

Consolidated Financial Results
(Japanese GAAP)
FY 2010 ending March 2011
TOPCON CORPORATION
Release Date: October 29, 2010

1. Summary of Second Quarter Business Results for FY2010 ending March 2011 (April 1, 2010 – September 30, 2010)

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

(1) Consolidated business results (Rounded down to the nearest million yen)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	million yen	%	million yen	%	million yen	%	million yen	%
2nd Quarter of FY 2010	49,688	14.7	11	—	(792)	—	(1,295)	—
2nd Quarter of FY 2009	43,338	(34.1)	(1,836)	—	(2,364)	—	(2,369)	—

	Net income (loss) per share	Diluted net income per share
	yen	yen
2nd Quarter of FY 2010	(13.98)	—
2nd Quarter of FY 2009	(25.58)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
2nd Quarter of FY 2010	129,123	38,077	28.7	400.23
FY2009 ended March 2010	125,539	41,689	32.3	437.17

Note: Shareholders' equity
 2nd Quarter of FY 2010 37,068 million yen
 FY2009 ended March 2010 40,490 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
FY2009 ended Mar. 2010	—	2.00	—	2.00	4.00
FY2010 ending Mar. 2011	—	2.00			
FY2010 ending Mar. 2011 (forecast)			—	2.00	4.00

*Revisions to the projected dividends : No

3. Business Forecasts for FY 2010 ending Mar. 2011 (April 1, 2010 – March 31, 2011)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Annual	104,000	9.6	2,700	92.2	1,400	156.8	200	49.5	2.16

*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)

	2nd Quarter of FY 2010	FY 2009 ended March 2010	Increase (decrease)
Assets			
Current assets			
Cash and deposits	18,649	17,373	1,275
Notes and accounts receivable-trade	33,157	36,034	(2,876)
Merchandise and finished goods	15,485	14,029	1,456
Work in process	6,075	4,372	1,702
Raw materials and supplies	4,805	4,364	440
Other	7,999	8,445	(445)
Allowance for doubtful accounts	(1,351)	(1,471)	120
Total current assets	84,821	83,147	1,673
Noncurrent assets			
Property, plant and equipment	14,463	15,542	(1,079)
Intangible assets			
Goodwill	12,643	13,140	(496)
Other	5,767	2,335	3,432
Total intangible assets	18,411	15,475	2,935
Investments and other assets	11,427	11,373	53
Total noncurrent assets	44,302	42,391	1,910
Total assets	129,123	125,539	3,583
Liabilities			
Current liabilities			
Notes and accounts payable-trade	14,476	13,614	861
Short-term loans payable	31,725	22,869	8,856
Income taxes payable	1,209	1,227	(18)
Provision for product warranties	722	759	(37)
Other	8,854	8,397	457
Total current liabilities	56,989	46,869	10,119
Noncurrent liabilities			
Long-term loans payable	25,233	28,632	(3,399)
Provision for retirement benefits	6,906	7,063	(156)
Provision for directors' retirement benefits	57	57	0
Other	1,858	1,227	630
Total noncurrent liabilities	34,055	36,980	(2,924)
Total liabilities	91,045	83,850	7,194

(Unit: Million Yen)

	2nd Quarter of FY 2010	FY 2009 ended March 2010	Increase (decrease)
Net assets			
Shareholders' equity			
Capital stock	10,297	10,297	—
Capital surplus	14,711	14,711	—
Retained earnings	16,977	18,461	(1,483)
Treasury stock	(56)	(56)	(0)
Total shareholders' equity	41,930	43,414	(1,483)
Valuation and translation adjustments			
Valuation difference on available- for-sale securities	(225)	289	(515)
Deferred gains or losses on hedges	2	(5)	8
Foreign currency translation adjustment	(4,638)	(3,207)	(1,430)
Total valuation and translation adjustments	(4,861)	(2,923)	(1,938)
Minority interests	1,009	1,198	(189)
Total net assets	38,077	41,689	(3,611)
Total liabilities and net assets	129,123	125,539	3,583

Consolidated quarterly statements of income

(Unit: Million Yen)

