



TOPCON REPORT 2016

(Integrated Report)



TOPCON CORPORATION

75-1, Hasunuma-cho, Itabashi-ku, Tokyo 174-8580 Japan

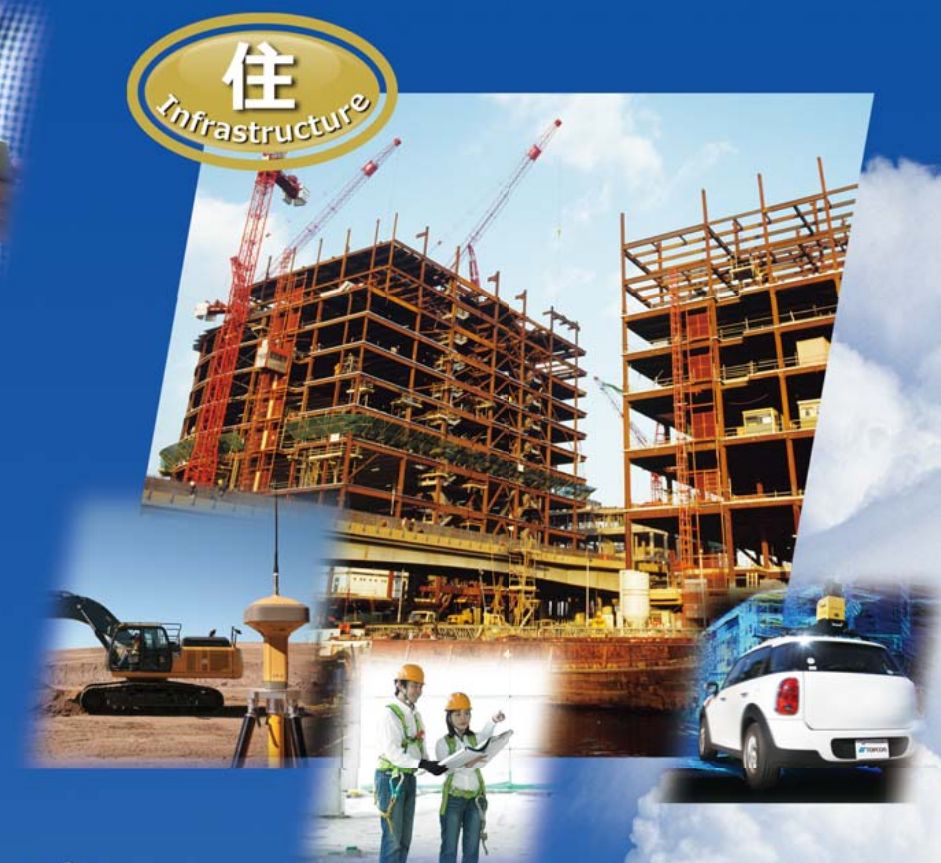
Public, Investor Relations and Shareholder Relations Dept.
Public and Investor Relations Sec.

TEL: +81-3-3558-2532 FAX: +81-3-3558-9141

URL: <http://www.topcon.com>

Topcon for Human Life

In the fields of healthcare, agriculture and infrastructure, the basic foundations of people lives, Topcon exists as a company that offers solutions that are beneficial to humanity that continues to grow with society.



Contents

01 Introduction	25 Review of Operations	47 Financial Section
08 Message	35 CSR	59 Company Information

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.

Societal Challenges

Global Ageing Population

Increasing Eye Disease

Solution

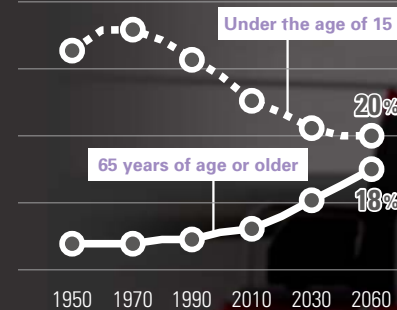
IoT Medical Network

OCT+EMR

Expand Business Domains
Remote Medical Care System

Enhancing its existing examination, diagnosis, and treatment businesses, Topcon is expanding into screening and prognostic management fields while actively promoting remote medical care systems through the use of 3D OCT and IT solutions.

Global Aging Population



Source: United Nations Report

Goals

Early detection of eye diseases
Medical efficiency improvement



Agriculture

Societal Challenges

Global Population Increase

Food Shortage

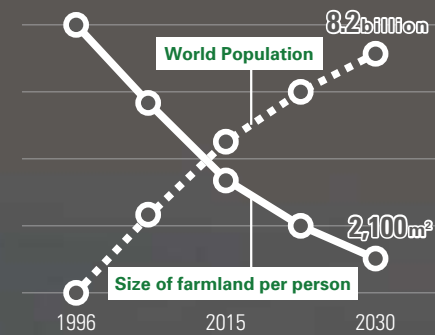
Solution

IT Agriculture **Farming automation**

**High-Precision
Labor Saving**

Topcon is helping to improve the productivity and precision of agriculture by promoting the use of its GPS receiver auto-steering system in tractors. At the same time, the Company is expanding its business domain by adding weighing and machine control information to positioning data.

Global Population and Size of Farmland per Person



Source: Topcon estimated based on Food and Agriculture Organization of the United Nations (FAO)

Goals

Improvement of productivity
Improvement of quality





Infrastructure

Societal Challenges

Global Demand on Infrastructure

Engineer Shortage

Solution

IT Construction

IT Construction domain expansion

Experts Unrequired
High-Precision

Topcon is facilitating the use of construction machinery as 3D printers by promoting the installation of its GPS receiver IT automated control system and inputting onsite 3D design data. This in turn is lifting the precision of construction irrespective of the proficiency levels of operators.

Infrastructure Investment on Rapidly Growing Developing Countries

	12th Five-Year plan (2016-2020) Transportation network 34 trillion yen/year
	Major Infrastructure projects by 2022 Transport infrastructure 5.8 trillion yen
	12th Five-Year plan (2012-2017) Infrastructure development 100 trillion yen
	National Medium Term Development Plan (2015-2019) Infrastructure demand 55 trillion yen
	Tokyo 2020 Olympic 10 trillion yen Maglev train 9 trillion yen

Source: Bank of Japan, Nikkei Inc.

Goal

Solution to labor shortage



Topcon for Human Life

MESSAGE

09 To Our Stakeholders

10 Interview with the President

15 Interview with the CFO

16 Consolidated Financial and Non-financial Highlights

18 Directors, Corporate Auditors and Executive Officers

20 Mid-term Business Plans

To Our Stakeholders

Expand our businesses and solve the societal challenges within the growing market of healthcare, agriculture and infrastructure.

Topcon embraces the philosophy of Topcon for Human Life. We will accelerate our growth strategies based on the vision of expanding our businesses and solving the societal challenges within the growing markets of healthcare, agriculture and infrastructure.

In healthcare, we will address the increase in eye disease resulting from global population aging by working to enhance IoT medical network solutions to improve early detection of diseases and increasing medical efficiency. In agriculture, we will address food shortages resulting from global population growth by enhancing our IT agriculture solutions to improve productivity and quality. For infrastructure, we will enhance IT construction solutions to respond to engineering labor shortages caused by increasing global infrastructure demand.



Satoshi Hirano
President & CEO



Interview with the President

Q1 Can you provide us with an overview of fiscal 2015 earnings?

A1 With market changes going beyond our expectations, profits shrank despite sales growth.

In fiscal 2015, consolidated net sales grew 1.7% year on year to ¥130.7 billion, operating income shrank 45.1% year on year to ¥8.8 billion and profit attributable to owners of the parent dropped 51.6% year on year to ¥4.1 billion.

While consolidated sales were a record high, profits unfortunately decreased. At the Eye Care Company, sales and profits were both firm, while at the Positioning Company, IT agriculture stagnated on the large impact of falling crude oil prices, and at the Smart Infrastructure Company, earnings slumped on the external factor of a letup in post-disaster recovery projects. Moreover, market changes went beyond our expectations, and earnings dropped precipitously as our response measures did not adequately counter market changes.

At the Positioning Company, we added three companies in the IT agriculture field via M&A transactions, and their addition to consolidated accounts in fiscal 2015 topped up sales, resulting in a small increase in overall sales. However, earnings declined sharply on a ¥8.0 billion drop in sales of our auto steering system, a high-margin existing business.

Q2 Fiscal 2015 was the final year of the 1st Mid-term Business Plan. Can you tell us how well the Topcon Group performed in attaining the aims of the plan's three key strategies? Please start with strategy 1.

A2 We made steady progress on the aims of "enhance new businesses and strengthen core businesses" in strategy 1.

For the 1st Mid-term Business Plan, we spelled out a vision for shifting to a growth strategy from structural reforms.

To achieve this transition, we advanced three strategies: strategy 1 was "enhance new businesses and strengthen core businesses;" strategy 2 was "accelerate TM-1 product rollouts;" and strategy 3 was "capitalize on the full value of global human resources." TM-1 stands for "Time to Market No. 1," a phrase we coined to express our aim to be the first to market with innovative products that do not yet exist in the marketplace. On the basis of a comprehensive and quantitative judgment of the fruits of these strategies, our ROE target for fiscal 2015 was 20%.

First, I would like to explain our progress at each of the three companies on executing strategy 1, which was "enhance new businesses and strengthen core businesses."

At the Positioning Company, to further invest into IT agriculture and develop new markets, we have acquired three companies in the past few years: Digi-Star LLC, Wachendorff Elektronik GmbH & Co. KG, and NORAC Systems International Inc. In the IT construction and IT agriculture fields, we built on our OEM integration relationships with three major partners, Komatsu Ltd., AGCO Corp., and the John Deere brand. Furthermore, we supported the telematics market as preparation for the IoT market and developed a high-precision GPS receiver for the drone market.

At the Smart Infrastructure Company, our sales in the 3D measurement field grew sharply, achieving three times the year-earlier level. At the same time, we pruned our lineup of total stations, a mainstay, to form common platforms via the consolidation of 110 models into ten models, streamlining production.

At the Eye Care Company, we invested into IT solutions and acquired ifa Systems AG with the aim of developing the electronic medical records and remote diagnosis markets to broaden our businesses into new domains. We are developing the screening market via our full-auto fundus

camera, and sales in this field were double the year-earlier level.

In these ways, we fully achieved the "enhance new businesses and strengthen core businesses" aims laid out in strategy 1.

Q3 Please tell us how well the Topcon Group fared in achieving the goals of strategy 2 and strategy 3? Furthermore, can you provide us with an overview of earnings performance in the past three years?

A3 We made steady progress on both strategies and, as a result, I believe we sharply expanded our earnings power in the past three years.

Of the key strategies in the 1st Mid-term Business Plan, strategy 2 was to "accelerate TM-1 product rollouts," and we brought to market 93 models of product lines with features that were the world's first, the world's No. 1 or aimed at growth country markets, in addition to products with disruptive innovation that shook up what had to date been accepted market wisdom. The number we brought to market exceeds our original plan target of 74 such products, and these successful launches included such products as the DRI OCT Triton, which has been revolutionizing ophthalmic practice. In view of these achievements, I believe the Group attained the aims of strategy 2 as well.

Lastly, strategy 3 was to "capitalize on the full value of global human resources." As of March 2016, our 1,500 employees in Japan compared to 1,000 in Europe, 1,200 in America, 500 in China, and 300 in Asia/Oceania. The ratio of our non-Japanese employees has risen from 60% as of March 2013 to 65%, and this trend will become even more pronounced for engineers with special skill sets and management-level positions such as presidents of overseas consolidated subsidiaries. The ratio of non-Japanese engineers in the Topcon Group has increased to 75% from 55% in March 2013, and the ratio of non-Japanese presidents of overseas consolidated subsidiaries has increased to 90% from 50%. I believe the Group's progress in making the best use of its global human resources in concert with its



Interview with the President

global expansion exemplifies this ideal.

The three strategies I discussed earlier have steadily yielded fruit. Moreover, on the earnings front too, I think the past three years are a span where we got close to our targets.

This is clear from looking at the three-year period from fiscal 2013 to fiscal 2015 of the 1st Mid-term Business Plan in comparison to the three-year period directly preceding the plan from fiscal 2010 to fiscal 2012. Average annual sales for the latter three-year period was 26% greater than that of the former three-year period, when average annual sales came to ¥125.3 billion. Moreover, operating income from fiscal 2013 to fiscal 2015 totaled ¥36.6 billion, which is about four times the aggregate operating income of the preceding three-year period from fiscal 2010.

While ROE was 6.9% for fiscal 2015, the final year of the 1st Mid-term Business Plan, our ROE for fiscal 2014 was a record-high 14.8%. Although our average ROE of 11.3% for fiscal 2013 to fiscal 2015 was below our 20% target, we think we have developed the capacity to keep ROE over 10%.

Q4 The 2nd Mid-term Business Plan has commenced. What are the principles and vision that underlie the plan?

A4 The direction we aim to go is to expand our businesses while addressing societal challenges, in the growth fields of healthcare, agriculture and infrastructure.

First, let me discuss how we see the 2nd Mid-term Business Plan. The 1st Mid-term Business Plan enabled us to shift from a focus on structural reforms to a growth strategy. For this reason, under the 2nd Mid-term Business Plan, we look to put our foot down harder on the accelerator to speed up our growth strategy.

In the healthcare field, the increasing number of patients with eye diseases as populations have grown older around the world has become a social problem. We think we can support early detection of eye diseases and improve healthcare efficiency through the use of our medical network solutions harnessing Internet of things (IoT) technologies.

In the agriculture field, food shortages are becoming a

serious problem against the backdrop of a growing population worldwide. The use of our IT agricultural solutions enables agricultural tasks to be performed with greater precision and saves on labor, thus helping to improve productivity and quality in agriculture.

In the infrastructure field, a shortage of engineers is becoming a problem as infrastructure investment grows around the world. Our IT construction solutions enable civil engineering work to be automated and executed with greater precision, thereby helping to alleviate the labor shortage.

Q5 Please tell us about the main strategies in the new mid-term business plan.

A5 Under the 2nd Mid-term Business Plan, we will advance three strategies. Strategy 1 is to strengthen the Group's management structure, strategy 2 is to promote growth businesses and strategy 3 is to create subscription business models.

Here I start with introductions to strategy 1 and strategy 3, which contain themes that span the entire company.

With the aim of improving management efficiency, we will move from an internal company system to a business-based structure for eye care and smart infrastructure, which will be known as the Eye Care Business and the Smart Infrastructure Business. With their entire head office function situated in Japan, the Eye Care Business and Smart Infrastructure Business will be reorganized around three head office functions—the research & development division, the production division and the sales and marketing division. Meanwhile, the U.S.-based Positioning Company will continue with the internal company system and be delegated even greater authority to speed up its management decision-making.

Moreover, as a plank in our earnings improvement plan, we intend to consolidate, integrate or shut Group entities. The number of Group companies has grown to 86 companies as of 2015 due to M&A transactions in the past few years, up from 67 companies in 2013. This has resulted in functional duplication among Group companies, so we plan

to prune the number of Group companies to around 75 in the coming three years via restructuring. Next up is reducing the cost of sales of mass-market products by improving productivity and reducing component costs. We will move forward with reducing procurement costs by making full use of our procurement base in China. Our aim is to improve earnings by about ¥6 billion via these measures in the coming three years.

For strategy 3, we plan to add subscription-based businesses to the one-time purchase model of our businesses so far. In the Eye Care Business, for example, the electronic medical records of ifa Systems AG, in which the Topcon Group has acquired a majority equity stake, collect various kinds of information related to ophthalmology and supply these data as a partner to IBM's Watson Health medical imaging collaborative to enable Watson Health to extract insights (i.e., data mining), so conditions are nearing a point where information provision as a useful IoT service will be possible. We plan to add a subscription-based business by establishing a system to collect subscription fees from users of this kind of information service.

Moreover, all the Topcon Group's business domains—optical coherence tomography (OCT) in eye care, positioning systems in agriculture and construction—are moving to digital 3D data management from analog data management that has been in place so far. As a result, we think we can build subscription businesses in fields beyond eye care as well.

*Regarding strategy 2 of promoting growth businesses, please see page 23.

Q6 What are the sales and income targets for the final fiscal year in the 2nd Mid-term Business Plan?

A6 Our fiscal 2018 targets are for net sales of ¥146.0 billion, operating income of ¥21.0 billion and ROE of 15%.

Under the 2nd Mid-term Business Plan, we aim to expand net sales to ¥146.0 billion in fiscal 2018, the third year of the new plan, from ¥130.7 billion in fiscal 2015, the final year of the previous plan, via execution of strategy 2, the promotion of growth businesses.

Attainment of this target would equate to a compound average growth rate of 4%.

As for profit, we aim to increase operating income to ¥21.0 billion in fiscal 2018. Attainment of this target would equate to a compound average growth rate of 34% from operating income of ¥8.8 billion in fiscal 2015. Amid tough market conditions where sales growth is difficult, we seek to expand profits by improving management efficiency as outlined in strategy 1 of strengthening the Group's management structure, which I discussed earlier.

Moreover, we seek to increase ROE to 8% in fiscal 2016, 11% in fiscal 2017 and 15% in fiscal 2018 by swiftly unlocking benefits from management efficiency improvements. We are determined to achieve the final year ROE target of 15% in the current business plan, while in the future beyond that, our ROE target is 20%. I would like to come close to achieving this further-out target sooner rather than later.

For fiscal 2016, the first year of the current business plan, we do not forecast a rebound in the IT agriculture market, and we expect the slow recovery in commodity resource prices and yen strengthening to continue. As a result, we forecast a flattish trend for net sales in fiscal 2016 at ¥130.0 billion versus fiscal 2015 but we expect operating income to increase to ¥10.5 billion (up 19.3% versus fiscal 2015) and profit attributable to owners of the parent to grow to ¥5.0 billion (up 19.1% versus fiscal 2015).



Interview with the President

Q7 For companies listed in Japan, the corporate governance code came into effect from June 2015. Please us what the Topcon's Group response was in the first fiscal year the code came into effect and what your views are on corporate governance.

A7 We believe “upholding management soundness” and “ensuring management transparency” rank alongside “improving management efficiency” as vital management issues, and we commenced necessary training for directors and corporate auditors when they first join.

Corporate governance for the Topcon Group means fulfilling our social responsibilities to all our stakeholders via proper attainment of “improving management efficiency,” along with “upholding management soundness” and “ensuring management transparency.” For these reasons, we consider not only the standpoints of “upholding management soundness” and “ensuring management transparency” in our efforts to strengthen governance but also how to strengthen governance from the standpoint of the Topcon Group as an economic enterprise by setting targets in our mid-term business plans and going through a series of steps to achieve them as part of a broader effort aimed at “improving management efficiency.” Based on all these perspectives, we have forged ahead with necessary initiatives.

Meanwhile, attendant with the corporate governance code coming into effect from June 2015, we executed a series of new responsive measures.

The first of those was the commencement of training for directors and corporate auditors. What this specifically entails is providing them with knowledge and information relating to necessary business activities so they can perform their roles as directors or corporate auditors. At the same time, we provide orientation sessions on laws and regulations relevant to Group businesses and corporate governance to new directors and corporate auditors when they first come on board, and we have decided to arrange ongoing training for them following the orientation.

Q8 Finally, please tell us what your thoughts are regarding investments to increase corporate value and returning profits to shareholders.

