optical coherence tomography (OCT) lineup that includes the mass-market 3D OCT-1 Maestro. Along with enabling remote diagnosis via the IMAGEnet® 6 Integral, a new cloud-based ophthalmic image filing system, the in-house company is expanding sales in the screening and treatment instrument markets. Moreover, as it is making progress in addressing delays in securing U.S. FDA approvals, it aims to expand in the U.S. market.

Q₆

Lastly, please share with us management's views on improving corporate value creation and returning surpluses to shareholders.

A₆

We are working to create greater corporate value through growth, such as our plan to invest or lend a total of ¥20.0 billion in fiscal 2015, and this will enable us, at the same time, to raise dividends.

When I became president two years ago, we switched our focus from structural reforms centering on the reduction of fixed costs and the costs of sales to pursuing a growth path. I believe actively investing in the development of new products and their rollout, and through this, achieving sales and profit growth translates into greater corporate value creation. One plank in this approach is our fiscal 2015 plan to invest or lend a total of ¥20.0 billion. We also see R&D as important and keep our annual R&D expenditures at about 8% of consolidated sales.

Meanwhile, our policy of returning surpluses to shareholders is focused on dividends. We link our dividend payout level mainly to consolidated earnings growth, and we intend to continue to improve earnings and dividends.

In fiscal 2014, we planned and paid an annual per-share dividend of ¥16, comprising an interim dividend of ¥8 and a fiscal yearend dividend of ¥8. This reflected continued strong consolidated earnings growth that

drove earnings outperformance.

In fiscal 2015, we expect sales and profit growth, and as we link profit distributions to consolidated earnings performance.



Disruptive Products Open a Path Forward for Topcon

What Are Strategic Products that Disrupt Markets?

We believe creative thinking unbound by conventional notions and finding ways to turn those ideas into strategic products that disrupt markets are necessary for us to realize profitable and sustainable growth. For us to further expand our businesses in markets where we excel, it is vital that our products offer greater convenience and efficiency than conventional ones. We make innovation happen by introducing strategic products with disruptive technologies through the acceleration of our basic cycle: identifying client needs early, converting those insights into products via our product planning know-how, prototyping products and then producing them via our engineering and manufacturing strengths, and rolling them out in target markets via our marketing know-how.
















Defining Strategic Products that Disrupt Markets

1 They feature unique innovation based on creative thinking



2 They create new markets and disrupt the existing market order

Recent Timeline: Topcon's Strategic Products that Disrupt Markets

FY2013	FY2014	FY2015
 GR-5+	<div> X32 NET G5 GCX2 </div> <div> Z-Plus GLS-2000 Image Master UAS IP-S3 </div> <div> NW-400 Pascal Synthesis TwinStar DRI OCT Triton </div>	   

1 GCX2: A New Era for GNSS Receivers



Our development of innovative technologies has enabled us to broaden the domain of our surveying instruments. A prime example is our fusing of GNSS technologies with earth moving and farm machinery for advanced IT construction and precision agriculture. This process also moved GNSS adoption beyond traditional surveying and engineering needs.

GNSS receivers have gone through substantial changes over the years in step with the needs of the times. Our early-stage high precision GNSS receivers had what were innovative technologies at the time, but could be bulky and tiresome to carry for a full days work. What the market sought was high performance in a compact, light-weight design, and our engineers developed new, smaller GNSS products in response to such needs.

The recently launched GCX2 is our latest integrated GNSS receiver. Nicknamed “the bullet” for its unique and imaginative design, it uses the latest GNSS antenna and receiver technology to create an ultra-compact package that’s easy to use. It’s hard to imagine that a

surveyor had to wear a backpack to carry early model GNSS receivers! Our receiver models today can easily be carried in one hand.

Of our GNSS receivers, the GCX2 is our smallest, lightest model, sharply reducing the load in the field. It’s innovative POST (precision orbital satellite technology) antenna element provides reception quality for high accuracy positioning data. It can be paired with data collectors like the Sokkia S-10 or GHX2 via Bluetooth technology. Moreover, through its MAGNET® software, it can support a cloud-based data management system. When

fully employing the MAGNET® system, the GCX2 can be deployed across many fields such as building information modeling (BIM), construction information modeling (CIM), geographical information system (GIS), and a wide array of mapping tasks. It is also available at a low price point versus conventional products and rival systems. Delivering high performance, and featuring a cutting-edge receiver that enables efficient workflows, the GCX2 is completely reshaping the way work is done in the field.

Disruptive Innovation in GNSS-based Surveying



2

Using High-precision 3D Mass Data

Drawing on its core optical technologies, Topcon has over the years combined a wide array of technologies. Over the past few years, it has boldly entered new fields on the back of its strength in high-precision 3D data capture. This trove of technologies is the basis for our operation and management products that harness high-precision 3D mass data. Gathered aerially, from moving vehicles, and from instruments at ground level, high-precision, high-density 3D mass data can be put to use for infrastructure operation and management, opening the way for three products.

The first, the ImageMaster UAS, creates wide-scope 3D terrain models from video captured by unmanned aerial vehicles. Output data can be prepared in many formats, responding to diverse needs.

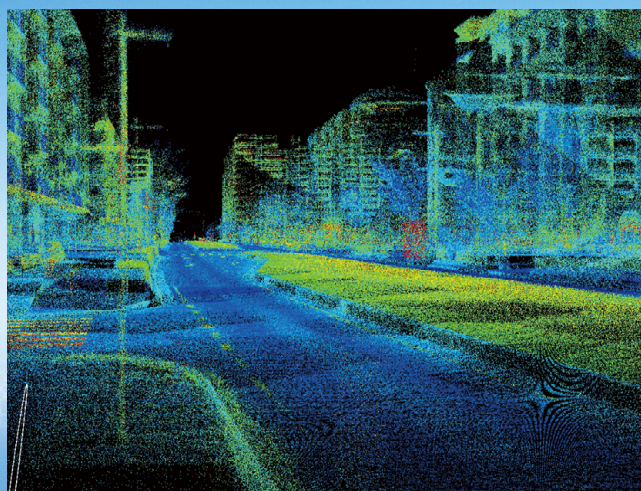
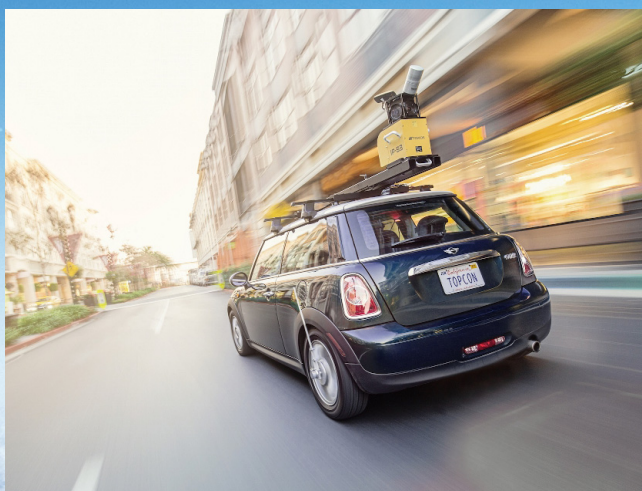
The second, the IP-S3 HD1, is capable of high-density point cloud data collection in a compact, lightweight body. At half the size of its predecessor, the IP-S3 HD1 comes with a GNSS antenna, a laser scanner, and the full assortment of sensors needed for a mobile mapping system such as a 360-degree camera. The density of the point cloud it

captures is five times that of its predecessor. This high-precision point cloud data makes it possible to capture detailed, accurate 3D shapes of objects in a short period of time.

The third, the GLS-2000, refines the basic functions of a 3D laser scanner. With an upgraded measurement engine, "PreciseScan Technology II," the GLS-2000 enables data capture at a higher degree of precision and density than before, with such a high degree of precision it can recreate the texture of the target.

All across the world, social infrastructure operation and management is growing in importance. Our strengths at Topcon are promoting the use of 3D data for disaster preparedness and prevention as well as operation and management fields, increasing its adoption as a measurement tool, and expanding its use for monitoring systems. Proposing systems that enable any operator in the field to manage 3D data, we are forging ahead with 3D data solutions for progress management, cost management, and operation and management and are offering solutions that are useful to social infrastructure operation and management.

Hampering Infrastructure Obsolescence



3

DRI OCT Triton is Reshaping Ophthalmic Practice



With populations of many nations worldwide growing older, the number of people with eye diseases is increasing, as evidenced especially by growth of the three major eye diseases—diabetic retinopathy, age-related macular degeneration, and glaucoma. It is important for these to be detected early and treated early but detection is hard due to the difficulties in measuring deep into tissue layers where disease resides with a conventional fundus camera and 3D optical coherence tomography (OCT) system. In response, Topcon developed and launched the DRI OCT Triton, which combines fundus image capture technologies it has honed over the years with further advances in 3D OCT technologies.

The DRI OCT Triton features swept source technology, a world-first wavelength swept light source, and as a result of an elongated wavelength (one micrometer) light source, it penetrates deeper and can capture OCT images with higher resolution. Another benefit of a light source with a longer 1 μ m wavelength is the scanning light for image capture is not visible to the eye, enabling invisible scans.

The DRI OCT Triton combines OCT technology with a

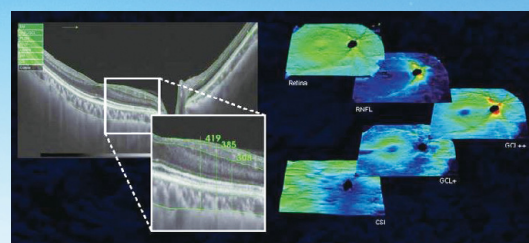
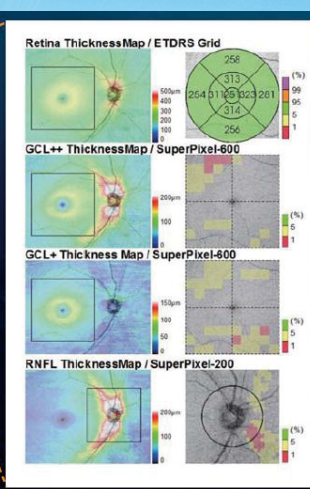
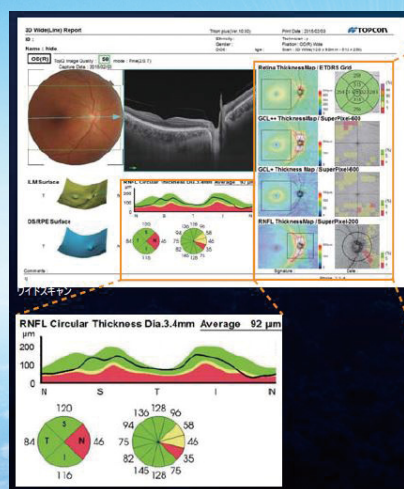
fundus camera capable of color fundus imaging, fluorescein angiography (FA), and fundus auto fluorescence (FAF), enabling the broad array of imaging necessary for fundus photography. Swept source light reaches deep cellular tissues and enables observation of deeper fundus structures, and makes observation simple even in cases where there are opacities in the cornea, which refracts light toward the retina.

Moreover, twice as fast as predecessor models, the DRI OCT Triton's scanning speed is the world's fastest, enabling high-resolution imaging in a short span. OCT angiographic imaging makes blood vessels swiftly visible without use of

contrast agents, and the dynamic focus function makes visible structures that once could not be seen. These features are expected to increase adoption of the DRI OCT Triton in research domains as well as clinical practice.

The introduction of the DRI OCT Triton opens pathways to early detection and early treatment that were not available until now. We expect these features to reduce the burden on patients and keep medical costs down, helping to literally reshape ophthalmic practice.

Shines a Light toward Early Detection and Treatment



At a Glance

(For the year ended March 31, 2015)

POSITIONING COMPANY

P24



Fields	Major Products	Market Conditions
<ul style="list-style-type: none"> • IT construction • Precision agriculture 	<ul style="list-style-type: none"> • GNSS (GPS) receivers • Machine control systems • Precision agriculture systems • IT site management solutions 	<ul style="list-style-type: none"> • Economic recovery slowing amid geopolitical risks in Europe, despite solid trends in the United States • Weak economy recovery in China and other emerging countries, with signs of stagnation • Agricultural markets stagnate amid a temporary decline in grain prices

SMART INFRASTRUCTURE COMPANY

P26



Fields	Major Products	Market Conditions
<ul style="list-style-type: none"> • Surveying/Construction/Building • 3D measurement/monitoring • BIM 	<ul style="list-style-type: none"> • Total stations (motorized robotic total stations, imaging stations) • Mobile mapping systems • 3D laser scanners • Data collectors • Theodolites • Levels/digital levels • Self-leveling construction lasers • Pipe lasers • Asset management system (cloud-based total station management system) 	<ul style="list-style-type: none"> • Economic recovery slowing amid geopolitical risks in Europe, despite solid trends in the United States • Brisk conditions in Japan on demand related to rebuilding and disaster prevention • Russian economy flagging temporarily • Latin American markets also floundering

EYE CARE COMPANY

P28



Fields	Major Products	Market Conditions
<ul style="list-style-type: none"> • Preventive medicine checkups • Examination • Diagnosis • Treatment 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Sales growing in European market • Sharp growth in fundus cameras for screening market • In Japan, consumer sentiment in gradual recovery, following post-tax-hike cooling • Weak economic recovery in China and other emerging markets, with signs of stagnation

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 Positioning Company and the Smart Infrastructure Company. Likewise, the former Eye Care Business Unit became the Eye Care Company.