	2nd Quarter of FY 2009	2nd Quarter of FY 2010	Increase (decrease)
Net sales	43,338	49,688	6,350
Cost of sales	25,726	29,682	3,955
Gross profit	17,611	20,005	2,394
Selling, general and administrative expenses	19,447	19,994	546
Operating income (loss)	(1,836)	11	1,848
Non-operating income			
Interest income	38	23	(14)
Dividends income	66	24	(41)
Equity in earnings of affiliates	4	43	38
Other	375	342	(33)
Total non-operating income	485	434	(51)
Non-operating expenses			
Interest expenses	699	606	(93)
Foreign exchange losses	17	504	487
Other	295	127	(168)
Total non-operating expenses	1,013	1,239	226
Ordinary loss	(2,364)	(792)	1,571
Extraordinary loss			
Loss on transfer of business	—	280	280
Loss on liquidation of subsidiaries and affiliates	301	119	(181)
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	28	28
Total extraordinary losses	301	428	127
Loss before income taxes and minority interests	(2,665)	(1,221)	1,443
Income taxes-current	212	567	354
Income taxes-deferred	(382)	(585)	(202)
Total income taxes	(170)	(18)	151
Loss before minority interests	—	(1,203)	—
Minority interests in income (loss)	(126)	91	218
Net loss	(2,369)	(1,295)	1,073

Consolidated quarterly statements of cash flows

(Unit: Million Yen)

	2nd Quarter of FY 2009	2nd Quarter of FY 2010	Increase (decrease)
Net cash provided by (used in) operating activities			
Loss before income taxes and minority interests	(2,665)	(1,221)	1,443
Depreciation and amortization	2,817	2,588	(228)
Increase (decrease) in allowance for doubtful accounts	(80)	(53)	26
Interest and dividends income	(105)	(47)	57
Interest expenses	699	606	(92)
Increase (decrease) in provision for retirement benefits	(192)	(156)	36
Decrease (increase) in notes and accounts receivable-trade	443	880	437
Decrease (increase) in inventories	602	(4,531)	(5,134)
Decrease (increase) in accounts receivable-other	62	(111)	(174)
Increase (decrease) in notes and accounts payable-trade	88	2,371	2,283
Other, net	1,793	1,336	(456)
Subtotal	3,462	1,661	(1,800)
Interest and dividends income received	175	69	(105)
Interest expenses paid	(706)	(598)	107
Income taxes (paid) refund	935	(23)	(959)
Net cash provided by (used in) operating activities	3,866	1,109	(2,757)
Net cash provided by (used in) investing activities			
Payments into time deposits	(218)	(54)	164
Proceeds from withdrawal of time deposits	85	106	21
Purchase of property, plant and equipment	(1,154)	(866)	288
Proceeds from sales of property, plant and equipment	117	82	(34)
Purchase of intangible assets	(317)	(135)	181
Purchase of investment securities	(567)	(0)	566
Proceeds from sales of investment securities	0	—	(0)
Additional purchase of investments in subsidiaries	(114)	(1)	112
Payments for transfer of business	—	(5,322)	(5,322)
Payments of long-term loans receivable	(38)	(26)	11
Collection of long-term loans receivable	16	18	1
Other, net	108	(86)	(195)
Net cash provided by (used in) investing activities	(2,082)	(6,288)	(4,205)

	2nd Quarter of FY 2009	2nd Quarter of FY 2010	Increase (decrease)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	880	7,906	7,025
Proceeds from long-term loans payable	—	89	89
Repayment of long-term loans payable	(286)	(843)	(557)
Repayments of finance lease obligations	(149)	(93)	55
Cash dividends paid	(186)	(187)	(0)
Other, net	(36)	(61)	(24)
Net cash provided by (used in) financing activities	220	6,808	6,587
Effect of exchange rate change on cash and cash equivalents	(191)	(295)	(104)
Net increase (decrease) in cash and cash equivalents	1,813	1,334	(479)
Cash and cash equivalents at beginning of period	14,720	17,209	2,489
Cash and cash equivalents at end of period	16,533	18,543	2,010