

# Consolidated Financial Results

(Japanese GAAP)

FY2014 ended March 2015

TOPCON CORPORATION

Release Date: April 28, 2015

## 1. Summary of Business Results for FY2014 ended March 2015 (April 1, 2014 - March 31, 2015)

"%" 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	%
FY2014 ended March 2015	128,569	10.2	16,041	36.7	14,880	31.7	8,670	45.4
FY2013 ended March 2014	116,685	19.9	11,730	124.9	11,300	225.5	5,963	* —

Note: Comprehensive income  
 FY2014 ended March 2015 11,639 million yen ( 46.6 % )  
 FY2013 ended March 2014 7,942 million yen ( 121.9 % )

	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	%	%	%
FY2014 ended March 2015	80.27	—	14.8	10.7	12.5
FY2013 ended March 2014	55.21	—	11.7	8.5	10.1

Note: Share of profit (loss) of entities accounted for using equity method  
 FY2014 ended March 2015 (37) million yen  
 FY2013 ended March 2014 50 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	%	%
FY2014 ended March 2015	143,181	64,610	44.3	587.52
FY2013 ended March 2014	135,818	54,328	39.5	496.22

Note: Shareholders' equity  
 FY2014 ended March 2015 63,460 million yen  
 FY2013 ended March 2014 53,598 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
FY2014 ended March 2015	17,143	(9,192)	(7,602)	16,252
FY2013 ended March 2014	8,132	(3,532)	(6,877)	15,029

## 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			
FY2013 ended March 2014	—	5.00	—	5.00	10.00	1,080	18.1	2.1
FY2014 ended March 2015	—	8.00	—	8.00	16.00	1,728	19.9	3.0
FY2015 ending March 2016 (forecast)	—	12.00	—	12.00	24.00		20.3	

## 3. Business Forecasts for FY2015 ending March 2016 (April 1, 2015 - March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	67,000	12.8	7,500	27.0	6,800	20.6	4,100	17.5	37.96
Annual	150,000	16.7	22,000	37.1	20,500	37.8	12,800	47.6	118.50

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)

	FY2013 ended March 2014	FY2014 ended March 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	15,187	16,507
Notes and accounts receivable - trade	41,875	43,210
Merchandise and finished goods	18,237	19,646
Work in process	4,195	4,286
Raw materials and supplies	6,988	6,695
Deferred tax assets	5,932	6,107
Other	5,383	5,821
Allowance for doubtful accounts	(1,409)	(1,328)
<b>Total current assets</b>	<b>96,391</b>	<b>100,946</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	5,075	4,755
Machinery, equipment and vehicles, net	1,839	2,226
Land	1,696	1,888
Construction in progress	176	458
Other, net	2,401	2,831
<b>Total property, plant and equipment</b>	<b>11,188</b>	<b>12,159</b>
<b>Intangible assets</b>		
Goodwill	8,319	8,555
Software	5,709	8,024
Other	4,103	4,500
<b>Total intangible assets</b>	<b>18,132</b>	<b>21,081</b>
<b>Investments and other assets</b>		
Investment securities	3,164	3,820
Long-term loans receivable	810	824
Net defined benefit asset	2,021	554
Deferred tax assets	2,656	2,306
Other	1,530	1,567
Allowance for doubtful accounts	(78)	(79)
<b>Total investments and other assets</b>	<b>10,105</b>	<b>8,994</b>
<b>Total non-current assets</b>	<b>39,426</b>	<b>42,235</b>
<b>Total assets</b>	<b>135,818</b>	<b>143,181</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	11,107	12,034
Short-term loans payable	25,044	30,105
Accrued expenses	6,844	7,876
Income taxes payable	2,378	2,518
Provision for product warranties	797	832
Other	3,837	4,425
<b>Total current liabilities</b>	<b>50,010</b>	<b>57,794</b>
<b>Non-current liabilities</b>		
Long-term loans payable	22,689	13,908
Deferred tax liabilities	29	20
Provision for directors' retirement benefits	39	48
Net defined benefit liability	7,292	5,481
Other	1,427	1,315
<b>Total non-current liabilities</b>	<b>31,478</b>	<b>20,775</b>
<b>Total liabilities</b>	<b>81,489</b>	<b>78,570</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	16,638	16,638
Capital surplus	20,950	20,950
Retained earnings	17,804	25,030
Treasury shares	(58)	(60)
<b>Total shareholders' equity</b>	<b>55,335</b>	<b>62,558</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	468	763
Deferred gains or losses on hedges	(47)	(163)
Foreign currency translation adjustment	(712)	1,341
Remeasurements of defined benefit plans	(1,445)	(1,040)
<b>Total accumulated other comprehensive income</b>	<b>(1,736)</b>	<b>901</b>
<b>Minority interests</b>	<b>729</b>	<b>1,150</b>
<b>Total net assets</b>	<b>54,328</b>	<b>64,610</b>
<b>Total liabilities and net assets</b>	<b>135,818</b>	<b>143,181</b>