A8 The Topcon Group develops new products, budgets R&D expenses necessary for new business development, funds capital expenditures, and procures and deploys investment capital and debt financing. At the same time, we link our dividend payments to our earnings performance.

For fiscal 2016, we expect the business environment to remain challenging as a market upturn looks unlikely, so we forecast nearly flattish sales but we see growth in operating income on cost-cutting efforts. Meanwhile, we actively procure and deploy investment capital and debt financing necessary for future growth and fund R&D expenses necessary for new product development so as to attain the targets in our mid-term business plan.

In concrete terms, we fund R&D expenses at a ratio of about 10% of sales, and we plan to continue to allocate ¥4 billion per year for the coming three years to capital investments. We do not consider these to be notably large, bold levels of investment. As for deployment of investment capital and debt financing to M&A transactions and the like, we expect the cumulative sum in the coming three years to total ¥20 billion.

With regards to returning profits to shareholders, our plan is to mainly link dividends to growth in consolidated earnings. In keeping with our original fiscal 2015 plan, we increased our dividend payout despite a decline in earnings, and aggregate dividends for the full year came to ¥24 per share. We forecast profit growth in fiscal 2016 but to a threshold below the fiscal 2014 level, so in view of our policy to link dividends to consolidated earnings, we plan to pay aggregate dividends of ¥16 per share for the full year.


Satoshi Hirano
President & CEO

Interview with the CFO

The Topcon Group is working to improve its corporate value by carrying out a strategy and measures aimed at generating growth while increasing business efficiency. At the same time, we are promoting a financial strategy that is grounded in the return of profits to shareholders commensurate with business performance growth.

About ROE

Topcon has selected ROE as a management indicator that investors are able to verify. While promoting a growth strategy, the Company is also working to increase profits by implementing measures aimed at rationalizing operations. This includes efforts to consolidate operating bases, curtail operating overheads, and reduce the cost of sales. Topcon launched its Second Mid-Term Business Plan in fiscal 2016, the fiscal year ending March 31, 2017. Under this plan, the Company is targeting an ROE of 15% in fiscal 2018 and 20% over the long term.

About M&As

Topcon is committed to solving societal challenges and expanding its business in each of the healthcare, agriculture, and infrastructure domains as a part of efforts to become a top-ranked global company. To this end, the Company is vigorously pursuing M&As with companies that engaged in activities that complement and reinforce its proprietary technologies and products. We are convinced that M&As will continue to play an important role in our growth going forward. Rather than limit ourselves to any particular method, we will select the most appropriate means to procure the necessary funds to fulfill our M&A endeavors.

About Capital Expenditure

In order to promote its growth strategy and increase business efficiency, Topcon has actively invested in efforts aimed at strengthening its production capabilities in recent years. In specific terms, the Company has allocated funds to boost production, research and development as well as Enterprise Resource Planning (ERP) systems. After bringing to an end its investment in ERP systems, capital expenditure is projected to come in at ¥4.0 billion in the fiscal year ending March 31, 2017, a year-on-year decline of ¥1.2 billion.

About Movements in Foreign Currency Exchange Rates

Topcon's ratio of overseas sales already exceeds 70%. As a result, the Company is acutely aware of its exposure to foreign currency exchange rate fluctuation risks. In order to provide an appropriate hedge against this risk, the Topcon Group enters into forward exchange contracts within the scope of actual demand. Moreover, we work to mitigate the impact of movements in foreign currency exchange rates by expanding our network of global production and development bases in line with our overseas business expansion activities.

About Japan's Current Negative Interest Rate Environment

Topcon continues to evaluate the impact of the Bank of Japan's decision to adopt a negative interest rate policy in January 2016. While the Company can be expected to benefit from improved terms and conditions on loans extended from financial institutions, the positive flow-on effects are not

anticipated for some time. Looking ahead, we will push forward an optimal financial policy while paying careful attention to ongoing trends.

About the Return of Profits to Shareholders

While working to increase profits in line with the ongoing expansion of its business, Topcon will undertake forward-looking investments in a bid to promote further growth. Coupled with these endeavors, we will make every effort to boost the return of profits to shareholders. In putting in place a fundamental policy regarding the allocation of profits, the Company will focus on shareholder returns with a particular emphasis on the stable and continuous payment of cash dividends in line with its consolidated business performance.

Improving Cash Flow

Topcon has positioned the improvement of cash flow as a key strategy under its Second Mid-Term Business Plan. In order to secure a cumulative improvement of ¥52.0 billion in operating cash flows through the fiscal year ending March 31, 2019, the Company will work diligently to reduce the balance of inventory assets, which continued to increase over recent years. To this end, we will undertake a variety of measures including full use of the Group's ERP systems. We will also shorten production lead times, put in place a joint platform, and reevaluate the flow of distribution. By improving cash flows, we will generate the necessary cash to fund both growth and strategic investments as well as the repayment of loans.

About the Adoption of IFRS

The adoption of International Financial Reporting Standards (IFRS) as the set of common accounting guidelines worldwide is under broad consideration. After undertaking a comparative analysis of the application of IFRS by external users and its use for internal management purposes, Topcon has for the moment decided to continue applying accounting standards general accepted in Japan. Moving forward, we will assess the need to adopt the most appropriate accounting standards for the Group's operating and management requirements while paying careful attention to trends and revisions to IFRS.

Haruhiko Akiyama

Director and Executive Officer
General Manager,
Accounting & Finance Division

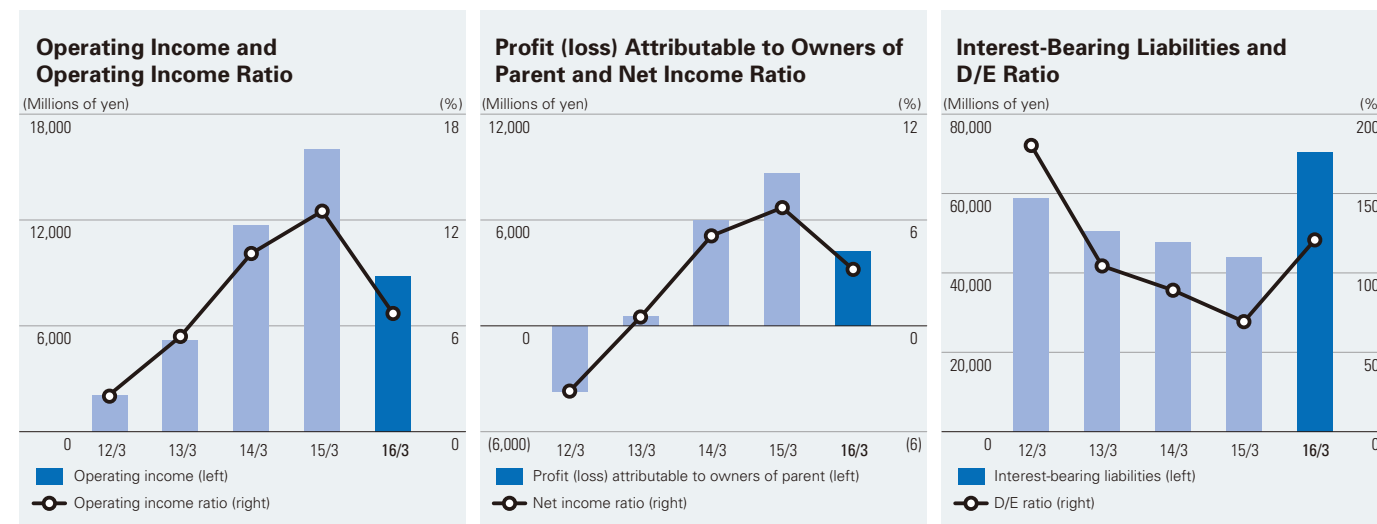


Consolidated Financial and Non-financial Highlights

Topcon Corporation and Consolidated Subsidiaries

	Millions of yen					Thousands of U.S. dollars
	2012/3	2013/3	2014/3	2015/3	2016/3	2016/3
Operating results						
Net sales	¥ 98,834	¥ 97,345	¥116,685	¥128,569	¥130,735	\$ 1,161,469
Positioning Company	52,656	→ 37,824	48,959	58,672	61,977	550,613
Smart Infrastructure Company (Positioning Business)		→ 29,839	34,621	33,909	32,989	293,079
Eye Care Company (Eye Care Business)	32,598	31,073	38,736	41,240	43,834	389,428
Other Businesses (Finetech Business)	13,579	9,262	6,625	6,558	4,997	44,394
Elimination		(10,653)	(12,258)	(11,812)	(13,063)	(116,054)
Overseas sales	73,949	72,711	89,187	97,568	102,794	913,237
Operating income	2,080	5,214	11,730	16,041	8,803	78,207
Ordinary income	467	3,471	11,300	14,880	7,366	65,441
Profit (loss) attributable to owners of the parent	(3,686)	511	5,963	8,670	4,197	37,287
Capital expenditures	3,443	3,297	3,692	5,070	5,203	46,224
Depreciation and amortization	3,115	3,384	3,803	3,732	4,715	41,889
Amortization of goodwill	1,660	1,618	1,782	1,833	2,546	22,619
R&D expenditures	8,707	8,221	9,184	10,677	11,329	100,649
Free cash flows	(3,575)	1,862	4,599	7,951	(23,121)	(205,410)
Financial position						
Shareholders' equity	¥ 32,667	¥ 48,474	¥ 53,598	¥ 63,460	¥ 58,311	\$ 518,044
Total assets	120,777	129,503	135,818	143,181	166,542	1,479,584
Interest-bearing liabilities	58,882	50,629	47,733	44,014	70,442	625,817
Per share data (¥, \$)						
Earnings per share (EPS)	¥ (39.80)	¥ 5.48	¥ 55.21	¥ 80.27	¥ 38.97	\$ 0.35
Net assets per share (BPS)	352.71	448.77	496.22	587.52	550.04	4.89

Notes: 1. For the sake of convenience, the US\$ is converted at a rate of ¥112.56/US\$ as of March 31, 2016. We referenced the Tokyo foreign exchange market rate.
 2. Data in parentheses represent negative figures/amounts.
 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 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.

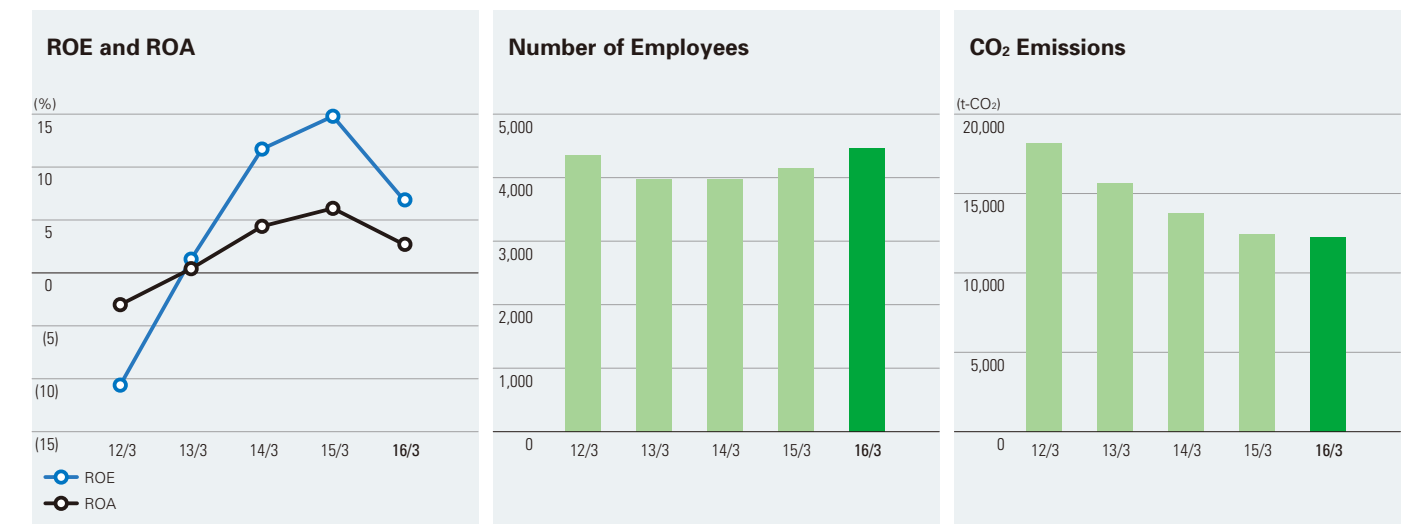


Management indicators

	2012/3	2013/3	2014/3	2015/3	2016/3
Gross profit ratio (%)	38.6	44.0	47.7	51.5	50.2
Operating income ratio (%)	2.1	5.4	10.1	12.5	6.7
Net income ratio (%)	(3.7)	0.5	5.1	6.7	3.2
Ratio of R&D expenditures to net sales (%)	8.8	8.4	7.9	8.3	8.7
Overseas sales ratio (%)	74.8	74.7	76.4	75.9	78.6
Return on assets (ROA) (%)	(3.0)	0.4	4.4	6.1	2.7
Return on equity (ROE) (%)	(10.6)	1.3	11.7	14.8	6.9
Return on invested capital (ROIC) (%)	1.6	3.8	7.9	10.9	5.4
Price earnings ratio (PER) (times)	—	156.3	30.7	36.7	38.1
Price book-value ratio (PBR) (times)	1.6	1.9	3.4	5.0	2.7
Equity ratio (%)	27.0	37.4	39.5	44.3	35.0
Total assets turnover ratio (times/year)	0.80	0.78	0.88	0.92	0.84
D/E ratio (%)	180.3	104.4	89.1	69.3	120.8
Dividend payout ratio (%)	—	109.4	18.1	19.9	61.6

Non-financial highlights

Number of employees	4,359	3,981	3,977	4,148	4,459
CO ₂ emissions (t-CO ₂)	18,155	15,649	13,761	12,437	12,251
Waste emissions (ton)	1,021	1,220	934	925	916
Chemicals consumptions (ton)	104.6	72.0	71.0	69.0	68.1
Total working hours (per capita)	2,000	2,022	2,073	2,119	2,085
Employment rate of persons with disabilities (%)	1.47	2.01	1.83	1.73	1.62
Job accidents	2	2	2	0	1



Directors, Corporate Auditors and Executive Officers

Directors

President & CEO

Satoshi Hirano

Director and Senior Managing Executive Officer

Makoto Iwasaki

Director and Managing Executive Officer

Takashi Eto

Director and Executive Officer

Yasufumi Fukuma

Haruhiko Akiyama

Hiroshi Taguchi

Takayuki Yamazaki

Director (Outside Director)

Kazuyuki Matsumoto

Akira Sudo

Corporate Auditors

Corporate Auditor

Hiroshi Sakai

Hiroyuki Nakamura

Outside Corporate Auditor

Tatsuya Kuroyanagi

Keiji Taketani

Executive Officers

Raymond O'Connor

Kanji Ikegaya

Masami Tsukada

Kaoru Kumagai

Makoto Omori

Shigehiro Ogino

Masahiro Naka

Takaaki Hirayama

Nobuyuki Ryu

David Alan Mudrick

Ivan Di Federico

Eric Franken



- | | |
|--------------------|----------------------|
| 1 Satoshi Hirano | 6 Hiroshi Taguchi |
| 2 Makoto Iwasaki | 7 Takayuki Yamazaki |
| 3 Takashi Eto | 8 Kazuyuki Matsumoto |
| 4 Yasufumi Fukuma | 9 Akira Sudo |
| 5 Haruhiko Akiyama | |

Previous Mid-Term Business Plan

Review of the First Mid-Term Business Plan

Vision

Shifting to a Growth Strategy from Structural Reforms!!

Aim to become a true “global top!”
Profitable and Sustainable Growth by Creativity

Strategy 1

Enhance new business and
strengthen core business

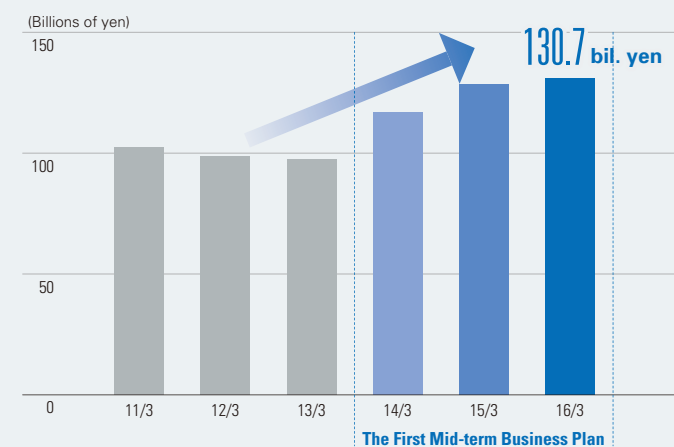
Strategy 2

Accelerate the launch of
TM-1 products

Strategy 3

Utilize global human
resources

Net Sales Transition



The First Mid-term Business Plan Results

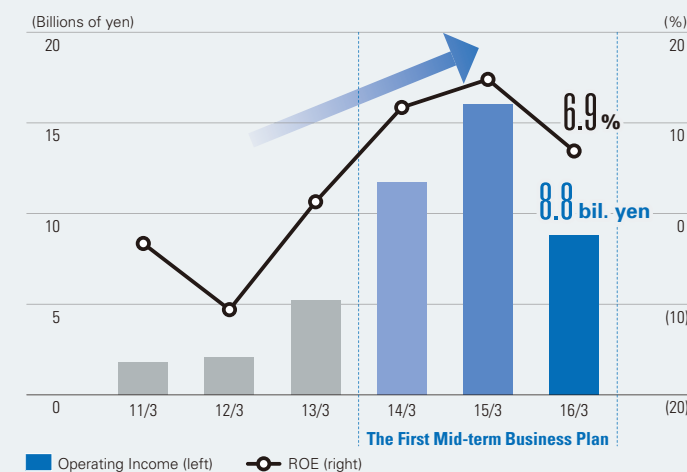
FY2013-FY2015 Average 125.3bil. yen
(vs. FY2010-FY2012 Average 126%)
FY2015: 130.7 bil. yen (Best record to date)
(FY2013, FY2014; Accomplishment of published value)

Rather than persist with an annual rolling system, Topcon decided to adopt a fixed-plan method when formulating its First Mid-Term Business Plan, which covered the three-year period from fiscal 2013 to fiscal 2015. Shifting its attention to a growth strategy from its earlier focus on structural reforms, Topcon also took steps to realize profitable and sustainable growth through creativity in a bid to become a true leading global company.

Targeting an ROE of 20%, Topcon worked diligently toward substantially increasing both sales and operating income under its First Mid-Term Business Plan. The average of net sales over the three-year fiscal 2013 to fiscal 2015 period was ¥125.3 billion. This was 26% higher than the average for the three-year fiscal 2010 to fiscal 2012 period. From a profit perspective, the Company also experienced an approximate fourfold increase in average operating income, from ¥3.0 billion for the three-year period from fiscal 2010 to fiscal 2012 to ¥12.2 billion for the three-year period from fiscal 2013 to fiscal 2015. As a result, Topcon reported an average ROE of 11.3% over the period of the First Mid-Term Business Plan. While falling short of the target of 20%, the Company was successful in substantially improving profits.

