

# Consolidated Financial Results

(Japanese GAAP)

FY 2013 ended Mar. 2014

TOPCON CORPORATION

Release Date: April 25, 2014

## 1. Summary of Business Results for FY2013 ending March 2014 (April 1, 2013 - March 31, 2014)

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

(1) Consolidated business results

(Rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2013 ended Mar. 2014	116,685	19.9	11,730	124.9	11,300	225.5	5,963	* —
FY 2012 ended Mar. 2013	97,345	(1.5)	5,214	150.6	3,471	642.9	511	—

Note: Comprehensive income  
 FY 2013 ended Mar. 2014 7,942 million yen ( 121.9 % )  
 FY 2012 ended Mar. 2013 3,579 million yen ( — % )

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Diluted net income per share
	yen	yen	%	%	%
FY 2013 ended Mar. 2014	55.21	—	11.7	8.5	10.1
FY 2012 ended Mar. 2013	5.48	—	1.3	2.8	5.4

Note: Share of profit (loss) of entities accounted for using equity method  
 FY 2013 ended Mar. 2014 50 million yen  
 FY 2012 ended Mar. 2013 (56) million yen

\* Year-to-year increase (decrease) percentage of Net income for the FY 2013 is shown as "—" because the percentage was in excess of 1,000%.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	%
FY 2013 ended Mar. 2014	135,818	54,328	39.5	496.22
FY 2012 ended Mar. 2013	129,503	49,022	37.4	448.77

Note: Shareholders' equity  
 FY 2013 ended Mar. 2014 53,598 million yen  
 FY 2012 ended Mar. 2013 48,474 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	million yen	million yen	million yen	million yen
FY 2013 ended Mar. 2014	8,132	(3,532)	(6,877)	15,029
FY 2012 ended Mar. 2013	3,474	(1,611)	976	16,883

## 2. Dividends

	Dividends per share					Dividends paid (Annual)	Dividends payout ratio (Consolidated)	Dividends on equity (Consolidated)
	end of 1st Qtr	end of 2nd Qtr	end of 3rd Qtr	year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY 2012 ended Mar. 2013	—	2.00	—	4.00	6.00	617	109.4	1.5
FY 2013 ended Mar. 2014	—	5.00	—	5.00	10.00	1,080	18.1	2.1
FY 2014 ended Mar. 2015 (forecast)	—	8.00	—	8.00	16.00		20.8	

## 3. Business Forecasts for FY 2014 ending Mar. 2015 (April 1, 2014 - March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	60,000	13.6	5,000	20.7	4,300	6.4	2,100	25.5	19.44
Annual	130,000	11.4	16,000	36.4	14,500	28.3	8,300	39.2	76.84

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 financial statements

### Consolidated balance sheets

(Unit: Million Yen)

	FY 2012 ended Mar. 2013	FY 2013 ended Mar. 2014
<b>Assets</b>		
Current assets		
Cash and deposits	17,213	15,187
Notes and accounts receivable - trade	36,912	41,875
Merchandise and finished goods	16,051	18,237
Work in process	4,279	4,195
Raw materials and supplies	6,033	6,988
Deferred tax assets	5,616	5,932
Other	4,473	5,383
Allowance for doubtful accounts	(1,469)	(1,409)
Total current assets	89,110	96,391
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,198	5,075
Machinery, equipment and vehicles, net	1,993	1,839
Land	1,767	1,696
Construction in progress	179	176
Other, net	2,138	2,401
Total property, plant and equipment	11,277	11,188
Intangible assets		
Goodwill	9,650	8,319
Other	9,241	9,812
Total intangible assets	18,892	18,132
Investments and other assets		
Investment securities	3,345	3,164
Long-term loans receivable	800	810
Net defined benefit asset	—	2,021
Deferred tax assets	3,160	2,656
Other	2,997	1,530
Allowance for doubtful accounts	(80)	(78)
Total investments and other assets	10,222	10,105
Total non-current assets	40,392	39,426
Total assets	129,503	135,818
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,903	11,107
Short-term loans payable	31,627	25,044
Accrued expenses	6,399	6,844
Income taxes payable	1,172	2,378
Provision for product warranties	584	797
Other	4,975	3,837
Total current liabilities	54,662	50,010
Non-current liabilities		
Long-term loans payable	19,002	22,689
Deferred tax liabilities	4	29
Provision for retirement benefits	5,331	—
Provision for directors' retirement benefits	35	39
Net defined benefit liability	—	7,292
Other	1,444	1,427
Total non-current liabilities	25,818	31,478
Total liabilities	80,480	81,489
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,638	16,638
Capital surplus	21,051	20,950
Retained earnings	12,843	17,804
Treasury shares	(57)	(58)
Total shareholders' equity	50,476	55,335
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	298	468
Deferred gains or losses on hedges	10	(47)
Foreign currency translation adjustment	(2,310)	(712)
Remeasurements of defined benefit plans	—	(1,445)
Total accumulated other comprehensive income	(2,002)	(1,736)
Minority interests	548	729
Total net assets	49,022	54,328
<b>Total liabilities and net assets</b>	<b>129,503</b>	<b>135,818</b>

