

[www.topcon.co.jp](http://www.topcon.co.jp)

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Corporate  
Information

Corporate Name	TOPCON CORPORATION
Headquarters	75-1,Hasunuma-cho, Itabashi-ku, Tokyo 174-8580, Japan Tel. +81-3-3966-3141 (directory)
President	Takashi Yokokura
Established	September 1, 1932
Paid in Capital	¥10,297 million (As of March 31, 2006)
Annual Sales	Consolidated:¥102,799 million Non-consolidated:¥46,821 million (Fiscal year ended March 2006)
Number of Shares Outstanding	92,688,342 (As of April 1, 2006)
Total Assets	¥89,379 million (As of March 31, 2006)
Stock Exchange Listings	First Sections of Tokyo and Osaka Stock Exchanges
Domestic Offices	Tokyo, Nagoya, Osaka, Fukuoka
Overseas Offices	Beijing, Shanghai (China) Dubai (The United Arab Emirates) Beirut (The Republic of Lebanon)
Number of Topcon Group	Domestic 10 Overseas 25 (As of July 1, 2006)
Number of Employees	Consolidated: 3,632 Non-consolidated: 1,107 (As of March 31, 2006)
Obtained ISO certifications	ISO 9001 (All business units) ISO 13485 (Ophthalmic & Medical Instruments Division) ISO 14001 (Headquarters)
Business Outline	Positioning Instruments Surveying Systems, GPS Surveying Systems, Laser Instruments, Equipment Automation Systems, Image Measurement Systems Ophthalmic & Medical Instruments Ophthalmic Diagnostic Instruments, Ophthalmic Treatment Instruments, Ophthalmic Management Systems, Refraction Instruments, Lens Finishing Instruments Industrial Instruments Semiconductor Inspection Equipment, Electronic Beam Equipment, Flat Panel Display Equipment, Optical Measurement Instruments Optical Devices Optical Unit for DPPC, Optical Engine for Projectors, Optical Parts for DVD and CD Drives and Players, High Precision Optical Parts





## Organization of TOPCON CORPORATION

(As of June 29, 2006)



President  
Takashi Yokokura



Director, Senior Managing  
Executive Officer  
Isamu Kamata



Director, Senior Managing  
Executive Officer  
Hiromi Yoshino



Director, Senior Managing  
Executive Officer  
Kazuo Okita



Director, Managing  
Executive Officer  
Fumio Ohtomo



Director,  
Executive Officer  
Norio Uchida



Director,  
Executive Officer  
Akira Kamioka



Director,  
Executive Officer  
Hiroshi Fukuzawa



Corporate Auditor  
Akira Ono



Corporate Auditor  
Susumu Hokari



Corporate Auditor  
Kumio Fukuda



Corporate Auditor  
Akinobu Kasami



Executive Officer  
Junichi Daigo



Executive Officer  
Yoshiharu Kaneko



Executive Officer  
Hiroshi Watanabe



Executive Officer  
Toru Tojo



Executive Officer  
Toshio Ushiyama



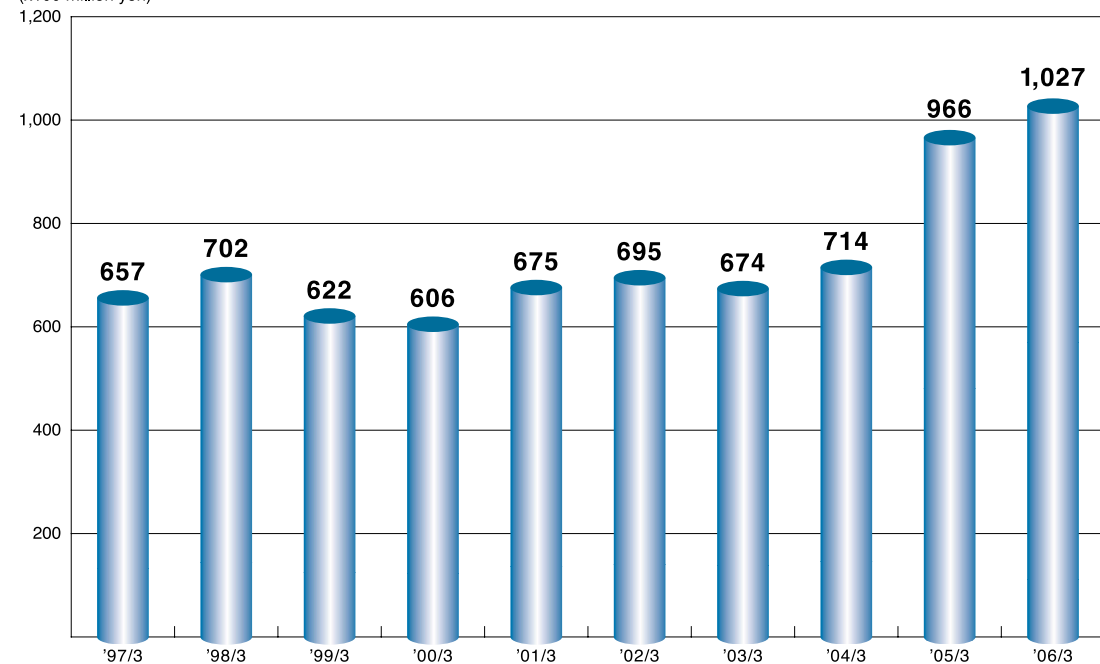
Executive Officer  
Kazunori Shoji



Executive Officer  
Hiroshi Koizumi

## Consolidated Net Sales

(x100 million yen)

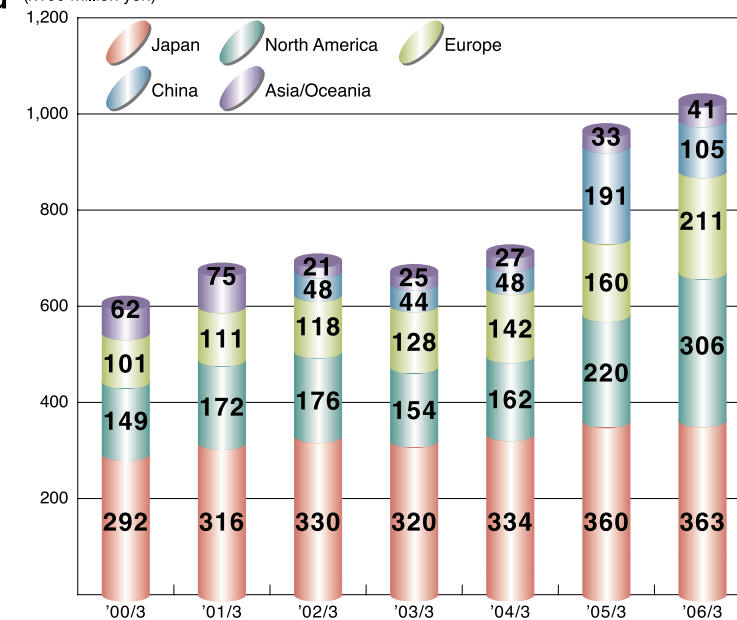


(in million yen)

	'97/3	'98/3	'99/3	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Consolidated Net Sales	65,708	70,228	62,288	60,687	67,569	69,526	67,406	71,480	96,631	102,799

## Consolidated Net Sales (by site)

(x100 million yen)