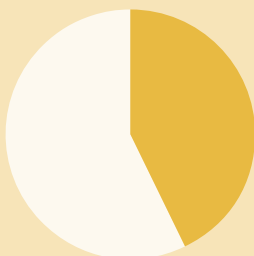
Strengths/Strategies

Strengths We are supplying products and systems using high-precision GNSS positioning technology in the fields of surveying, construction and 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 Asian and Latin American markets.

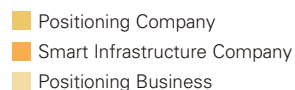
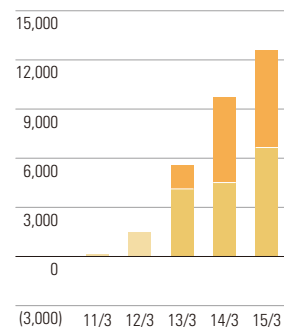
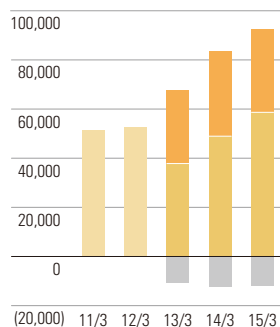
Sales Ratio (%)

43.0%



Net Sales (Millions of yen)

Operating Income (Millions of yen)



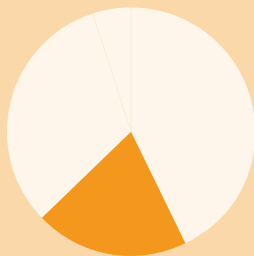
Strengths/Strategies

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 Ratio (%)

19.9%



Strengths/Strategies

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 world-wide basis.

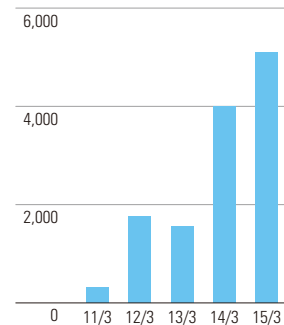
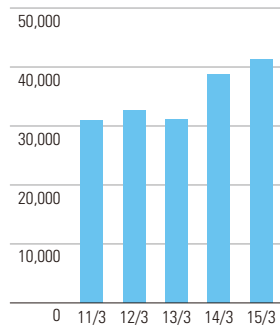
Sales Ratio (%)

32.1%



Net Sales (Millions of yen)

Operating Income (Millions of yen)



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 precision agriculture on a global scale.



FY2014 Financial Results

At the Positioning Company, net sales grew 19.8% year on year to ¥58,672 million mainly due to growth in the United States. Operating income surged 47.4% year on year to ¥6,652 million mostly on higher net sales.

By region, net sales in North America, where the construction market is buoyant, grew 20% year on year. By business field, net sales in IT construction rose sharply—delivering 28% growth year on year. In contrast, as a result of the temporary decline in grain prices, agricultural markets have stagnated, impacting the precision agriculture field.

Performance Outlook

At the Positioning Company, we are focusing on three main themes: (1) boost sales further in the brisk U.S. market; (2) bolster precision agriculture (strategic investment and synergies); and (3) expand our global business in IT construction (strategic investment and synergies).

For the first theme, boosting sales further in the United States, we welcome the market-driven tailwind evidenced by the 40% increase for the past five years in the Dodge construction investment index, an indicator of U.S. construction spending. Our aim is to expand sales of high value-added products on the back of this tailwind.

For the second theme, bolstering precision agriculture, we acquired U.S.-based Digi-Star LLC, which excels in the dairy farming space, for a total of ¥16.0 billion. Through this acquisition, we will unlock synergies between our conventional crop farming solutions and post-harvest grass feeds as well as dairy farming solutions that incorporate the use

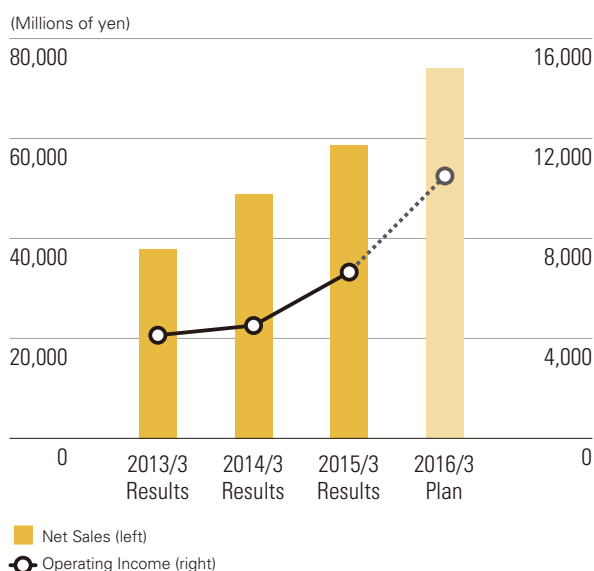
We will utilize GNSS (GPS) as a core technology for rapid expansion in IT construction and precision agriculture.

Raymond O'Connor

Senior Managing Executive Officer
General Manager, Positioning Company



Net Sales and Operating Income



of livestock manure as fertilizers. Our goal is to expand by promoting precision agriculture ERP (Enterprise Resource Planning) solutions so crop and dairy farming can be managed in an integrative manner.

For the third theme, expanding our global business in IT construction, we are increasing our response in the hydraulic excavator space, a large global market where IT construction has limited penetration. With our acquisition of Wachendorff Elektronik GmbH, a German-based OEM supplier of in-cab consoles for off-highway machinery, we aim to expand sales by improving product quality, while reducing costs through efforts to source more inputs inside the Topcon Group.

A common theme for the entire Topcon Group is to achieve growth by stimulating latent market needs through the introduction of products with disruptive technologies.

TOPIC

Acquired Precision-Agriculture Leader Digi-Star to Accelerate Growth Strategy

Topcon acquired U.S.-based Digi-Star Investments, Inc. which makes, develops and markets software and equipment for cloud-based management of farm processes such as the volume of dry grass forages and other animal feed inventories, livestock growth, manure fertilizer spraying, and more. We think combining Digi-Star's know-how in dairy farming solutions with our GNSS positioning technologies will enable us to supply technologies and management systems necessary for a more complete precision agriculture.

With weight sensors to precisely measure livestock and commercial crops, optical sensors to measure feed and fertilizer quality, and sensors for various other agricultural processes, Digi-Star integrated management systems collect measurement data for each step of the process into cloud-based integrative software, enabling optimal resource allocation and decision-making in dairy and crop farming through cloud-based data aggregation and management.

We are confident about the future of precision agriculture and expect the Digi-Star acquisition to be a major driver in doubling our sales in that field.



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 beginnings.

FY2014 Financial Results

At the Smart Infrastructure Company, net sales edged down 2.1% year on year to ¥33,909 million, despite growth in Japan on higher public works demand, due to declines in other regions. Operating income rose 14.7% year on year to ¥5,965 million thanks to reductions to costs of goods sold and other effects.

Looking at regional performance in detail, we note sales grew 15% year on year in Japan on brisk conditions in the domestic construction market on demand related to rebuilding and disaster prevention. Moreover, the U.S. construction market also trended firmly. In contrast, with the Russian economy sinking in connection with recent geopolitical tensions, our share there has also temporarily sagged. Our performances in the South American and Chinese markets were also not favorable.

Performance Outlook

At the Smart Infrastructure Company, we are forging ahead with necessary initiatives in view of two themes we have identified: (1) strengthen core businesses, and (2) address infrastructure obsolescence.

For the first theme, strengthening core businesses, we are working to reinforce IT construction-related products in the burgeoning domestic market. In Japan, amid growing demand for automation in construction projects due to labor shortages, tighter construction schedules, and scaled-up reconstruction demand, our aim is to expand sales harnessing our strong sales network and high market shares in the fields we have built up so far.

In the U.S. market, where construction investment is solid, our aim is to grow on the launch of highly competitive, differentiated products that deliver a lot of bang for minimal investment given growing needs for efficiency and income generation.

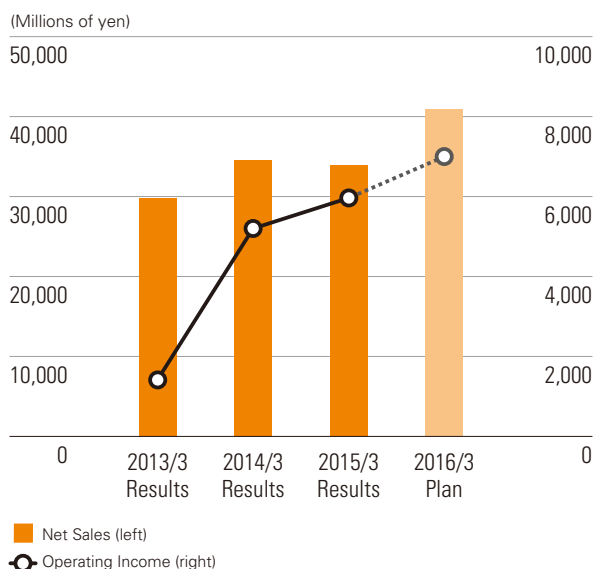
We will enhance new businesses with a strong basis of surveying instruments.

Shigeyuki Sawaguchi

Director,
Senior Managing Executive Officer
General Manager, Smart Infrastructure Company



Net Sales and Operating Income



Moreover, we are addressing infrastructure demand by adding and upgrading applications for various tasks on the LN-100 layout navigator, an easy-to-use surveying instrument. This reflects increasing demand for greater efficiency and machine-for-labor substitution in view of the shortage of engineers and technicians amid growing demand globally for infrastructure. We seek to expand sales by broadening applications for the LN-100 beyond its original BIM* target to include civil engineering and construction.

For the second theme, addressing infrastructure obsolescence, we are developing and commercializing solutions such as rapid diagnostic systems for aging infrastructure and mobile mapping systems that streamline infrastructure inspection tasks attendant with the sharp rise in aging infrastructure that has been in service for fifty years or more.

TOPIC

Launching GLS-2000 for Myriad Scanning Needs Such As BIM

In response to growing BIM* needs at public infrastructure and construction sites, Topcon launched the 3D laser scanner GLS-2000 to perform such work across a wide range of scanning tasks.

The GLS-2000 offers improved basic functionality as a 3D laser scanner, speeding up scanning work itself. With machine installation etc., it performs related work efficiently, and the specs take into account how operators like to work. For example, it enables high-resolution scanning via a measurement engine Topcon developed, long-range scanning of up to 350 meters, scanning across a wide range, and direct height measurement, a world-first function that accurately measures instrument height with a one-touch operation.

We see the GLS-2000 as a product that is unleashing disruptive innovation in the civil engineering and construction sectors, improving surveying work efficiency across many fields, from construction and facility installation projects that require short-range, high-precision observations to long-range, wide-scope measurements for civil engineering projects.

*BIM: Building Information Modeling

3D Laser Scanner
GLS-2000



EYE CARE COMPANY

PERFORMANCE YOU CAN COUNT ON

The signature statement “PERFORMANCE YOU CAN COUNT ON” indicates that you can trust TOPCON. Every day. You can have confidence in all TOPCON does at every level of company. The statement is made personal to the eye care professional and highlights the exceptional products, services, reliability, and support you will receive from TOPCON.



FY2014 Financial Results

At the Eye Care Company, net sales rose 6.5% year on year to ¥41,240 million mainly on growth in Europe. Operating income grew 27.2% year on year to ¥5,093 million due to higher net sales and reductions to costs of goods sold.

By region, sales were brisk in the North American and European markets, but sales did not show a recovery trend in Asia/Oceania.

Looking at business fields, we note sales of fundus cameras for the screening market were three times the year-earlier level. Furthermore, the DRI OCT Triton, a new 3D optical coherence tomography (OCT) tool, and PASCAL Twin Star, a pattern scanning laser for retinal laser treatment, racked up strong starts. In contrast, the pending application for 3D OCT, which has been a concern, did not receive approval in fiscal 2014 from the U.S. Food and Drug Administration for the United States, the linchpin of the North American market.

Performance Outlook

At the Eye Care Company, we will accelerate sales of the premium DRI OCT Triton, roll out the ophthalmic image filing system IMAGENet® 6 Integral, expand sales in screening and treatment instruments markets, and step up our efforts to receive FDA approval.