Consolidated statements of income

(Unit: Million Yen)

	FY 2012 ended Mar. 2013	FY 2013 ended Mar. 2014
Net sales	97,345	116,685
Cost of sales	54,517	61,034
Gross profit	42,828	55,651
Selling, general and administrative expenses	37,613	43,920
Operating income	5,214	11,730
Non-operating income		
Interest income	78	75
Dividend income	39	37
Share of profit of entities accounted for using equity method	—	50
Foreign exchange gains	—	381
Other	305	434
Total non-operating income	423	979
Non-operating expenses		
Interest expenses	1,160	1,021
Share of loss of entities accounted for using equity method	56	—
Foreign exchange losses	552	—
Other	396	387
Total non-operating expenses	2,166	1,409
Ordinary income	3,471	11,300
Extraordinary income		
Gain on sales of land	180	—
Total extraordinary income	180	—
Extraordinary losses		
Loss on valuation of investment securities	584	485
Lump-sum contribution to employees' pension fund	—	131
Loss on liquidation of subsidiaries and associates	—	104
Impairment loss	—	25
Office transfer expenses	441	—
Loss on transfer of business	335	—
Loss on cancellation of office transfer	209	—
Loss on sales of land	54	—
Total extraordinary losses	1,624	747
Income before income taxes and minority interests	2,027	10,552
Income taxes - current	995	3,444
Income taxes - deferred	535	929
Total income taxes	1,531	4,374
Income before minority interests	496	6,178
Minority interests in income (loss)	(15)	214
Net income	511	5,963

## Consolidated statements of cash flows

(Unit: Million Yen)