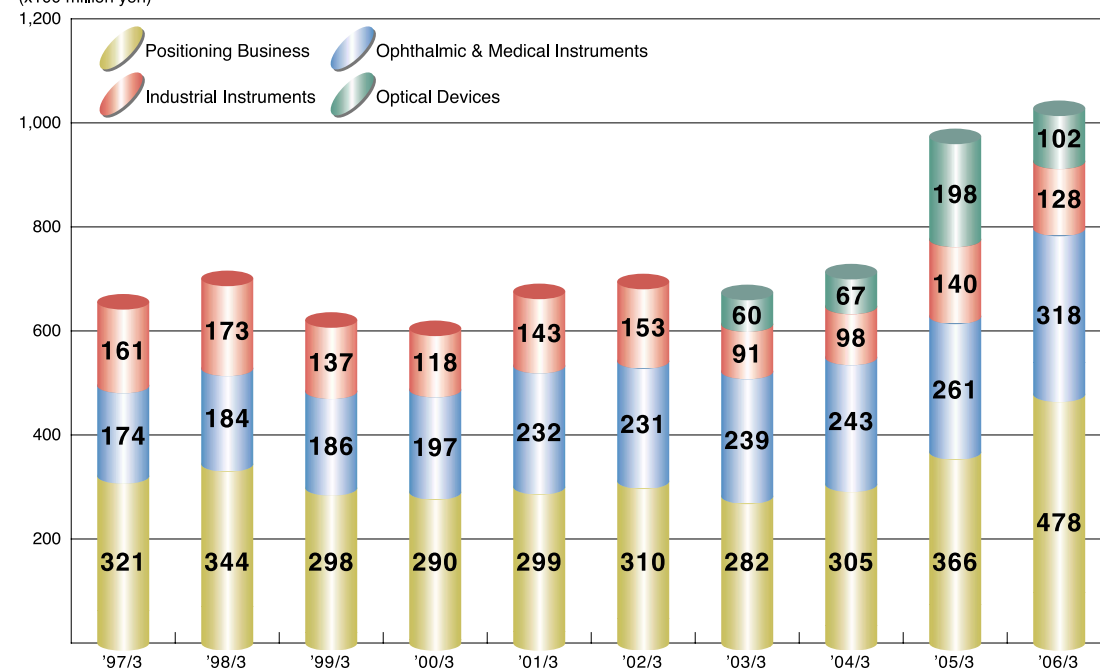
(in million yen)

	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Japan	29,298	31,618	33,013	32,035	33,444	36,053	36,333
North America	14,979	17,264	17,616	15,446	16,224	22,085	30,667
Europe	10,139	11,127	11,841	12,849	14,232	16,034	21,118
China	—	—	4,879	4,483	4,827	19,128	10,577
Asia/Oceania	6,271	7,558	2,175	2,591	2,751	3,330	4,102

\*The sales in China before the fiscal year ended March 2001 are included in Asia / Oceania.

## Consolidated Net Sales (by Business Segment)

(x100 million yen)



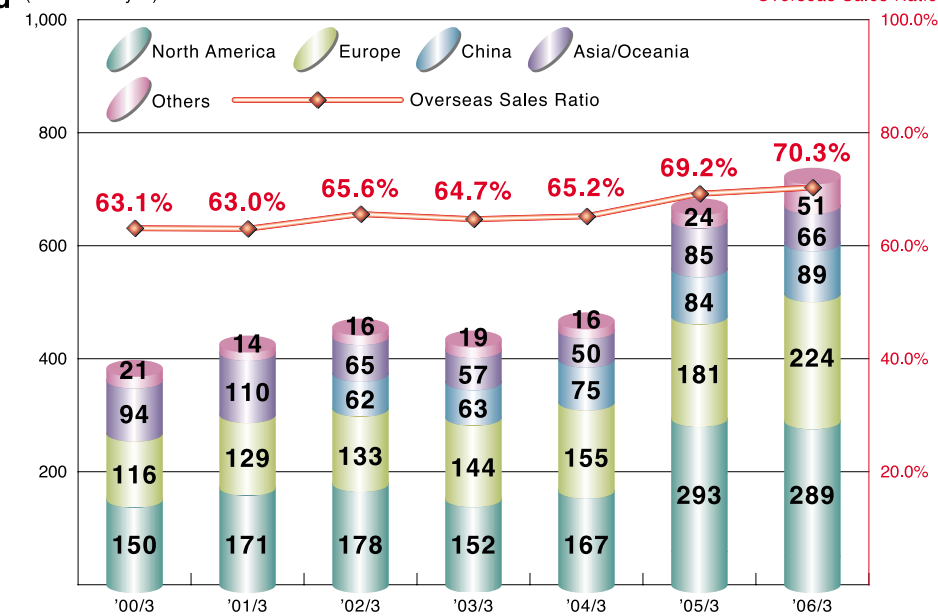
(in million yen)

	'97/3	'98/3	'99/3	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Positioning Business	32,100	34,400	29,800	29,000	29,991	31,070	28,226	30,518	36,652	47,804
Ophthalmic & Medical Instruments	17,400	18,400	18,600	19,700	23,269	23,132	23,958	24,365	26,145	31,864
Industrial Instruments	16,100	17,300	13,700	11,800	14,309	15,324	9,127	9,812	14,012	12,888
Optical Devices	—	—	—	—	—	—	6,093	6,783	19,819	10,241

\*No numerical data by business unit before the year ended March 2000 were available for publication. The approximated values are based on the 3 most significant digits.

## Consolidated Net Sales (overseas)

(x100 million yen)



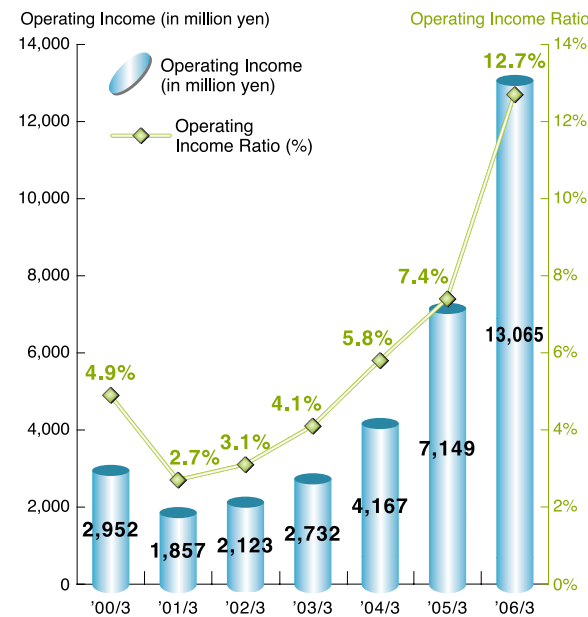
(in million yen)

	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
North America	15,075	17,151	17,871	15,214	16,732	29,368	28,995
Europe	11,652	12,933	13,347	14,419	15,553	18,135	22,485
China	—	—	6,211	6,323	7,550	8,434	8,965
Asia/Oceania	9,427	11,000	6,525	5,737	5,085	8,555	6,621
Others	2,149	1,490	1,681	1,913	1,667	2,400	5,194
Total	38,305	42,576	45,636	43,607	46,589	66,895	72,262
Sales	60,687	67,569	69,526	67,406	71,480	96,631	102,799
Overseas sales ratio (%)	63.1%	63.0%	65.6%	64.7%	65.2%	69.2%	70.3%

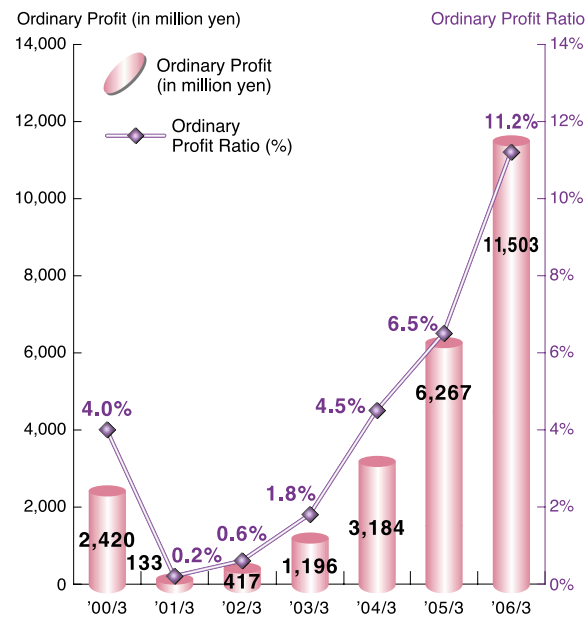
\*The sales to China before the fiscal year ended March 2001 are included in Asia / Oceania.