To accelerate sales of the DRI OCT Triton, the flagship in our 3D OCT lineup, in the premium segment, we have added functions, such as imaging for photographing blood vessels in the eye without contrast agents, with the aim of increasing adoption. These new functions are useful for the early detection and treatment of eye diseases, improve and expand the DRI OCT Triton's applicability to clinical practice, and thus position it for the premium segment.

The IMAGENet® 6 Integral, a new cloud-based ophthalmic image filing system, enables remote screening. With this product, we are working to broaden our products and services for the prevention and prognosis management

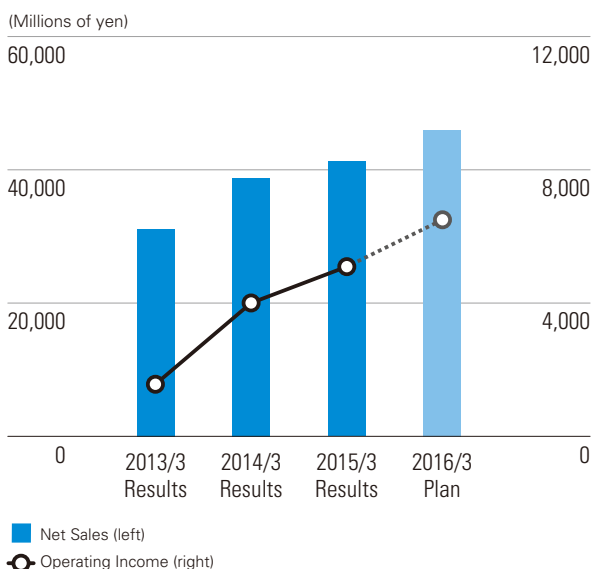
With our strong foundation in examination and diagnosis, we will focus to reinforce our strength in preventive medicine and treatment segments.

Takashi Eto

Director,
Executive Officer
General Manager, Eye Care Company



Net Sales and Operating Income



fields so as to expand the scope of our business.

In the screening and treatment instrument markets, our aim is to expand sales globally, centering on retinal cameras that even entry-level operators can use, a cataract workstation that can perform multiple tests with multi-function instruments for preoperative work-ups and post-operative follow-ups, and laser treatment instruments for all kinds of patients with fundus diseases.

Furthermore, we aim to launch 3D OCT systems in the giant U.S. market. To obtain FDA approval, we have worked to strengthen our position by contracting with a leading U.S.-based international law firm with staffers who are knowledgeable about FDA processes and added people to our regulatory team with the goal of securing approval for the 3D OCT-1 Maestro during fiscal 2015.

TOPIC

Stronger OCT Product Lineup Covering Ophthalmology & Screening Markets from Research to Clinical Practice

Our optical coherence tomography (OCT) lineup has won high praise in ophthalmology markets based on ease of use and robust reliability, reflecting a series of improvements responsive to market needs since the 2006 launch of the first-generation model. Unit sales of the mass-market 3D OCT-1 Maestro, which is easy to operate with a full auto mode, are trending firmly. To strengthen our lineup in the premium segment, we launched the DRI OCT Triton, a model with multiple useful functions for research and clinical practice such as a swept source light that penetrates deeper than conventional models, enabling observation of deeper fundus structures. The DRI OCT Triton's scanning speed is twice as fast as that of predecessor models, enabling high-resolution imaging in a short span.

As populations in many nations worldwide grow older, an increasing number of patients are at risk for or afflicted by the three major eye diseases, such as diabetic retinopathy, and this trend is boosting demand for eye examination instruments. Topcon is stepping up sales of OCT systems across the entire spectrum, from the screening market to clinical practice and further to research domains.



OCT series

Corporate Governance

Topcon strives to achieve sustaining growth in corporate value and enhance the soundness and transparency of management. The Company achieves this through comprehensive corporate governance and total compliance, conducting business earnestly and with respect to corporate ethics, and by strengthening risk management.

Basic Concept of Corporate Governance

Under its basic concept that “a company is a public entity of society,” Topcon believes it has an obligation to be a beneficial presence for society as a whole and not to be merely an economic agent engaged in free competition for sake of profits. The Company therefore believes its corporate governance should seek to fully maintain sound management, ensure transparency in management, and improve management efficiency, to consider all stakeholders in its corporate management, and to fulfill each of these ideals as part of its social responsibility.

Corporate Governance Structure

Topcon has adopted the “company with a Board of Auditors” corporate governance structure. Four corporate auditors, including two outside auditors, provide oversight of the decision-making and execution of duties of the directors.

The Board of Directors has nine members, including two outside directors. The Board holds regular meeting monthly and additional meetings as necessary to deliberate and receive reports on basic management policy, legal matters, matters stipulated in the articles of incorporation, and other important management-related matters and to strengthen its supervisory function.

The Company also utilizes the Executive Officer System.

The system facilitates swift and appropriate responsiveness to rapid changes in the business environment by separating the supervisory functions of the directors and the Board of Directors and the business operation functions of the executive officers in charge of day-to-day operations.

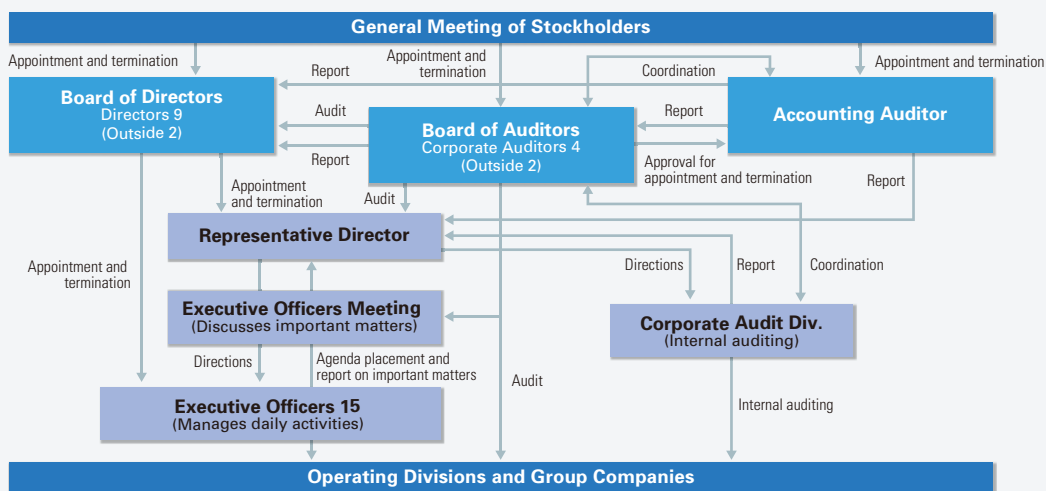
The Executive Officers Meeting plays an important role in maintaining fairness and transparency in management decisions. Meetings are convened weekly, in principle, and discussion topics include analysis of the business environment, mid-term business plans and budgets, information sharing on the status of budget execution, important corporate decisions, the sufficiency of compliance, and other matters.

The Corporate Audit Division, which reports directly to the President, serves as the internal audit department and provides a framework for ensuring operations are performed lawfully, appropriately, and efficiently.

Outside Directors and Corporate Auditors

Topcon maintains two outside directors and two outside corporate auditors. Outside directors are appointed to directly provide external perspectives to the Board of Directors and thereby enhance its monitoring and supervision. Audits by outside corporate auditors serve an important function by fortifying management oversight from an independent perspective. Given the critical role outside directors play in

Corporate Governance Structure (As of June 25, 2015)



supervising and monitoring management and monitoring outside corporate auditors, Topcon seeks to appoint outside directors and corporate auditors who are highly independent and have thorough knowledge of corporate management and Topcon's business operations.

Mr. Kazuyuki Matsumoto was considered highly qualified and appointed as an outside corporate director for his extensive experience and wide-ranging knowledge gained while serving for many years as a corporate executive at Nabtesco Corporation. Topcon has notified the Tokyo Stock Exchange of the appointment of Outside Director Kazuyuki Matsumoto and fulfillment of the independent officer requirement.

Mr. Akira Sudo was considered highly qualified and appointed as an outside corporate director for his extensive experience and wide-ranging knowledge particularly in research and development gained while serving for many years as a corporate executive at Toshiba Corporation.

Mr. Tatsuya Kuroyanagi was appointed as an outside corporate auditor for his extensive experience in the financial industry and contributes expertise in finance and accounting. Mr. Hiroshi Wakabayashi was considered for his ability to contribute to fortifying the Company's auditing system and was appointed as an outside corporate auditor for his abundant experience and knowledge gained from his extensive experience in the accounting department of Toshiba Corporation and at a Toshiba affiliated subsidiary.

Topcon has also notified the Tokyo Stock Exchange of the appointment of the two outside corporate directors and two outside corporate auditors and their fulfillment of the independent officer requirement.

Director and Corporate Auditor Compensation

Topcon stipulated maximum compensation levels for directors and corporate auditors upon resolution of the 120th Ordinary General Meeting of Shareholders held on June 26, 2013. The maximum total annual compensation for directors and corporate auditors is ¥500 million, with maximums for the fixed portion of ¥300 million and the performance-linked portion of ¥200 million as determined based on prescribed benchmarks for the relevant fiscal year, and does not include employee compensation for directors who also serve as employees. The maximum total fixed annual compensation for an outside director is ¥30 million and for a corporate auditor is ¥100 million.

Compensation for directors, excluding outside directors, consists of base salary and performance-linked compensation. Base salary is position-based and performance-linked compensation is determined based on prescribed benchmarks for the relevant fiscal year. Compensation for outside directors and corporate auditors, including outside corporate auditors, consists only of a base salary.

In accordance with these standards, director compensation amounts are subject to approval by the Board of Directors, and corporate auditor compensation amounts are determined in consultation with corporate auditors.

The attached table shows the total director and corporate auditor compensation amounts for the fiscal year ended March 2015.

Classification	Total Compensation (Millions of yen)	Compensation by Position (Millions of yen)		Number of Individuals
		Basic Compensation	Executive Bonuses	
Directors (excluding outside directors)	124	96	28	6
Corporate Auditors (excluding outside corporate auditors)	37	37	—	2
Outside Officers	18	18	—	4

Notes: 1. As of March 31, 2015, Topcon had six directors, two corporate auditors, and four outside officers (two outside directors and two outside corporate auditors).
2. In addition to the compensation amounts presented above, Topcon paid ¥51 million in compensation (including bonuses) to directors who also served as employees.
3. As of March 31, 2015, the maximum compensation levels for directors was ¥500 million as resolved at the 120th Ordinary General Meeting of Shareholders held on June 26, 2013, with maximums for the fixed portion of ¥300 million and the performance-linked portion of ¥200 million as determined based on prescribed benchmarks for the relevant fiscal year. This total does not include employee compensation for directors who also serve as employees. The maximum total fixed annual compensation for an outside director is ¥30 million.
4. As of March 31, 2015, the maximum compensation level for corporate auditors was ¥100 million as resolved at the 120th Ordinary General Meeting of Shareholders held on June 26, 2013.

Risk Compliance

Topcon has established Basic Rules for Risk and Compliance and formulated a framework, including designating individuals responsible for risk management, enabling swift and appropriate response to all risks that arise for Topcon and the Topcon Group.

In addition to the standard organizational channels, Topcon maintains an Internal Reporting System (whistle blower system) to enable direct notification of risk-related information from the person who identified the risk, facilitating quick discovery of risk-related information and swift and appropriate response to the risk event. The system also helps raise risk management awareness for all Topcon and Group directors and employees. The Internal Reporting System is administered by the Corporate Audit Division, which serves as the Company's internal audit department.

Topcon has established the Basic Regulation on Personal Information Protection and the Basic Regulation on Information Security regarding confidential information and seeks to ensure Topcon and Group employees are fully informed about the regulations. The regulations are designed to protect information and to enable swift and appropriate action in the event of a risk incident.

Accounting Auditors

Topcon has appointed Ernst & Young ShinNihon LLC as its accounting auditor.

The accounting auditor works in close collaboration with the Board of Auditors and corporate auditors,

Corporate Governance

including holding preliminary and reciprocal discussions to confer about audit planning and audit enforcement policy, exchanging information on the progress of audits during the fiscal year, and informing each other of audit results when drafting the audit reports.

Topcon has also established the Corporate Audit Division to serve as the internal audit department. The Corporate Audit Division maintains a framework for verifying the appropriateness and effectiveness of the internal auditing system and providing timely reports to the Board of Directors in the event of an important matter.

The Board of Directors and the Corporate Audit Division, serving as the internal audit department, work in close collaboration including holding preliminary and reciprocal discussions to confer about audit planning and audit enforcement policy and mutually cooperating to regularly exchange information, and contribute to enhancing the effectiveness and functioning of auditor activities.