In specific terms, Topcon took steps to enhance new businesses while at the same time strengthening core businesses; accelerate the launch of TM-1 products, and; utilize global human resources, its three key strategies of its First Mid-Term Business Plan. Here, we have coined the term “Time to Market No. 1” as an indication of our efforts to deliver unique products that help differentiate the Company from its rivals. While addressing each endeavor in more detail later, Topcon has steadfastly achieved significant results under each of the aforementioned strategies.

Operating Income and ROE Transition



The First Mid-term Business Plan Results

Operating Income
FY2013-FY2015 Average 12.2 bil. yen
(vs. FY2010-FY2012 Average 402%)
FY2014: 16 bil. yen (Best record to date)
(FY2013, FY2014; Accomplishment of published value)

ROE
FY2013-FY2015 Average 11.3%
FY2014: 14.8 % (Best record to date)

New Mid-Term Business Plan

Overview of the Second Mid-Term Business Plan

Accelerating the Growth Strategy!!

Strategy 1

Strengthening the
Management Structure

Strategy 2

Advancement of the
Growing Business

Strategy 3

Creation of a Subscription
Business Model

Under the Second Mid-Term Business Plan, which covers the three-year period from fiscal 2016 to fiscal 2018, Topcon is targeting operating income of ¥21.0 billion on net sales of ¥146.0 billion in the final year of the plan. With a view to the return of profits to shareholders, the Company is also aiming for a dividend of ¥30 per share in fiscal 2018.

In order to achieve its established goals, Topcon will push forward three core strategies. In specific terms, the Company will strengthen its management structure; advance various growing businesses, and; create a subscription business model.

Financial Target

(Millions of yen)

		The Second Mid-term Business Plan			
Consolidated		2016/3	2017/3	2018/3	2019/3
Net Sales		130,735	130,000	137,000	146,000
	< >: FY2015 Exchange Rate Conversion		<139,000>	<146,000>	<156,000>
Operating Income (Operating Income Ratio)		8,803(6.7%)	10,500(8.1%)	15,000(10.9%)	21,000(14.4%)
	< >:FY2015 Exchange Rate Conversion		<12,500(9.0%)>	<17,200(11.8%)>	<23,500(15.1%)>
Ordinary Income		7,366	9,000	13,000	19,000
Net Income		4,197	5,000	7,000	11,000
ROE		6.9%	8%	11%	15%
ROIC		5.4%	6%	9%	13%
Dividends per Share (yen)		24	16	20	30
Exchange Rate (average)	US\$ (yen)	120.16	110	110	110
	EUR (yen)	132.36	125	125	125

Note: Net income is presented as “profit (loss) attributable to owners of parent” in the Company’s consolidated financial statements in line with changes in accounting standards.

New Mid-Term Business Plan

Strategy 1

Strengthening Our Management Structure

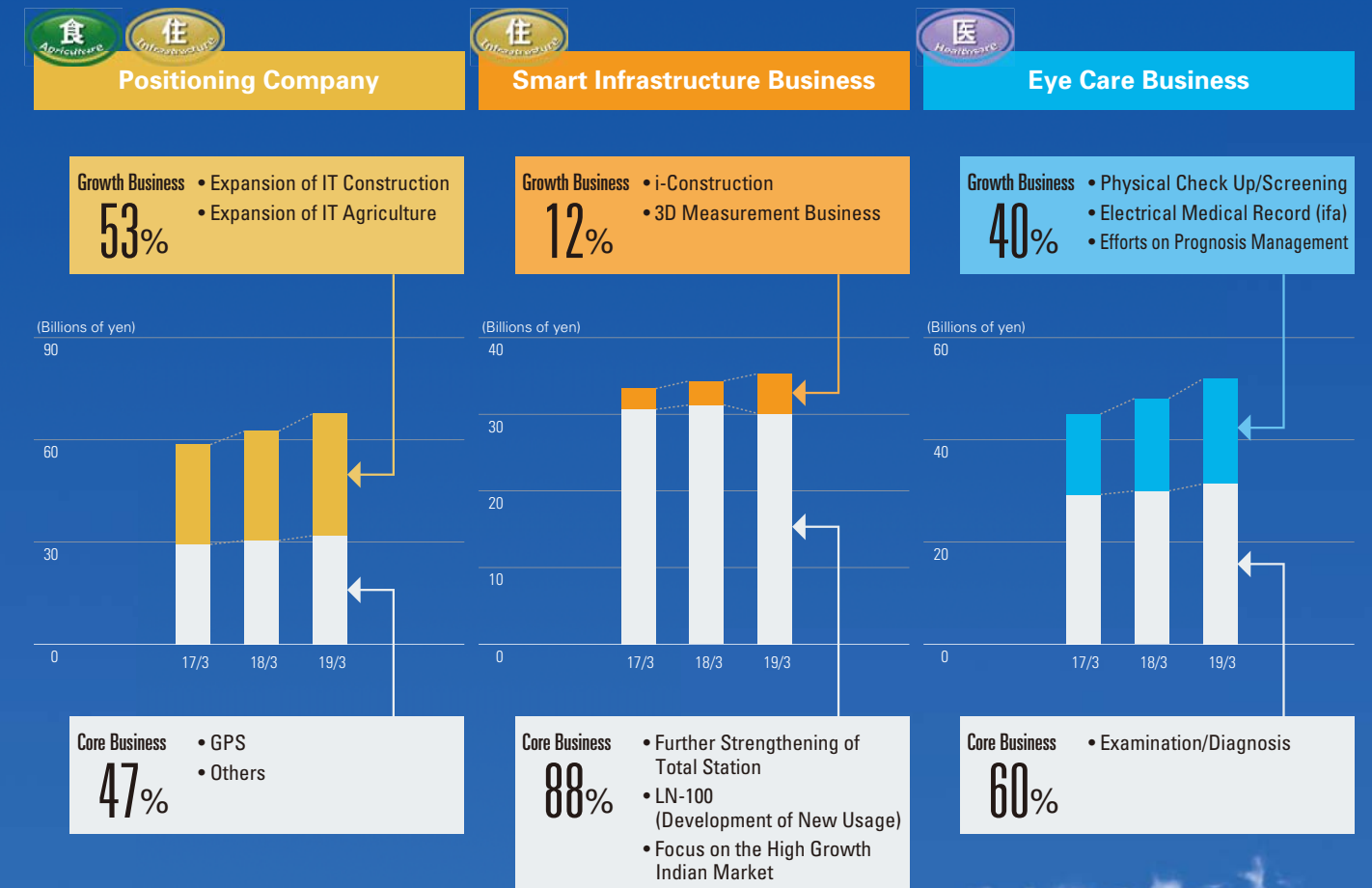
Topcon will reorganize its management structure in light of changes to its market and competitive environments. At the same time, the Company will consolidate its operating base to eliminate any duplication attributable to M&A and steadfastly promote improvements in business efficiency through various measures including the use of ERP.



Strategy 2

Advancement of Growing Businesses

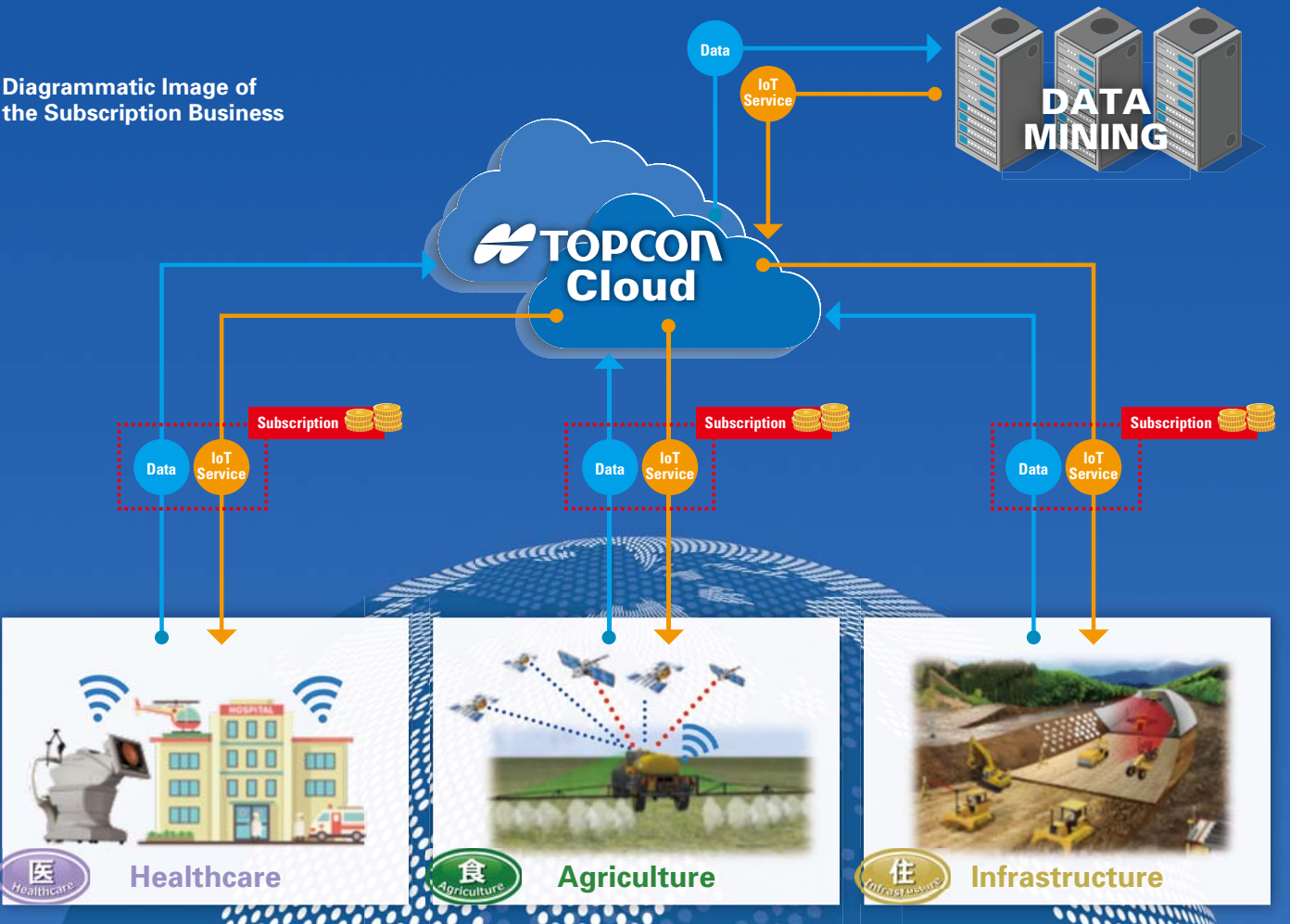
Through a raft of growth strategies, Topcon will promote growth focusing mainly on the untapped target fields of healthcare, agriculture, and infrastructure.



Creation of a Subscription Business Model

In addition to the one-time purchase business, Topcon will work to create a subscription business model under the Second Mid-Term Business Plan. In the Eye Care Business, for example, the systems acquired through the M&A with ifa Systems AG have allowed the Company to collect ophthalmology information for both its own and other companies' products. Drawing on big data analysis of the information collected, we are considering the use of a subscription business model to help facilitate diagnosis, prescription, and other support.

Diagrammatic Image of the Subscription Business



Topcon for Human Life

RESULT

26 At a Glance

- Positioning Company
- Smart Infrastructure Business
- Eye Care Business

34 Research & Development

At a Glance

(For the year ended March 31, 2016)

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.

POSITIONING COMPANY



P28

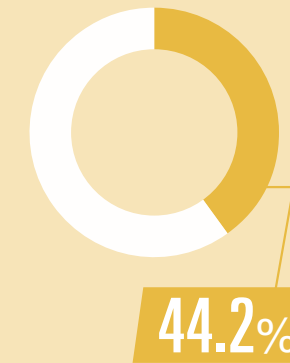
Fields	Major Products	Market Conditions
<ul style="list-style-type: none"> IT construction Precision agriculture 	<ul style="list-style-type: none"> GNSS (GPS) receivers Machine control systems Precision agriculture systems IT site management solutions 	<ul style="list-style-type: none"> Firm conditions in the IT construction field in the United States Firm conditions in the IT construction field in Europe Sluggish conditions in the Russian, Middle East and Latin American markets The Japanese domestic market also floundering Prolonged stagnation in the agricultural market The IT construction OEM market flagging temporarily

Strengths/Strategies

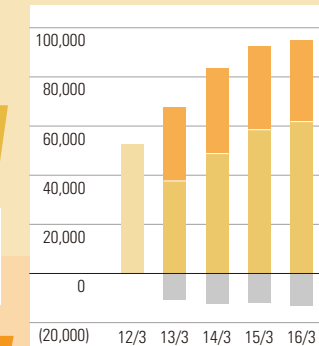
Strengths We are supplying products and systems using high-precision GNSS positioning technology in the fields of surveying, construction and agriculture on a global scale.

Strategies Positioning advances in GPS at the heart of our activities, we will lead the market in IT construction by harnessing the strengths of innovative technologies not found in other companies. We will also expand our share in new IT agricultural fields by generating synergy effects through M&As.

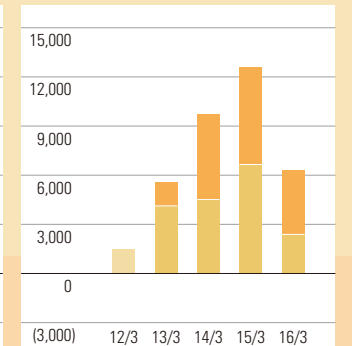
Sales Ratio (%)



Net Sales (Millions of yen)



Operating Income (Millions of yen)



SMART INFRASTRUCTURE BUSINESS



P30

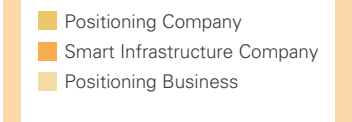
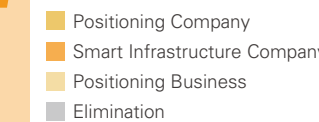
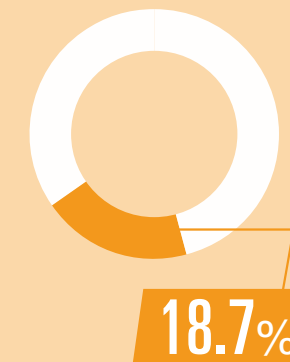
Fields	Major Products	Market Conditions
<ul style="list-style-type: none"> Surveying/Construction/Building 3D measurement/monitoring BIM 	<ul style="list-style-type: none"> Total stations (motorized robotic total stations, imaging stations) Mobile mapping systems 3D laser scanners Data collectors Theodolites Levels/digital levels Self-leveling construction lasers Pipe lasers Asset management system (cloud-based total station management system) 	<ul style="list-style-type: none"> Firm conditions in the IT construction field in the United States Decline in public works orders in Japan Robust conditions in the Indian market Sluggish conditions in the Russian, Middle East and Latin American markets Firm conditions throughout the Asia and Oceania regions

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 We will work diligently to strengthen core businesses and cultivate high-value-added growth businesses. At the same time, we will build a global manufacturing, sales, and engineering structure and work toward securing the top position within the industry.

Sales Ratio (%)



EYE CARE BUSINESS



P32

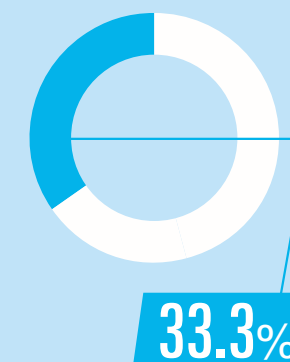
Fields	Major Products	Market Conditions
<ul style="list-style-type: none"> Preventive medicine checkups Examination Diagnosis Treatment 	<ul style="list-style-type: none"> 3D optical coherence tomography systems (3D OCT) Retinal cameras Ophthalmic digital image filing systems Auto refractometers/Auto kerato-refractometers Slit lamps Computerized tonometers Lens edgers Lens meters Ophthalmic laser photocoagulators 	<ul style="list-style-type: none"> Firm conditions in the examination/screening market in North America Increase in sales on the back of China Food and Drug Administration (CFDA) approval Firm conditions throughout the Asia and Oceania regions Sluggish conditions in the Russian and Latin American markets

Strengths/Strategies

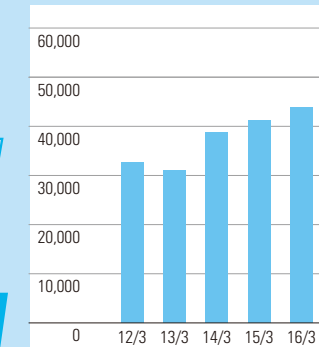
Strengths We will provide total health-care solutions through our expanded product lineup, ranging from examination and diagnostic systems (hardware), which leverage optomechatronic technology, to image processing software.

Strategies We are expanding our business domains from the core fields of examination, diagnostic, and treatment to include physical checkups, screening, and prognostic management. In addition, we will make every effort to generate stable profits on a worldwide basis.

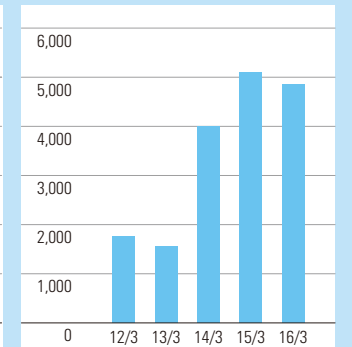
Sales Ratio (%)



Net Sales (Millions of yen)



Operating Income (Millions of yen)



POSITIONING COMPANY



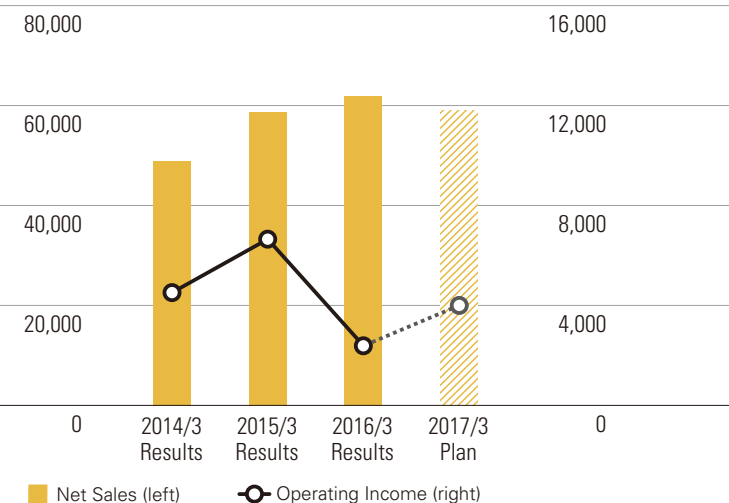
Keyword

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) survey, IT construction, and precision agriculture on a global scale.

Net Sales and Operating Income

(Millions of yen)



FY2015 Financial Results

At the Positioning Company, net sales grew 5.6% year on year to ¥61,977 million in fiscal 2015 due to the addition of sales from newly acquired companies. Operating income declined 64.1% year on year to ¥2,385 million on stagnation in the IT agriculture market due to weaker cereal prices in agricultural markets, the effect of commodity resource price declines in the United States and Australia, and higher R&D expenses in new business domains.