# Growth Potential Indicators

## Operating Income・Operating Income Ratio

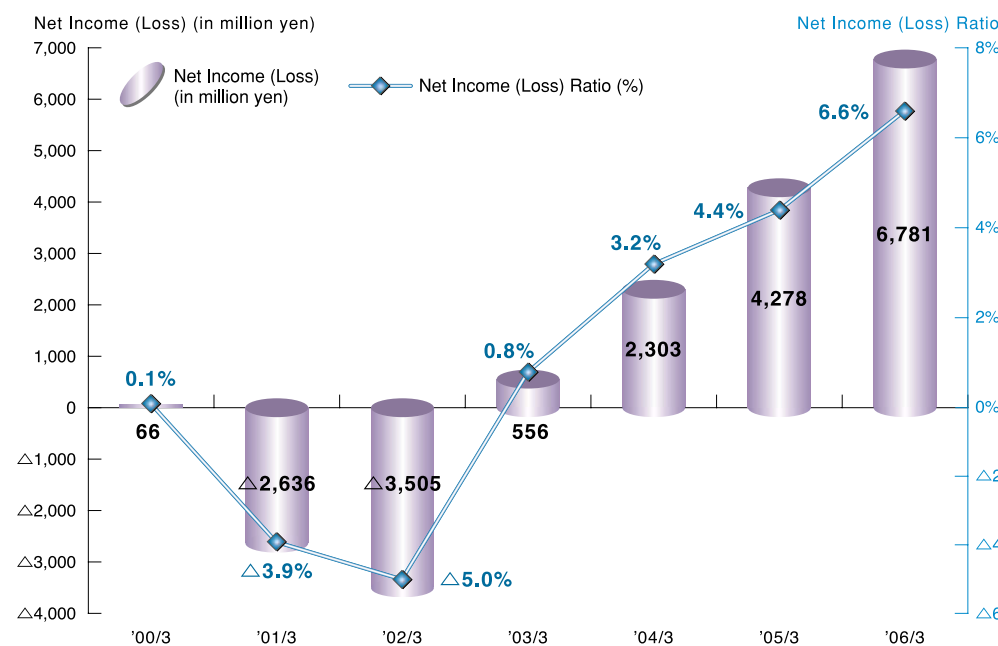


## Ordinary Profit・Ordinary Profit Ratio



	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Sales (in million yen)	60,687	67,569	69,526	67,406	71,480	96,631	102,799
Operating Income (in million yen)	2,952	1,857	2,123	2,732	4,167	7,149	13,065
Operating Income Ratio (%)	4.9%	2.7%	3.1%	4.1%	5.8%	7.4%	12.7%
Ordinary Profit (in million yen)	2,420	133	417	1,196	3,184	6,267	11,503
Ordinary Profit Ratio (%)	4.0%	0.2%	0.6%	1.8%	4.5%	6.5%	11.2%

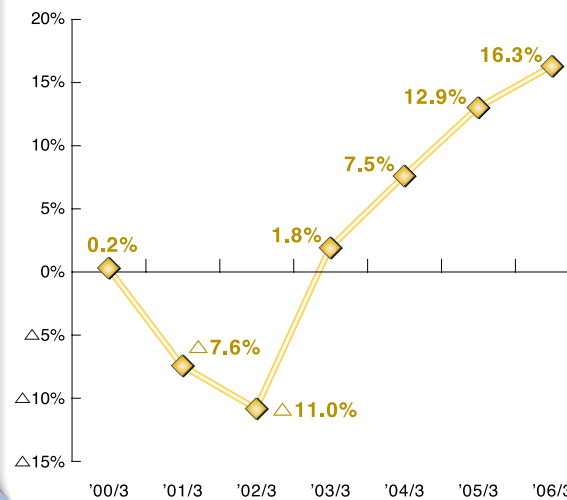
## Net Income (Loss)・Net Income (Loss) Ratio



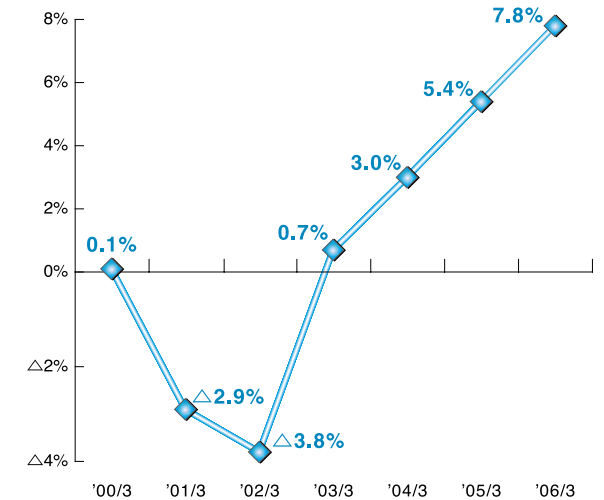
	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Sales (in million yen)	60,687	67,569	69,526	67,406	71,480	96,631	102,799
Net Income (Loss) (in million yen)	66	△2,636	△3,505	556	2,303	4,278	6,781
Net Income (Loss) Ratio (%)	0.1%	△3.9%	△5.0%	0.8%	3.2%	4.4%	6.6%

# Profitability Indicators

## ROE



## ROA



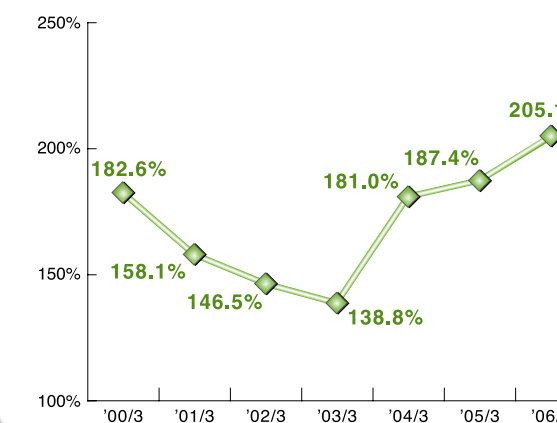
	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Net Income (Loss) (in million yen)	66	△2,636	△3,505	556	2,303	4,278	6,781
Shareholders' Equity (in million yen)	36,073	33,216	30,642	30,137	31,077	35,413	47,780
Average Shareholders' Equity during the period (in million yen)	34,899	34,645	31,929	30,390	30,607	33,245	41,597
ROE (%)	0.2%	△7.6%	△11.0%	1.8%	7.5%	12.9%	16.3%
Total Assets (in million yen)	88,955	95,149	87,444	80,258	74,704	83,758	89,379
Average Total Assets during the period (in million yen)	87,441	92,052	91,297	83,851	77,481	79,231	86,569
ROA (%)	0.1%	△2.9%	△3.8%	0.7%	3.0%	5.4%	7.8%

\*ROE (Return On Equity) = Net Income (Loss) / Average Shareholders' Equity during the period ×100 (%)

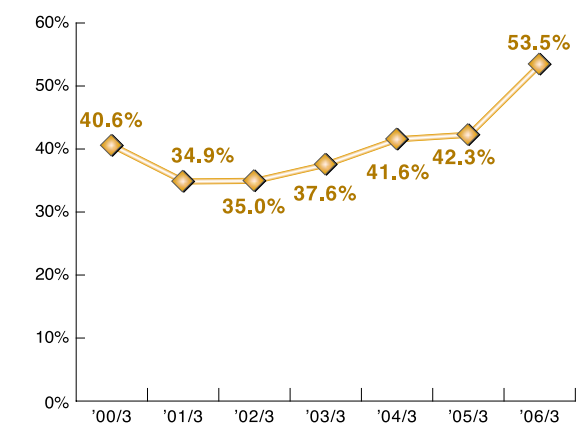
\*ROA (Return On Asset) = Net Income (Loss) / Average Total Assets during the period ×100 (%)

# Safety Indicators

## Current Ratio



## Shareholders' Equity Ratio

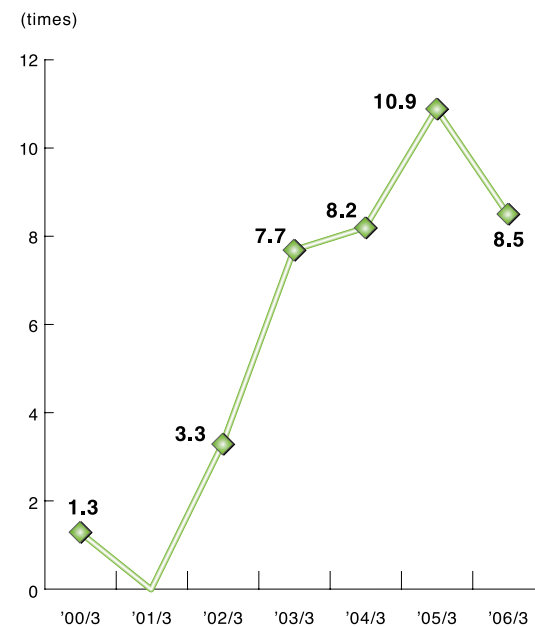


	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Current Assets (in million yen)	69,100	67,758	60,209	56,401	50,739	59,158	59,308
Current Debt (in million yen)	37,846	42,868	41,107	40,632	28,034	31,575	28,918
Current Ratio (%)	182.6%	158.1%	146.5%	138.8%	181.0%	187.4%	205.1%
Shareholders' Equity (in million yen)	36,073	33,216	30,642	30,137	31,077	35,413	47,780
Total Assets (in million yen)	88,955	95,149	87,444	80,258	74,704	83,758	89,379
Shareholders' Equity Ratio (%)	40.6%	34.9%	35.0%	37.6%	41.6%	42.3%	53.5%

