

Consolidated Financial Results
(Japanese GAAP)
FY 2013 ending March 2014
TOPCON CORPORATION
Release Date: October 31, 2013

1. Summary of Second Quarter Business Results for FY2013 ending March 2014 (April 1, 2013 - September 30, 2013)

"%" indicate year-to-year increase (decrease)
(Rounded down to the nearest million yen)

(1) Consolidated business results

| | Net sales | | Operating income | | Ordinary income | | Net income (loss) | |
|------------------------|-------------|-------|------------------|-------|-----------------|-------|-------------------|---|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| 2nd Quarter of FY 2013 | 52,795 | 14.5 | 4,143 | 175.2 | 4,040 | 730.5 | 1,673 | — |
| 2nd Quarter of FY 2012 | 46,121 | (7.0) | 1,505 | 191.3 | 486 | — | (1,221) | — |

Note: Comprehensive income
2nd Quarter of FY 2013 2,404 million yen (- %)
2nd Quarter of FY 2012 (1,988) million yen (- %)

| | Net income (loss) per share | Diluted net income per share |
|------------------------|-----------------------------|------------------------------|
| | yen | yen |
| 2nd Quarter of FY 2013 | 15.50 | — |
| 2nd Quarter of FY 2012 | (13.19) | — |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Shareholders' equity per share |
|-------------------------|--------------|-------------|----------------------------|--------------------------------|
| | million yen | million yen | % | yen |
| 2nd Quarter of FY 2013 | 124,722 | 51,016 | 40.3 | 465.56 |
| FY2012 ended March 2013 | 129,503 | 49,022 | 37.4 | 448.77 |

Note: Shareholders' equity
2nd Quarter of FY 2013 50,287 million yen
FY2012 ended March 2013 48,474 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 |
| FY2012 ended March 2013 | — | 2.00 | — | 4.00 | 6.00 |
| FY 2013 ending March 2014 | — | 5.00 | | | |
| FY 2013 ending March 2014 (forecast) | | | — | 5.00 | 10.00 |

*Revisions to the projected dividends : No

3. Business Forecasts for FY 2013 ending Mar. 2014 (April 1, 2013 - March 31, 2014)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|--------|-------------|------|------------------|-------|-----------------|-------|-------------|-------|----------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Annual | 110,000 | 13.0 | 11,500 | 120.5 | 10,000 | 188.0 | 5,000 | 877.1 | 46.29 |

*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 2012 ended March 2013 | 2nd Quarter of FY 2013 |
|--|-----------------------------|------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 17,213 | 14,346 |
| Notes and accounts receivable-trade | 36,912 | 34,189 |
| Merchandise and finished goods | 16,051 | 17,652 |
| Work in process | 4,279 | 4,005 |
| Raw materials and supplies | 6,033 | 6,605 |
| Other | 10,089 | 9,125 |
| Allowance for doubtful accounts | (1,469) | (1,563) |
| Total current assets | 89,110 | 84,361 |
| Noncurrent assets | | |
| Property, plant and equipment | 11,277 | 11,207 |
| Intangible assets | | |
| Goodwill | 9,650 | 8,838 |
| Other | 9,241 | 9,567 |
| Total intangible assets | 18,892 | 18,406 |
| Investments and other assets | 10,222 | 10,747 |
| Total noncurrent assets | 40,392 | 40,361 |
| Total assets | 129,503 | 124,722 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 9,903 | 10,446 |
| Short-term loans payable | 31,627 | 23,766 |
| Income taxes payable | 1,172 | 1,795 |
| Provision for product warranties | 584 | 594 |
| Other | 11,375 | 8,564 |
| Total current liabilities | 54,662 | 45,167 |
| Noncurrent liabilities | | |
| Long-term loans payable | 19,002 | 22,172 |
| Provision for retirement benefits | 5,331 | 4,784 |
| Provision for directors' retirement benefits | 35 | 36 |
| Other | 1,448 | 1,545 |
| Total noncurrent liabilities | 25,818 | 28,538 |
| Total liabilities | 80,480 | 73,706 |

(Unit: Million Yen)

| | FY 2012 ended March 2013 | 2nd Quarter of FY 2013 |
|---|-----------------------------|------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 16,638 | 16,638 |
| Capital surplus | 21,051 | 21,051 |
| Retained earnings | 12,843 | 14,085 |
| Treasury stock | (57) | (57) |
| Total shareholders' equity | 50,476 | 51,717 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 298 | 458 |
| Deferred gains or losses on hedges | 10 | (48) |
| Foreign currency translation adjustment | (2,310) | (1,840) |
| Total accumulated other comprehensive income | (2,002) | (1,430) |
| Minority interests | 548 | 728 |
| Total net assets | 49,022 | 51,016 |
| Total liabilities and net assets | 129,503 | 124,722 |

