

Consolidated Financial Results
(Japanese GAAP)
FY 2011 ending March 2012
TOPCON CORPORATION
Release Date: October 28, 2011

1. Summary of Second Quarter Business Results for FY2011 ending March 2012 (April 1, 2011 – September 30, 2011)

"%" indicate year-to-year increase (decrease)

(1) Consolidated business results

(Rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income (loss)		Net income (loss)	
	million yen	%	million yen	%	million yen	%	million yen	%
2nd Quarter of FY 2011	49,577	(0.2)	517	—	(688)	—	(1,960)	—
2nd Quarter of FY 2010	49,688	14.7	11	—	(792)	—	(1,295)	—

Note: Comprehensive income
 2nd Quarter of FY 2011 (3,336) million yen (- %)
 2nd Quarter of FY 2010 (3,265) million yen (- %)

	Net income (loss) per share	Diluted net income per share
	yen	yen
2nd Quarter of FY 2011	(21.17)	—
2nd Quarter of FY 2010	(13.98)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
2nd Quarter of FY 2011	117,157	33,801	28.5	360.58
FY2010 ended March 2011	124,816	37,238	29.6	398.50

Note: Shareholders' equity
 2nd Quarter of FY 2011 33,396 million yen
 FY2010 ended March 2011 36,908 million yen

2. Dividends

	Dividends per share				
	end of 1st quarter	end of 2nd quarter	end of 3rd quarter	year-end	annual
	yen	yen	yen	yen	yen
FY2010 ended Mar. 2011	—	2.00	—	2.00	4.00
FY2011 ending Mar. 2012	—	2.00			
FY2011 ending Mar. 2012 (forecast)			—	2.00	4.00

*Revisions to the projected dividends : No

3. Business Forecasts for FY 2011 ending Mar. 2012 (April 1, 2011 – March 31, 2012)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Annual	100,000	(2.4)	3,000	66.7	1,700	179.3	800	—	8.64

*Revisions to the business forecasts : No

Note: The forecasts above were prepared on the premise of future forecasts available at the time of the release of this document, such as trends of business, competition environment and currency exchange rates. Due to unforeseen circumstances, however, the actual results may differ from these forecast data.

Consolidated quarterly financial statements

Consolidated quarterly balance sheets

(Unit: Million Yen)

	FY 2010 ended March 2011	2nd Quarter of FY 2011	Increase (decrease)
Assets			
Current assets			
Cash and deposits	13,927	12,678	(1,249)
Notes and accounts receivable- trade	35,542	32,049	(3,492)
Merchandise and finished goods	12,759	11,730	(1,029)
Work in process	7,187	7,755	568
Raw materials and supplies	5,198	5,110	(88)
Other	8,342	8,820	477
Allowance for doubtful accounts	(1,387)	(1,236)	151
Total current assets	81,571	76,907	(4,663)
Noncurrent assets			
Property, plant and equipment	13,455	12,746	(708)
Intangible assets			
Goodwill	11,261	10,140	(1,121)
Other	5,934	6,161	227
Total intangible assets	17,196	16,302	(894)
Investments and other assets	12,593	11,201	(1,392)
Total noncurrent assets	43,245	40,250	(2,994)
Total assets	124,816	117,157	(7,658)

(Unit: Million Yen)

	FY 2010 ended March 2011	2nd Quarter of FY 2011	Increase (decrease)
Liabilities			
Current liabilities			
Notes and accounts payable-trade	13,536	13,419	(117)
Short-term loans payable	28,223	29,071	848
Income taxes payable	1,194	1,049	(145)
Provision for product warranties	708	634	(74)
Other	8,246	7,447	(799)
Total current liabilities	51,910	51,622	(287)
Noncurrent liabilities			
Long-term loans payable	27,077	23,903	(3,173)
Provision for retirement benefits	6,937	6,604	(332)
Provision for directors' retirement benefits	59	28	(31)
Other	1,592	1,196	(396)
Total noncurrent liabilities	35,667	31,733	(3,933)
Total liabilities	87,577	83,356	(4,221)
Net assets			
Shareholders' equity			
Capital stock	10,297	10,297	—
Capital surplus	14,711	14,711	—
Retained earnings	16,799	14,650	(2,148)
Treasury stock	(56)	(56)	(0)
Total shareholders' equity	41,751	39,603	(2,148)
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	(299)	(52)	246
Deferred gains or losses on hedges	2	34	31
Foreign currency translation adjustment	(4,545)	(6,188)	(1,642)
Total accumulated other comprehensive income	(4,843)	(6,207)	(1,364)
Minority interests	329	405	75
Total net assets	37,238	33,801	(3,437)
Total liabilities and net assets	124,816	117,157	(7,658)