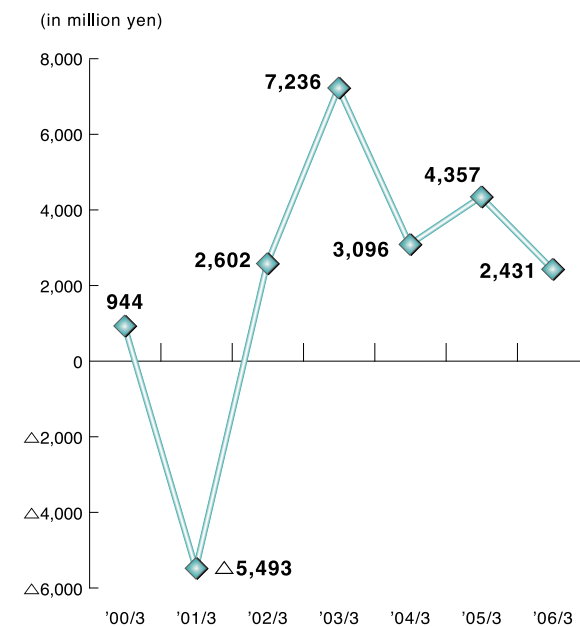
\*Current Ratio = Current Assets / Current Debts×100 (%) \*Shareholders' Equity Ratio = Shareholders' Equity / Total Assets ×100 (%)

# Safety Indicators

## Interest Coverage Ratio



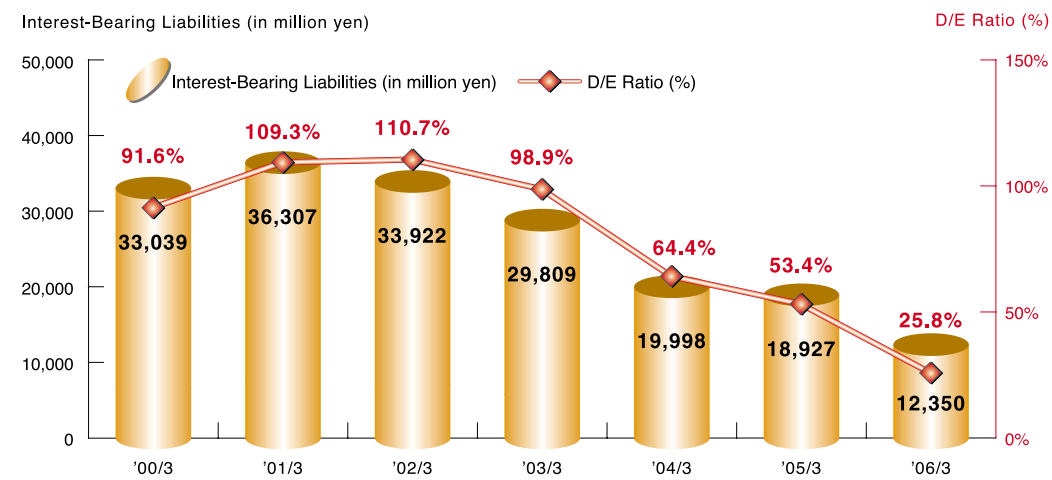
## Free Cash Flow



	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
C/F from Operating Activities (in million yen)	1,761	△402	5,513	8,899	6,090	7,809	6,869
Interest Payment (in million yen)	1,312	1,972	1,671	1,160	743	713	805
Interest Coverage Ratio (times)	1.3	—	3.3	7.7	8.2	10.9	8.5
C/F from Investing activities (in million yen)	△816	△5,091	△2,911	△1,663	△2,994	△3,452	△4,437
Free Cash Flow (in million yen)	944	△5,493	2,602	7,236	3,096	4,357	2,431

\*Interest Coverage Ratio = C/F from Business Activities / Interest Payment \*Free Cash Flow = C/F from Business Activities + C/F from Investments

## Interest-Bearing Liabilities, D/E Ratio

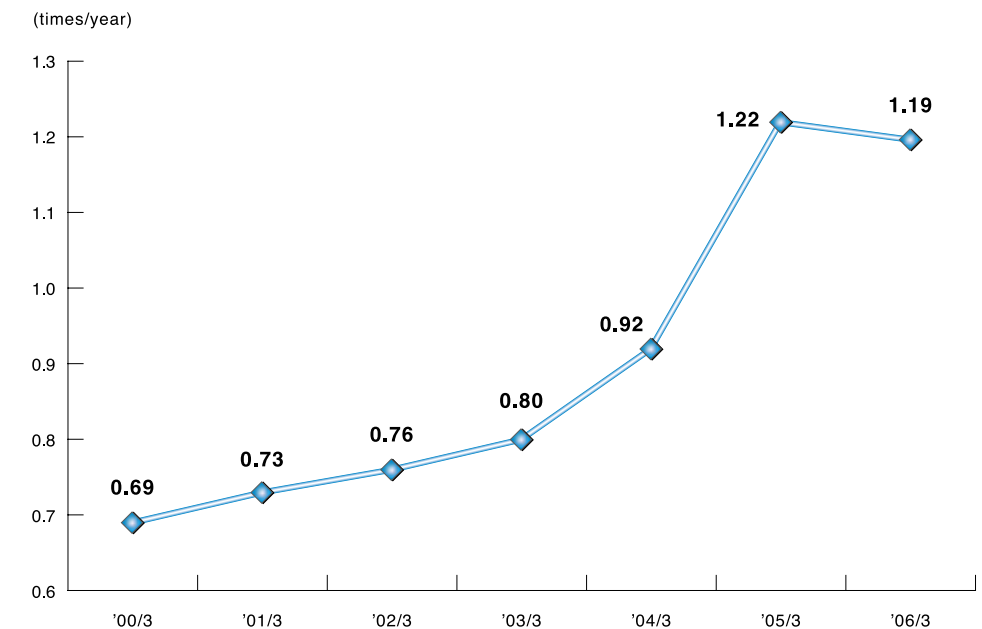


	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Interest-Bearing Liabilities (in million yen)	33,039	36,307	33,922	29,809	19,998	18,927	12,350
Shareholders' Equity (in million yen)	36,073	33,216	30,642	30,137	31,077	35,413	47,780
D/E Ratio (%)	91.6%	109.3%	110.7%	98.9%	64.4%	53.4%	25.8%

\*D/E Ratio = Interest-Bearing Liabilities / Shareholders' Equity×100 (%)