Consolidated quarterly statements of income

(Unit: Million Yen)

| | 2nd Quarter of FY 2012 | 2nd Quarter of FY 2013 |
|--|------------------------|------------------------|
| Net sales | 46,121 | 52,795 |
| Cost of sales | 26,721 | 27,808 |
| Gross profit | 19,400 | 24,986 |
| Selling, general and administrative expenses | 17,894 | 20,842 |
| Operating income | 1,505 | 4,143 |
| Non-operating income | | |
| Interest income | 32 | 30 |
| Dividends income | 15 | 17 |
| Equity in earnings of affiliates | — | 60 |
| Foreign exchange gains | — | 235 |
| Other | 134 | 247 |
| Total non-operating income | 182 | 590 |
| Non-operating expenses | | |
| Interest expenses | 577 | 526 |
| Equity in losses of affiliates | 51 | — |
| Foreign exchange losses | 463 | — |
| Other | 109 | 167 |
| Total non-operating expenses | 1,202 | 694 |
| Ordinary income | 486 | 4,040 |
| Extraordinary loss | | |
| Loss on valuation of investment securities | 646 | 467 |
| Loss on liquidation of subsidiaries and affiliates | — | 104 |
| Impairment loss | — | 25 |
| Office transfer expenses | 486 | — |
| Loss on sales of land | 29 | — |
| Total extraordinary losses | 1,162 | 597 |
| Income (loss) before income taxes and minority interests | (675) | 3,442 |
| Income taxes-current | 379 | 1,254 |
| Income taxes-deferred | 147 | 384 |
| Total income taxes | 526 | 1,638 |
| Income (loss) before minority interests | (1,202) | 1,803 |
| Minority interests in income | 18 | 129 |
| Net income (loss) | (1,221) | 1,673 |

Consolidated quarterly statements of cash flows

(Unit: Million Yen)

| | 2nd Quarter of FY 2012 | 2nd Quarter of FY 2013 |
|--|------------------------|------------------------|
| Net cash provided by (used in) operating activities | | |
| Income (loss) before income taxes and minority interests | (675) | 3,442 |
| Depreciation and amortization | 1,613 | 1,841 |
| Amortization of goodwill | 769 | 928 |
| Increase (decrease) in allowance for doubtful accounts | (480) | (8) |
| Interest and dividends income | (48) | (47) |
| Interest expenses | 577 | 526 |
| Loss (gain) on valuation of investment securities | 646 | 467 |
| Loss on liquidation of subsidiaries and affiliates | — | 104 |
| Office transfer expenses | 486 | — |
| Increase (decrease) in provision for retirement benefits | (67) | (547) |
| Decrease (increase) in notes and accounts receivable-trade | 4,698 | 4,077 |
| Decrease (increase) in inventories | (2,229) | (838) |
| Decrease (increase) in accounts receivable-other | 658 | 346 |
| Increase (decrease) in notes and accounts payable-trade | (662) | (29) |
| Increase (decrease) in accounts payable-other | (452) | (605) |
| Increase (decrease) in accrued expenses | 157 | (1,001) |
| Other, net | (30) | (2,300) |
| Subtotal | 4,961 | 6,357 |
| Interest and dividends income received | 66 | 61 |
| Interest expenses paid | (581) | (541) |
| Income taxes paid | (233) | (691) |
| Net cash provided by (used in) operating activities | 4,213 | 5,185 |

(Unit: Million Yen)

| | 2nd Quarter of FY 2012 | 2nd Quarter of FY 2013 |
|---|------------------------|------------------------|
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (220) | (116) |
| Proceeds from withdrawal of time deposits | 82 | 157 |
| Purchase of property, plant and equipment | (758) | (908) |
| Proceeds from sales of property, plant and equipment | 173 | 121 |
| Purchase of intangible assets | (613) | (879) |
| Purchase of investment securities | (318) | (0) |
| Proceeds from sales of investment securities | — | 18 |
| Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation | 11 | — |
| Additional purchase of investments in subsidiaries | (3) | (3) |
| Proceeds from sales of investments in subsidiaries | — | 70 |
| Payments of long-term loans receivable | (53) | (6) |
| Collection of long-term loans receivable | 17 | 21 |
| Other, net | (75) | 42 |
| Net cash provided by (used in) investing activities | (1,757) | (1,483) |

(Unit: Million Yen)

| | 2nd Quarter of FY 2012 | 2nd Quarter of FY 2013 |
|---|------------------------|------------------------|
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (2,801) | (2,430) |
| Proceeds from long-term loans payable | 3,382 | 7,147 |
| Repayment of long-term loans payable | (3,500) | (10,736) |
| Repayments of finance lease obligations | (127) | (159) |
| Cash dividends paid | (185) | (428) |
| Proceeds from stock issuance to minority shareholders | 63 | — |
| Other, net | (0) | (0) |
| Net cash provided by (used in) financing activities | (3,168) | (6,608) |
| Effect of exchange rate change on cash and cash equivalents | (170) | 168 |
| Net increase (decrease) in cash and cash equivalents | (883) | (2,736) |
| Cash and cash equivalents at beginning of period | 13,606 | 16,883 |
| Cash and cash equivalents at end of period | 12,722 | 14,147 |

[Segment Information by business category]

2nd Quarter of FY 2012 (from April 1, 2012 to September 30, 2012)