IT construction, the Positioning Company's other core business, trended steadily in fiscal 2015, forging ahead with preparations to enter the IoT market by developing the telematics market. In contrast, while IT agriculture flagged on prolonged stagnation in agricultural markets, total stations and GPS-related products slumped on falling commodity resource prices. Meanwhile, IT construction sales were unavoidably squeezed by a temporary downturn in OEM demand.

Performance Outlook

We recognize the market environment now facing the Positioning Company is one where IT agriculture seems to have bottomed but is likely to stay stagnant, and while crude oil prices seem to have bottomed, other commodity resource prices are unlikely to rebound for a while.

In this sort of environment, the themes we identified for our core businesses are to bring to market disruptive

products and to reduce costs. The themes we identified for our growth businesses are to expand IT construction and boost IT agriculture. We are pressing ahead with initiatives necessary for profit growth.

In that context, we see automation of civil engineering work as one of our growth businesses. The construction market is said to be worth ¥800 trillion versus an automotive industry worth ¥100 trillion, but there has been little automation of construction work processes, so we view construction as a giant untapped market. We seek to revolutionize civil engineering work using advanced technologies rivals do not have. After-purchase installation of our system into an existing bulldozer makes it possible to switch to a construction robot for automated operation of the dozer, paving the way for further task automation.

Meanwhile, in IT agriculture, we aim to promote adoption of enterprise resource planning (ERP) solutions for crop and dairy farming with crop farming solutions that extend from crop planning to planting, growing and harvesting, and dairy farming solutions that extend from livestock growth to feed quality and feed provision. We provide software and products that can automate related processes from both our crop and dairy farming solutions in a unified manner.

In our core businesses, we will introduce disruptive products with GPS-linked features to bolster our competitiveness. Moreover, we are working to improve operational efficiency via the consolidation and closure of offices and sites.

TOPICS

3D-MC^{MAX}: Next-Generation Dozer System

3D-MC^{MAX} is a next-generation 3D dozer machine control system that Topcon developed that eliminates the need for masts, a pole with a GPS receiver that is attached to the dozer blade.

In previous dozer machine control systems, the attachment of masts and cables to the blade limited their ability to make small adjustments to blade movements and perform slope grading. The masts also obstructed operator lines of sight and could break as a result of blade jerking and shaking. For previous systems, equipment had to be situated near the blade, an exposed position that meant the systems were prone to breakdowns. The 3D-MC^{MAX} system uses two inertial measurement units (IMUs) that are mounted onto the dozer, eliminating the need for masts and connecting cables.

With the 3D-MC^{MAX} system, there is no need to install masts and cables or perform difficult tasks such as welding on poles when bolting on the system to a dozer. Even in unforgiving environments, the system is able to correct blade movements rapidly to ensure smoothness and enables safe, high-precision operation at high speeds.



3D-MC^{MAX}

SMART INFRASTRUCTURE BUSINESS



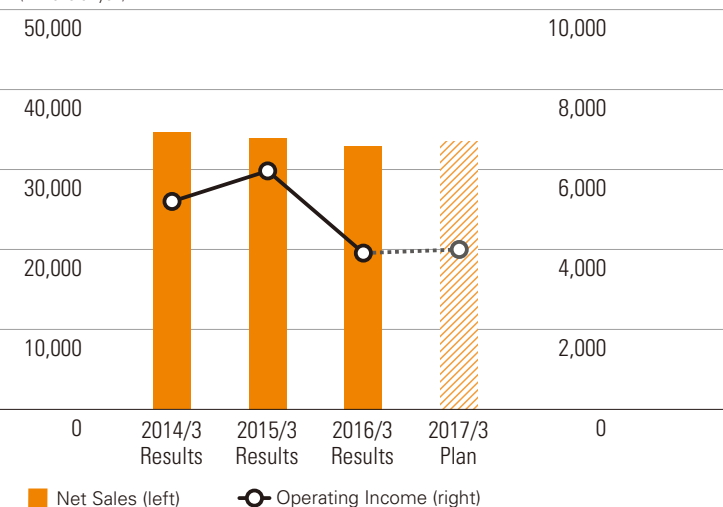
Keyword

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.

Net Sales and Operating Income

(Millions of yen)



FY2015 Financial Results

At the Smart Infrastructure Business, net sales declined 2.7% year on year to ¥32,989 million despite growth in Asia on a drop-off in post-disaster reconstruction demand in Japan against the year-earlier level. Operating income sank 34.5% year on year to ¥3,909 million on higher costs from R&D expenditures for new product launches and the activation of a new core system.

On a regional basis, the biggest factor in the sharp income decline was weaker domestic sales, where the Smart Infrastructure Business earns its highest margins. That said, we introduced a highly promising new total station model in March 2016, so we believe this could pave the way for sales growth in fiscal 2016 and beyond. Of overseas markets, our sales in India have been very robust, growing 90% year on year. Sales of our laser scanners and tools for 3D measurement via mobile mapping systems (MMS) were also brisk, growing 40% year on year.

Performance Outlook

Despite prospects for future infrastructure investment growth in high-growth emerging markets, the Smart Infrastructure Business faces a mixed market outlook amid a flat trend in public works in Japan, continued uncertainty about the economic outlook for Russia, the Middle East, and southern Europe, and firm trends in Asian markets. The Smart Infrastructure Business, a market share leader in

many products that earn high margins, will work to further expand profits at core businesses based on the foundation it has built up so far while also pressing ahead with the development of new businesses that could spur future growth.

In total stations, a core business, we pruned our model lineup by forming common platforms, further enhancing our cost competitiveness and driving profit growth. The LN-100 layout navigator was originally developed mainly for the building information modeling (BIM) market but we are working to expand its application in residential land development, solar panel installations and height control and thus foster new markets for this tool. Moreover, we are adding sales offices in central and south India, where industrialization is making headway, adding more sales people, strengthening after-sales service and working to expand sales by drumming up demand.

Meanwhile, as a way to develop growth businesses, we aim to leverage the expansion of i-Construction, where IT construction processes are applied to public works. For projects under the direct ambit of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), which account for a high ratio of civil engineering work in Japan, adoption of i-Construction is obligatory for some stages of project execution. We aim to expand related products, riding a tailwind from adoption across a wide-range of processes from surveys and design to construction and inspections, and further to maintenance management and renewal.

TOPICS

Maintenance Solutions via High-precision 3D Measurement Solutions

As the use of laser scanners to perform 3D measurements has improved and expanded, there has been a shift toward high-precision, high-density 3D data. Topcon products enable 3D data to be gathered aerially from unmanned aerial vehicles (UAV, or drones), high-precision 3D data of surroundings to be collected via laser scanners mounted on moving vehicles, and even higher density measurements to be performed via laser scanners at ground level. We think linking these to IoT technologies will enable them to complement each other and will make possible the collection of very high-precision, high-density 3D data.

Aging social infrastructure and built structures are becoming a problem around the world. We think proper maintenance and management of these will require labor-saving automation of inspection and measurement work. Topcon's 3D measurement technologies enable proper maintenance and management of social infrastructure and built structures to be carried out efficiently.



EYE CARE BUSINESS



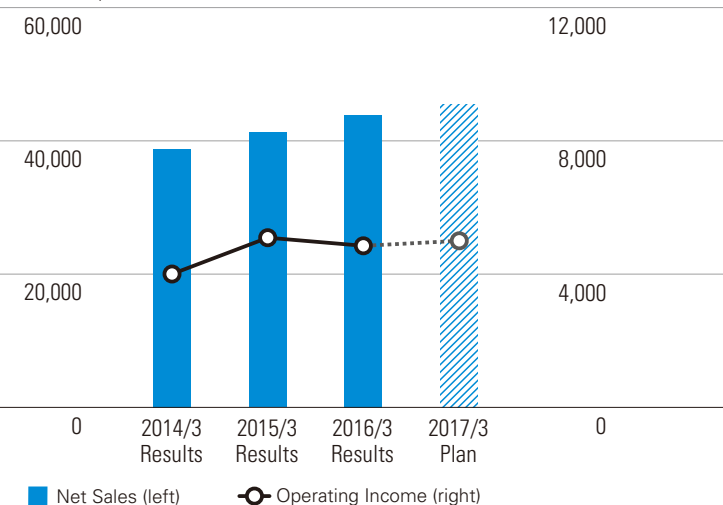
Keyword

Your Vision. Our Focus.

Our signature statement, “PERFORMANCE YOU CAN COUNT ON,” means you can trust Topcon. Every day. You can have confidence in all Topcon does at every level of the company. This statement is our personal pledge to eye care professionals and highlights the exceptional products, services, reliability, and support Topcon provides.

Net Sales and Operating Income

(Millions of yen)



FY2015 Financial Results

At the Eye Care Business, net sales grew 6.3% year on year to ¥43,834 million on increases in the United States, Asia, and Japan. While brisk sales of high-margin products contributed, operating income declined 4.8% year on year to ¥4,850 million on an increase in costs from the launch of a new core system.

We believe our acquisition in fiscal 2015 of ifa systems AG, which focuses on electronic medical records and remote diagnosis systems, paved the way for our entry into IT solutions for ophthalmic domains. With a boost from the rollout of DRI OCT Triton, unit sales of optical coherence tomography (OCT) tools grew 10% year on year, and unit sales in the screening market also grew 20%. Meanwhile, the pending application for the 3D OCT Maestro, which has been a concern, did not receive approval in fiscal 2015 from the U.S. Food and Drug Administration (FDA) for the United States, the linchpin of the North American market. While South America was seen as a growth market for the 3D OCT Maestro, a prolonged bout of local currency weakening has blunted sales growth in the region.

Performance Outlook

The market environment facing the Eye Care Business is one where currency weakening in South America has led to stagnation that is likely to persist, while the European and U.S. markets are likely to stay robust. Furthermore, in the long run, as populations in many nations around the world

grow older, an increasing number of people are or will be at risk for or afflicted by one of the three major eye diseases.

In this context, the Eye Care Business will strengthen its existing businesses in examinations, diagnosis and treatment while working to extend into early detection via checkups and screening and post-therapy prognosis management. We think our target market will expand from about ¥250 billion to ¥500 billion as our operations move into a wider set of business domains.

We need to fully harness ifa systems to move into a broader set of domains. The 2015 acquisition added its remote diagnosis system and electronic medical records to the Eye Care Business product lineup. The remote diagnosis system is vendor neutral and can connect tools from a broad spectrum of manufacturers, so we can build broad-based IT solutions that link together all related eye care domains from diagnosis, treatment, and eye examinations to detailed examinations.

Our approach from here is to harness the mass market potential of the 3D OCT Maestro, which has simple controls that nearly anyone can operate, and apply IT solutions to enable early detection, treatment and post-treatment prognosis management for patients with ocular disorders, expanding our ocular disease presence.

Furthermore, we seek to speed up our FDA approval application for the 3D OCT Maestro in the giant U.S. market and commence sales there during fiscal 2016.

TOPICS

DRI OCT Triton with OCT Angiography: Contributing to Early Detection and Treatment of Ocular Disease

The DRI OCT Triton's 3D fundus imaging capabilities enable useful functions for both clinical trials and basic research, earning it strong reviews from the ophthalmic treatment market. Topcon added OCT-Angiography imaging to the DRI OCT Triton series with the aim of further enhancing its optical coherence tomography functions. OCT-Angiography is a new technology that makes ocular blood flow in retinal and choroidal vascular structures visible without using contrast agents. The application of OCT-Angiography allows ocular capillary networks to be seen clearly, making visible micro-aneurysms. We expect this technology to be applied not only to treating patients with ocular disorders but also to enable clinical and basic research bodies such as the Japanese Society for Ocular Circulation (JSOC) to illuminate ocular pathologies.

In a world where large population cohorts in many nations are aging, an increasing number of patients are stricken with ocular disorders such as diabetic retinopathy and age-related macular degeneration. As an early-mover in initiatives to address such issues, we support physicians in further extending their capabilities and efficiency.



DRI OCT Triton with OCT Angiography

Research & Development

To realize our vision of growing our business and addressing societal challenges in healthcare, agriculture, and infrastructure, Topcon believes it is important to create new products and services with no direct parallels in today’s markets. This is why we place such importance on R&D, and as we advance our R&D activities, we foster creative thinking unbound by conventional notions and develop those ideas into products and services.

Our Basic Thinking on R&D

In keeping with the voice of the customer (VOC) in global markets, we actively conduct R&D activities at the head office R&D divisions, engineering divisions as well as engineering divisions at U.S. and European subsidiaries. We have active working relationships with outside research organizations in Japan and overseas so we can swiftly establish new technologies. Our R&D focuses on our core competences of optical technologies that can respond to wide-band wavelengths in particular, global navigation satellite system (GNSS) technology, optical coherence tomography (OCT) technology, and imaging technology. We aim to bolster our technological advantage in each of the fields where we do business.

Important Themes for Each Business, and Accomplishments

R&D activities at the Smart Infrastructure Business are focused on new technologies and IT applications so it can be first to market with high-value-added, differentiated products with no direct parallel. The Business continues to devote itself to product development and R&D into advancing and improving the functionality of the trove of technologies Topcon owns. Among its fiscal 2015 R&D accomplishments were Image Master software, which can easily generate 3D models from digital stereoscopy images, and the GLS-2000 series, which is composed of short-, middle- and long-range scanners that can perform tasks from building information modeling (BIM) to construction information modeling (CIM).

With a focus on such technologies as leading-edge core GNSS, machine control (MC), inertial measurement unit (IMU) applications, precision agriculture, site surveying applications, and online cloud computing, R&D activities at the Positioning Company at 15 sites worldwide support a wide-range of products and services in multiple business fields. Its fiscal 2015 R&D accomplishments included the flagship NET-G5 receiver and the Sitelink 3D application for job site management aimed at civil engineering project contractors.

With the aim of contributing to people’s ocular health, and improving “Quality of Vision” in particular, R&D activities at the Eye Care Business center on examination tools for ophthalmologists as well as optometrists at opticians, diagnostic equipment, treatment equipment, and IT applications linked to such products. Our fiscal 2015 R&D accomplishments included adding a red laser model that achieves better penetration through opacities such as cataracts to the PASCAL photo-coagulator series of pattern scanning lasers for ophthalmic use.

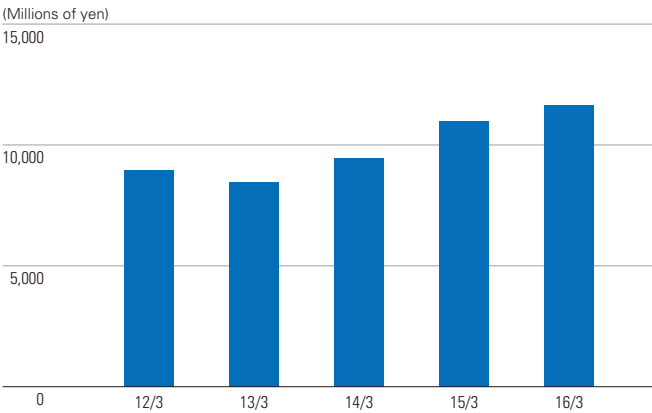
R&D Expenses

R&D expenses for the entire Topcon Group in fiscal 2015 climbed 6.1% year on year to ¥11,329 million, equating to a ratio versus net sales of 8.7%. Amid progress in developing a series of products with blockbuster potential that will be introduced to the market soon, R&D expenses have traced an unbroken upward trajectory over the past few years. We will continue to keep investment in R&D high enough to support research and development in new fields, especially IT agriculture.

Regarding Intellectual Property

In recognition of intellectual property as an important management resource, we continue to advance intellectual property activities that contribute to business earnings. We endeavor to bolster our intellectual properties so they contribute to new business creation and expansion where we see growth markets in healthcare, agriculture, and infrastructure. We thus strive to reinforce linkages between our business, R&D, and intellectual property strategies so we can robustly protect our intellectual property rights when our R&D efforts bear fruit, preserve the competitiveness of our businesses, and translate these efforts into enhanced profitability. Moreover, we believe active use of the intellectual property rights built up in such ways are the driving force supporting the stable continuation of our businesses over the medium and long term and will translate into increased corporate value.

R&D Expenses



Topcon for Human Life

CSR

- 36 CSR
- 38 Human Rights
- 39 Labor Standards
- 40 Environment
- 41 Anti-corruption Measures
- 41 Other Items
- 42 Corporate Governance
- 46 Strengthening Global Export Control System

CSR

Topcon has pledged its support for the principles of the United Nations (UN) Global Compact. Guided by the spirit of this Global Compact, the Company is committed to engaging in activities that will help ensure profitable growth. Currently, we are placing particular emphasis on initiatives that are consistent with the slogan “Topcon for Human Life,” and are working diligently to expand our business by resolving social issues in the growth markets of “Healthcare,” “Agriculture,” and “Infrastructure.”

Topcon has put in place a CSR policy that underpins all of its CSR-related activities. In carrying out specific measures that provide the foundation for its efforts, the Company also puts forward action plans that reflect the principles of this policy on an annual basis. In addition to providing products that help address social issues, we attach considerable importance on promoting communication with stakeholders and business activities that contribute to society.

Based on a corporate philosophy that is grounded in the principle of “coexistence,” we are committed to pursuing global environmental solutions, engaging in CSR activities that contribute to society, establishing an optimal corporate governance structure and systems, and ensuring strict compliance with all statutory and regulatory requirements as well as social norms.

Activities that Reflect the Principles of the UN Global Compact

Details of the Global Compact were first announced by the United Nations Secretary-General Kofi Annan in an address to the World Economic Forum held in Davos, Switzerland in January 1999 and officially launched in July 2000. The Global Compact asks companies around the world to embrace, support, and enact the 10 principles universally established in each of the four human rights, labor standards, the environment, and anti-corruption fields.

Since assenting to the purpose and purport of the UN Global Compact in October 2007, the Topcon Group has established the TOPCON WAY as well as a basic CSR policy. At the same time, we have coined the term “Topconian” to describe efforts aimed at incorporating the spirit of the 10 principles of the UN Global Compact into the strategies, initiatives and systems that form the backbone of the Group’s operations. Moving forward, we are engaging in a wide range of activities and raising our level of awareness to ensure that the spirit of the UN Global Compact is put into practice.



Being a Good Corporate Citizen

1 Thanksgiving Food Drive

Topcon Medical Systems, Inc. (TMS) held its 9th annual Thanksgiving Food Drive. This initiative supports projects that help feed needy individuals and families across a wide area throughout the year. TMS once again partnered with the Center for Food Action, which helped over 3,000 families last year; and the Emmanuel Cancer Organization, which supports the families of children diagnosed with cancer. TMS employees contributed both food and monetary donations to certain designated cafeterias and external drop off areas as well as regional food centers during the period of the food drive.

2 Contributing to Society through Donations

- Provided scholarships and donated toys to the Child Development Center to a value of 30,000 bahts
- Donated 50,000 bahts to help cover expenses for a seminar to be held at the Chulalongkorn Hospital
- Donated 4,000 euro to the Zukunft Schenken Foundation in support of the families of needy children
- Employees donated Christmas presents in support of the Betanien Kinderdorf SOS Children’s Villages initiative

3 Sponsoring the FIRST® Robotics Competition

As a sponsor of the FIRST® Robotics Competition, a competition For the Inspiration and Recognition of Science and Technology, the Topcon Group is encouraging students to excel at science, technology, engineering, and mathematics. The Topcon-sponsored team, Andromeda One, placed 19th out of 200 teams and advanced to the FIRST World Championships in St. Louis, Missouri.