	FY 2012 ended Mar. 2013	FY 2013 ended Mar. 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	2,027	10,552
Depreciation	3,384	3,803
Amortization of goodwill	1,618	1,782
Increase (decrease) in allowance for doubtful accounts	(435)	(251)
Interest and dividend income	(117)	(112)
Interest expenses	1,160	1,021
Loss on retirement of property, plant and equipment	282	135
Loss (gain) on sales of property, plant and equipment	(114)	(14)
Loss (gain) on valuation of investment securities	584	485
Share of (profit) loss of entities accounted for using equity method	56	(50)
Loss on liquidation of subsidiaries and associates	-	104
Lump-sum contribution to employees' pension fund	-	131
Loss (gain) on transfer of business	335	-
Office transfer expenses	441	-
Increase (decrease) in provision for retirement benefits	(471)	-
Decrease (Increase) in net defined benefit asset	-	(390)
Increase (decrease) in net defined benefit liability	-	(197)
Decrease (increase) in notes and accounts receivable - trade	1,727	(1,923)
Decrease (increase) in inventories	(2,553)	(792)
Decrease (increase) in prepaid expenses	(147)	(370)
Increase (decrease) in notes and accounts payable - trade	(3,503)	(47)
Increase (decrease) in accrued expenses	882	(232)
Other, net	(67)	(2,270)
<b>Subtotal</b>	<b>5,091</b>	<b>11,364</b>
Interest and dividend income received	147	146
Interest expenses paid	(1,176)	(1,004)
Income taxes paid	(587)	(2,374)
<b>Net cash provided by (used in) operating activities</b>	<b>3,474</b>	<b>8,132</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(331)	(205)
Proceeds from withdrawal of time deposits	194	296
Purchase of property, plant and equipment	(1,778)	(2,201)
Proceeds from sales of property, plant and equipment	1,537	503
Purchase of intangible assets	(1,606)	(1,879)
Purchase of investment securities	(339)	(41)
Proceeds from sales of investment securities	-	60
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(36)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	12	-
Additional purchase of investments in subsidiaries	(4)	(170)
Proceeds from sales of shares of subsidiaries	-	70
Proceeds from transfer of business	210	-
Payments of long-term loans receivable	(87)	(6)
Collection of long-term loans receivable	64	72
Other, net	554	(30)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,611)</b>	<b>(3,532)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(10,388)	(1,608)
Proceeds from long-term loans payable	5,161	8,019
Repayments of long-term loans payable	(5,802)	(12,003)
Proceeds from issuance of common shares	12,680	-
Repayments of finance lease obligations	(285)	(301)
Purchase of treasury shares	(0)	(1)
Cash dividends paid	(370)	(967)
Proceeds from share issuance to minority shareholders	67	-
Cash dividends paid to minority shareholders	(85)	(14)
<b>Net cash provided by (used in) financing activities</b>	<b>976</b>	<b>(6,877)</b>
Effect of exchange rate change on cash and cash equivalents	437	423
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,277</b>	<b>(1,854)</b>
Cash and cash equivalents at beginning of period	13,606	16,883
Cash and cash equivalents at end of period	16,883	15,029

[Segment Information by business category]

FY 2012 ending Mar. 2013 ((April 1, 2012 - March 31, 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	21,481	35,528	31,073	9,262	97,345	—	97,345
Intercompany sales or transfer	8,357	2,295	—	—	10,653	(10,653)	—
Total	29,839	37,824	31,073	9,262	107,999	(10,653)	97,345
Segment Profit (Operating Profit)	4,126	1,413	1,563	(269)	6,833	(1,618)	5,214

Note: Segment Profit (1,618) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

FY 2013 ending Mar. 2014 ((April 1, 2013 - March 31, 2014)

(unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Company	Positioning Company	Eye Care Company	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	25,304	46,094	38,736	6,549	116,685	—	116,685
Intercompany sales or transfer	9,316	2,865	—	75	12,258	(12,258)	—
Total	34,621	48,959	38,736	6,625	128,943	(12,258)	116,685
Segment Profit (Operating Profit)	5,201	4,514	4,003	(205)	13,513	(1,782)	11,730

Note: Segment Profit (1,782) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

[Related information]

FY 2012 ending Mar. 2013 ((April 1, 2012 - March 31, 2013)

1. Regional information

(unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	other	Total
Sales	24,634	20,137	21,207	7,799	13,254	10,312	97,345

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.

2. Segment information by location

(unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	other	Elimination & Common	Total
Sales								
Sales to unaffiliated customers	32,349	28,330	23,091	4,784	7,258	1,532	—	97,345
Intercompany sales or transfer	20,778	6,963	981	2,555	789	—	(32,068)	—
Total	53,127	35,294	24,072	7,339	8,048	1,532	(32,068)	97,345
Segment Profit (Operating Profit)	5,441	1,865	(608)	204	446	50	(2,184)	5,214

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.

FY 2013 ending Mar. 2014 ((April 1, 2013 - March 31, 2014)

1. Regional information

(unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	other	Total
Sales	27,498	25,977	28,502	8,040	14,164	12,500	116,685

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.

2. Segment information by location

(unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	other	Elimination & Common	Total
Sales								
Sales to unaffiliated customers	34,534	37,958	29,177	4,944	8,062	2,009	—	116,685
Intercompany sales or transfer	23,224	8,787	1,125	5,363	1,895	—	(40,395)	—
Total	57,758	46,745	30,302	10,307	9,957	2,009	(40,395)	116,685
Segment Profit (Operating Profit)	7,121	5,666	475	699	406	121	(2,760)	11,730

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.