	(Millions of yen)
Accounting Auditor's compensation in fiscal 2014	67
Total amount of cash and other material benefits payable to Accounting Auditor by the Company and its subsidiaries	67

Promotion of Active Participation in the General Meeting of Shareholders and the Smooth Exercise of Voting Rights

Topcon promotes active participation in its General Meeting of Shareholders by distributing the Notice

of Convocation of the Ordinary General Meeting of Stockholders three weeks ahead of the meeting and selecting meeting dates that avoid conflicting with the meetings of other companies. The Company seeks to provide an environment encouraging shareholders to exercise their voting rights by enabling voting via the Internet on a dedicated web site.

The Notice of Convocation is made available on the website before the notices are distributed in the mail and extracts of important sections are also provided in English on the website.

Information Disclosure

Topcon conducts its IR activities with the objectives of deepening understanding of the Company so all shareholders and investors will have an accurate evaluation of the Company's value. The Company accordingly makes every effort to respond in good faith following a policy of proactively and continuously providing impartial, rapid, and accurate information disclosure.

Based on this policy, the Company also holds regular information meetings for analysts, institutional investors, and individual investors. For analysts and institutional investors, the Company convenes four quarterly results meetings, one annual meeting about the mid-term business plan as well as individual meetings.

For individual investors, the Company holds several meetings every year (nine meetings in fiscal 2014) at specially chosen sites where it provides information about the company that is easy for individual investors to understand.

Message from an Outside Director

Corporate governance has been attracting a lot of attention recently, but it's important to remember that the purpose of fortifying corporate governance is to maintain attentive and high-quality management. Governance mechanisms and systems are essential, but history shows that relying solely on these does not produce results. The first indicator of high-quality management is demanding discussions with mutual respect and trust among Board of Directors members, who have a correct understand and the ability to communicate the actual situation. The article "What Makes Great Boards Great" in the October 2005 issue of the Diamond Harvard Business Review says a board of directors cannot hope to function effectively if the members do not have healthy relationships.

As an outside director, I am committed to the Topcon Way and will establish mutual trust while, as Clayton M. Christensen described in his book "How Will You Measure Your Life?", conducting my job with a strong belief in myself.



Kazuyuki Matsumoto
Outside Director

Apr. 1970	Joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation)
Jan. 1989	Precision Equipment and Technology Department Chief, Teijin Seiki
Jun. 2000	Executive Officer, Teijin Seiki
Jun. 2001	Director, Teijin Seiki
Sep. 2003	Corporate Officer at Nabtesco Corporation
Jun. 2004	Director of the board, Corporate Officer, Deputy General Manager, Technology and R&D Div. at Nabtesco Corporation
Jun. 2005	Representative Director and President & CEO at Nabtesco Corporation
Jun. 2011	Director & Chairman of the Board at Nabtesco Corporation
Jun. 2013	Advisor, Nabtesco Corporation (to present)
Jun. 2013	Director (Outside Director) (to present)

Strengthening Global Export Control System

Exports to several countries are subject to strict controls under relevant Japanese and U.S. laws. If our export control compliance were lax, this could result in situations that threaten the basis of our existence as a corporation. In the worst case, the company would be subject to penalties such as an export ban due to violations of applicable laws and regulations. For this reason, as a global company, the Topcon Group is committed to activities related to maintaining and bolstering the global system of export controls.

1. Conducting export control audits

We conduct annual internal audit on all departments involved in export. Then, measures for improvement which was requested during audit are discussed with departments audited for one to three months after audit to correct nonconformities at an early stage. The next year's audit conducts follow-up to check if such measures are carried out on a continuous basis. It also checks for missing items and inadvertent errors such as in administration procedures in the entire process. In addition, domestic and overseas group companies are audited according to an annual plan to strengthen global export control system.

Since FY2012, we have started field audit of overseas group companies jointly with in-house lawyers of a U.S. group company specialized in U.S. laws. In FY2014, export control staffs from Japan and the U.S. companies conducted audit on group companies located in the Spain, the U.S. and the China to reinforce the export control system. Since FY2014, the Japan-U.S. joint audit will cover subsidiaries under the control of Positioning Company POC in the U.S. in addition to group companies under direct of control of TOPCON to maintain and strengthen global export control.

2. Providing export control educations

To raise employees' awareness about compliance, we provided 21 training sessions for new employees, mid-career employees and others engaged in export control in FY2014 and 200 employees in total participated in the sessions.

We put some thought in training materials to make them easy to understand for employees. Furthermore, we provide mandate training for employees who will be assigned to overseas companies to raise their awareness of their leadership role in administering export control in a region where they will work in order to "enhance a global export control system."

3. Developing export control specialists

To improve expertise of employees engaged in export control, TOPCON Group recommends them to take a "certification exam on export control" held by the Center of Information on Security Trade Control (CISTEC). As of the end of March 2015, 84 employees obtained the "Certificate." We are making positive efforts to improve skills of employees throughout the Group.

4. Periodically holding export control promotion meetings

To share information on global trends and situations of export control in TOPCON Group, we periodically hold export control promotion meetings to raise the awareness of employees within the group. Particularly in recent years, there has been of a significant change in world affairs, such as Six-Party Talks concerning the 2014 Crimean crisis and Iran and weapons of mass destruction, and the breakthrough in diplomatic normalization negotiations between the US and Cuba. To thoroughly practice export control in line with these changes, the information is shared and fed back internally.

5. Regions requiring special control

TOPCON Group designates six countries including Iran, Iraq, Cuba, Syria, (Northern) Sudan and North Korea which are subject to special regulations under the Foreign Exchange and Foreign Trade Act of Japan and relevant U.S. laws as "regions requiring special control" and applies the most stringent procedures for screening for trade and administration in the TOPCON export control program. We will further strengthen our export control system to achieve the highest quality of the system.

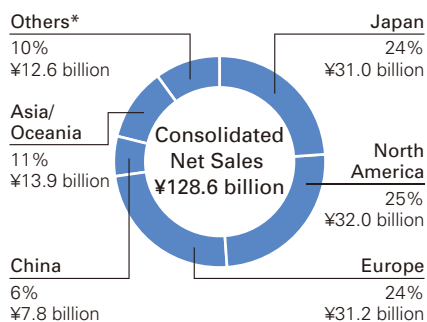


Global Network

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.

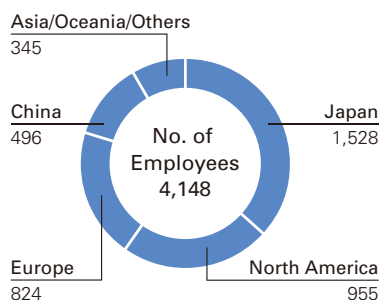


Sales by Region: FY2014



* 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, 2015)

America

Topcon Positioning Systems, Inc./U.S.A.	P	▲
Wachendorff Electronics USA, Inc./U.S.A.	P	▲
Digi-Star LLC/U.S.A.	P	▲
NORAC, 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	▲
NORAC Systems International Inc./Canada	P	▲
TOPCON BRASIL EQUIPAMENTOS MÉDICOS E DE POSICIONAMENTO LTDA/Brazil	P	▲

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


Topcon Europe Medical B.V.

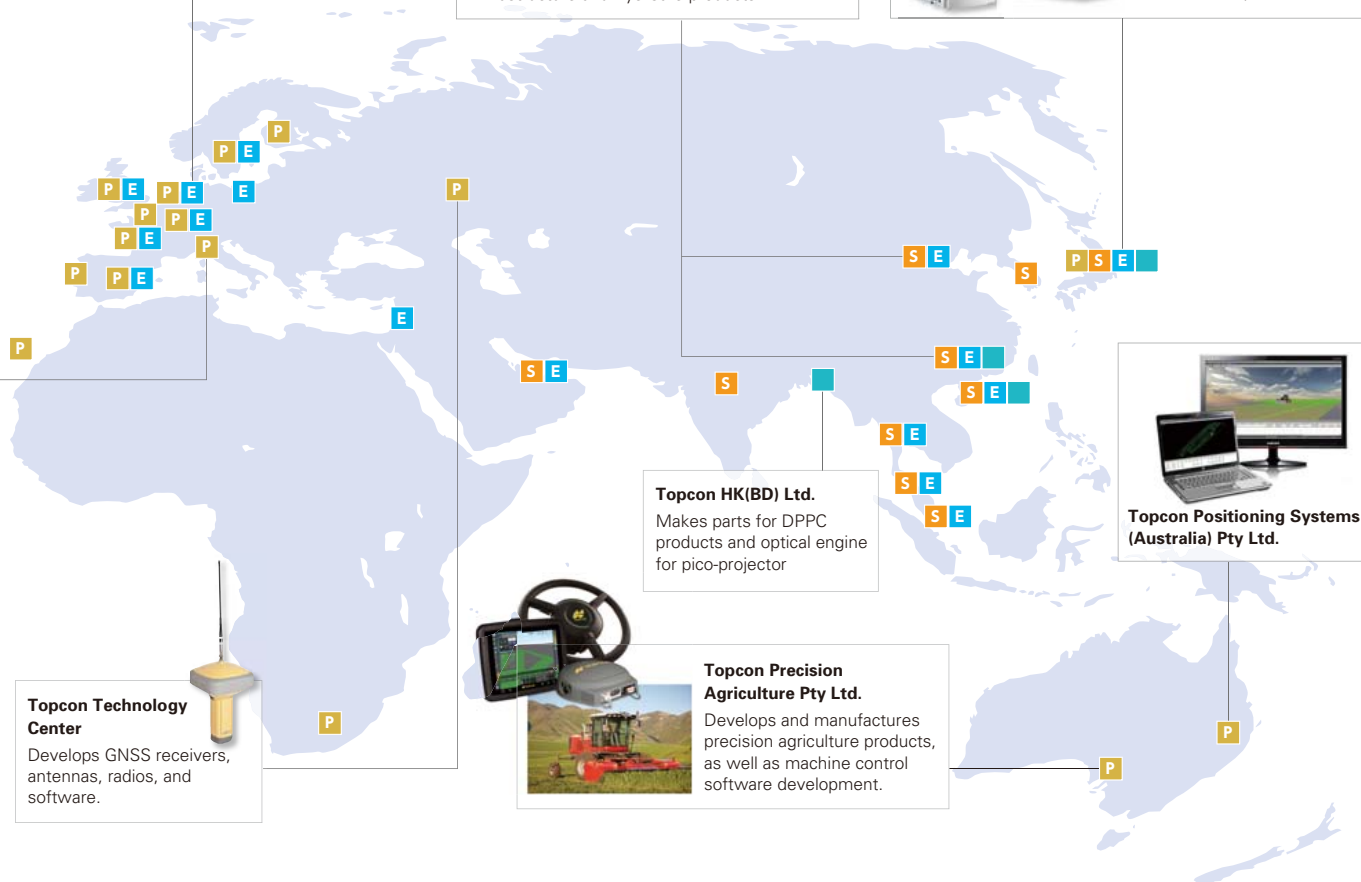
Develops and manufactures differentiated products targeted for Europe; also engages in development of the eye care system.


Topcon (Beijing) Opto-Electronics
Development Corporation
Topcon Optical (Dongguan) Technology Ltd.

Develops and manufactures Smart Infrastructure products in Beijing. The Dongguan factory makes parts for Smart Infrastructure and Eye Care products.


Topcon Corporation

Topcon's headquarters comprehensively oversees the development and manufacturing of all business sectors. Sokkia Topcon manufactures total stations. Topcon Yamagata manufactures Eye Care products. Optonexus manufactures optical devices.


Topcon Technology Center

Develops GNSS receivers, antennas, radios, and software.


Topcon Precision Agriculture Pty Ltd.

Develops and manufactures precision agriculture products, as well as machine control software development.


Topcon Positioning Systems (Australia) Pty Ltd.