4 Contributing to the World Wildlife Fund

As a part of efforts to support wildlife conservation endeavors, the Topcon Group’s Sirius Pro unmanned aerial system (UAS) was used to evaluate the habitat of the black-footed ferret, an endangered species. In specific terms, the system was applied to monitor the habitat and map out the movements of the prairie dog, a primary food source. The Topcon Group also called on the World Wildlife Fund as well as educational institutions to help in uncovering black-footed ferret habitats using UAS.

5 Donating Computer Equipment

The Topcon Group donated working second-hand computer equipment to the Kinder Komputer Wereld Foundation. This foundation undertakes the repair and inspection of equipment, which are then provided to low-income households.

6 Eye Examination Event and Program

Topcon Singapore Medical Pte. Ltd. continues to support and sponsor free eye screening events and programs. The company again provided eye examination and optometry equipment for use in various events held in Japan this fiscal year.

7 Angel Tree Program

The Topcon Group participates in the Angel Tree Program, an initiative undertaken by the Salvation Army as a part of that organization’s missionary, social welfare, education, and medical support activities across 126 countries and regions worldwide. The Angel Tree Program works to provide new clothes and toys to the children of impoverished families. Employees of the Topcon Group donated a total of 45 items to the program.

8 Volunteer Activities

Employees of the Topcon Group participate in volunteer activities organized by the Dutch Red Cross. With a priority on emergency volunteer activities, efforts are made to secure safety areas within Red Cross teams as well as support each team as a whole.

9 Product Donations and Technical Support

The Topcon Group donated surveying instruments to Ubonratchathani Technical College and Surin Technical College. The Group also provided instructions on operating methods as well as technical assistance.

10 Helping Sick Employees

Topcon collects donations across the Company as a whole to help fund the treatment and support the lives of employees suffering from intractable diseases.



Human Rights

As set out in the TOPCON WAY, Topcon respects global standards concerning human rights, the environment, labor standards, and anti-corruption measures, and contributes to building sustainable markets as a member of the global and local community. For human rights, we view providing our employees with fair opportunities in employment and work assignments as a principle we seek to uphold. We do not tolerate discrimination in the workplace and requires employees to properly handle personal information in performing their work activities.

Valuing People (Respect for Human Rights)

The Topcon Group is a global company with a diverse workforce, comprised of people from a wide variety of backgrounds, origins, experiences and cultures. We will recognize diverse values, respect fundamental human rights, the personalities and characters of individuals in light of human dignity, and seek to maintain a workplace in which all individuals are respected.

We are committed to providing equal opportunity in employment and in business generally. We will not tolerate unlawful discrimination in the workplace by or against any of Our Employees, contractors, or representatives.

All coworkers, job applicants, customers and suppliers are to be treated respectfully and on an equal basis without regard to race, color, religion, gender, national origin, age, veteran status, physical or mental disability, sexual orientation, gender identity or other status protected by applicable law. As part of Our commitment to providing Topcon Employees with a safe, secure work environment, the Topcon Group will also prohibit unlawful harassment based on any of the above protected characteristics. We will not allow:

- Conduct by employees or others, including suppliers, salespeople, customers and visitors, directed at an individual due to such personal characteristics that is intimidating, insulting, abusive, offensive or hostile;
- Sexual harassment, which consists of unwelcome sexual comments, sexual advances, or requests for sexual favors;
- These types of prohibited conduct are damaging to the Topcon Group and Our Employees, disrupts Our workplace and interferes with work performance.

Our commitment to a safe and secure work environment means that we will not tolerate workplace violence or threats of violence. Prohibited conduct includes not only physically violent or abusive conduct but also aggressive, intimidating or disorderly physical conduct and abusive or threatening language. Moreover, we will not use child labor or forced labor.

Individual Information

The Topcon Group has established a basic policy for protecting personal data, carefully handles personal data obtained in the course of its business activities, and strives to protect it. Here personal data refers to information that employees etc. come across in the course of performing their work that enables them to identify a particular individual using information concerning customers, executives at suppliers etc., job applicants, employees, or other individuals. We will collect, manage and use Personal Information in a proper and fair way, and in compliance with all applicable laws and regulations regarding protection of Personal Information in countries or regions where the Topcon Group does business.

Internal Reporting System (Hotline)

Since establishing an internal reporting system with a hotline in 2006, Topcon has worked to identify risks and compliance issues (i.e., known or suspected conduct that is violation of laws, regulations, or internal rules or that runs counter to social norms) at an early stage and take corrective actions against them. Apart from information that comes through regular routes internally, the system enables tippers to directly contact the division responsible, the Corporate Audit Division, via email or phone.

The Corporate Audit Division has been contacted with such reports a total of nine times since 2006 and disseminates information about this system throughout the year in an effort to foster a corporate environment and culture where employees feel free to come forward with such reports. Every year we pave the way to expand adoption of the system among Group companies with nine Group companies in Japan and 24 overseas now having systems in place modeled on the parent's. On this basis, we promote compliance management and unify the Group.

Labor Standards

As set out in the TOPCON WAY, Topcon respects global standards for items concerning labor standards and contributes to building sustainable markets. We thus aim to enable our employees to learn on their own initiative and grow in a safe working environment. Moreover, at the same time we unify the Group behind common values toward the realization of our management vision, we regard human resources that contribute to creating values for the Group as “Topconians” and strive to nurture “Topconians” in their development.

Workplace Environment

The Topcon Group seeks to provide opportunities for employees to learn on their own initiative and grow in a fair and equitable manner and strives to realize a corporate culture where this approach to developing human resources is given full expression. We provide opportunities for employees etc. to perform their work based on self-defined work domains with attendant roles and responsibilities and to strive for self-improvement that enhances their capabilities in performing their daily work both inside and outside the workplace.

Safety Management

The Topcon Group thinks ensuring safety and health is important to avoid workplace accidents and enable our employees to perform at their best. With this in mind, the Group has adopted necessary safety measures for buildings and facilities and established work standards that prioritize employee safety and health. Employees are to comply with laws, regulations, and internal company rules on safety and health in recognition that safety comes first.

The crisis response system for unforeseen events we built is to ensure the safety of employees on business trips and overseas assignments as well as their families regardless of country or region, and we are working to establish and strengthen safety measures mainly as a way to prevent incidents and accidents.

The opportunities for employees to go on overseas business trips have increased attendant with the rapid business expansion of the Group around the world in the past few years but terrorist attacks have grown more frequent as political conditions have grown tenser. In response, we have held seminars led by outside experts on the security situation overseas so our employees can better grasp security risks in countries and regions where Topcon does business and arm themselves with a strong sense of safety management when they go overseas so they are prepared to take self-defense measures in the event an emergency situation suddenly arises.

Working Hours, Leave System, Job-related Accidents

With regards to overtime work, we have signed 36 agreements with the company labor union and we comply with them. At the same time, we review the work load of each employee, consolidate tasks, reassign personnel, and apply IT solutions to operations to achieve greater efficiency, harness automation to save labor, and standardize procedures.

As a company, we seek to limit overtime hours to the minimum necessary.

Nurturing “Topconians”

Nurturing Topconians is a theme in Topcon Group's human resources strategy aimed at realizing its management vision. We define Topconians as employees who meet three conditions: 1) Seek to develop and maintain a high level of expertise, and who use the expertise to generate business success and profitability.; 2) Act with a sense of universal values, that include thinking beyond national borders and respecting cultural diversity.; and 3) Demonstrate through actions that they place an importance on collaboration and teamwork.

Labor-Company Communication

The Topcon Group believes it is important for labor and management to directly exchange views on protecting the rights of employees as laborers. In Japan, Topcon Labor Union and related labor unions at Group manufacturing affiliates have partnered. The Group works to improve communication by holding informal regular gatherings for labor-management discussions and joint labor-management councils where company representatives explain business conditions to Topcon Labor Union members.

Labor-management “kondankai” gatherings are informal, regular gatherings held once a month where labor union leaders and management can exchange views and share information. Labor unions receive reports on business conditions and topics from management, and in response, union leaders offer their views on the report.

Labor-management councils are held once a month, and either the labor union or management can propose an extraordinary session not on the regular schedule. At council meetings, both sides exchange views in greater depth and discuss and put forward agenda proposals and topics for debate.



Gatherings for labor-management discussions

Environment

As a corporate Group expanding globally with a range of eco-conscious products, the Topcon Group thinks supporting such an approach requires bolstering its environmental management systems. On this basis, we work to reduce emissions of greenhouse gases such as CO₂, atmospheric pollutants, and water pollutants by building operational processes that take environmental considerations into account.

Topcon Group Environmental Vision 2020

As a corporate Group with products that compete in global markets, the Topcon Group seeks to address the important issue of environmental problems in a way that wholly fulfils our social responsibilities. The Group thus established its position on this issue with its Environmental Vision 2020, which centers on the two themes outlined below, and is harnessing the strength of the entire Group for related environmental initiatives.

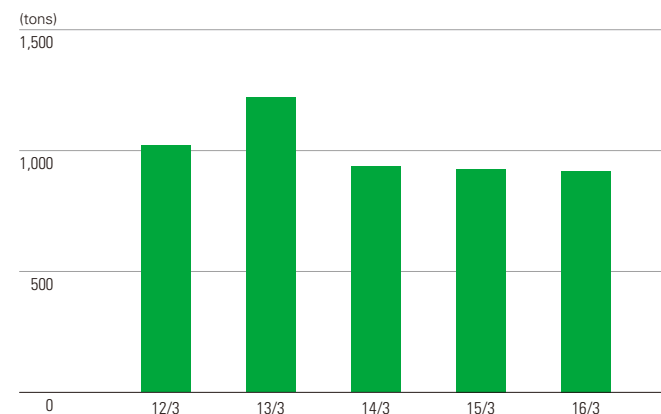
1. Mitigating Global Warming

The Topcon Group regards global warming as the most important environmental problem and aims to reduce its CO₂ emissions from sites in Japan by 25% by the end of fiscal 2020 versus the fiscal 1990 level, and using the same framework, we are working to reduce CO₂ emissions at overseas sites.

2. Contribution via Products

We strive to reduce energy use and conserve resources so as to further reduce our environmental impact across the lifecycle of our products. We also work with our customers to offer products, technologies, and services that help mitigate global warming, make effective use of natural resources, and conserve biodiversity. Moreover, as part of our manufacturing-based corporate culture, we endeavor as a general rule to recycle and make effective use of waste products arising from our corporate activities such as R&D, manufacturing, and marketing.

Waste Emissions



Environmental Management System Construction ISO14001-related Initiatives

Topcon Group companies, centering on manufacturing companies, have acquired ISO14001 certification, an internationally accepted standard for environmental management systems, and are subject to annual reviews by a third-party certifying body to ensure proper management.

Environmental Impact Report

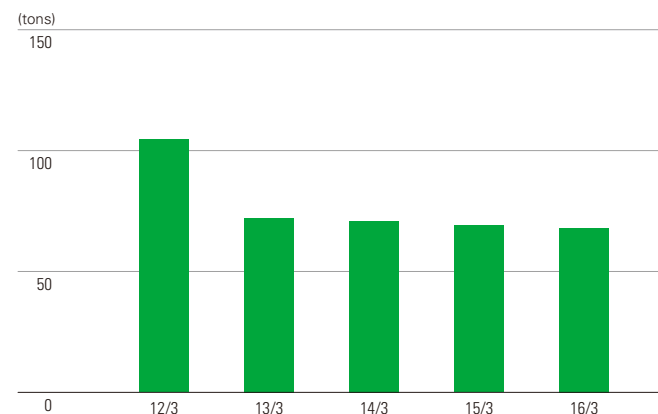
Topcon Group's Environmental Impact Report (2015)

The Topcon Group has processing plants in Japan and China, and assembly plants in the United States. These plants impact the environment due to factors such as CO₂ emissions from electricity and fossil fuel use and waste generated by manufacturing processes. In addition, one feature of our operations as an optical instrument manufacturer is the large amount of organic solvents our plants use for cleaning tasks at the manufacturing and assembly stages. In our publications, we report environmental impacts such as emissions and substance usage volumes from Topcon Group business activities, including those from sales companies, which tend to have fewer environmental impacts.

Topcon's Environmental Impact Report (2015, non-consolidated)

We report greenhouse gas emissions from and input volumes of resources and energy attendant with Topcon's business activities.

Chemicals Consumptions



Anti-corruption Measures

As an initiative to combat corruption as stipulated in Principle 10 of the United Nation Global Compact, the Topcon Group prohibits giving out bribes or inappropriate profits in any form that violate laws, regulations or sound business practices. In addition, we prohibit employees from accepting inappropriate personal benefits or profits in connection to their work or position.

Ban on Giving Inappropriate Benefits

The Topcon Group does not give out bribes or inappropriate benefits or profits that violate laws, regulations or sound business practices. The Group's employees recognize that bribery is prohibited not only of public-sector officials and employees but also of employees at private-sector companies depending on the countries involved, and we require our employees to understand the content of laws and regulations in countries and regions related to their work and comply with them.

The Group defines bribery as offering such things as specified below to another party as a way to receive inappropriate benefits or profits in business activities or rewards accepted in exchange for providing inappropriate benefits or profits to others that have some form of value, and applies this definition to such parties as identified below.

- Officials at foreign or domestic government bodies, including state-owned enterprises or international organizations (applies to former officials at such bodies);
- Politicians, including candidates for office, political organizations, and their employees;
- General customers regardless of whether they are a legal corporate entity or an individual.

Bribery is not limited to monetary payments but can include business entertainment, receptions, gifts, donations, gratuities or other forms of benefits regardless of the monetary sum or value involved. In cases where active intermediaries such as agents are working on behalf of the Topcon Group, rules have been established to prohibit employees etc. from coercing agents to commit any of the aforementioned deeds and to clearly determine in advance a reasonable set of boundaries for the services and compensation of intermediaries such as agents.

Ban on Acceptance of Personal Benefits

The Topcon Group prohibits Group employees from accepting offers for or demanding personal benefits in connection to their work or position. That said, in cases where customers or suppliers propose to offer business entertainment, organize a reception or give gifts etc. within the bounds of common sense and the law, regulations, and sound business practices of the country or regions involved, we grant exceptions only for those cases where there is minimal risk the business entertainment, reception or gift etc. will influence decision-making at the Topcon Group. Our rules require Group employees to refuse all requests for benefits with a large monetary value or that are extravagant in ways that go beyond common practice.

Other Items

Quality Assurance

The Topcon Group will do its utmost to improve quality at all stages from development and design to manufacturing, sales, and services and supply highly reliable products that contribute to the development of our customers' businesses, as set out in the TOPCON WAY. In these ways, the Topcon Group emphasizes quality assurance.

For these reasons, we perform quality assurance activities that place a high value on the four following commitments: 1) provide services and safe, high-quality products that respond to customer requirements via our dedication to a "customer-orientation" and "quality-first" approach; 2) build in quality via full employee participation across all functions from development and design to manufacturing, procurement, sales and after-service; 3) comply with the laws and regulations of each country relevant to our businesses, widely accepted rules and norms, notifications, guidelines, standards, contracts with customers, and

internal company rules as well as understand and comply with the controlled substance laws and other relevant laws and regulations of each country regarding medical equipment manufacturing and sales; and 4) immediately confirm relevant facts and take proper steps in cases where we obtain information regarding accidents involving our services or products and strive to pursue actual causes and work to prevent recurrence.

Procurement Activities

In recognition of suppliers as a presence that make a sizeable contribution to our business success, the Topcon Group seeks to conduct honest transactions with suppliers. For procurement, we have established rules for procuring supplies based on a comprehensive and fair valuation that takes into account environmental considerations, the Group's need to secure a stable supply as well as quality, price, delivery, and after-sales service.

Corporate Governance

The Topcon Group is managed sincerely in a way that respects corporate ethics by improving and bolstering corporate governance, adopting a comprehensive approach to compliance, and reinforcing risk management. Through the promotion of such systems and approaches, we enhance management transparency and impartiality, and translate these into sustainable growth, increases in corporate value over the medium and long term, and the securing of further trust from our stakeholders.

To realize an approach to corporate governance that facilitates rapid decision-making, we established Topcon Corporate Governance guidelines on November 25, 2015 and posted them to our website.

Our Basic Approach to Corporate Governance

A company is a social institution. It is more than merely an economic entity pursuing profits through free competition. We understand that a company must be of service to society.

This is why we, the Topcon Group, believe that in addition to maintaining management soundness and transparency, corporate governance must also properly promote business efficiency. As a company, we work to fulfill our social responsibilities to all our stakeholders, keeping in mind that management decisions affect them.

In April 2011, we revised and combined our Management Philosophy, Management Policies, and Code of Business Conduct, creating the TOPCON WAY, the highest shared values of the Topcon Group.

As each group employee puts the TOPCON WAY into practice, we strive to remain a company that enjoys the trust of and shares a common vision with all of our stakeholders. At the same time, as we approach our 100th anniversary, we have recommitted to improving profitability by acting ahead of expected changes in the business environment, as well as to continue to improve the quality of our management.

Corporate Governance Structure

The Board of Auditors consists of four members (two of which are outside corporate auditors) that examine decision-making and business execution by directors. Meanwhile, the Board of Directors is comprised of nine members (two of which are outside directors). The Board of Directors meets regularly once a month and extraordinary meetings are convened if necessary. The outside directors and outside corporate auditors remain independent of management and maintain a neutral stance.

Topcon has adopted the Executive Officer System of management. By entrusting day-to-day execution to executive officers, the company has separated the supervisory function of directors and the Board of Directors and the business execution function of executive officers. This system allows for the appropriate and timely response to rapid changes in the business environment.

As a general rule, the Executive Officers Meeting (attended by corporate auditors and executive officers) is held weekly. Meeting agenda items include analyses of the business environment, discussions of mid-term business plans and

budgets, information sharing on progress versus budget and other data, deliberation on important corporate decisions, thoroughness in attaining the purpose of compliance activities, and discussions on a variety of other matters to ensure the fairness and transparency of management decisions.

In our corporate governance system, relevant information and knowledge relating to our business activities must be provided to directors and corporate auditors so they can properly perform their roles and fulfill their duties. We provide them with orientation training on corporate governance and laws and regulations relating to the Group's businesses when they join, and offer them ongoing training thereafter as they continue on in their roles.

Moreover, we explain our Group businesses and organizational structure to outside directors and outside corporate auditors when they join the Board of Directors or the Board of Auditors, respectively, and we continue to provide them with the information they need regarding the Group's business strategy and challenges and issues it must address.

Systems for Internal Controls

The Topcon Group has put into place the following basic policies for establishing systems for the following internal controls.

1. System to Ensure Directors and Employees Execute Duties in Compliance with Laws and Articles of Incorporation

- The TOPCON WAY shall be established as a common set of values for the entire Topcon Group and the Topcon Global Code of Conduct as a specific guide to conduct; the Topcon Group shall use the company anniversary and other occasions as opportunities for top management to reaffirm the importance of these values and the code of conduct for every director, executive and employee in the Topcon Group; and it shall work continuously to promote awareness through everyday educational activities.
- Important matters that could impact Topcon or the Topcon Group overall shall be determined by the Board of Directors; outside directors shall be selected to maintain and strengthen supervisory functions relating to the execution of duties by directors.
- The Topcon Group shall utilize the Internal Reporting System to uncover issues quickly and work to enhance timely and appropriate responses.
- The Corporate Audit Division, serving as the Group's internal audit department under the direct direction of the president, shall validate the appropriateness and efficacy of compliance and other internal management systems; a system has been put in place to ensure that reports are made in a timely manner to the president and Board of Directors if a major issue is discovered.
- The Topcon Group shall ensure transparency through efforts to make visible the status of business execution, shall put in place a system that ensures timeliness and appropriateness in the disclosure of important corporate information, and shall strive to reform operational processes.

