

Consolidated Financial Results

(Japanese GAAP)

FY2014 ending March 2015

TOPCON CORPORATION

Release Date: July 31, 2014

1. Summary of First Quarter Business Results for FY2014 ending March 2015 (April 1, 2014 - June 30, 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	%
1st quarter of FY2014	26,354	9.5	1,735	145.0	1,452	122.1	1,015	—
1st quarter of FY2013	24,064	17.2	708	—	653	—	55	—

Note: Comprehensive income
 1st quarter of FY2014 918 million yen (28.5%)
 1st quarter of FY2013 714 million yen (—%)

	Net income per share	Diluted net income per share
	yen	yen
1st quarter of FY2014	9.40	—
1st quarter of FY2013	0.52	—

Note: Year-to-year increase percentage of Net income for the 1st quarter of FY 2014 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	million yen	million yen	%	yen
1st quarter of FY2014	130,701	54,682	41.2	499.12		
FY2013 ended March 2014	135,818	54,328	39.5	496.22		

Note: Shareholders' equity
 1st quarter of FY2014 53,911 million yen
 FY2013 ended March 2014 53,598 million yen

2. Dividends

	Dividends per share				
	end of 1st qtr	end of 2nd qtr	end of 3rd qtr	year-end	Total
	yen	yen	yen	yen	yen
FY2013 ended March 2014	—	5.00	—	5.00	10.00
FY2014 ending March 2015	—				
FY2014 ending March 2015 (forecast)		8.00	—	8.00	16.00

*Revisions to the projected dividends : No

3. Business Forecasts for FY2014 ending March 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
Full year	130,000	11.4	16,000	36.4	14,500	28.3	8,300	39.2	76.84

*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)

	FY2013 ended March 2014	1st quarter of FY2014
Assets		
Current assets		
Cash and deposits	15,187	17,878
Notes and accounts receivable - trade	41,875	35,504
Merchandise and finished goods	18,237	18,896
Work in process	4,195	4,683
Raw materials and supplies	6,988	6,985
Other	11,315	10,710
Allowance for doubtful accounts	(1,409)	(1,455)
Total current assets	96,391	93,203
Non-current assets		
Property, plant and equipment	11,188	11,445
Intangible assets		
Goodwill	8,319	7,895
Other	9,812	9,747
Total intangible assets	18,132	17,643
Investments and other assets	10,105	8,409
Total non-current assets	39,426	37,498
Total assets	135,818	130,701
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,107	10,610
Short-term loans payable	25,044	23,674
Income taxes payable	2,378	1,306
Provision for product warranties	797	839
Other	10,682	10,334
Total current liabilities	50,010	46,765
Non-current liabilities		
Long-term loans payable	22,689	21,990
Provision for directors' retirement benefits	39	42
Net defined benefit liability	7,292	5,560
Other	1,457	1,660
Total non-current liabilities	31,478	29,253
Total liabilities	81,489	76,018
Net assets		
Shareholders' equity		
Capital stock	16,638	16,638
Capital surplus	20,950	20,950
Retained earnings	17,804	18,257
Treasury shares	(58)	(58)
Total shareholders' equity	55,335	55,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	468	483
Deferred gains or losses on hedges	(47)	(9)
Foreign currency translation adjustment	(712)	(981)
Remeasurements of defined benefit plans	(1,445)	(1,368)
Total accumulated other comprehensive income	(1,736)	(1,875)
Minority interests	729	771
Total net assets	54,328	54,682
Total liabilities and net assets	135,818	130,701

Consolidated quarterly statements of income

(Unit: million yen)

	1st quarter of FY2013	1st quarter of FY2014
Net sales	24,064	26,354
Cost of sales	12,918	12,791
Gross profit	11,145	13,562
Selling, general and administrative expenses	10,437	11,826
Operating income	708	1,735
Non-operating income		
Interest income	16	17
Dividend income	11	14
Share of profit of entities accounted for using equity method	1	27
Foreign exchange gains	169	—
Other	82	129
Total non-operating income	282	189
Non-operating expenses		
Interest expenses	260	229
Foreign exchange losses	—	194
Other	76	48
Total non-operating expenses	336	472
Ordinary income	653	1,452
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	104	—
Total extraordinary losses	104	—
Income before income taxes and minority interests	549	1,452
Income taxes - current	342	629
Income taxes - deferred	89	(246)
Total income taxes	432	383
Income before minority interests	117	1,069
Minority interests in income	61	53
Net income	55	1,015

[Segment Information by business category]

1st quarter of FY2013 (April 1, 2013 - June 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	4,885	10,148	7,457	1,574	24,064	—	24,064
Intercompany sales or transfer	1,874	521	—	—	2,396	(2,396)	—
Total	6,759	10,669	7,457	1,574	26,461	(2,396)	24,064
Segment Profit (Operating Profit)	447	752	21	(44)	1,176	(468)	708

Note: Segment Profit (468) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

1st quarter of FY2014 (April 1, 2014 - June 30, 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	4,910	12,295	7,900	1,247	26,354	—	26,354
Intercompany sales or transfer	1,846	750	—	3	2,601	(2,601)	—
Total	6,757	13,046	7,900	1,250	28,955	(2,601)	26,354
Segment Profit (Operating Profit)	832	1,163	296	(125)	2,166	(431)	1,735

Note: Segment Profit (431) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

[Segment Information by region]

1st quarter of FY2013 (April 1, 2013 - June 30, 2013)

(Unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	Other	Elimination & Common	Total
Sales								
Sales to unaffiliated customers	6,497	7,841	6,533	1,211	1,561	418	—	24,064
Intercompany sales or transfer	4,482	1,760	310	1,010	449	—	(8,013)	—
Total	10,980	9,601	6,843	2,222	2,011	418	(8,013)	24,064
Segment Profit (Operating Profit)	626	691	109	110	30	27	(888)	708

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.

1st quarter of FY2014 (April 1, 2014 - June 30, 2014)

(Unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	Other	Elimination & Common	Total
Sales								
Sales to unaffiliated customers	6,352	9,683	7,226	1,160	1,440	489	—	26,354
Intercompany sales or transfer	5,343	2,365	346	1,070	462	—	(9,588)	—
Total	11,696	12,049	7,572	2,231	1,903	489	(9,588)	26,354
Segment Profit (Operating Profit)	866	1,144	24	100	(13)	2	(388)	1,735

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]

1st quarter of FY2013 (April 1, 2013 - June 30, 2013)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	5,575	6,528	1,655	2,888	2,385	19,033
Consolidated Sales						24,064
Ratio to Consolidated Sales (%)	23.2	27.1	6.9	12.0	9.9	79.1

1st quarter of FY2014 (April 1, 2014 - June 30, 2014)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	6,599	7,166	1,628	2,635	2,360	20,391
Consolidated Sales						26,354
Ratio to Consolidated Sales (%)	25.0	27.2	6.2	10.0	9.0	77.4

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.