Europe/Africa

Topcon Europe Positioning B.V./The Netherlands	P	▲	
Topcon Europe Medical B.V./The Netherlands	E	▲	
Wachendorff Elektronik GmbH & Co. KG/Germany	P	●	
Digi-Star Europe B.V./The Netherlands	P	▲	
Topcon Deutschland Positioning GmbH/Germany	P	▲	
Topcon Deutschland Medical GmbH/Germany	P	E	▲
NORAC Europe SARL/France	P	▲	
Topcon S.A.R.L./France	E	P	▲
Topcon España, S.A./Spain	E	▲	
Topcon Positioning Ag Europe S.L./Spain	P	▲	
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.	E	P	▲
RDS Technology Ltd./U.K.	P	●	▲
Topcon Polska Sp. Zo.o./Poland	E	▲	
Tierra S.p.A./Italy	P	●	▲
Topcon InfoMobility S.r.l./Italy	P	●	▲
Topcon Positioning Italy 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	▲	
Topcon Precision Agriculture Africa (Pty) Ltd./South Africa	P	▲	

Asia/Oceania/Middle East

Topcon Singapore Positioning Sales Pte. Ltd./Singapore	S	▲		
Topcon Singapore Medical Pte. Ltd./Singapore	E	▲		
Sokkia Singapore Positioning Sales Pte. Ltd./Singapore	S	▲		
Topcon Singapore Representative office in Indonesia/Indonesia	S	E	▲	
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	■	●	
Shanghai Topcon-Sokkia Technology and Trading Co., Ltd.	P	▲		
Topcon Optical (Dongguan) Technology Ltd./China	S	E	■	●
Topcon HK(BD) Ltd./Bangladesh	■	●		
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.....	P	S	E	●	▲
Sokkia Topcon Co., Ltd.	S	●			
Topcon Sokkia					
Positioning Japan Co., Ltd.	P	S	▲		
Topcon Medical Japan Co., Ltd.	E	▲			
Topcon Vision Care Japan Co., Ltd.	E	▲			
Topcon Technohouse Corporation.....	■	■	●	▲	
Topcon Yamagata Co., Ltd.	S	E	■	■	
Optonexus Co., Ltd.	S	E	■	■	

CSR

The Topcon Group promotes 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

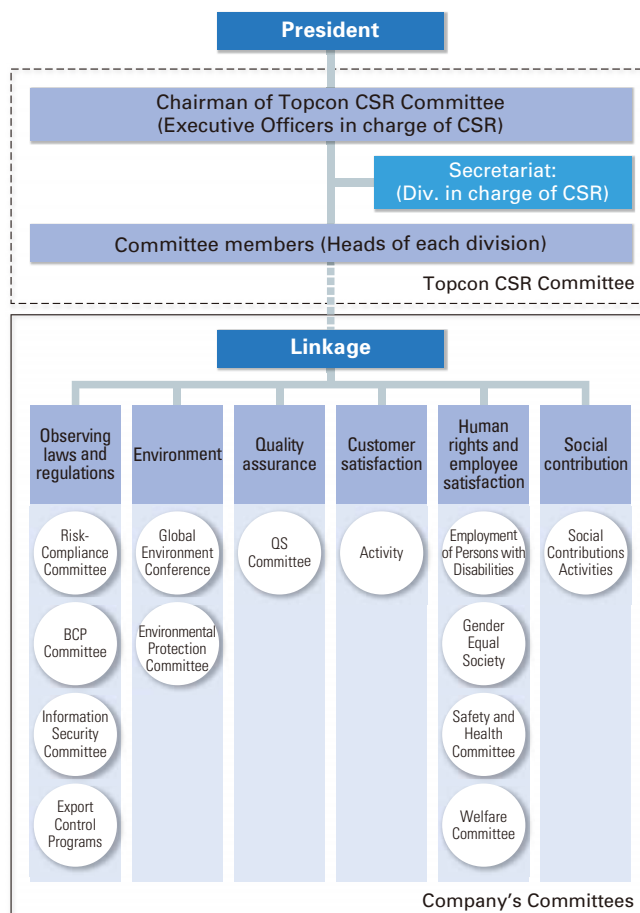
Topcon defines the basic policies for carrying out CSR activities that conform to the UN Global Compact, in which Topcon has participated since October 2007.

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 Targets and Achievements of 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 2014, we were committed to strengthening group governance (visiting domestic/overseas group companies for training), establishing green procurement guidelines and reducing chemical substances used in our products.

Items	Key Goals and Plans for FY2014	Key Achievements in FY2014	*	Key Goals and Plans for FY2015
Corporate Governance	<ul style="list-style-type: none"> Disseminating the Corporate Governance Principles Holding seminars on the Corporate Governance Principles and CSR education program 	<ul style="list-style-type: none"> Provided training for managers according to plan Provided seminars to TOPCON group companies according to plan 	○	<ul style="list-style-type: none"> Disseminating the Corporate Governance Principles (Continued) Holding seminars on the Corporate Governance Principles and CSR education program
	<ul style="list-style-type: none"> Disseminate the group governance 	<ul style="list-style-type: none"> Adopted in domestic and overseas group companies as planned 		<ul style="list-style-type: none"> Disseminate the group governance
Risk Compliance	<ul style="list-style-type: none"> Promote BCP in group companies Review and expand emergency stockpiles Employment rate of persons with disabilities: 2.0% (complying with legal requirements) Holding topic-by-topic compliance seminars 	<ul style="list-style-type: none"> Reviewed BCP on the assumption that earthquake may occur beneath the company sites Increased stockpiles of emergency supplies (food, beverage, portable toilets, blankets, etc.) and provided satellite phones Employment rate of persons with disabilities: 1.73% (short by a person) Held topic-by-topic compliance seminars with updated materials Including training at overseas group companies as planned 	△	<ul style="list-style-type: none"> Promote BCP in group companies Review and expand emergency stockpiles Employment rate of persons with disabilities: 2.0% (complying with legal requirements) Holding topic-by-topic compliance seminars
Responsibilities to Customers	<ul style="list-style-type: none"> Enhance design review to improve quality of new products Enhance change-point control to improve product quality Enhance the internal audit system to strengthen an ability to identify true cause Promote to control customer complaints information between group companies on a global basis 	<ul style="list-style-type: none"> Conducted risk analysis and enhanced design review to shorten development times and improve quality Promoted awareness of prioritizing the quality through the Technology/Quality Month and other quality forums Internal audit carried out on the main group 13 companies Speeded up the feedback of quality information between group companies on a global basis 	○	<ul style="list-style-type: none"> Enhance design review to improve quality of new products Enhance change-point control to improve product quality Enhance the internal audit system to strengthen an ability to identify true cause Promote to control customer complaints information between group companies on a global basis
Responsibilities to Business Partners	<ul style="list-style-type: none"> Ensure a new guideline is communicated to and understood by suppliers 	<ul style="list-style-type: none"> Through a management policy briefing, the well-known thorough new guidelines 	○	<ul style="list-style-type: none"> Ensure a new guideline is communicated to and understood by suppliers
Responsibilities to Employees	<ul style="list-style-type: none"> Improvement of employee satisfaction Further improve work environment Conduct Topconian training in group companies around the world 	<ul style="list-style-type: none"> Implementation of communication activation measures, improvement of company cafeteria Disseminated the important items related to health and safety Conducted seminars to develop global Human Resources 	○	<ul style="list-style-type: none"> Further improvement of the employee satisfaction Further improve work environment Conduct Topconian training in group companies around the world
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 (Continued) Make suggestions for new volunteer activities and carry out them Offer more effective assistance to medical and academic institutes 	<ul style="list-style-type: none"> Provided products that would help address social issues (Energy saving, Reduce environmental impact, Aging problem etc.) Conducted as planned Conducted as planned 	○	<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 (Continued) Make suggestions for new volunteer activities and carry out them Offer more effective assistance to medical and academic institutes
Enforcing Environment Management System	<ul style="list-style-type: none"> Consider the implementation of field audit 	<ul style="list-style-type: none"> Conducted the document based audit at 6 group companies having factories facility and many employees 	○	<ul style="list-style-type: none"> Consider the implementation of field audit
Providing Environmentally Conscious Products and Services	<ul style="list-style-type: none"> Achieve a higher level than 93.6% Confirmation of environmental conservation effect of the IT Construction 	<ul style="list-style-type: none"> Provided environmentally conscious products 93.7% of sales (Target achievement) Reduction of excavation of contaminated soil (30% reduction) 	○	<ul style="list-style-type: none"> Aim to maintain and improve sales ratio (more than 90.0%) Promotion of environmental protection by the IT Construction
Establishing Environmentally Conscious Business Processes	<ul style="list-style-type: none"> Implementation of measures against global warming (Reduction in CO₂ emissions) 12.0% reduction from the previous 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 (Using less chemical substances than 10%) 	<ul style="list-style-type: none"> 34.3% reduction (compared to the base year) Continuing zero-emission efforts (Decrease in emissions; 5%) Use of organic solvents: 25% reduction (1,345kg) 	○	<ul style="list-style-type: none"> Implementation of measures against global warming (Reduction in CO₂ emissions) 15.0% reduction from the previous year (to comply with Tokyo metropolitan ordinance) Effective use of resources Continuing zero-emission efforts (Less than the previous fiscal year) Hold the amount of use below the level of FY2014 targets
Promoting Environmental Communication	<ul style="list-style-type: none"> Strengthening of cooperation with governmental authorities and local residents 	<ul style="list-style-type: none"> Carried out community cooperation activities according to plan 	○	<ul style="list-style-type: none"> Strengthening of cooperation with governmental authorities and local residents (Continued)
Responsibilities to Shareholders and Investors	<ul style="list-style-type: none"> Strengthen of providing information to stockholders and investors Maintaining external evaluations and increasing analyst coverage 	<ul style="list-style-type: none"> Improved in Web content (Winning a plurality of website evaluation organization) Increase in the number of analyst coverage (3→4) 	○	<ul style="list-style-type: none"> Strengthen of providing information to stockholders and investors Maintaining external evaluations and increasing analyst coverage
Communication	<ul style="list-style-type: none"> Issuing TOPCON GROUP CSR Report on planned Strengthening of information dissemination by reviewing CSR Report contents Reviewing the working groups to join Posting corporate information on the website in a timely fashion Promote more effective social contribution activities including review of partners 	<ul style="list-style-type: none"> Posted to the web site in June (Japanese-English) Published as appropriate Participated in the GC-JN working group Disclosed corporate information in a timely fashion Cooperated with NPOs specialized in social contributions 	○	<ul style="list-style-type: none"> Issuing TOPCON GROUP CSR Report on planned CSR Report contents benchmark of other companies Conduct benchmark activities through participation in working groups Posting corporate information on the website in a timely fashion (continued) Promote more effective social contribution activities including review of partners

* 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 × 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



(Back row, from left) Kazuyuki Matsumoto Takashi Eto Yasufumi Fukuma Hiroshi Taguchi Haruhiko Akiyama Akira Sudo
(Front row, from left) Shigeyuki Sawaguchi Satoshi Hirano Makoto Iwasaki

Directors

President & CEO

Satoshi Hirano

Director, Senior Managing Executive Officer

Shigeyuki Sawaguchi

Director, Managing Executive Officer

Makoto Iwasaki

Director, Executive Officer

Yasufumi Fukuma

Hiroshi Taguchi

Takashi Eto

Haruhiko Akiyama

Director (Outside Director)

Kazuyuki Matsumoto

Akira Sudo

Corporate Auditors

Corporate Auditor

Haruhiko Kobayashi

Hiroyuki Nakamura

Corporate Auditor (Outside Corporate Auditor)

Tatsuya Kuroyanagi

Hiroshi Wakabayashi

Executive Officers

Senior Managing Executive Officer

Raymond O'Connor

Executive Officer

Takayuki Yamazaki

Hiroshi Sakai

Shuji Ichimaru

Kanji Ikegaya

Masami Tsukada

Kaoru Kumagai

Makoto Omori

Financial Section

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Consolidated Ten-year Summary

Topcon Corporation and Consolidated Subsidiaries

	2006/3	2007/3	2008/3	2009/3
Operating results				
Net sales	¥ 102,799	¥ 110,490	¥ 110,818	¥ 112,666
Positioning Company (Positioning Business)	47,804	53,631	50,928	58,031
Smart Infrastructure Company				
Eye Care Company (Eye Care Business)	31,864	38,464	39,828	33,503
Other Businesses (Finetech Business)	23,129	18,394	20,061	21,131
Elimination				
Overseas sales	72,262	80,575	81,027	83,684
Cost of sales	58,915	59,650	61,948	73,661
Gross profit	43,883	50,839	48,869	39,004
Selling, general and administrative expenses	30,818	35,563	37,894	45,949
Operating income (loss)	13,065	15,276	10,975	(6,944)
Ordinary income (loss)	11,503	14,233	9,205	(9,326)
Net income (loss)	6,781	8,549	7,736	(9,992)
Capital expenditures	2,753	3,012	2,893	2,620
Depreciation and amortization	2,813	3,018	3,478	4,619
Amortization of goodwill	268	268	268	1,828
R&D expenditures	7,713	9,424	10,178	11,589
Free cash flows	2,431	1,019	(16,185)	(6,991)
Net cash provided by (used in) operating activities	6,869	6,708	6,904	(1,267)
Net cash provided by (used in) investing activities	(4,437)	(5,689)	(23,090)	(5,724)
Net cash provided by (used in) financing activities	(8,276)	(1,123)	23,761	5,667
Financial position				
Shareholders' equity	¥ 47,780	¥ 54,689	¥ 56,082	¥ 39,801
Total assets	89,379	99,859	139,362	119,702
Interest-bearing liabilities	12,350	14,068	43,329	49,706
Per share data (¥, \$)				
Stock price (end of term)	¥ 2,200	¥ 1,800	¥ 785	¥ 382
Earnings per share (EPS)	73.44	92.30	83.52	(107.89)
Net assets per share (BPS)	515.85	590.45	605.49	429.72
Management indicators				
Gross profit ratio (%)	42.7	46.0	44.1	34.6
Operating income ratio (%)	12.7	13.8	9.9	(6.2)
Net income ratio (%)	6.6	7.7	7.0	(8.9)
Ratio of R&D expenditures to net sales (%)	7.5	8.5	9.2	10.3
Overseas sales ratio (%)	70.3	72.9	73.1	74.3
Return on assets (ROA) (%)	7.8	9.0	6.5	(7.7)
Return on equity (ROE) (%)	16.3	16.7	14.0	(20.8)
Return on invested capital (ROIC) (%)	14.3	14.8	7.3	(5.2)
Price earnings ratio (PER) (times)	30.0	19.5	9.4	—
Price book-value ratio (PBR) (times)	4.3	3.0	1.3	0.9
Equity ratio (%)	53.5	54.8	40.2	33.2
Total assets turnover ratio (times/year)	1.19	1.17	0.93	0.87
D/E ratio (%)	25.8	25.7	77.3	124.9
Dividend payout ratio (%)	20.4	21.7	19.2	—
Fixed assets turnover ratio (times/year)	3.76	3.58	2.71	2.38
Inventory turnover ratio (times/year)	6.70	6.13	4.78	4.63
Current ratio (%)	205.1	181.7	146.0	197.4
Interest coverage ratio (times)	8.5	9.7	6.3	—