- The Topcon Group shall ensure legal compliance is the highest priority during execution of duties, and in particular, shall create separate internal rules and management systems to strengthen compliance with respect to matters such as the Anti-Monopoly Act, export restrictions, insider trading restrictions, the protection of private/sensitive information, and environmental protection.
- The Topcon Group shall establish guidelines in the Topcon Global Code of Conduct for blocking or ending any relationships with antisocial forces and shall reinforce at a company-wide level a policy of refusing any involvement in the business activities of antisocial forces.

2. System for Preserving and Managing Information Related to Director Duty Execution

- The Topcon Group shall properly preserve and maintain minutes, documents, approval forms, and other important materials related to the Board of Directors and Executive Officers Meeting based on internal company rules such as the Regulations of the Board of Directors, Executive Officers Meeting Regulations, Group Governance Rules, Basic Regulation on Information Security, document handling official regulations and documents preservation standards (rules). (This includes information relating not only to the Board of Directors but also to the Executive Officers Meeting, as the company has adopted the Executive Officer System.)
- The Topcon Group shall put into place a system where directors, corporate auditors, accounting auditors or employees assigned to assist them are able to view important documents when necessary.

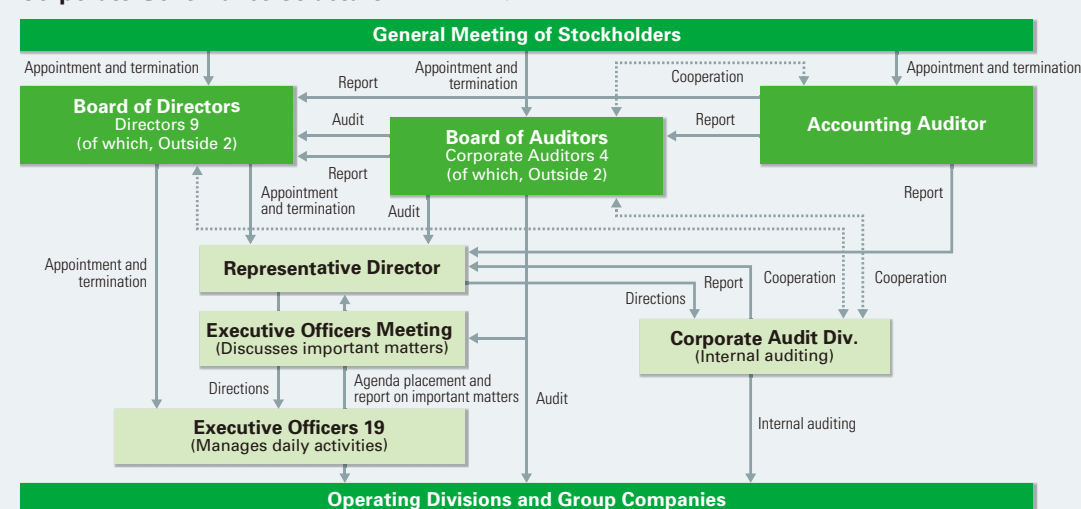
3. Rules and Systems for Managing Risk of Losses

- The Topcon Group shall establish Basic Rules for Risk and Compliance, shall designate individuals responsible for risk management, and shall establish a system capable of responding to any risks facing Topcon or the Topcon Group in a timely and appropriate manner.
- The Internal Reporting System in place allows a person who discovers a risk to report this directly in lieu of going through the normal chain of command. This contributes to the early discovery of risk information and can be useful in facilitating a rapid and appropriate response to situations as well as increase risk management awareness among all directors, executive officers, and employees, including at Group companies. The Internal Reporting System shall be under the control of the Corporate Audit Division, which serves as the internal audit department.
- The Topcon Group has in place the Basic Regulation on Personal Information Protection concerning protection of private information and the Basic Regulation on Information Security regarding confidential information and associated internal rules. It shall seek to keep Topcon Group employees fully informed of these internal rules.

4. System to Ensure Efficient Execution of Director Duties

- The Board of Directors meets once per month (and on other

Corporate Governance Structure (As of June 28, 2016)



Corporate Governance

occasions as needed) to deliberate issues and receive reports about regular agenda items related to management policies, laws and regulations, articles of incorporation, or other important matters related to company management, thereby enhancing its capacity to perform its supervisory function.

- The Topcon Group entrusts day-to-day execution to executive officers and has put in place the Executive Officers Meeting where important business execution issues within the scope of the decision-making authority of the president based on internal rules are deliberated and decided; this system ensures sufficient and substantive discussion by the Board of Directors while enabling decision-making to proceed swiftly.
- The Topcon Group shall execute each of its operations in accordance with appropriate procedures as prescribed in internal rules such as the Regulations of the Board of Directors, Executive Officers Meeting Regulations, Group Governance Rules, and Business Organization Regulations, etc.

5. System for Ensuring Appropriate Business Conduct at the Parent and Group Companies

- The TOPCON WAY shall serve as a set of common values for the entire Group so our employees, regardless of country or region, can transcend national and company borders and form a shared commitment to the same values and evaluation standards across the Group. We shall disseminate and apply the Topcon Global Code of Conduct as a specific guide to conduct at the parent as well as at Group companies and shall work to provide leadership aimed at improving compliance awareness at Group companies.
- With Group Governance Rules in place for Topcon and Group companies and a clearly established set of decision-making standards and reporting items, we shall publicize these rules extensively, shall establish numerous forums during the fiscal year when business execution status is reported, shall share information about progress on their adoption within the Topcon Group, and shall work to provide leadership aimed at improving compliance awareness at Group companies.
- The Corporate Audit Division, which serves as the Group’s internal audit department, shall participate in group company audits in coordination with corporate auditors and accounting auditors in their respective audits so as to ensure appropriate conduct at Topcon group businesses.
- In accordance with stipulations in the Financial Instruments and Exchange Act, Topcon and Group companies have put into place internal controls and systems for implementing them to ensure the reliability and appropriateness of its financial reporting, and it shall continuously evaluate the effectiveness of its internal controls systems and correct them as necessary.

6. Matters related to Employees Assigned to Assist Corporate Auditors

- In response to a request by corporate auditors, employees assigned to the Corporate Audit Division, which serves as the Group’s internal audit department, shall be allowed as necessary to assist corporate auditors in their responsibilities.

7. Matters related to Independence from Directors for Employees Assigned to Assist Corporate Auditors

- The duties of employees assigned to the Corporate Audit Division to assist corporate auditors shall not be subject to influence by directors or executive officers. Reassignments of such employees shall be determined beforehand in consultation with the Board of Auditors.

8. System for Directors/Employees to Report to Corporate Auditors, and Other Reports for Corporate Auditors

- For the purpose of ensuring corporate auditors audit decision-making processes, the Topcon Group shall establish a system where corporate auditors attend meetings of the Board of Directors, Executive Officers Meeting, or other important internal bodies, and can gather information by reading meeting minutes or other records and materials.
- The Topcon Group shall establish a system that allows corporate auditors to receive reports during the fiscal year on operational status from each business execution division in the Company and visit Group companies to conduct audits of their operational status.
- Corporate auditors may, when deemed necessary, require operational reports from directors, executive officers, or employees of the parent or Group companies.
- The Corporate Audit Division shall report on conditions relating to internal audits and the results of those audits to corporate auditors and strive to improve efficiency and cooperation with them.

9. System to Ensure Practicality of Corporate Auditor Audits

- The Board of Directors shall exercise due consideration to allow unhindered audits of the execution of duties by directors such as allowing corporate auditors to attend meetings of the Board of Directors, Executive Officers Meeting, or other important internal bodies, ensure there are opportunities to conduct regular audits of business execution status at the parent as well as group companies, and appoint staff to assist them in the performance of their audit duties.
- Corporate auditors and directors shall establish regular forums to exchange opinions so there are ample opportunities for the input of corporate auditors to be appropriately reflected in management decisions.
- Corporate auditors and accounting auditors shall establish a forum for the exchange of information and opinions.

Director and Corporate Auditor Compensation

Compensation for Topcon directors, excluding outside directors, consists of base salary and performance-linked compensation. Base salary reflects standards that have been established for the function and rank of director, while 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, the Board of Directors approves director compensation, while compensation for corporate auditors is determined in consultation with corporate auditors.

Classification	Total Compensation (Millions of yen)	Compensation by Position (Millions of yen)		Number of Individuals
		Basic Compensation	Executive Bonuses	
Directors (excluding outside directors)	122	110	12	9
Corporate Auditors (excluding outside corporate auditors)	37	37	—	3
Outside Officers	33	33	—	5

Notes: 1. As of March 31, 2016, Topcon had seven 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 ¥72 million in compensation (including bonuses) to directors who also served as employees.
3. As of March 31, 2016, 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, 2016, 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.

Outside Directors and Corporate Auditors

Topcon has two outside directors and two outside corporate auditors, which all meet the criteria established by the Tokyo Stock Exchange for “independent directors.” Outside directors are appointed to directly provide external perspectives to management and strengthen the monitoring and supervision functions carried out by the Board of Directors. The audit function performed by outside corporate auditors plays a key role in fortifying independent supervision of management. Also, given the importance of the management supervisory functions of outside directors and outside corporate auditors, we aim to select outside directors and outside corporate auditors that have a comprehensive view of corporate management and Topcon’s businesses, and that are entirely independent.

Mr. Kazuyuki Matsumoto has extensive experience and gained wide-ranging knowledge while serving for many years as a corporate executive at Nabtesco Corporation, and we believe he can contribute to upholding and enhancing management transparency and soundness and reinforcing corporate governance, so we regard him as highly qualified to serve as an outside director. We have also welcomed his suggestions concerning overall management such as those for our management strategy and global management approach.

Mr. Akira Sudo served for many years as a corporate executive at Toshiba Corporation and brings, in particular, a deep and broad range of experience and knowledge regarding R&D, and we believe he can contribute to upholding

and enhancing management transparency and soundness and reinforcing corporate governance, so we regard him as highly qualified to serve as an outside director. We have also welcomed his suggestions concerning our overall approach to engineering and technology, especially with regards to R&D.

Risk Compliance

Topcon has established Basic Rules for Risk and Compliance and put in place a framework that designates individuals responsible for risk management, enabling swift and appropriate responses to all risks that arise for Topcon and the Group. Significant risks are addressed in the Risk-Compliance Committee.

The Company trains and educates its employees about the Topcon Global Code of Conduct, human rights, harassment, workplace safety, environmental issues, export management, information security and other matters related to risk and compliance, maximizing corporate value, and minimizing risk.

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. The three parties hold preliminary and reciprocal discussions to confer about audit planning and audit implementation policy, exchanging information on the progress of audits during the fiscal year, and informing each other of audit results when drafting the audit reports.

(Millions of yen)	
Accounting Auditor’s compensation in fiscal 2015	73
Total amount of cash and other material benefits payable to Accounting Auditor by the Company and its subsidiaries	112

Promoting Active Participation in General Meetings of Shareholders and Smooth Exercise of Voting Rights

Topcon promotes active participation in its General Meetings of Shareholders by distributing the notice of convocation for ordinary general meetings of shareholders three weeks ahead of the meeting and selecting meeting dates that avoid conflicting with the meetings of other companies. The Company seeks to promote an environment that encourages shareholders to exercise their voting rights by enabling voting via the Internet on a dedicated web site.

Information Disclosure

Topcon conducts its IR activities with the objective of deepening understanding of the Company so all shareholders and investors will form an accurate evaluation of its value. The Company thus makes every effort to respond in good faith in accordance with a policy of proactive and continuous information disclosure that is implemented fairly, swiftly, and accurately.

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 FY2015, export control staffs from Japan and the U.S. companies conducted audit on group companies located in the Germany, Republic of Singapore, and the China to reinforce the export control system.

2. Providing export control educations

To raise employees' awareness about compliance, we provided 23 training sessions for new employees, mid-career employees and others engaged in export control in FY2015 and 162 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 administrating 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).

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. In the FY2015, there has been of a significant change in world affairs, such as the restoration of diplomatic relations between the US and Cuba, relaxation of Iran sanctions and regulations in response to the arrival date of JCPOA, and diplomatic ties between Iran and Saudi Arabia. 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.



Topcon for Human Life

FINANCE

48 Consolidated Ten-year Summary

50 Fiscal 2015 Management's Discussion and Analysis

54 Consolidated Financial Statements

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Net Assets

Consolidated Statements of Cash Flows

Consolidated Ten-year Summary

Topcon Corporation and Consolidated Subsidiaries

	Millions of yen									Thousands of U.S. dollars	
	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2016/3
Operating results											
Net sales	¥ 110,490	¥ 110,818	¥ 112,666	¥ 94,862	¥ 102,470	¥ 98,834	¥ 97,345	¥ 116,685	¥ 128,569	¥ 130,735	\$ 1,161,469
Positioning Company (Positioning Business)	53,631	50,928	58,031	49,350	51,559	52,656	→ 37,824 → 29,839	48,959	58,672	61,977	550,613
Smart Infrastructure Company								34,621	33,909	32,989	293,079
Eye Care Company (Eye Care Business)	38,464	39,828	33,503	31,561	30,946	32,598	31,073	38,736	41,240	43,834	389,428
Other Businesses (Finetech Business)	18,394	20,061	21,131	13,950	19,964	13,579	9,262	6,625	6,558	4,997	44,394
Elimination							(10,653)	(12,258)	(11,812)	(13,063)	(116,054)
Overseas sales	80,575	81,027	83,684	69,138	74,210	73,949	72,711	89,187	97,568	102,794	913,237
Cost of sales	59,650	61,948	73,661	54,636	61,408	60,716	54,517	61,034	62,299	65,093	578,296
Gross profit	50,839	48,869	39,004	40,226	41,061	38,118	42,828	55,651	66,269	65,642	583,173
Selling, general and administrative expenses	35,563	37,894	45,949	38,821	39,261	36,037	37,613	43,920	50,227	56,839	504,966
Operating income (loss)	15,276	10,975	(6,944)	1,405	1,799	2,080	5,214	11,730	16,041	8,803	78,207
Ordinary income (loss)	14,233	9,205	(9,326)	545	608	467	3,471	11,300	14,880	7,366	65,441
Profit (loss) attributable to owners of parent	8,549	7,736	(9,992)	133	(1,288)	(3,686)	511	5,963	8,670	4,197	37,287
Capital expenditures	3,012	2,893	2,620	2,109	4,499	3,443	3,297	3,692	5,070	5,203	46,224
Depreciation and amortization	3,018	3,478	4,619	4,531	3,689	3,115	3,384	3,803	3,732	4,715	41,889
Amortization of goodwill	268	268	1,828	1,846	1,596	1,660	1,618	1,782	1,833	2,546	22,619
R&D expenditures	9,424	10,178	11,589	9,609	10,275	8,707	8,221	9,184	10,677	11,329	100,649
Free cash flows	1,019	(16,185)	(6,991)	1,112	(7,903)	(3,575)	1,862	4,599	7,951	(23,121)	(205,410)
Net cash provided by (used in) operating activities	6,708	6,904	(1,267)	3,755	(934)	47	3,474	8,132	17,143	3,979	35,350
Net cash provided by (used in) investing activities	(5,689)	(23,090)	(5,724)	(2,643)	(6,969)	(3,622)	(1,611)	(3,532)	(9,192)	(27,100)	(240,760)
Net cash provided by (used in) financing activities	(1,123)	23,761	5,667	1,468	4,761	3,467	976	(6,877)	(7,602)	22,889	203,349
Financial position											
Shareholders' equity	¥ 54,689	¥ 56,082	¥ 39,801	¥ 40,490	¥ 36,908	¥ 32,667	¥ 48,474	¥ 53,598	¥ 63,460	¥ 58,311	\$ 518,044
Total assets	99,859	139,362	119,702	125,539	124,816	120,777	129,503	135,818	143,181	166,542	1,479,584
Interest-bearing liabilities	14,068	43,329	49,706	51,501	55,300	58,882	50,629	47,733	44,014	70,442	625,817
Per share data (¥, \$)											
Stock price (end of term)	¥ 1,800	¥ 785	¥ 382	¥ 517	¥ 440	¥ 550	¥ 857	¥ 1,692	¥ 2,948	¥ 1,484	\$ 13.18
Earnings per share (EPS)	92.30	83.52	(107.89)	1.44	(13.91)	(39.80)	5.48	55.21	80.27	38.97	0.35
Net assets per share (BPS)	590.45	605.49	429.72	437.17	398.50	352.71	448.77	496.22	587.52	550.04	4.89
Management indicators											
Gross profit ratio (%)	46.0	44.1	34.6	42.4	40.1	38.6	44.0	47.7	51.5	50.2	
Operating income ratio (%)	13.8	9.9	(6.2)	1.5	1.8	2.1	5.4	10.1	12.5	6.7	
Net income ratio (%)	7.7	7.0	(8.9)	0.1	(1.3)	(3.7)	0.5	5.1	6.7	3.2	
Ratio of R&D expenditures to net sales (%)	8.5	9.2	10.3	10.1	10.0	8.8	8.4	7.9	8.3	8.7	
Overseas sales ratio (%)	72.9	73.1	74.3	72.9	72.4	74.8	74.7	76.4	75.9	78.6	
Return on assets (ROA) (%)	9.0	6.5	(7.7)	0.1	(1.0)	(3.0)	0.4	4.4	6.1	2.7	
Return on equity (ROE) (%)	16.7	14.0	(20.8)	0.3	(3.3)	(10.6)	1.3	11.7	14.8	6.9	
Return on invested capital (ROIC) (%)	14.8	7.3	(5.2)	1.1	1.3	1.6	3.8	7.9	10.9	5.4	
Price earnings ratio (PER) (times)	19.5	9.4	—	358.0	—	—	156.3	30.7	36.7	38.1	
Price book-value ratio (PBR) (times)	3.0	1.3	0.9	1.2	1.1	1.6	1.9	3.4	5.0	2.7	
Equity ratio (%)	54.8	40.2	33.2	32.3	29.6	27.0	37.4	39.5	44.3	35.0	
Total assets turnover ratio (times/year)	1.17	0.93	0.87	0.77	0.82	0.80	0.78	0.88	0.92	0.84	
D/E ratio (%)	25.7	77.3	124.9	127.2	149.8	180.3	104.4	89.1	69.3	120.8	
Dividend payout ratio (%)	21.7	19.2	—	277.0	—	—	109.4	18.1	19.9	61.6	
Fixed assets turnover ratio (times/year)	3.58	2.71	2.38	2.18	2.39	2.30	2.35	2.92	3.15	2.58	
Inventory turnover ratio (times/year)	6.13	4.78	4.63	4.19	4.28	4.23	4.06	4.18	4.28	4.22	
Current ratio (%)	181.7	146.0	197.4	177.4	157.1	141.2	163.0	192.7	174.7	216.9	
Interest coverage ratio (times)	9.7	6.3	—	2.9	—	—	3.0	8.1	19.0	4.3	

Notes: 1. For the sake of convenience, the US\$ is converted at a rate of ¥112.56/US\$ as of March 31, 2016. We referenced the Tokyo foreign exchange market rate.
2. Data in parentheses represent negative figures/amounts.
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 Fine-tech Business Unit was discontinued as of April 1, 2012.