(unit: million yen)

| | Reportable segment | | | | | Elimination & Common | Total |
|-----------------------------------|------------------------------|---------------------|------------------|-------|-----------|----------------------|--------|
| | Smart Infrastructure Company | Positioning Company | Eye Care Company | Other | Sub-Total | | |
| Sales | | | | | | | |
| Sales to unaffiliated customers | 9,535 | 16,380 | 14,478 | 5,728 | 46,121 | — | 46,121 |
| Intercompany sales or transfer | 4,199 | 1,057 | — | — | 5,256 | (5,256) | — |
| Total | 13,734 | 17,437 | 14,478 | 5,728 | 51,378 | (5,256) | 46,121 |
| Segment Profit (Operating Profit) | 1,472 | 538 | 483 | (219) | 2,275 | (769) | 1,505 |

Note: Segment Profit “(769)” on “Elimination & Common” is goodwill amortization expense which is not distributed to each reportable segment.

2nd Quarter of FY 2013 (from April 1, 2013 to September 30, 2013)

(unit: million yen)

| | Reportable segment | | | | | Elimination & Common | Total |
|-----------------------------------|------------------------------|---------------------|------------------|-------|-----------|----------------------|--------|
| | Smart Infrastructure Company | Positioning Company | Eye Care Company | Other | Sub-Total | | |
| Sales | | | | | | | |
| Sales to unaffiliated customers | 11,511 | 21,047 | 17,072 | 3,163 | 52,795 | — | 52,795 |
| Intercompany sales or transfer | 4,375 | 1,304 | — | 12 | 5,692 | (5,692) | — |
| Total | 15,887 | 22,352 | 17,072 | 3,175 | 58,487 | (5,692) | 52,795 |
| Segment Profit (Operating Profit) | 1,975 | 1,830 | 1,251 | 16 | 5,072 | (928) | 4,143 |

Note: Segment Profit “(928)” on “Elimination & Common” is goodwill amortization expense which is not distributed to each reportable segment.

[Segment Information by region]

2nd Quarter of FY 2012 (from April 1, 2012 to September 30, 2012)

(unit: million yen)

| | Japan | North America | Europe | China | Asia / Oceania | other | Elimination & Common | Total |
|-----------------------------------|--------|---------------|--------|-------|----------------|-------|----------------------|--------|
| Sales | | | | | | | | |
| Sales to unaffiliated customers | 15,928 | 12,897 | 10,376 | 2,882 | 3,366 | 669 | — | 46,121 |
| Intercompany sales or transfer | 10,208 | 3,338 | 310 | 1,093 | 336 | — | (15,287) | — |
| Total | 26,137 | 16,235 | 10,686 | 3,976 | 3,703 | 669 | (15,287) | 46,121 |
| Segment Profit (Operating Profit) | 2,052 | 512 | (68) | 62 | 19 | 24 | (1,098) | 1,505 |

2nd Quarter of FY 2013 (from April 1, 2013 to September 30, 2013)

(unit: million yen)

| | Japan | North America | Europe | China | Asia / Oceania | other | Elimination & Common | Total |
|-----------------------------------|--------|---------------|--------|-------|----------------|-------|----------------------|--------|
| Sales | | | | | | | | |
| Sales to unaffiliated customers | 15,434 | 16,774 | 13,504 | 2,489 | 3,691 | 900 | — | 52,795 |
| Intercompany sales or transfer | 10,666 | 3,836 | 535 | 2,408 | 897 | — | (18,344) | — |
| Total | 26,100 | 20,611 | 14,039 | 4,897 | 4,589 | 900 | (18,344) | 52,795 |
| Segment Profit (Operating Profit) | 2,865 | 2,020 | 417 | 313 | 167 | 50 | (1,691) | 4,143 |

Notes: 1. Sales and Segment Profit are classified by country or region based on the location of each our group company.

2. The region which belongs to “other” category is Middle East.

[Overseas sales]

2nd Quarter of FY 2012 (from April 1, 2012 to September 30, 2012)

(unit: million yen)

| | North America | Europe | China | Asia / Oceania | other | Total |
|---------------------------------|---------------|--------|-------|----------------|-------|--------|
| Overseas sales | 9,400 | 9,326 | 4,738 | 6,406 | 4,752 | 34,625 |
| Consolidated Sales | | | | | | 46,121 |
| Ratio to Consolidated Sales (%) | 20.4 | 20.2 | 10.3 | 13.9 | 10.3 | 75.1 |

2nd Quarter of FY 2013 (from April 1, 2013 to September 30, 2013)

(unit: million yen)

| | North America | Europe | China | Asia / Oceania | other | Total |
|---------------------------------|---------------|--------|-------|----------------|-------|--------|
| Overseas sales | 11,843 | 13,063 | 3,949 | 6,729 | 5,468 | 41,054 |
| Consolidated Sales | | | | | | 52,795 |
| Ratio to Consolidated Sales (%) | 22.4 | 24.7 | 7.5 | 12.8 | 10.4 | 77.8 |

Notes: 1. Sales is classified by country or region based on the location of customers.

2. The main regions which belong to “other” category are Latin America, Middle East, Russia, and Africa.