Notes: 1. For the sake of convenience, the US\$ is converted at a rate of ¥120.12/US\$ as of March 31, 2015. We referenced the Tokyo foreign exchange market rate.
2. On April 1, 2006, shares were split into 2 shares per 1 common share and 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
2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2015/3
¥ 94,862	¥ 102,470	¥ 98,834	¥ 97,345	¥ 116,685	¥ 128,569	\$ 1,070,338
49,350	51,559	52,656	→37,824 →29,839	48,959 34,621	58,672 33,909	488,445 282,293
31,561	30,946	32,598	31,073	38,736	41,240	343,323
13,950	19,964	13,579	9,262	6,625	6,558	54,595
			(10,653)	(12,258)	(11,812)	(98,335)
69,138	74,210	73,949	72,711	89,187	97,568	812,254
54,636	61,408	60,716	54,517	61,034	62,299	518,640
40,226	41,061	38,118	42,828	55,651	66,269	551,690
38,821	39,261	36,037	37,613	43,920	50,227	418,140
1,405	1,799	2,080	5,214	11,730	16,041	133,541
545	608	467	3,471	11,300	14,880	123,876
133	(1,288)	(3,686)	511	5,963	8,670	72,178
2,109	4,499	3,443	3,297	3,692	5,070	42,208
4,531	3,689	3,115	3,384	3,803	3,732	31,069
1,846	1,596	1,660	1,618	1,782	1,833	15,260
9,609	10,275	8,707	8,221	9,184	10,677	88,886
1,112	(7,903)	(3,575)	1,862	4,599	7,951	66,192
3,755	(934)	47	3,474	8,132	17,143	142,716
(2,643)	(6,969)	(3,622)	(1,611)	(3,532)	(9,192)	(76,523)
1,468	4,761	3,467	976	(6,877)	(7,602)	(63,287)
¥ 40,490	¥ 36,908	¥ 32,667	¥ 48,474	¥ 53,598	¥ 63,460	\$ 528,305
125,539	124,816	120,777	129,503	135,818	143,181	1,191,983
51,501	55,300	58,882	50,629	47,733	44,014	366,417
¥ 517	¥ 440	¥ 550	¥ 857	¥ 1,692	¥ 2,948	\$ 24,542
1.44	(13.91)	(39.80)	5.48	55.21	80.27	0.668
437.17	398.50	352.71	448.77	496.22	587.52	4.891
42.4	40.1	38.6	44.0	47.7	51.5	
1.5	1.8	2.1	5.4	10.1	12.5	
0.1	(1.3)	(3.7)	0.5	5.1	6.7	
10.1	10.0	8.8	8.4	7.9	8.3	
72.9	72.4	74.8	74.7	76.4	75.9	
0.1	(1.0)	(3.0)	0.4	4.4	6.1	
0.3	(3.3)	(10.6)	1.3	11.7	14.8	
1.1	1.3	1.6	3.8	7.9	10.9	
358.0	—	—	156.3	30.7	36.7	
1.2	1.1	1.6	1.9	3.4	5.0	
32.3	29.6	27.0	37.4	39.5	44.3	
0.77	0.82	0.80	0.78	0.88	0.92	
127.2	149.8	180.3	104.4	89.1	69.3	
277.0	—	—	109.4	18.1	19.9	
2.18	2.39	2.30	2.35	2.92	3.15	
4.19	4.28	4.23	4.06	4.18	4.28	
177.4	157.1	141.2	163.0	192.7	174.7	
2.9	—	—	3.0	8.1	19.0	

Fiscal 2014 Management's Discussion and Analysis

Summary

In fiscal 2014, ended March 31, 2015, we achieved a substantial expansion in net sales thanks to sales growth, mainly in the United States and Japan, and foreign exchange effects. We also attained a sharp rise in income, as we did in the previous fiscal year.



Haruhiko Akiyama

*Director,
Executive Officer
General Manager,
General Accounting &
Finance Div.*

Market Environment

In fiscal 2014, uncertainties still clouded the economic environment, reflecting the slow economic recovery in Europe and deep-rooted geopolitical risks even as corporate activity and consumer spending trended firmly in the United States. However, in China and other emerging countries, conditions varied by region with the weak pace of recovery feeding into a trend of ongoing stagnation.

In Japan, with exports up and public-works projects lifting demand, the economy stayed on a gradual recovery path.

Under these economic conditions, the Topcon Group pushed ahead with measures to improve our corporate climate in line with the TOPCON WAY, while also taking many steps to expand our businesses in growth markets through unique ideas and to realize profitable and sustainable growth, under the slogan of "Creativity & Growth."

Consolidated Results

In fiscal 2014, net sales expanded by 10.2% year on year to ¥128,569 million due to growth in Japan and the United States as well as foreign exchange rate effects.

On the profit side, sales growth and the effects of reductions to costs of goods sold, operating income grew 36.7% year on year to ¥16,041 million and ordinary income rose 31.7% to ¥14,880 million. As a result, net income increased 45.4% year on year to ¥8,670 million, a sharp improvement from the previous fiscal year.

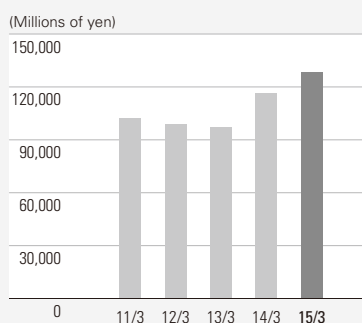
Segment Information

At the Positioning Company, net sales climbed 19.8% year on year to ¥58,672 million mainly on growth in the United States. Operating income increased by 47.4% year on year to ¥6,652 million mainly due to sales growth.

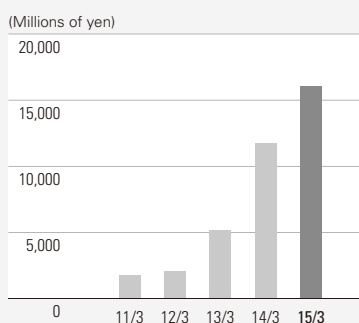
At the Smart Infrastructure Company, net sales edged down 2.1% year on year to ¥33,909 million despite growth in Japan on higher public works demand due to declines in other regions. Operating income rose 14.7% year on year to ¥5,965 million thanks to reductions to costs of goods sold and other effects.

At the Eye Care Company, net sales grew 6.5% year on year to ¥41,240 million mainly on growth in Europe. Operating income increased 27.2% year on year to ¥5,093 million due to sales growth and the effects of reductions to costs of goods sold.

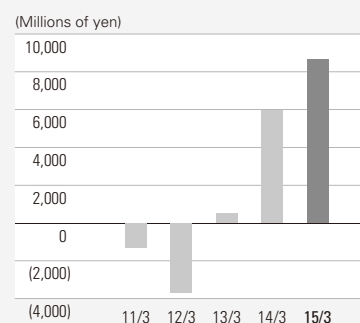
Net Sales



Operating Income



Net Income (Loss)



Financial Position

Assets

As of March 31, 2015, total assets stood at ¥143,181 million, an increase of ¥7,363 million from the end of the previous fiscal year.

1. Current assets: Current assets came to ¥100,946 million, an increase of ¥4,554 million from the end of the previous fiscal year, primarily due to growth in cash and deposits.
2. Non-current assets: Non-current assets came to ¥42,235 million, up ¥2,808 million from the end of the previous fiscal year, primarily due to growth in intangible assets.

Liabilities

As of March 31, 2015, total liabilities stood at ¥78,570 million, down ¥2,918 million from the end of the previous fiscal year.

1. Current liabilities: Current liabilities amounted to ¥57,794 million, up ¥7,783 million from the end of the previous fiscal year, primarily due to an increase in short-term loans payable.
2. Non-current liabilities: Non-current liabilities amounted to ¥20,775 million, down ¥10,702 million from the end of the previous fiscal year, primarily due to a decline in long-term loans payable.

Net Assets

As of March 31, 2015, total net assets amounted to ¥64,610 million, an increase of ¥10,282 million from the end of the previous fiscal year, on increases in retained earnings and foreign currency translation adjustment.

Cash Flows

In fiscal 2014, cash and cash equivalents (hereinafter referred to as “net cash” increased by ¥1,222 million from the end of the previous fiscal year to ¥16,252 million on the booking of income before income taxes and minority interests, despite outflows from loan repayments and non-current asset acquisitions.

Net Cash Provided by Operating Activities

In fiscal 2014, net cash provided by operating activities amounted to ¥17,143 million, compared with an inflow of ¥8,132 million in the previous fiscal year. This was due primarily to proceeds from ¥13,014 million in income before income taxes and minority interests, ¥1,414 million from a net increase in notes and accounts receivable—trade, and ¥837 million from a net increase in inventories.

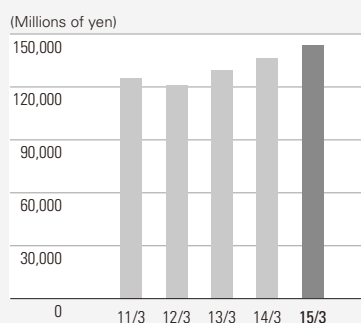
Net Cash Used in Investing Activities

In fiscal 2014, net cash used in investment activities amounted to ¥9,192 million, compared with an outflow of ¥3,532 million in the previous fiscal year. This was primarily due to outflows of ¥3,352 million for the purchase of property, plant and equipment, outflows of ¥2,499 million for the purchase of intangible assets, and outflows of ¥3,005 million on the purchase of shares of subsidiaries.

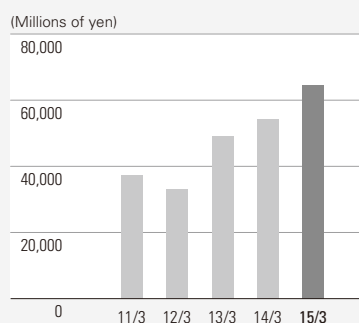
Net Cash Used in Financing Activities

In fiscal 2014, cash used in financing activities amounted to ¥7,602 million, compared with an outflow of ¥6,877 million in the previous fiscal year. This was primarily due to a decline in short-term loans payable of ¥4,618 million, outflows of ¥5,003 million from repayments of long-term loans payable, and inflows of ¥3,743 million on proceeds from long-term loans payable.

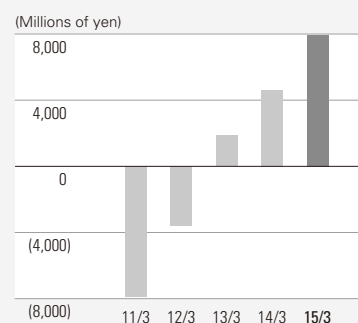
Total Assets



Net Assets



Free Cash Flows



Capital Expenditures

Total capital expenditures for the Topcon Group amounted to ¥5,070 million in fiscal 2014. By business segment, total capital expenditures were ¥1,914 million for the Positioning Company, ¥1,355 million for the Smart Infrastructure Company, and ¥1,716 million for the Eye Care Company. The main objectives of these expenditures were to introduce ERP, to advance research and development, to enhance production systems, to improve operating efficiency, and to replace molds and other items.

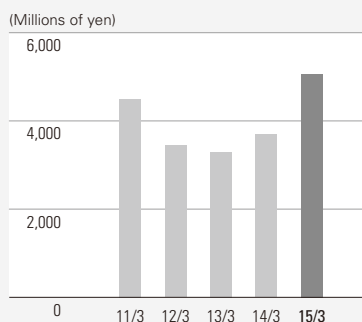
Dividend Policy

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 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 a resolution of the General Meeting of Shareholders, and provide the record date for the year-end dividend as March 31 and for interim dividend of September 30 each year, as well as allowing for the payment of dividends besides the above with the record date to be determined.

In fiscal 2014, the Company's consolidated results improved substantially compared with the previous fiscal year, and met consolidated earnings forecasts for the fiscal year that we released on January 31, 2015. As a result, in addition to paying an interim dividend of ¥8 per share as planned (compared with a ¥5 per share interim dividend in fiscal 2013), the Company paid a year-end dividend of ¥8 per share (compared with a ¥5 per share year-end dividend in fiscal 2013), bringing the full-year dividend payment to ¥16 per share (compared with the full-year dividend payment of ¥10 per share in fiscal 2013).