Fiscal 2015 Management’s Discussion and Analysis

Market Environment

The economic environment in fiscal 2015, ended March 31, 2016, was mixed. The United States experienced moderate economic expansion fueled largely by consumer spending. The European economy witnessed a modest recovery supported by higher internal demand. In contrast, the risk posed by the economic slowdown in China and other emerging market countries increased, leading to a heightened sense of caution about future prospects.

Despite indications of a modest recovery in the Japanese economy, supported by the policies of the Japanese government and the Bank of Japan, the positive turnaround lost momentum in light of slowing growth in China from the turn of the year, sharp appreciation in the value of the yen, and falling crude oil prices.

Under these circumstances, the Topcon Group pressed forward with measures to transform its corporate culture in line with the values articulated in the TOPCON WAY, while striving to expand businesses in growth markets and realize profitable, sustained growth through creative thinking under the slogan “Creativity & Growth.”

Consolidated Results

In fiscal 2015, the Topcon Group’s consolidated net sales increased 1.7% year on year to ¥130,735 million, primarily as a result of higher sales in the United States, Europe, and Asia as well as the impact of movements in foreign exchange rates.

From a profit perspective, earnings increased on the back of such factors as the upswing in sales. Results were also buoyed by the implementation of various profit recovery measures in response to changes in market conditions. These included cutbacks in overhead operating expenses includes efforts to streamline the Group’s workforce in North

America and Europe, the launch of strategic products, efforts to reduce product costs, and the shift toward sales of high-value-added products. Despite these endeavors, market changes resulting from such factors as prolonged stagnation in the IT agriculture market and the slowdown of growth rates in overseas economies exceeded expectations. At the same time, expenses for product development aimed at expanding the Group’s business domains and investments to strengthen backbone systems increased. Accounting for each of these factors, operating income decreased 45.1% year on year to ¥8,803 million, ordinary income decreased 50.5% to ¥7,366 million, and profit attributable to owners of the parent decreased 51.6% to ¥4,197 million.

Segment Information

At the Positioning Company, net sales increased 5.6% year on year to ¥61,977 million mainly due to the addition of sales of newly acquired companies in the United States and Europe. Operating income decreased 64.1% to ¥2,385 million as a result of a variety of factors including stagnation in the IT agriculture market caused by the drop in grain prices in agricultural markets, the impact of falling resource prices in the United States and Australia, and an increase in R&D expenditures in new business domains.

At the Smart Infrastructure Company, net sales decreased 2.7% year on year to ¥32,989 million on lower sales in Japan. While the Group experienced growth in Asia, this was offset by the temporary lull in earthquake reconstruction demand and other factors. Operating income decreased 34.5% to ¥3,909 million as a result of the impact of an increase in R&D expenditures for the release of new products and expenses for the launch of a new backbone system.

At the Eye Care Company, net sales increased 6.3% year on year to ¥43,834 million on growth in the United States,

Asia, and Japan. Operating income decreased 4.8% to ¥4,850 million. Despite contributions from strong sales of highly profitable products, this decrease was largely attributable to the impact of such factors as the increase in expenses for the launch of a new backbone system.

Financial Position

Assets

As of March 31, 2016, total assets stood at ¥166,542 million, an increase of ¥23,361 million compared with the end of the previous fiscal year.

1. Current assets: Current assets came to ¥107,663 million, an increase of ¥6,717 million compared with the end of the previous fiscal year, primarily due to growth in inventories.
2. Non-current assets: Non-current assets came to ¥58,879 million, up ¥16,644 million compared with the end of the previous fiscal year. This mainly reflected the increase in intangible assets.

Liabilities

As of March 31, 2016, total liabilities stood at ¥105,399 million, up ¥26,828 million compared with the end of the previous fiscal year.

1. Current liabilities: Current liabilities amounted to ¥49,628 million, down ¥8,166 million compared with the end of the previous fiscal year, owing primarily to the decrease in short-term loans payable.
2. Non-current liabilities: Non-current liabilities totaled ¥55,770 million, up ¥34,994 million compared with the end of the previous fiscal year. This was largely attributable to the increase in long-term loans payable and bonds payable.

Net Assets

As of March 31, 2016, total net assets amounted to ¥61,143 million, a decrease of ¥3,467 million compared with the

end of the previous fiscal year. This was largely due to decreases in treasury shares and foreign currency translation adjustment.

Cash Flows

In fiscal 2015, cash and cash equivalents (hereinafter referred to as “net cash”) decreased by ¥752 million compared with the end of the previous fiscal year, to ¥15,499 million. This was mainly due to the outflow of cash attributable to the purchase of shares of subsidiaries as well as the purchase of treasury shares, which more than offset the inflow of cash from such factors as the issuance of bonds and the net increase in loans payable.

Net Cash Provided by Operating Activities

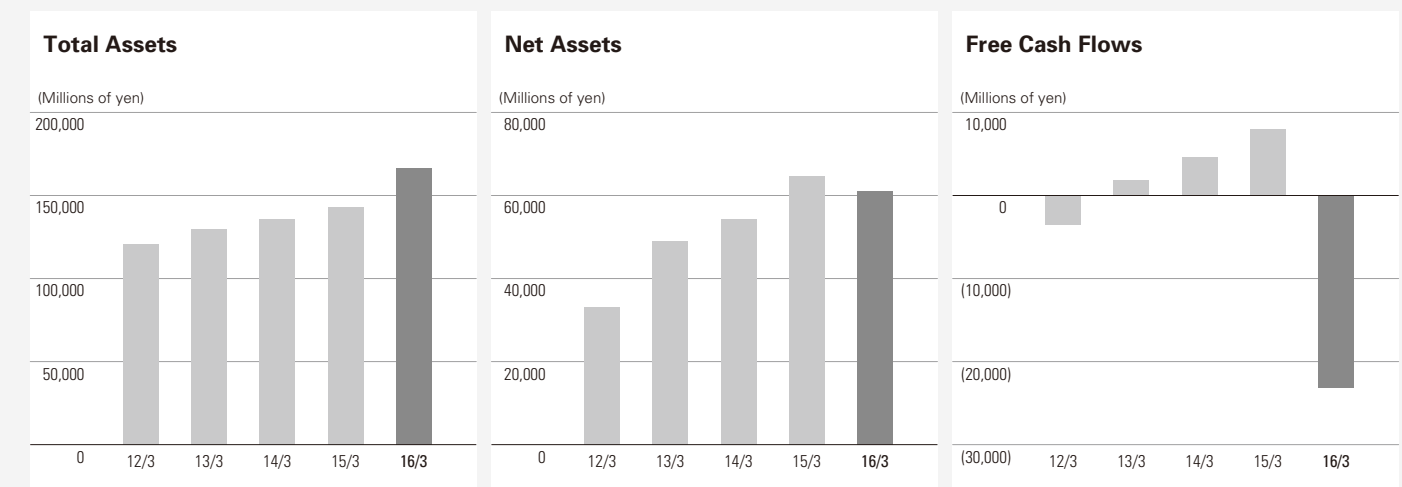
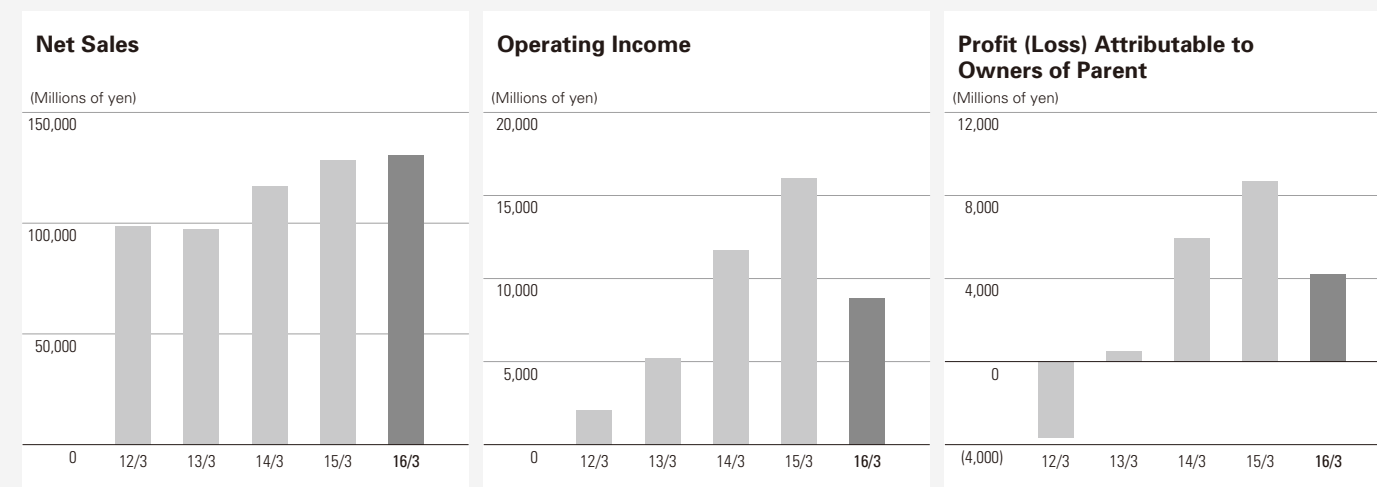
In fiscal 2015, net cash provided by operating activities amounted to ¥3,979 million, down from ¥17,143 million in the previous fiscal year. Major cash inflows included profit before income taxes of ¥7,307 million. The principal cash outflow came from the net increase in inventories, which amounted to ¥5,396 million.

Net Cash Used in Investing Activities

In fiscal 2015, net cash used in investing activities came to ¥27,100 million, up from ¥9,192 million in the previous fiscal year. This was primarily due to outflows of ¥20,958 million for the purchase of shares of subsidiaries and ¥5,024 million for the purchase of property, plant and equipment.

Net Cash Provided by Financing Activities

In fiscal 2015, net cash provided by financing activities amounted to ¥22,889 million compared with net cash used in financing activities of ¥7,602 million in the previous fiscal year. The principal cash inflow was for the issuance of bonds totaling ¥20,000 million.



Capital Expenditures

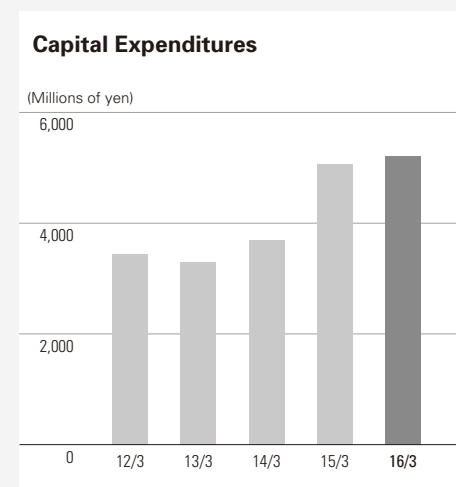
Total capital expenditures for the Topcon Group amounted to ¥5,203 million in fiscal 2015. By business segment, capital expenditures were ¥2,133 million for the Positioning Company, ¥1,725 million for the Smart Infrastructure Company, and ¥1,157 million for the Eye Care Company. The main objectives of 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 a resolution of the Board of Directors, without requiring a resolution of the General Meeting of Shareholders, and identify the record date for the year-end dividend as March 31 and for the interim dividend as September 30 each year, as well as allowing for the payment of dividends besides the above with the record date to be determined.

Turning to the payment of dividends for fiscal 2015, the Company's earnings declined compared with the previous fiscal year, which was in line with initial plans. Despite this decline, Topcon paid a year-end dividend of ¥12 per share (compared with an ¥8 per share year-end dividend in fiscal 2014). Taking into account the interim dividend of ¥12 per share (compared with an ¥8 per share interim dividend in fiscal 2014), the full-year dividend payment came to ¥24 per share (compared with the full-year dividend payment of ¥16 per share in fiscal 2014). As far as the allocation of internal reserves is concerned, the Company will work diligently to ensure that funds are effectively applied toward vigorous business development through R&D, capital, and other investments.



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 non-current 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, 2015 and March 31, 2016

	Millions of yen		Thousands of U.S. dollars
	2015/3	2016/3	2016/3
Assets			
Current assets			
Cash and deposits	¥ 16,507	¥ 16,186	\$ 143,799
Notes and accounts receivable—trade	43,210	42,484	377,434
Merchandise and finished goods	19,646	23,867	212,038
Work in process	4,286	1,539	13,673
Raw materials and supplies	6,695	10,595	94,128
Deferred tax assets	6,107	6,299	55,961
Other	5,821	8,189	72,752
Allowance for doubtful accounts	(1,328)	(1,499)	(13,317)
Total current assets	100,946	107,663	956,494
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	4,755	4,904	43,568
Machinery, equipment and vehicles, net	2,226	2,120	18,834
Land	1,888	2,530	22,477
Construction in progress	458	227	2,017
Other, net	2,831	3,481	30,926
Total property, plant and equipment	12,159	13,265	117,848
Intangible assets			
Goodwill	8,555	17,501	155,482
Software	8,024	10,083	89,579
Other	4,500	11,051	98,179
Total intangible assets	21,081	38,636	343,248
Investments and other assets			
Investment securities	3,820	2,721	24,174
Long-term loans receivable	824	178	1,581
Net defined benefit asset	554	—	—
Deferred tax assets	2,306	2,813	24,991
Other	1,567	1,335	11,860
Allowance for doubtful accounts	(79)	(71)	(631)
Total investments and other assets	8,994	6,976	61,976
Total non-current assets	42,235	58,879	523,090
Total assets	¥ 143,181	¥ 166,542	\$ 1,479,584

Notes: 1. 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 ¥112.56/US\$ as of March 31, 2016 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.
2. Data in parentheses represent negative figures/amounts.

	Millions of yen		Thousands of U.S. dollars
	2015/3	2016/3	2016/3
Liabilities			
Current liabilities			
Notes and accounts payable—trade	¥ 12,034	¥ 11,066	\$ 98,312
Short-term loans payable	30,105	23,754	211,034
Lease obligations	156	759	6,743
Accrued expenses	7,876	6,264	55,650
Income taxes payable	2,518	1,204	10,697
Deferred tax liabilities	26	568	5,046
Provision for product warranties	832	894	7,942
Other	4,242	5,116	45,451
Total current liabilities	57,794	49,628	440,903
Non-current liabilities			
Bonds payable	—	20,000	177,683
Long-term loans payable	13,908	20,387	181,121
Lease obligations	185	5,540	49,218
Deferred tax liabilities	20	2,311	20,531
Provision for directors' retirement benefits	48	47	418
Net defined benefit liability	5,481	6,805	60,457
Other	1,130	676	6,006
Total non-current liabilities	20,775	55,770	495,469
Total liabilities	78,570	105,399	936,381
Net assets			
Shareholders' equity			
Capital stock	16,638	16,638	147,814
Capital surplus	20,950	20,950	186,123
Retained earnings	25,030	27,066	240,458
Treasury shares	(60)	(2,088)	(18,550)
Total shareholders' equity	62,558	62,566	555,846
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	763	294	2,612
Deferred gains or losses on hedges	(163)	12	107
Foreign currency translation adjustment	1,341	(2,251)	(19,998)
Remeasurements of defined benefit plans	(1,040)	(2,310)	(20,522)
Total accumulated other comprehensive income	901	(4,255)	(37,802)
Non-controlling interests	1,150	2,832	25,160
Total net assets	64,610	61,143	543,204
Total liabilities and net assets	¥ 143,181	¥ 166,542	\$ 1,479,584

Consolidated Financial Statements

Consolidated Statements of Income

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and March 31, 2016

	Millions of yen		Thousands of U.S. dollars
	2015/3	2016/3	2016/3
Net sales	¥ 128,569	¥ 130,735	\$ 1,161,469
Cost of sales	62,299	65,093	578,296
Gross profit	66,269	65,642	583,173
Selling, general and administrative expenses	50,227	56,839	504,966
Operating income	16,041	8,803	78,207
Non-operating income			
Interest income	81	94	835
Dividend income	41	69	613
Foreign exchange gains	349	—	—
Other	247	284	2,523
Total non-operating income	720	448	3,980
Non-operating expenses			
Interest expenses	875	948	8,422
Share of loss of entities accounted for using equity method	37	63	560
Worker-on-loan expenses	345	—	—
Foreign exchange losses	—	506	4,495
Other	622	367	3,260
Total non-operating expenses	1,881	1,885	16,747
Ordinary income	14,880	7,366	65,441
Extraordinary income			
Gain on sales of investment securities	—	357	3,172
Gain on sales of land	—	192	1,706
Total extraordinary income	—	549	4,877
Extraordinary losses			
Loss on valuation of investment securities	—	335	2,976
Special retirement expenses	—	150	1,333
Loss on retirement of property, plant and equipment	—	73	649
Loss on transfer of business	—	47	418
Free repair expense	861	—	—
Impairment loss	591	—	—
Loss on business withdrawal	413	—	—
Total extraordinary losses	1,865	607	5,393
Profit before income taxes	13,014	7,307	64,916
Income taxes—current	4,145	2,814	25,000
Income taxes—deferred	13	79	702
Total income taxes	4,159	2,893	25,702
Profit	8,855	4,413	39,206
Profit attributable to non-controlling interests	184	216	1,919
Profit attributable to owners of parent	¥ 8,670	¥ 4,197	\$ 37,287

Consolidated Statements of Comprehensive Income

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and March 31, 2016

	Millions of yen		Thousands of U.S. dollars
	2015/3	2016/3	2016/3
Profit	¥ 8,855	¥ 4,413	\$ 39,206
Other comprehensive income			
Valuation difference on available-for-sale securities	294	(468)	(4,158)
Deferred gains or losses on hedges	(115)	175	1,555
Foreign currency translation adjustment	2,209	(3,744)	(33,262)
Retirement benefit adjustments	405	(1,269)	(11,274)
Share of other comprehensive income of associates accounted for using equity method	(9)	(9)	(80)
Total other comprehensive income	2,784	(5,316)	(47,228)
Comprehensive income	11,639	(903)	(8,022)
Comprehensive income attributable to:			
Owners of the parent	11,308	(959)	(8,520)
Non-controlling interests	330	55	489

Consolidated Statements of Changes in Net Assets

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and March 31, 2016

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling 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 2014	¥ 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)
Profit attributable to owners of parent			8,670		8,670							8,670
Purchase of treasury stock				(2)	(2)							(2)
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 beginning of fiscal 2015	¥ 16,638	¥ 20,950	¥ 25,030	¥ (60)	¥ 62,558	¥ 763	¥ (163)	¥ 1,341	¥ (1,040)	¥ 901	¥ 1,150	¥ 64,610
Changes of items during the period												
Dividends from surplus			(2,160)		(2,160)							(2,160)
Profit attributable to owners of parent			4,197		4,197							4,197
Purchase of treasury stock				(2,028)	(2,028)							(2,028)
Other			(1)		(1)							(1)
Net change of items other than shareholders' equity						(468)	175	(3,593)	(1,269)	(5,156)	1,682	(3,474)
Total changes of items during the period	—	—	2,035	(2,028)	7	(468)	175	(3,593)	(1,269)	(5,156)	1,682	(3,467)
Balance at the end of fiscal 2015	¥ 16,638	¥ 20,950	¥ 27,066	¥ (2,088)	¥ 62,566	¥ 294	¥ 12	¥ (2,251)	¥ (2,310)	¥ (4,255)	¥ 2,832	¥ 61,143