# Efficiency Indicators

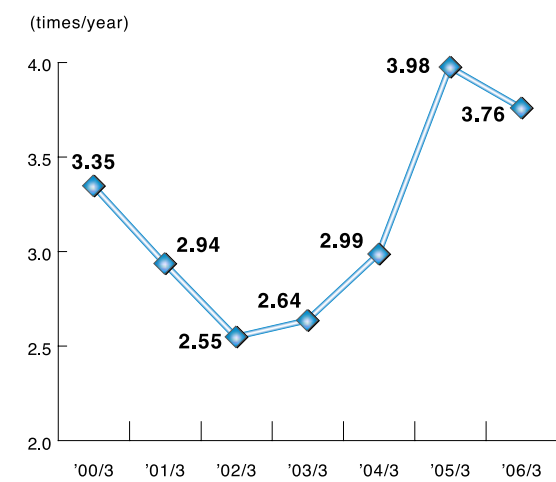
## Total Assets Turnover Ratio



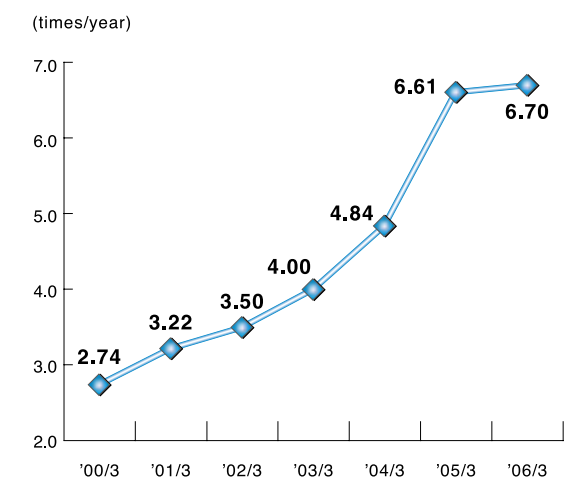
	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Sales (in million yen)	60,687	67,569	69,526	67,406	71,480	96,631	102,799
Total Assets (in million yen)	88,955	95,149	87,444	80,258	74,704	83,758	89,379
Average Total Assets (in million yen)	87,441	92,052	91,297	83,851	77,481	79,231	86,569
Total Assets Turnover Ratio (times/year)	0.69	0.73	0.76	0.80	0.92	1.22	1.19

\*Total Assets Turnover Ratio = Sales / Average Total Assets

## Fixed Assets Turnover Ratio



## Inventory Turnover Ratio

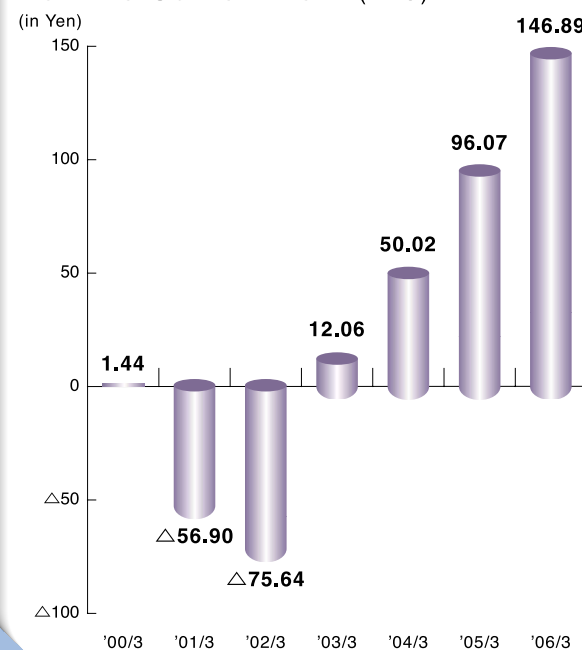


	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Sales (in million yen)	60,687	67,569	69,526	67,406	71,480	96,631	102,799
Fixed Assets (in million yen)	18,585	27,391	27,234	23,857	23,965	24,600	30,071
Average fixed Assets (in million yen)	18,121	22,988	27,313	25,546	23,911	24,283	27,336
Fixed Assets Turnover Ratio (times/year)	3.35	2.94	2.55	2.64	2.99	3.98	3.76
Inventory Assets (in million yen)	20,719	21,265	18,519	15,165	14,392	14,823	15,873
Average Inventory Assets (in million yen)	22,135	20,992	19,892	16,842	14,779	14,608	15,348
Inventory Turnover Ratio (times/year)	2.74	3.22	3.50	4.00	4.84	6.61	6.70

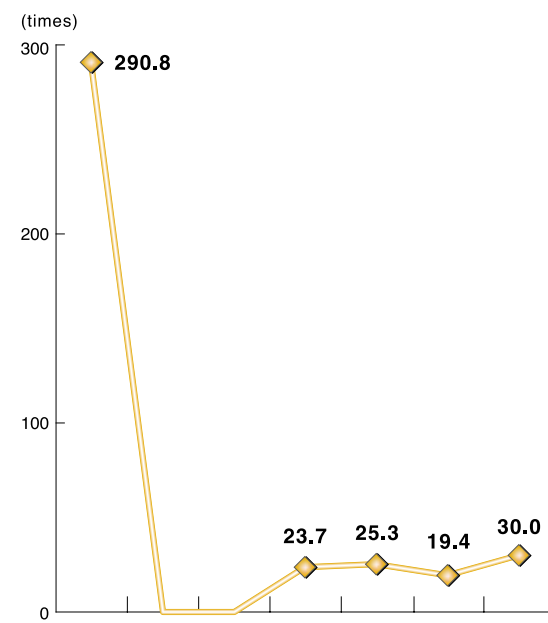
\*Fixed Assets Turnover Ratio = Sales / Average fixed Assets \*Inventory Turnover Ratio = Sales / Average Inventory Assets

# Stock Price Indicators

## Earnings per share of The Current Term (EPS)



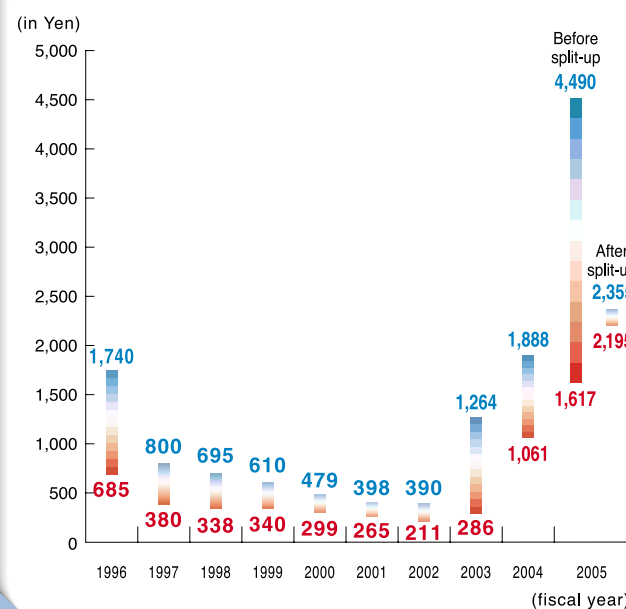
## Price Earning Ratio (PER)



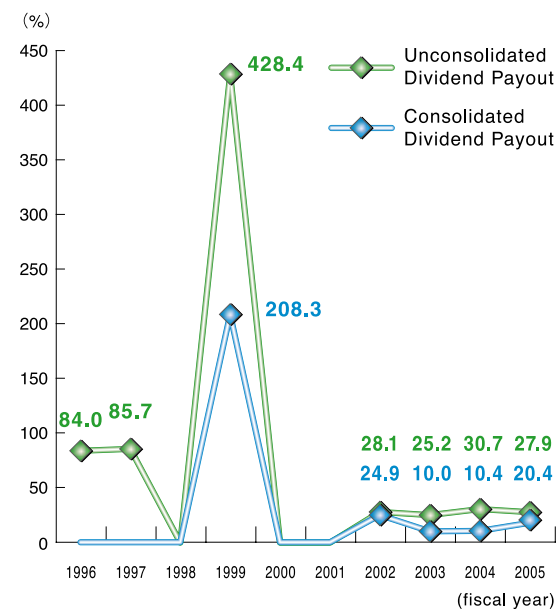
	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Stock Price (end of term) (in yen)	420	341	303	286	1,264	1,860	2,200
*Figure multiplied by split-up ratio							(4,400)
Earnings Per Share of The Current Term (in yen)	1.44	△56.90	△75.64	12.06	50.02	96.07	146.89
Price Earning Ratio (times)	290.8	—	—	23.7	25.3	19.4	30.0