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 Positioning Company, Smart Infrastructure 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 (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 for 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. Corporate Acquisitions

The Group strives to build systems that can foster optimal business forms in response to business characteristics, and at times takes steps such as corporate acquisitions to expand operations. Nonetheless, such actions can affect the Group's business results and financial position if sharp changes in the market and competitive environment cause the acquired businesses to fail to perform according to plan or management resources cannot be put to effective use.

8. 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.

9. 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.

10. 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.

11. 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 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.

12. 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 or the inability to secure the necessary approvals and authorization in various countries in a timely manner for business activities may impact the business results and financial position of the Group.

13. 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 casualties, property damage, suspension of business activities to the Group. Such an event may impact the business results and financial position of the Group.

14. Seasonality

Our sales and profits tend to be disproportionately weighted toward the fourth quarter.

Consolidated Financial Statements

Consolidated Balance Sheets

Topcon Corporation and Consolidated Subsidiaries
As of March 31, 2014 and March 31, 2015

	Millions of yen		Thousands of U.S. dollars
	2014/3	2015/3	2015/3
Assets			
Current assets			
Cash and deposits	¥ 15,187	¥ 16,507	\$ 137,421
Notes and accounts receivable—trade	41,875	43,210	359,724
Merchandise and finished goods	18,237	19,646	163,553
Work in process	4,195	4,286	35,681
Raw materials and supplies	6,988	6,695	55,736
Deferred tax assets	5,932	6,107	50,841
Other	5,383	5,821	48,460
Allowance for doubtful accounts	(1,409)	(1,328)	(11,056)
Total current assets	96,391	100,946	840,376
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	5,075	4,755	39,585
Machinery, equipment and vehicles, net	1,839	2,226	18,531
Land	1,696	1,888	15,718
Construction in progress	176	458	3,813
Other, net	2,401	2,831	23,568
Total property, plant and equipment	11,188	12,159	101,224
Intangible assets			
Goodwill	8,319	8,555	71,220
Software	5,709	8,024	66,800
Other	4,103	4,500	37,463
Total intangible assets	18,132	21,081	175,500
Investments and other assets			
Investment securities	3,164	3,820	31,802
Long-term loans receivable	810	824	6,860
Net defined benefit asset	2,021	554	4,612
Deferred tax assets	2,656	2,306	19,197
Other	1,530	1,567	13,045
Allowance for doubtful accounts	(78)	(79)	(658)
Total investments and other assets	10,105	8,994	74,875
Total non-current assets	39,426	42,235	351,607
Total assets	¥ 135,818	¥ 143,181	\$ 1,191,983

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 ¥120.12/US\$ as of March 31, 2015 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
	2014/3	2015/3	2015/3
Liabilities			
Current liabilities			
Notes and accounts payable—trade	¥ 11,107	¥ 12,034	\$ 100,183
Short-term loans payable	25,044	30,105	250,624
Accrued expenses	6,844	7,876	65,568
Income taxes payable	2,378	2,518	20,962
Provision for product warranties	797	832	6,926
Other	3,837	4,425	36,838
Total current liabilities	50,010	57,794	481,136
Non-current liabilities			
Long-term loans payable	22,689	13,908	115,784
Deferred tax liabilities	29	20	167
Provision for directors' retirement benefits	39	48	400
Net defined benefit liability	7,292	5,481	45,629
Other	1,427	1,315	10,947
Total non-current liabilities	31,478	20,775	172,952
Total liabilities	81,489	78,570	654,096
Net assets			
Shareholders' equity			
Capital stock	16,638	16,638	138,511
Capital surplus	20,950	20,950	174,409
Retained earnings	17,804	25,030	208,375
Treasury shares	(58)	(60)	(500)
Total shareholders' equity	55,335	62,558	520,796
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	468	763	6,352
Deferred gains or losses on hedges	(47)	(163)	(1,357)
Foreign currency translation adjustment	(712)	1,341	11,164
Remeasurements of defined benefit plans	(1,445)	(1,040)	(8,658)
Total accumulated other comprehensive income	(1,736)	901	7,501
Minority interests	729	1,150	9,574
Total net assets	54,328	64,610	537,879
Total liabilities and net assets	¥ 135,818	¥ 143,181	\$ 1,191,983

Consolidated Statements of Income

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2014 and March 31, 2015

	Millions of yen		Thousands of U.S. dollars
	2014/3	2015/3	2015/3
Net sales	¥ 116,685	¥ 128,569	\$ 1,070,338
Cost of sales	61,034	62,299	518,640
Gross profit	55,651	66,269	551,690
Selling, general and administrative expenses	43,920	50,227	418,140
Operating income	11,730	16,041	133,541
Non-operating income			
Interest income	75	81	674
Dividend income	37	41	341
Share of profit of entities accounted for using equity method	50	—	—
Foreign exchange gains	381	349	2,905
Other	434	247	2,056
Total non-operating income	979	720	5,994
Non-operating expenses			
Interest expenses	1,021	875	7,284
Share of loss of entities accounted for using equity method	—	37	308
Worker-on-loan expenses	—	345	2,872
Other	387	622	5,178
Total non-operating expenses	1,409	1,881	15,659
Ordinary income	11,300	14,880	123,876
Extraordinary losses			
Free repair expense	—	861	7,168
Impairment loss	25	591	4,920
Loss on business withdrawal	—	413	3,438
Loss on valuation of investment securities	485	—	—
Lump-sum contribution to employees' pension fund	131	—	—
Loss on liquidation of subsidiaries and associates	104	—	—
Total extraordinary losses	747	1,865	15,526
Income before income taxes and minority interests	10,552	13,014	108,342
Income taxes—current	3,444	4,145	34,507
Income taxes—deferred	929	13	108
Total income taxes	4,374	4,159	34,624
Income before minority interests	6,178	8,855	73,718
Minority interests in income	214	184	1,532
Net income	¥ 5,963	¥ 8,670	\$ 72,178

Consolidated Statements of Comprehensive Income

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2014 and March 31, 2015

	Millions of yen		Thousands of U.S. dollars
	2014/3	2015/3	2015/3
Income before minority interests	¥ 6,178	¥ 8,855	\$ 73,718
Other comprehensive income			
Valuation difference on available-for-sale securities	170	294	2,448
Deferred gains or losses on hedges	(58)	(115)	(957)
Foreign currency translation adjustment	1,641	2,209	18,390
Retirement benefit adjustments	—	405	3,372
Share of other comprehensive income of associates accounted for using equity method	10	(9)	(75)
Total other comprehensive income	1,763	2,784	23,177
Comprehensive income	7,942	11,639	96,895
Comprehensive income attributable to:			
Owners of the parent	7,674	11,308	94,139
Minority interests	267	330	2,747

Consolidated Statements of Changes in Net Assets

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2014 and March 31, 2015

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of fiscal 2013	¥ 16,638	¥ 21,051	¥ 12,843	¥ (57)	¥ 50,476	¥ 298	¥ 10	¥ (2,310)	¥ —	¥ (2,002)	¥ 548	¥ 49,022
Changes of items during the period												
Dividends from surplus			(972)		(972)							(972)
Net income			5,963		5,963							5,963
Purchase of treasury stock				(1)	(1)							(1)
Changes in foreign subsidiaries' and affiliated companies' interests in their subsidiaries		(101)			(101)							(101)
Other			(29)		(29)							(29)
Net change of items other than shareholders' equity						170	(58)	1,598	(1,445)	265	180	446
Total changes of items during the period	—	(101)	4,961	(1)	4,859	170	(58)	1,598	(1,445)	265	180	5,305
Balance at the end of fiscal 2013	¥ 16,638	¥ 20,950	¥ 17,804	¥ (58)	¥ 55,335	¥ 468	¥ (47)	¥ (712)	¥ (1,445)	¥ (1,736)	¥ 729	¥ 54,328
Cumulative effect of change in accounting policy			(22)		(22)							(22)
Restated balance at the beginning of fiscal 2014	16,638	20,950	17,782	(58)	55,312	468	(47)	(712)	(1,445)	(1,736)	729	54,305
Changes of items during the period												
Dividends from surplus			(1,404)		(1,404)							(1,404)
Net income			8,670		8,670							8,670
Purchase of treasury stock				(2)	(2)							(2)
Changes in foreign subsidiaries' and affiliated companies' interests in their subsidiaries					—							—
Other			(17)		(17)							(17)
Net change of items other than shareholders' equity						294	(115)	2,053	405	2,638	420	3,058
Total changes of items during the period	—	—	7,248	(2)	7,246	294	(115)	2,053	405	2,638	420	10,305
Balance at the end of fiscal 2014	¥ 16,638	¥ 20,950	¥ 25,030	¥ (60)	¥ 62,558	¥ 763	¥ (163)	¥ 1,341	¥ (1,040)	¥ 901	¥ 1,150	¥ 64,610

	Thousands of U.S. dollars											
	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of fiscal 2013	\$ 138,511	\$ 174,409	\$ 148,218	\$ (483)	\$ 460,664	\$ 3,896	\$ (391)	\$ (5,927)	\$ (12,030)	\$ (14,452)	\$ 6,069	\$ 452,281
Cumulative effect of change in accounting policy			(183)		(183)							(183)
Restated balance at the beginning of fiscal 2014	138,511	174,409	148,035	(483)	460,473	3,896	(391)	(5,927)	(12,030)	(14,452)	6,069	452,090
Changes of items during the period												
Dividends from surplus			(11,688)		(11,688)							(11,688)
Net income			72,178		72,178							72,178
Purchase of treasury stock				(17)	(17)							(17)
Changes in foreign subsidiaries' and affiliated companies' interests in their subsidiaries					—							—
Other			(142)		(142)							(142)
Net change of items other than shareholders' equity						2,448	(957)	17,091	3,372	21,961	3,497	25,458
Total changes of items during the period	—	—	60,340	(17)	60,323	2,448	(957)	17,091	3,372	21,961	3,497	85,789
Balance at the end of fiscal 2014	\$ 138,511	\$ 174,409	\$ 208,375	\$ (500)	\$ 520,796	\$ 6,352	\$ (1,357)	\$ 11,164	\$ (8,658)	\$ 7,501	\$ 9,574	\$ 537,879

Consolidated Statements of Cash Flows

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2014 and March 31, 2015

	Millions of yen		Thousands of U.S. dollars
	2014/3	2015/3	2015/3
Cash flows from operating activities			
Income before income taxes and minority interests	¥10,552	¥13,014	\$108,342
Depreciation	3,803	3,732	31,069
Amortization of goodwill	1,782	1,833	15,260
Increase (decrease) in allowance for doubtful accounts	(251)	(170)	(1,415)
Interest and dividend income	(112)	(123)	(1,024)
Interest expenses	1,021	875	7,284
Loss on retirement of property, plant and equipment	135	161	1,340
Loss (gain) on sales of property, plant and equipment	(14)	—	—
Loss (gain) on valuation of investment securities	485	—	—
Share of (profit) loss of entities accounted for using equity method	(50)	37	308
Impairment loss	25	591	4,920
Loss on withdrawal from business	—	413	3,438
Loss on liquidation of subsidiaries and associates	104	—	—
Lump-sum contribution to employees' pension fund	131	—	—
Decrease (increase) in net defined benefit asset	(390)	402	3,347
Increase (decrease) in net defined benefit liability	(197)	(111)	(924)
Decrease (increase) in notes and accounts receivable—trade	(1,923)	1,414	11,772
Decrease (increase) in inventories	(792)	837	6,968
Decrease (increase) in prepaid expenses	(370)	456	3,796
Increase (decrease) in notes and accounts payable—trade	(47)	442	3,680
Increase (decrease) in accrued expenses	(232)	783	6,518
Increase (decrease) in other current liabilities	(946)	191	1,590
Other, net	(1,349)	(2,707)	(22,536)
Subtotal	11,364	22,076	183,783
Interest and dividend income received	146	123	1,024
Interest expenses paid	(1,004)	(900)	(7,493)
Income taxes paid	(2,374)	(4,157)	(34,607)
Net cash provided by (used in) operating activities	8,132	17,143	142,716
Cash flows from investing activities			
Payments into time deposits	(205)	(250)	(2,081)
Proceeds from withdrawal of time deposits	296	261	2,173
Purchase of property, plant and equipment	(2,201)	(3,352)	(27,905)
Proceeds from sales of property, plant and equipment	503	195	1,623
Purchase of intangible assets	(1,879)	(2,499)	(20,804)
Purchase of investment securities	(41)	(614)	(5,112)
Proceeds from sales of investment securities	60	148	1,232
Purchase of shares of subsidiaries	—	(3,005)	(25,017)
Additional purchase of investments in subsidiaries	(170)	(0)	(0)
Proceeds from sales of shares of subsidiaries	70	—	—
Payments of long-term loans receivable	(6)	(10)	(83)
Collection of long-term loans receivable	72	22	183
Other, net	(30)	(88)	(733)
Net cash provided by (used in) investing activities	(3,532)	(9,192)	(76,523)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(1,608)	(4,618)	(38,445)
Proceeds from long-term loans payable	8,019	3,743	31,161
Repayments of long-term loans payable	(12,003)	(5,003)	(41,650)
Repayments of finance lease obligations	(301)	(269)	(2,239)
Purchase of treasury shares	(1)	(2)	(17)
Cash dividends paid	(967)	(1,402)	(11,672)
Cash dividends paid to minority shareholders	(14)	(48)	(400)
Net cash provided by (used in) financing activities	(6,877)	(7,602)	(63,287)
Effect of exchange rate change on cash and cash equivalents	423	782	6,510
Net increase (decrease) in cash and cash equivalents	(1,854)	1,130	9,407
Cash and cash equivalents at beginning of period	16,883	15,029	125,117
Increase in cash and cash equivalents from newly consolidated subsidiary	—	92	766
Cash and cash equivalents at end of period	¥15,029	¥16,252	\$135,298