	Thousands of U.S. dollars											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling 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 2015	\$ 147,814	\$ 186,123	\$ 222,370	\$ (533)	\$ 555,775	\$ 6,779	\$ (1,448)	\$ 11,914	\$ (9,240)	\$ 8,005	\$ 10,217	\$ 574,005
Changes of items during the period												
Dividends from surplus			(19,190)		(19,190)							(19,190)
Profit attributable to owners of parent			37,287		37,287							37,287
Purchase of treasury stock				(18,017)	(18,017)							(18,017)
Other			(9)		(9)							(9)
Net change of items other than shareholders' equity						(4,158)	1,555	(31,921)	(11,274)	(45,807)	14,943	(30,864)
Total changes of items during the period	—	—	18,079	(18,017)	62	(4,158)	1,555	(31,921)	(11,274)	(45,807)	14,943	(30,801)
Balance at the end of fiscal 2015	\$ 147,814	\$ 186,123	\$ 240,458	\$ (18,550)	\$ 555,846	\$ 2,612	\$ 107	\$ (19,998)	\$ (20,522)	\$ (37,802)	\$ 25,160	\$ 543,204

Consolidated Financial Statements

Consolidated Statements of Cash Flows

Topcon Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and March 31, 2016

	Millions of yen		Thousands of U.S. dollars
	2015/3	2016/3	2016/3
Cash flows from operating activities			
Profit before income taxes	¥ 13,014	¥ 7,307	\$ 64,916
Depreciation	3,732	4,715	41,889
Amortization of goodwill	1,833	2,546	22,619
Increase (decrease) in allowance for doubtful accounts	(170)	244	2,168
Interest and dividend income	(123)	(164)	(1,457)
Interest expenses	875	948	8,422
Loss on retirement of property, plant and equipment	161	269	2,390
Loss (gain) on sales of property, plant and equipment	—	(192)	(1,706)
Loss (gain) on valuation of investment securities	—	335	2,976
Loss (gain) on sales of investment securities	—	(357)	(3,172)
Share of (profit) loss of entities accounted for using equity method	37	63	560
Impairment loss	591	—	—
Loss on withdrawal from business	413	—	—
Extra retirement payment	—	150	1,333
Loss (gain) on transfer of business	—	47	418
Increase (decrease) in net defined benefit asset	402	76	675
Increase (decrease) in net defined benefit liability	(111)	47	418
Decrease (increase) in notes and accounts receivable—trade	1,414	263	2,337
Decrease (increase) in inventories	837	(5,396)	(47,939)
Decrease (increase) in prepaid expenses	456	(994)	(8,831)
Increase (decrease) in notes and accounts payable—trade	442	(1,520)	(13,504)
Increase (decrease) in accrued expenses	783	6	53
Increase (decrease) in other current liabilities	191	448	3,980
Other, net	(2,707)	229	2,034
Subtotal	22,076	9,077	80,641
Interest and dividend income received	123	165	1,466
Interest expenses paid	(900)	(927)	(8,236)
Payments for extra retirement payments	—	(150)	(1,333)
Income taxes paid	(4,157)	(4,185)	(37,180)
Net cash provided by (used in) operating activities	17,143	3,979	35,350
Cash flows from investing activities			
Payments into time deposits	(250)	(629)	(5,588)
Proceeds from withdrawal of time deposits	261	445	3,953
Purchase of property, plant and equipment	(3,352)	(5,024)	(44,634)
Proceeds from sales of property, plant and equipment	195	439	3,900
Purchase of intangible assets	(2,499)	(1,607)	(14,277)
Purchase of investment securities	(614)	(332)	(2,950)
Proceeds from sales of investment securities	148	620	5,508
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,005)	(20,958)	(186,194)
Payments of long-term loans receivable	(10)	(13)	(115)
Collection of long-term loans receivable	22	5	44
Other, net	(88)	(46)	(409)
Net cash provided by (used in) investing activities	(9,192)	(27,100)	(240,760)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(4,618)	5,909	52,496
Proceeds from long-term loans payable	3,743	8,621	76,590
Repayments of long-term loans payable	(5,003)	(13,275)	(117,937)
Proceeds from issuance of bonds	—	20,000	177,683
Proceeds from sales and leasebacks	—	6,037	53,634
Repayments of finance lease obligations	(269)	(164)	(1,457)
Purchase of treasury shares	(2)	(2,028)	(18,017)
Cash dividends paid	(1,402)	(2,158)	(19,172)
Dividends paid to non-controlling interests	(48)	(51)	(453)
Other, net	(0)	(0)	(0)
Net cash provided by (used in) financing activities	(7,602)	22,889	203,349
Effect of exchange rate change on cash and cash equivalents	782	(521)	(4,629)
Net increase (decrease) in cash and cash equivalents	1,130	(752)	(6,681)
Cash and cash equivalents at beginning of period	15,029	16,252	144,385
Increase in cash and cash equivalents from newly consolidated subsidiary	92	—	—
Cash and cash equivalents at end of period	¥ 16,252	¥ 15,499	\$ 137,695

Corporate Profile and Stock Information

(As of March 31, 2016)

Corporate Profile

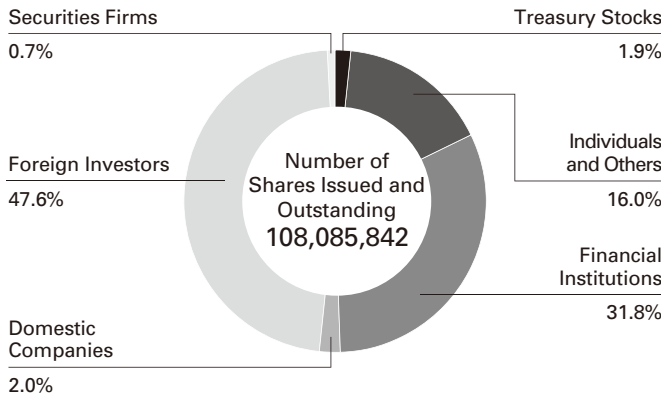
Corporate Name	TOPCON CORPORATION
Headquarters	75-1, Hasunuma-cho, Itabashi-ku, Tokyo 174-8580 Japan
Established	September 1, 1932
Paid in Capital	¥16,638 million
Business Outline	Positioning (GNSS, Machine control systems, Precision agriculture) Smart Infrastructure (Surveying instruments, 3D measurement, Monitoring, BIM) Eye Care (Ophthalmic instruments, Ophthalmologic network systems, Optometric instruments)
Topcon Group	8 (Domestic) 67 (Overseas)
Employees	4,459 (Consolidated) 703 (Non-consolidated)
Number of Authorized Shares	160,000,000
Number of Shares Issued and Outstanding	108,085,842
Stock Exchange Listings	First Section, Tokyo Stock Exchange
Securities Code	7732
Number of Shares per unit	100
Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Ordinary General Meeting of Shareholders	June

Major Shareholders (As of March 31, 2016)

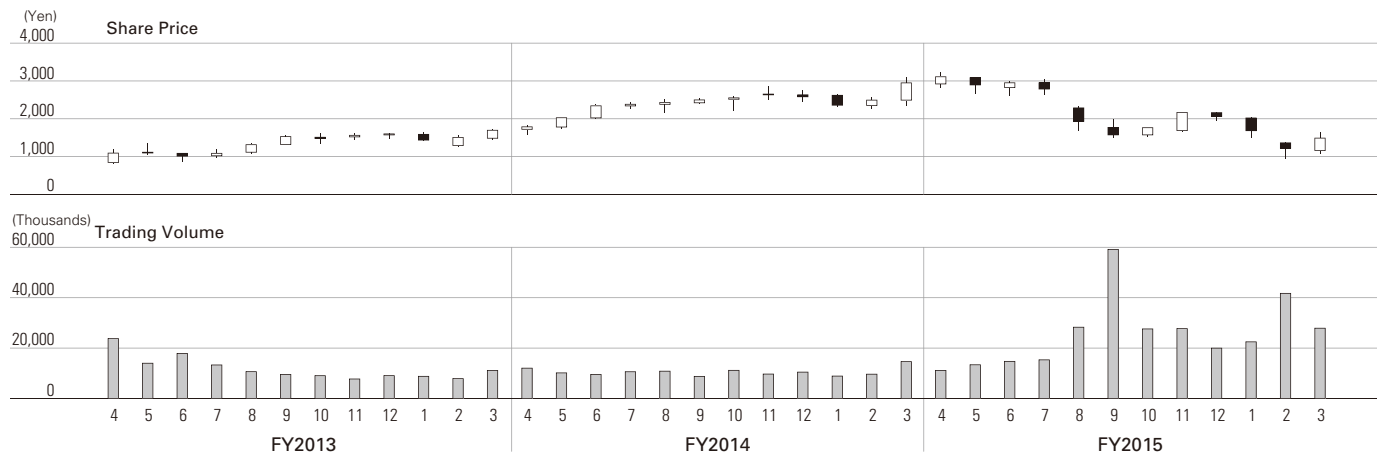
* Number of shares held are rounded down to the hundred and percentage of shares held are rounded down to the second decimal places.

Shareholder	Number of shares held (Hundreds)	Percentage of total shares issued (%)
STATE STREET BANK AND TRUST COMPANY	103,222	9.55
Japan Trustee Services Bank, Ltd. (Trust Account)	72,391	6.70
THE BANK OF NEW YORK 133522	60,311	5.58
Japan Trustee Services Bank, Ltd. (Trust Account 9)	52,390	4.85
TAIYO FUND, L.P.	52,037	4.81
The Dai-ichi Life Insurance Co., Ltd.	43,500	4.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,953	2.96
STATE STREET BANK AND TRUST COMPANY 505019	28,216	2.61
TAIYO HANEI FUND, L.P.	27,132	2.51
JP MORGAN CHASE BANK 380055	26,518	2.45

Breakdown by Type of Shareholders



Share Price and Trading Volume



Company Information

Japanese and Overseas Group Companies

(As of March 31, 2016)

	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
Optonexus 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.	USD 165,000 thousand	100.00
Topcon Positioning Systems, Inc.	California, U.S.A.	Development, production and sales of position-ing products	USD 138,905 thousand	100.00
Cacioppe Communications Companies, Inc.	Michigan, U.S.A.	Sales of positioning products	USD 1 thousand	60.20
Bunce Industries, LLC	Massachusetts, U.S.A.	Sales of positioning products	USD 3,000 thousand	100.00
Bunce Shoring, LLC	New Hampshire, U.S.A.	Sales of positioning products	USD 0 thousand	100.00
Digi-Star LLC	Wisconsin, U.S.A.	Production and sales of positioning products	USD 0 thousand	100.00
NORAC Systems International Inc.	Saskatchewan, Canada	Production and sales of positioning products	CAD 0 thousand	100.00
Productivity Products and Servicies Inc.	Pennsylvania, U.S.A.	Sales of positioning products	USD 1 thousand	80.00
Topcon Medical Systems, Inc.	New Jersey, U.S.A.	Sales of eye care products	USD 16,094 thousand	100.00
Topcon Canada Inc.	Quebec, Canada	Sales of eye care products	CAD 3,872 thousand	100.00
Topcon Medical Laser Systems, Inc.	California, U.S.A.	Development, production and sales of eye care products	USD 10,000 thousand	100.00
TOPCON BRASIL EQUIPAMENTOS MÉDICOS E DE POSICIONAMENTO LTDA.	São Paulo, Brazil	Sales of positioning and eye care products	BRL 10 thousand	100.00

Europe/Africa				
Topcon Europe B.V.	Capelle, Netherlands	Holding company of Topcon Europe Positioning B.V., and Topcon Europe Medical B.V., etc.	EUR 5,437 thousand	100.00
Topcon Europe Positioning B.V.	Capelle, Netherlands	Sales of positioning products	EUR 18 thousand	100.00
Topcon Europe Medical B.V.	Capelle, Netherlands	Sales of eye care products	EUR 18 thousand	100.00
Topcon Deutschland Positioning GmbH	Hamburg, Germany	Sales of positioning products	EUR 25 thousand	100.00
Topcon Deutschland Medical GmbH	Willich, Germany	Sales of eye care products	EUR 2,812 thousand	100.00
Topcon S.A.R.L.	Clichy Cedex, France	Sales of positioning and eye care products	EUR 1,372 thousand	100.00
Topcon España, S.A.	Barcelona, Spain	Sales of eye care products	EUR 961 thousand	100.00
Topcon Scandinavia A.B.	Molndal, Sweden	Sales of eye care products	SEK 5,250 thousand	100.00
Topcon (Great Britain) Ltd.	Newbury, U.K.	Sales of positioning and eye care products	GBP 2,500 thousand	100.00
Topcon Polska Sp. Zo.o.	Warszawska, Poland	Sales of eye care products	PLN 1,330 thousand	100.00
Sokkia N.V.	Brussels, Belgium	Sales of positioning products	EUR 198 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	USD 2 thousand	50.10
Topcon Positioning Italy s.r.l.	Ancona, Italy	Sales of positioning products	EUR 46 thousand	100.00
GEOPRO s.r.l.	Ancona, Italy	Development of positioning products	EUR 10 thousand	51.00
Wachendorff Elektronik GmbH & Co. KG	Geisenheim, Germany	Production and sales of positioning products	EUR 80 thousand	100.00
ifa Systems AG	Frechen, Germany	Production and sales of eye care products	EUR 2,750 thousand	50.10
Topcon Precision Ag Europe S.L.	Madrid, Spain	Sales of positioning products	EUR 0 thousand	100.00
Topcon Positioning Spain, S.L.	Madrid, Spain	Sales of positioning products	EUR 0 thousand	100.00
Topcon Positioning Portugal, L.D.A.	Lavos, Portugal	Sales of positioning products	EUR 0 thousand	100.00
Topcon Positioning Canarias, S.L.	Santa Cruz de Tenerife, Spain	Sales of positioning products	EUR 0 thousand	100.00
DynaRoad Oy	Helsinki, Finland	Development and sales of positioning products	EUR 14 thousand	100.00
TOPFLOOR S.r.l.	Modena, Italy	Development and sales of positioning products	EUR 100 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.	USD 1,420 thousand	100.00
Topcon Singapore Medical Pte. Ltd.	Pacific Tech Centre, Singapore	Sales of eye care products	USD 4,000 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.	USD 3,000 thousand	100.00
Topcon Singapore Positioning Sales Pte. Ltd.	Pacific Tech Centre, Singapore	Sales of smart infrastructure products	USD 1,000 thousand	100.00
Sokkia Singapore Positioning Sales Pte. Ltd.	Pacific Tech Centre, Singapore	Sales of smart infrastructure products	USD 1,000 thousand	100.00
Topcon Instruments (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	Sales of smart infrastructure and eye care products	MYR 6,600 thousand	100.00
Topcon Instruments (Thailand) Co., Ltd.	Bangkok, Thailand	Sales of smart infrastructure and eye care products	THB 19,000 thousand	49.00
Topcon Sokkia India Pvt. Ltd.	Noida, India	Sales of smart infrastructure products	INR 10,973 thousand	100.00
Topcon Optical (H.K.) Ltd.	Hong Kong, China	Sales of smart infrastructure, eye care and other products	HKD 24,251 thousand	100.00
Topcon (Beijing) Opto-Electronics Development Corporation	Beijing, China	Production of smart infrastructure products	CNY 53,340 thousand	75.00
Topcon Optical (Dongguan) Technology Ltd.	Dongguan, China	Sales of smart infrastructure, eye care and other products	USD 12,000 thousand	90.00
Shanghai Topcon-Sokkia Technology and Trading Co., Ltd.	Shanghai, China	Sales of positioning products	USD 1 thousand	100.00
Sokkia Korea Co., Ltd.	Seoul, Korea	Sales of smart infrastructure products	KRW 2,041,700 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.	USD 10,901 thousand	100.00
Topcon Precision Agriculture Pty Ltd.	South Australia, Australia	Development, production and sales of position-ing products	USD 10,901 thousand	100.00
Topcon Positioning Systems (Australia) Pty Ltd.	Queensland, Australia	Development, production and sales of position-ing products	USD 0 thousand	100.00
Topcon Precision Agriculture Africa (Pty) Ltd.	Klerksdorp, South Africa	Sales of positioning products	ZAR 9 thousand	100.00
Topcon HK (BD) Ltd.	Chittagong, Bangladesh	Production of other products	HKD 5,265 thousand	90.00
Topcon Positioning Middle East and Africa FZE	Dubai, UAE	Sales of smart infrastructure products	USD 1,089 thousand	100.00

History of TOPCON

Entered new markets by developing and acquiring new technologies through both proprietary development as well as M&A in each of the Healthcare, Agriculture and Infrastructure fields.



Developed the World's First 3D OCT Entered the 3D Ocular Fundus Imaging Business

Released the 3D optical coherence tomography 3D OCT-1000, a world first in the fusion of OCT with a non-mydratic retinal camera.



Farming Automation Entered the IT Agriculture Business

Acquired KEE Technologies Pty Ltd., an Australia-based company. Entered the precision agriculture field.



Acquired Spatial Position Information Measurement Technology Entered the 3D Measurement Business

Acquired Voxis, Inc., a United States-based company. Released the 3D laser scanner GLS-1000.



Acquired Ophthalmic Laser Photocoagulation Technology Entered the Laser Therapy Equipment Business

Acquired the retina- and laser photocoagulation therapy equipment-related business of OptiMedica Corporation, a United States-based company. Entered the laser therapy equipment field in earnest.

Entered the Optical Industry as a First Step

1932
Our Founding
Established 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 through the production of surveying instruments.

1951
Released Japan's first refractometer, the RM-1.

Ramped Up Global Expansion

1985
Issued 3.8 million shares at market price in a public offering to boost equity funding and strengthen the Company's 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.

Leveraged 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.

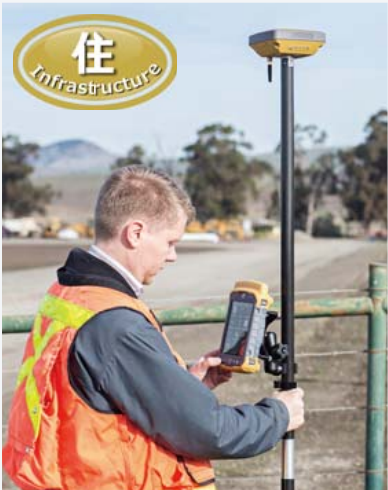
1970
Overseas Expansion
Established Topcon Europe N.V. (currently Topcon Europe B.V.) in the Netherlands.
Established Topcon Instrument Corporation of America (currently Topcon Medical Systems, Inc.) in the United States.

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.

Civil Engineering Construction Automation Entered the Machine Control Business

Acquired Advanced Grade Technology. Entered the machine control business.



Acquired High-Precision GPS Positioning Technology Entered the IT Construction Business

Acquired Javad Positioning Systems, Inc. Released high-precision GPS receiver and related system products.