\*PER = Stock Price (end of term) / EPS

## Stock Price Evolution



## Dividend Payout

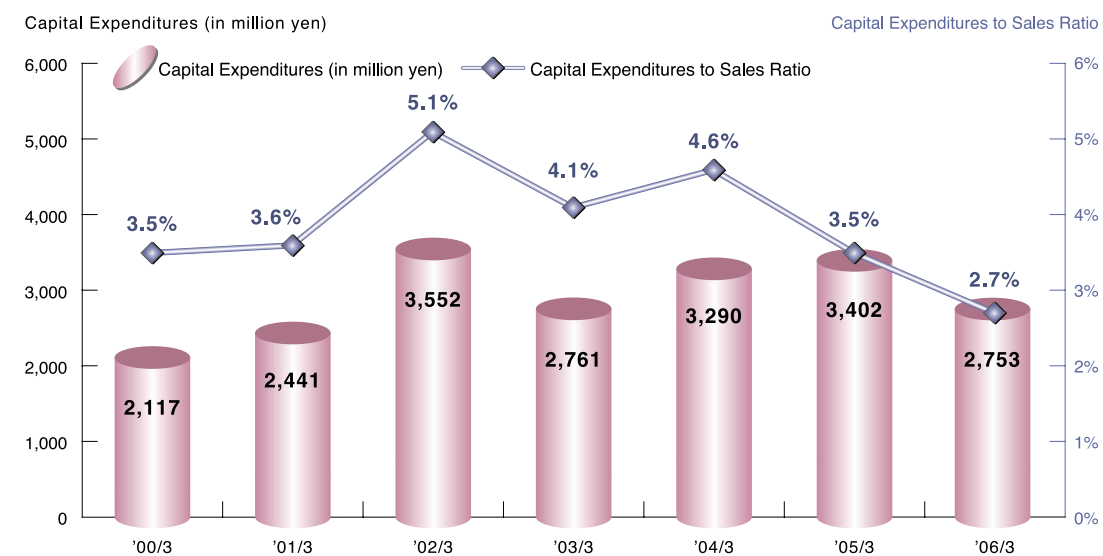


	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Maximum (in yen)	1,740	800	695	610	479	398	390	1,264	1,888	4,490(2,355)
Minimum (in yen)	685	380	338	340	299	265	211	286	1,061	1,617(2,195)
Unconsolidated Dividend Payout(%)	84.0%	85.7%	—	428.4%	—	—	28.1%	25.2%	30.7%	27.9%
Consolidated Dividend Payout(%)	—	—	—	208.3%	—	—	24.9%	10.0%	10.4%	20.4%

\*Dividend Payout = Dividend per Share / Earnings per Share of The Current Term (EPS) × 100 (%)

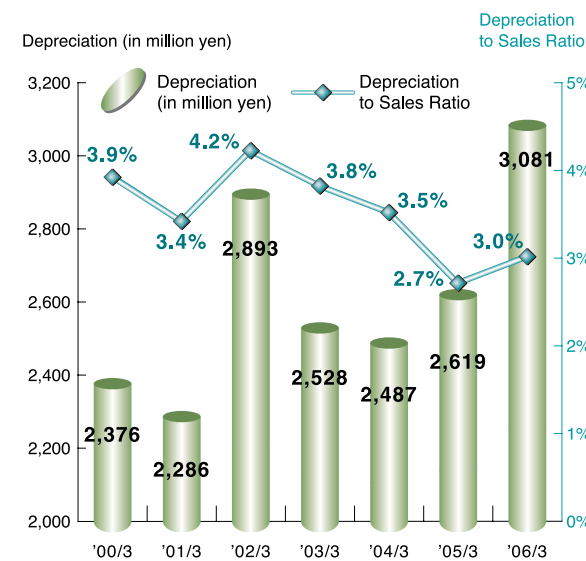
# Other Indicators

## Capital Expenditures

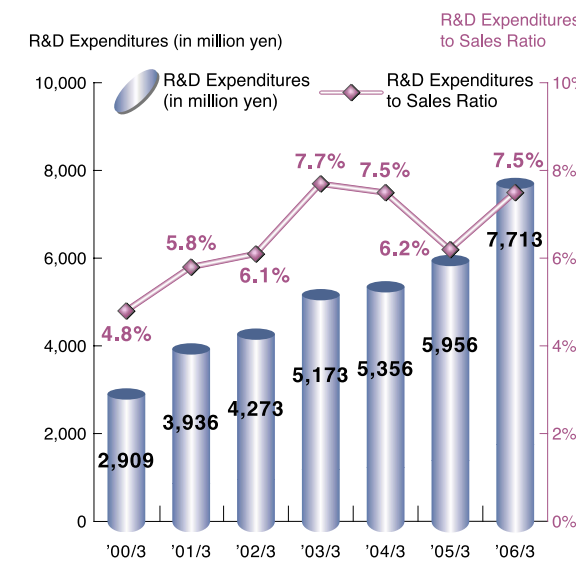


	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Sales (in million yen)	60,687	67,569	69,526	67,406	71,480	96,631	102,799
Capital Expenditures (in million yen)	2,117	2,441	3,552	2,761	3,290	3,402	2,753
Capital Expenditures to Sales Ratio (%)	3.5%	3.6%	5.1%	4.1%	4.6%	3.5%	2.7%

## Depreciation

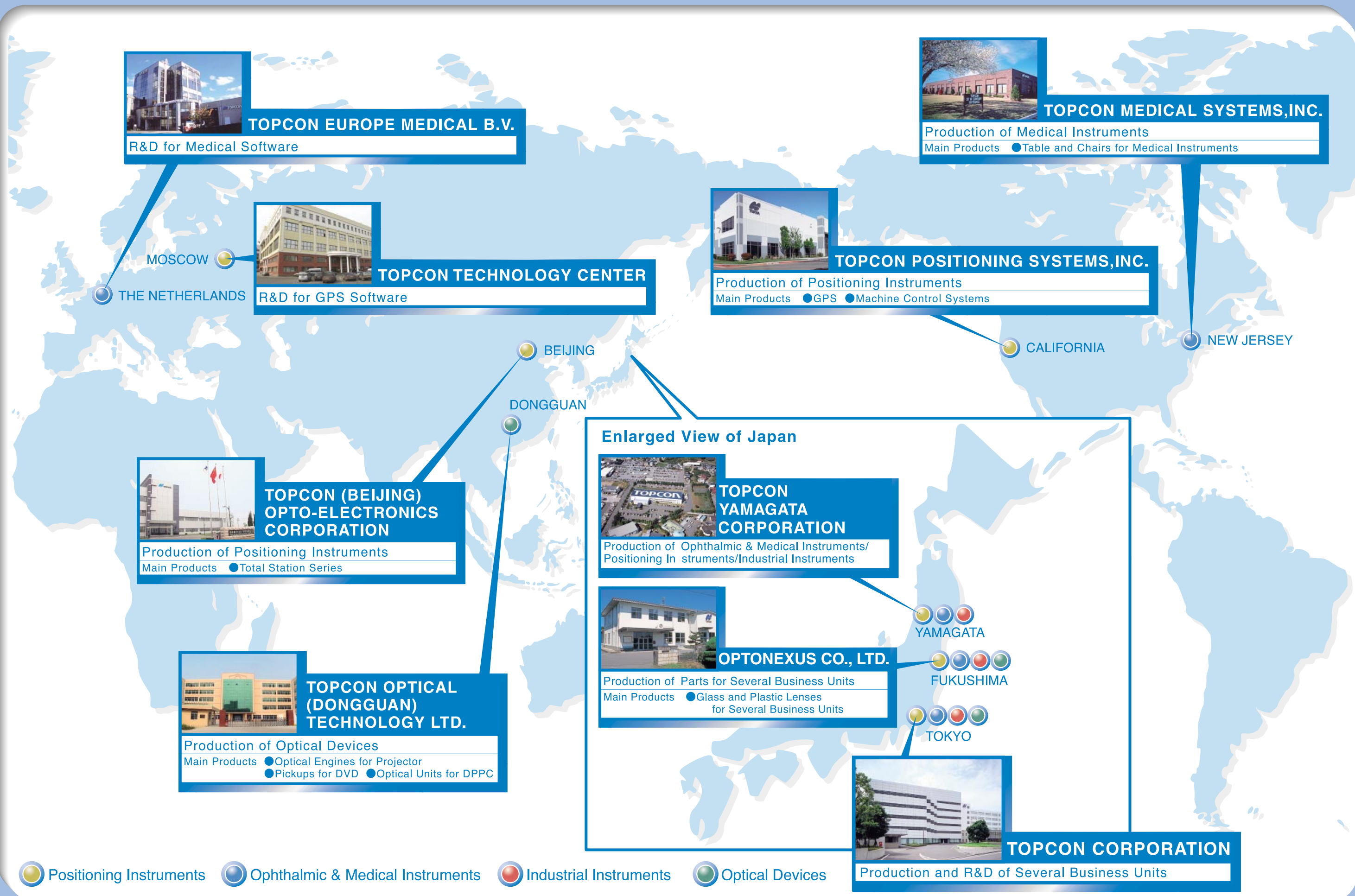


## R&D Expenditures



	'00/3	'01/3	'02/3	'03/3	'04/3	'05/3	'06/3
Sales (in million yen)	60,687	67,569	69,526	67,406	71,480	96,631	102,799
Depreciation (in million yen)	2,376	2,286	2,893	2,528	2,487	2,619	3,081
Depreciation to Sales Ratio (%)	3.9%	3.4%	4.2%	3.8%	3.5%	2.7%	3.0%
R&D Expenditures (in million yen)	2,909	3,936	4,273	5,173	5,356	5,956	7,713
R&D Expenditures to Sales Ratio (%)	4.8%	5.8%	6.1%	7.7%	7.5%	6.2%	7.5%