Corporate Profile and Stock Information

(As of March 31, 2015)

Corporate Profile

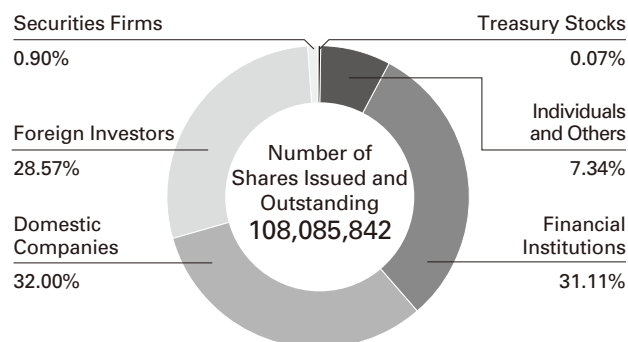
Corporate Name	TOPCON CORPORATION
Headquarters	75-1, Hasunuma-cho, Itabashi-ku, Tokyo 174-8580 Japan
Established	September 1, 1932
Paid in Capital	¥16,638 million
Business Outline	Positioning (GNSS, Machine control system, Precision agriculture) Smart Infrastructure (Surveying instruments, 3D measurement, Monitoring) Eye Care (Ophthalmic instruments, Optometric instruments)
Topcon Group	8 (Domestic) 57 (Overseas)
Employees	4,148 (Consolidated) 733 (Non-consolidated)
Number of Authorized Shares	160,000,000
Number of Shares Issued and Outstanding	108,085,842
Number of Shareholders	8,831
Stock Exchange Listings	First Section, 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, 2015)

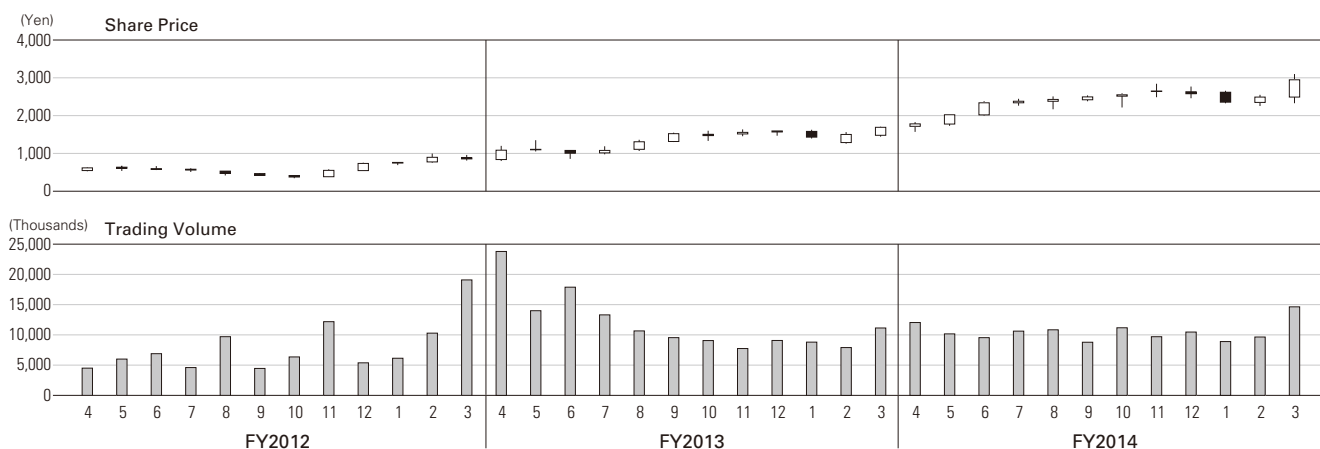
*Number of shares held are rounded down to the hundred and percentage of shares held are rounded down to the second decimal places.

Shareholder	Number of shares held (Hundreds)	Percentage of total shares issued (%)
Toshiba Corporation	325,668	30.13
State Street Bank and Trust Company	72,299	6.68
The Master Trust Bank of Japan, Ltd. (Trust Account)	60,273	5.57
Japan Trustee Services Bank, Ltd. (Trust Account)	55,417	5.12
TAIYO FUND, L.P.	45,457	4.20
The Dai-ichi Life Insurance Co., Ltd.	40,380	3.73
Japan Trustee Services Bank, Ltd. (Trust Account 9)	37,420	3.46
CBNY-GOVERNMENT OF NORWAY	25,826	2.38
Trust & Custody Services Bank, Ltd. (Corporate Investment Fund Account)	15,783	1.46
Trust & Custody Services Bank, Ltd. (Security Investment Trust Account)	14,744	1.36

Breakdown by Type of Shareholders



Share Price and Trading Volume



Japanese and Overseas Group Companies

(As of March 31, 2015)

	Country/Region	Core Businesses	Capital/Investment in Capital*	Percentage of Voting Rights
Japan				
Sokkia Topcon Co., Ltd.	Tokyo	Production of smart infrastructure products	¥400 million	100.00
Topcon Yamagata Co., Ltd.	Yamagata	Production of smart infrastructure, eye care and other products	¥371 million	100.00
Optonex Co., Ltd.	Fukushima	Production of smart infrastructure, eye care and other products	¥263 million	100.00
Topcon Sokkia Positioning Japan Co., Ltd.	Tokyo	Sales of positioning and smart infrastructure products	¥269 million	100.00
Topcon Medical Japan Co., Ltd.	Tokyo	Sales of eye care products	¥100 million	100.00
Topcon Vision Care Japan Co., Ltd.	Tokyo	Sales of eye care products	¥100 million	90.00
Topcon Service Co., Ltd.	Tokyo	After sales services for smart infrastructure and eye care products	¥57 million	100.00
Topcon Technohouse Corporation	Tokyo	Development, production and sales of other products	¥55 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 products	USD58,905 thousand	100.00
Cacioppe Communications Companies, Inc.	Michigan, U.S.A.	Sales of positioning products	USD1 thousand	60.20
Bunce Industries, LLC	Massachusetts, U.S.A.	Sales of positioning products	USD3,000 thousand	100.00
Bunce Shoring, LLC	New Hampshire, U.S.A.	Sales of positioning products	USD0 thousand	100.00
Wachendorff Electronics USA, Inc.	Illinois, U.S.A.	Sales of positioning products	USD0 thousand	100.00
Topcon Medical Systems, Inc.	New Jersey, U.S.A.	Sales of eye care products	USD16,094 thousand	100.00
Topcon Canada Inc.	Quebec, Canada	Sales of eye care products	CAD3,872 thousand	100.00
Topcon Medical Laser Systems, Inc.	California, U.S.A.	Development, production and sales of eye care products	USD1,000 thousand	100.00
TOPCON BRASIL EQUIPAMENTOS MÉDICOS E DE POSICIONAMENTO LTDA.	São Paulo, Brazil	Sales of positioning and eye care products	BRL10 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 products	EUR18 thousand	100.00
Topcon Europe Medical B.V.	Capelle, The Netherlands	Sales of eye care products	EUR18 thousand	100.00
Topcon Deutschland Positioning GmbH	Hamburg, Germany	Sales of positioning products	EUR25 thousand	100.00
Topcon Deutschland Medical GmbH	Willich, Germany	Sales of positioning and eye care products	EUR2,812 thousand	100.00
Topcon S.A.R.L.	Clichy Cedex, France	Sales of positioning and eye care products	EUR1,372 thousand	100.00
Topcon España, S.A.	Barcelona, Spain	Sales of eye care products	EUR961 thousand	100.00
Topcon Scandinavia A.B.	Molndal, Sweden	Sales of eye care products	SEK5,250 thousand	100.00
Topcon (Great Britain) Ltd.	Newbury, U.K.	Sales of positioning and eye care products	GBP2,500 thousand	100.00
Topcon Polska Sp. Zo.o.	Warszawska, Poland	Sales of eye care products	PLN1,330 thousand	100.00
Sokkia N.V.	Brussels, Belgium	Sales of positioning products	EUR198 thousand	100.00

* Figures of less than one unit are rounded down.

	Country/Region	Core Businesses	Capital/Investment in Capital*	Percentage of Voting Rights
Tierra S.p.A.	Torino, Italy	Development of smart infrastructure products	USD2 thousand	50.10
Topcon Positioning Italy s.r.l.	Ancona, Italy	Sales of positioning products	EUR46 thousand	100.00
GEOPRO s.r.l.	Ancona, Italy	Development of positioning products	EUR10 thousand	51.00
Wachendorff Elektronik GmbH & Co. KG	Geisenheim, Germany	Production and sales of positioning products	EUR80 thousand	100.00
Topcon Precision Ag Europe S.L.	Madrid, Spain	Sales of positioning products	EUR0 thousand	100.00
Topcon Positioning Spain, S.L.	Madrid, Spain	Sales of positioning products	EUR0 thousand	100.00
Topcon Positioning Portugal, L.D.A.	Lavos, Portugal	Sales of positioning products	EUR0 thousand	100.00
Topcon Positioning Canarias, S.L.	Santa Cruz de Tenerife, Spain	Sales of positioning products	EUR0 thousand	100.00
DynaRoad Oy	Helsinki, Finland	Development and sales of positioning products	EUR14 thousand	100.00
TOPFLOOR S.r.l.	Modena, Italy	Development and sales of positioning products	EUR100 thousand	50.10

Asia/Oceania/Middle East

Topcon Singapore Holdings Pte. Ltd.	Pacific Tech Centre, Singapore	Holding company of Topcon Singapore Positioning Pte. Ltd., and Topcon Singapore Medical Pte. Ltd.	USD1,121 thousand	100.00
Topcon Singapore Medical Pte. Ltd.	Pacific Tech Centre, Singapore	Sales of eye care products	USD4,000 thousand	100.00
Topcon Singapore Positioning Pte. Ltd.	Pacific Tech Centre, 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.	Pacific Tech Centre, Singapore	Sales of smart infrastructure products	USD1,000 thousand	100.00
Sokkia Singapore Positioning Sales Pte. Ltd.	Pacific Tech Centre, Singapore	Sales of smart infrastructure products	USD1,000 thousand	100.00
Topcon Instruments (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	Sales of smart infrastructure and eye care products	MYR6,600 thousand	100.00
Topcon Instruments (Thailand) Co., Ltd.	Bangkok, Thailand	Sales of smart infrastructure and eye care products	THB19,000 thousand	49.00
Topcon Sokkia India Pvt. Ltd.	Noida, India	Sales of smart infrastructure products	INR7,500 thousand	100.00
Topcon Optical (H.K.) Ltd.	Hong Kong, China	Sales of smart infrastructure, eye care and other products	HKD24,251 thousand	100.00
Topcon (Beijing) Opto-Electronics Development Corporation	Beijing, China	Production of smart infrastructure products	CNY33,108 thousand	75.00
Topcon Optical (Dongguan) Technology Ltd.	Dongguan, China	Sales of smart infrastructure, eye care and other products	USD12,000 thousand	90.00
Shanghai Topcon-Sokkia Technology and Trading Co., Ltd.	Shanghai, China	Sales of products from our Positioning Company. One of the Company's employees is also one of its directors	USD\$1 thousand	100.00
Sokkia Korea Co., Ltd.	Seoul, Korea	Sales of smart infrastructure products	KRW2,041,700 thousand	100.00
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 positioning products	USD10,901 thousand	100.00
Topcon Positioning Systems (Australia) Pty Ltd.	Queensland, Australia	Development, production and sales of positioning products	USD0 thousand	100.00
Topcon Precision Agriculture Africa (Pty) Ltd.	Klerksdorp, South Africa	Sales of positioning products	ZAR9 thousand	100.00
Topcon HK (BD) Ltd.	Chittagong, Bangladesh	Production of other products	HKD5,265 thousand	90.00
Topcon Positioning Middle East and Africa FZE	Dubai, UAE	Sales of smart infrastructure products	USD1,089 thousand	100.00

TOPCON CORPORATION

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