Consolidated quarterly statements of income

(Unit: Million Yen)

	2nd Quarter of FY 2010	2nd Quarter of FY 2011	Increase (decrease)
Net sales	49,688	49,577	(111)
Cost of sales	29,682	30,690	1,007
Gross profit	20,005	18,886	(1,119)
Selling, general and administrative expenses	19,994	18,369	(1,624)
Operating income	11	517	505
Non-operating income			
Interest income	23	29	6
Dividends income	24	18	(5)
Equity in earnings of affiliates	43	—	(43)
Other	342	181	(160)
Total non-operating income	434	230	(203)
Non-operating expenses			
Interest expenses	606	599	(6)
Equity in losses of affiliates	—	40	40
Foreign exchange losses	504	660	155
Other	127	135	7
Total non-operating expenses	1,239	1,436	197
Ordinary loss	(792)	(688)	104
Extraordinary loss			
Loss on valuation of investment securities	—	547	547
Loss on liquidation of subsidiaries and affiliates	119	94	(25)
Loss on transfer of business	280	—	(280)
Loss on adjustment for changes of accounting standard for asset retirement obligations	28	—	(28)
Total extraordinary losses	428	642	213
Loss before income taxes and minority interests	(1,221)	(1,331)	(109)
Income taxes-current	567	652	84
Income taxes-deferred	(585)	(39)	546
Total income taxes	(18)	612	630
Loss before minority interests	(1,203)	(1,943)	(740)
Minority interests in income	91	16	(75)
Net loss	(1,295)	(1,960)	(665)

Consolidated quarterly statements of cash flows

(Unit: Million Yen)

	2nd Quarter of FY 2010	2nd Quarter of FY 2011	Increase (decrease)
Net cash provided by (used in) operating activities			
Loss before income taxes and minority interests	(1,221)	(1,331)	(109)
Depreciation and amortization	1,786	1,571	(214)
Amortization of goodwill	802	743	(59)
Increase (decrease) in allowance for doubtful accounts	(53)	(24)	28
Interest and dividends income	(47)	(48)	(1)
Interest expenses	606	599	(6)
Loss (gain) on valuation of investment securities	—	547	547
Increase (decrease) in provision for retirement benefits	(156)	(332)	(175)
Decrease (increase) in notes and accounts receivable-trade	880	1,565	685
Decrease (increase) in inventories	(4,531)	(770)	3,760
Decrease (increase) in accounts receivable-other	(111)	211	323
Increase (decrease) in notes and accounts payable-trade	2,371	815	(1,556)
Other, net	1,336	(229)	(1,565)
Subtotal	1,661	3,319	1,657
Interest and dividends income received	69	57	(11)
Interest expenses paid	(598)	(583)	14
Income taxes (paid) refund	(23)	(719)	(696)
Net cash provided by (used in) operating activities	1,109	2,074	964

(Unit: Million Yen)

	2nd Quarter of FY 2010	2nd Quarter of FY 2011	Increase (decrease)
Net cash provided by (used in) investing activities			
Payments into time deposits	(54)	(211)	(157)
Proceeds from withdrawal of time deposits	106	192	86
Purchase of property, plant and equipment	(866)	(929)	(63)
Proceeds from sales of property, plant and equipment	82	112	29
Purchase of intangible assets	(135)	(996)	(860)
Purchase of investment securities	(0)	(1)	(0)
Proceeds from sales of investment securities	—	32	32
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(47)	(47)
Additional purchase of investments in subsidiaries	(1)	(14)	(13)
Payments for transfer of business	(5,322)	—	5,322
Payments of long-term loans receivable	(26)	(0)	26
Collection of long-term loans receivable	18	6	(11)
Other, net	(86)	(233)	(146)
Net cash provided by (used in) investing activities	(6,288)	(2,092)	4,195
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	7,906	2,135	(5,770)
Proceeds from long-term loans payable	89	500	410
Repayment of long-term loans payable	(843)	(3,296)	(2,452)
Repayments of finance lease obligations	(93)	(70)	23
Cash dividends paid	(187)	(185)	2
Other, net	(61)	(48)	12
Net cash provided by (used in) financing activities	6,808	(965)	(7,773)
Effect of exchange rate change on cash and cash equivalents	(295)	(270)	25
Net increase (decrease) in cash and cash equivalents	1,334	(1,253)	(2,587)
Cash and cash equivalents at beginning of period	17,209	13,770	(3,439)
Cash and cash equivalents at end of period	18,543	12,517	(6,026)