# R&D and Production Bases in Japan and Overseas



## Positioning Instruments

### [Surveying Systems]

#### Pulse Total Station

GPT-3002/3003/3005/3007,  
GPT-7001/7002/7003/7005

#### Auto Tracking Total Station

GTS-821A/823A/825A

#### Auto Tracking Pulse Total Station

GPT8201A/8203A/8205A

#### Electronic Total Station

GTS-233/235/236/239

#### Digital Theodolite DT-212/213/214

#### Auto Level AT-G1/G2/G3/M3/G5/G6

#### Electronic Digital Level

DL-101C/102C/103/103R/103A

#### Data Collector FC-2000, FC-100



Imaging Total Station  
GPT-7000i Series

### [Application Software]

Application Program for FC-100

Application Program for FC-2000

Application Program for GPT-7000

Application Program for GTS-820A/GPT-8200A



Data Collector  
FC-100

### [GPS Surveying System]

#### Integrated GPS Receiver

HiPer+, HiPer Pro

#### GPS+Receiver GB-1000

#### Multi-Purpose GIS/Mapping System GMS-100

### [Laser Instruments]

#### Rotating Laser

RL-H3A, RL-H3C/H3CS/H3CL, RL-H1Sa/H2Sa,  
RT-5SW, RL-VH3G/3A/3B/3D/3DR

#### Laser Theodolite DT-110L

#### Pipe Laser

TP-L4GV/L4G/L4BG/L4B

### [Equipment Automation System]

#### MILLIMETER GPS

Positioning Zone Laser Transmitter PZL-1

Positioning Zone Sensor for Mobile Rover

Applications PZS-1

Positioning Zone Sensor for Machine Control

Applications PZS-MC

#### Machine Mounted Laser Receiver

LS-B2/B4/B10

#### 3-Dimensional Machine Control System

System Five-3D



MILLIMETER GPS

### [Imaging Measurement System]

#### Digital Image Surveyor DI-3000

#### Image Surveying Station PI-3000, PI-3000Lite

#### Imaging Total Station

GPT-7001i/7002i/7003i/7003iF/7005i/7005iF

#### Mirror Stereoscopes

#### 3D Scanning System

Field Scan for GPT-8200A

## Ophthalmic & Medical Instruments

### [Ophthalmic Diagnostic Instruments]

#### Specular Microscope SP-3000P

#### Computerized Tonometer CT-80/80A

#### Slit Lamp SL-D Series

#### Binocular Indirect Ophthalmoscope ID-10

### [Refraction Instruments]

#### Auto Kerato-Refractometer

KR-8800/8100A/8100PA/8000PA/8100P

#### Wavefront Analyzer KR-9000PW

#### PSF Analyzer PSF-1000

#### Bino Vision Analyzer

BV-1000

#### Auto Refractometer

RM-8000A/8800

#### Screenoscope SS-3

#### Compu Vision CV-5000

#### Vision Tester VT-SE, VT-10

#### Mirror Chart MC-3

#### Panel Chart PC-2

#### Auto Chart Projector ACP-8

PSF Analyzer  
PSF-1000



### [Ophthalmic Imaging System]

#### Retinal Camera

TRC-NW7SF,

TRC-50IX/LX/AX/EX

#### Non-Mydriatic Retinal Camera

TRC-NW6/6S/6SF, TRC-NW200

#### Digital Imaging System IMAGeNet

Retinal Camera  
TRC-NW7SF



### [Lens Processing Instruments]

#### Computerized Lensmeter CL-200, CL-2800

#### Lens Meter LM-8/8C/S1

#### EZ Meter EZ-200

#### Digital PD Meter PD-5

#### Spectral Transmittance Meter TM-2

#### Patternless Auto Lens Edger

ALE-5100Pro/SG/C/XP

#### Frame Reader FR-50/3000

#### Auto Blocker DS-5000/7000

#### Auto Lens Edger ALE-300DXS

#### Filter System FS-100D, FS-1

#### Deodorant Unit DU-2

#### Lens Edger LE-20MV/MF

#### Point Setter PS-9

### [Ophthalmic Delivery Systems]

#### Compact System CS-800/100/70

#### Adjustable Instruments Table AIT Series

### [Ophthalmic Surgical Instruments]

#### Operation Microscope

OMS-800 (OFFISS/Pro/Standard), OMS-90

#### Laser Photocoagulator LC-300G

## Industrial Instruments

### [Semiconductor Inspection Equipment]

#### Chip Defects Inspection System

Vi-4300/4200/2200/1200

#### In-Tray Chip Defects Inspection System

Vi-3100/3200

#### Wafer Surface Analyzer

WM-7000/5000/10/7/7Plus

### [Flat Panel Display Equipment]

#### Proximity Aligner for LCD TME-950P/750P/550P

#### Compact Proximity

#### Aligner for R&D

TME-400R/150R

### [Optical Measurement Instruments]

#### Luminance Meter BM-7A/5A

#### Spectro Colorimeter SC-777

#### Spectroradiometer SR-3A/3A-L1

In-Tray Chip Defects  
Inspection System  
Vi-3100



### [Contract Analysis]

## Optical Devices

### [Optical Unit]

Optical Unit for DPPC,

Optical Engine for Projector

### [Optical Parts]

Optical Parts for DVD and CD Drives and Players,  
Binary Optical Element, High Precision Optical  
Parts, Micro Pattern, IR Filter, Laser Mirror,  
Moisture-Proof Coating, Various Coating Parts,  
Glass Mold Lens, Plastic Lens, Metal Plane Mirror,  
Aspherical Mirror, Mold for Plastic Lens, Various  
Metal Parts

## ■Outline

Established in 1932 based on the surveying instruments division of K. Hattori and Co., Ltd. (currently Seiko Corporation) and Katsuma Kogaku Kikai Co., Ltd., Tokyo Optical Co., Ltd. changed its corporate name in 1989 to Topcon Corporation. Today, the company continues its activities as a general optical manufacturer mainly on medical and surveying instruments.

## ■Establishment and basis foundation period

The company was established in September of 1932 based on the surveying instruments division of K. Hattori and Co., Ltd. after acquiring the lens manufacturing facilities of Katsuma Kogaku Kikai Co., Ltd. by request of the Japanese Ministry of War. Business started with surveying instruments, binoculars, cameras and optical weapons as main products but the size of the business quickly expanded to meet the demands of the times. In a few years the company grew to become Japan's flagship optical manufacturer, producing every kind of precise optical weapons -- serving as an impelling force elevating the initially backward Japanese optical instrument manufacturing technology to a world-class level.

## ■Development period

After dismissing all employees upon the end of World War II and temporarily closing factories to perform a liquidation adjustment, the company resumed activities after receiving a business license to shift into the production of private goods in November of 1945. After that, the company concentrated mostly on the production of binoculars which were in great part exported to the United States, paving the way for the dominance of the US market by Japanese binoculars. Moreover, the production of surveying instruments contributed to the reconstruction and development of Japan in the post-war era.

In March of 1960, the company became an affiliate of Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation) and introduced new products such as electric equipment and electric measuring instruments, and also advanced into new areas where the target was to achieve the harmony between light and electricity. The first single-lens reflex camera based on the TTL full-aperture metering system implemented and commercialized in the world can be considered a example. During the 1960's, the domestic economy was growing due to steady exports and a strong consumer demand. In order to improve productivity and expand sales, the company established production bases in Fukushima Prefecture. Then, a service company was established to strengthen the repair sector. After that, offices were established in The Netherlands and U.S.A. to improve sales both in Japan and overseas, and as a preparation for the future. Finally, a sales company dealing with surveying instruments was established in central Japan, and also a specialized manufacturing company to help penetrate into the glass lens market.

## ■To all-purpose company

From 1979 to 1981, the company recovered from a long period of stagnation and made a significant change in its corporate structure. The increased income and profit resulting from the excellent sales of refractometer RM-100 and electric distance meter DM-C2, along with the withdrawal from the 35mm camera business were made effect all together, making it possible to increase capital by issuing share at market price, resulting in the foundation of the company's basis.

In addition to strengthening the sales system by expanding and increasing regional offices and opening a sales representative in Singapore, new facilities were introduced

to organize the production system in a company-wide effort to improve management. After the camera business was replaced by the sales of custom-order products such as lenses, The main products were optical parts and correcting plates derived from Toshiba and laser mirrors. The progressive expansion of business resulted in the foundation of these business areas into a single one.

In 1982, the company celebrated its 50th anniversary and prepared an aggressive sales expansion plan in a company-wide effort to develop new products and strengthen production capacity through the construction of new factories. Between 1983 and 1984, an effort was made to concentrate capital by issuing foreign-currency convertible bonds in a proactive company development plan which included injection of capital into subsidiary.

In 1985, the export scenario was negative and the economy showed signs of stagnation due to strong yen resulting from trade imbalance. However, the company attempted to strengthen the management basis by means of capital increase, issuing 3.8 million new shares at market price, the largest issuance in the company's history. A local production center was opened in Hong Kong and a financial subsidiary was established in The Netherlands to promote the globalization of business and improve the company's immunity to exchange fluctuations, but sales went slightly down.

In 1986, the long-awaited promotion to the First Section of the Stock Exchange became reality. After 1987, when the economy showed signs of recovery, the company tried to raise the self-owned capital ratio by issuing US dollar-denominated warrant bonds and the first convertible bonds without collateral in Japan, strengthening the development and sales of new products. In 1989, the corporate name was changed in an effort to reform corporate philosophy and strengthen the corporate basis. While adapting the management to cope with advanced technologies, internationalization, and advanced information processing, new products were developed and sold to meet the customers' demands and expand business.

## ■To leading global company

The outbreak of the Gulf War in the Middle East in the second half of 1990 and the rising tension in the state of affairs of the Soviet Union brought about a large impact on the domestic and international economies, resulting in further uncertainty about the economic future.

In addition to exploring and developing new business areas, the company strived to expand business through the development and sales of products with higher added value to satisfy market needs. In January, a new company was established in the United States by acquiring a company that manufactured chairs, stands and other items, aiming at expanding business in the area of ophthalmic and medical instruments. In March, a joint-venture company was established to help expanding market share in South Korea.

In 1991, in view of prospects of an economic slowdown aggravated by weak exports resulting from the delayed recovery of US and European economies, the company started the electron beam business in April to cope with such a difficult environment. This endeavor was conceived as a way to start a new page in the electron beam area by making effective use of the company's exclusive technologies. In terms of overseas expansion, a sales office was established in Thailand in January and in Malaysia in April, strengthening the sales basis in Asia.

In 1993, in order to put an end to a period of weak sales in a stagnant economy, the company strived to reinforce core businesses such as surveying and medical instruments. In addition, efforts were concentrated to achieve a more efficient management through a restructuring process that included the streamlining of

non-profitable businesses and the establishment of a service company in the field of electron beams.

In 1994, the yen achieved record levels of 100 to 90 yen per dollar. A large number of companies increased their overseas production ratios, bringing about the so-called domestic "hollowing" of production.

Under such circumstances, the company decided to establish a joint-venture company to expand the sales of surveying instruments in China after several years of consideration. In addition, responding to requests of copying machine manufacturers, the company began to cope with the rapid development of the Chinese market by reinforcing the manufacturing subsidiary in Hong Kong and establishing a branch factory in mainland China. In Japan, as an adaptation to these new facts, the company concentrated on the development of products with high added value and high performance. Particularly in the field of positioning, GPS (global positioning system) was ranked as a core business; and in order to penetrate in the area of machine control, a laser equipment manufacturer in the United States was acquired and transformed into a US subsidiary. This way, the company became one of the world's top all-round surveying instrument manufacturer both in name and substance.

At that time, obtaining an ISO (International Standards Organization) 9000 series certification became a precondition to perform business in the European (EU) market. In 1994, the surveying Instruments Division obtained the ISO-9001 certification, followed by the Ophthalmic and Medical Instruments Division one year later. The target of obtaining the ISO certification was then inherited by affiliate companies in Japan and abroad.

In April 1997, the previous Electro-optic Devices Division was merged into the surveying Instruments Division, resulting in a new business structure based on 3 fundamental sectors: ophthalmic and medical, surveying, and industrial instruments. The domestic sales network was also restructured. This plan aimed at providing customer services that precisely reflect market needs and a more detailed feedback to product development. For instance, the surveying instruments is entrusted to 5 sales subsidiaries and 2 sales offices.

In September of the same year, the company obtained the ISO-14001 certification, complying with international environmental standards. This is a comprehensive management system that continuously improves environmental management based on company-wide policies. Obtaining this certification is increasingly becoming a precondition to perform business in Europe. As a company that considers the handling of environmental issues as one of the most important topics in management, efforts for environmental protection were strengthened even further by adopting self-imposed standards that are even more restrictive than legal requirements. As a result, the company received the Director-General of the Agency of Natural Resources and Energy Prize in the following year and the Itabashi Ward Environment Protection Prize one year later.

In 2000, on the verge of the 21st century, the company decided to accelerate its management reform to keep the position of a leading global company adopting the Six Sigma method. In July, the company started evolving from the conventional positioning instruments business to become a total, wide-area supplier in the positioning segment by acquiring a competitive US manufacturer of precision GPS receivers and merging the integrating systems between the areas of precision GPS instruments and conventional positioning instruments.

## ■21st century - the start of a new legend

The year 2001 represents to the company not only the start of a new century but also the beginning of a new era. As Japan definitely entered into the joint-management era, the company also concentrated full efforts in reinforcing joint management, and the international sector was no exception. As a strategy to strengthen overseas sales, the positioning and medical instruments businesses in the US were separated and made independent, efforts were made to improve their profitability, and a holding company was created to control both businesses. In addition, in order to improve the overseas production capacity of optical device components, the Chinese factory of Topcon Optical (H.K.) Ltd. was moved and the total area was expanded.

In 2002, under the strong leadership of Koji Suzuki, the company's President, a joint effort was carried out to reduce lead time of business processes by half and to promote the "Time to Market No.1" campaign which consisted of being always the first company to introduce the world's top ("number one") products. Innovative new products were introduced and sold in different business areas, and sales showed a steady growth.

Moreover, the company achieved zero-emission in the headquarters and factories (total recycling of waste) for considering environmental issues as one of the most important topics in management.

In 2003, the company received the Special Prize of the TP Management Promotion Award, following the General Productivity Excellence Award received from the Japan Management whose general target on a global basis is based on the consolidated assets turnover ratio. On that year, due to the expansion of areas such as IT, OA, and AV equipment, as well as the trend towards increased networking, the demand for several optical device components has grown, resulting in the creation of the Positioning Business Division, the Ophthalmic and Medical Instruments Division, the Industrial Instruments Division with the Optical Devices Division as the fourth pillar. Furthermore, the plan gained additional momentum with the merging of Tokyo Kogaku Seiki K.K. and Sanyu Optical Co., Ltd. into OPTONEXUS Co., Ltd. (in Fukushima Prefecture).

In 2004, in order to further accelerate the development of positioning instruments overseas to meet the need of the times, Topcon (Beijing) Opto-Electronics Corp. was established as a strategic basis for China market in the technological district of Beijing. Thanks to the introduction of several strong products in the market such as GPS / machine control equipment by the Positioning Business Division, IMAGEnet by the Ophthalmic & Medical Instruments Division, a chip inspection equipment by the Industrial Instruments Division, and optical engines for rear projectors by the Optical Device Division, the company managed to make a steady progress in sales. According to the accounts settlement in the fiscal year ending March/2006, company consolidated net sales achieved 102,799 million yen and operating income achieved 13,065 million yen. Both are new record for the three straight years in company's history.