Consolidated statements of income

(Unit: million yen)

	FY2013 ended March 2014	FY2014 ended March 2015
Net sales	116,685	128,569
Cost of sales	61,034	62,299
Gross profit	55,651	66,269
Selling, general and administrative expenses	43,920	50,227
Operating income	11,730	16,041
Non-operating income		
Interest income	75	81
Dividend income	37	41
Share of profit of entities accounted for using equity method	50	—
Foreign exchange gains	381	349
Other	434	247
Total non-operating income	979	720
Non-operating expenses		
Interest expenses	1,021	875
Share of loss of entities accounted for using equity method	—	37
Worker-on-loan expenses	—	345
Other	387	622
Total non-operating expenses	1,409	1,881
Ordinary income	11,300	14,880
Extraordinary losses		
Free repair expense	—	861
Impairment loss	25	591
Loss on business withdrawal	—	413
Loss on valuation of investment securities	485	—
Lump-sum contribution to employees' pension fund	131	—
Loss on liquidation of subsidiaries and associates	104	—
Total extraordinary losses	747	1,865
Income before income taxes and minority interests	10,552	13,014
Income taxes - current	3,444	4,145
Income taxes - deferred	929	13
Total income taxes	4,374	4,159
Income before minority interests	6,178	8,855
Minority interests in income	214	184
Net income	5,963	8,670

## Consolidated statements of cash flows

(Unit: Million Yen)

	FY2013 ended March 2014	FY2014 ended March 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	10,552	13,014
Depreciation	3,803	3,732
Amortization of goodwill	1,782	1,833
Increase (decrease) in allowance for doubtful accounts	(251)	(170)
Interest and dividend income	(112)	(123)
Interest expenses	1,021	875
Loss on retirement of property, plant and equipment	135	161
Loss (gain) on sales of property, plant and equipment	(14)	—
Loss (gain) on valuation of investment securities	485	—
Share of (profit) loss of entities accounted for using equity method	(50)	37
Impairment loss	25	591
Loss on withdrawal from business	—	413
Loss on liquidation of subsidiaries and associates	104	—
Lump-sum contribution to employees' pension fund	131	—
Decrease (increase) in net defined benefit asset	(390)	402
Increase (decrease) in net defined benefit liability	(197)	(111)
Decrease (increase) in notes and accounts receivable - trade	(1,923)	1,414
Decrease (increase) in inventories	(792)	837
Decrease (increase) in prepaid expenses	(370)	456
Increase (decrease) in notes and accounts payable - trade	(47)	442
Increase (decrease) in accrued expenses	(232)	783
Increase (decrease) in other current liabilities	(946)	191
Other, net	(1,349)	(2,707)
<b>Subtotal</b>	<b>11,364</b>	<b>22,076</b>
Interest and dividend income received	146	123
Interest expenses paid	(1,004)	(900)
Income taxes paid	(2,374)	(4,157)
<b>Net cash provided by (used in) operating activities</b>	<b>8,132</b>	<b>17,143</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(205)	(250)
Proceeds from withdrawal of time deposits	296	261
Purchase of property, plant and equipment	(2,201)	(3,352)
Proceeds from sales of property, plant and equipment	503	195
Purchase of intangible assets	(1,879)	(2,499)
Purchase of investment securities	(41)	(614)
Proceeds from sales of investment securities	60	148
Purchase of shares of subsidiaries	—	(3,005)
Additional purchase of investments in subsidiaries	(170)	(0)
Proceeds from sales of shares of subsidiaries	70	—
Payments of long-term loans receivable	(6)	(10)
Collection of long-term loans receivable	72	22
Other, net	(30)	(88)
<b>Net cash provided by (used in) investing activities</b>	<b>(3,532)</b>	<b>(9,192)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(1,608)	(4,618)
Proceeds from long-term loans payable	8,019	3,743
Repayments of long-term loans payable	(12,003)	(5,003)
Repayments of finance lease obligations	(301)	(269)
Purchase of treasury shares	(1)	(2)
Cash dividends paid	(967)	(1,402)
Cash dividends paid to minority shareholders	(14)	(48)
<b>Net cash provided by (used in) financing activities</b>	<b>(6,877)</b>	<b>(7,602)</b>
Effect of exchange rate change on cash and cash equivalents	423	782
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,854)</b>	<b>1,130</b>
Cash and cash equivalents at beginning of period	16,883	15,029
Increase in cash and cash equivalents from newly consolidated subsidiary	—	92
<b>Cash and cash equivalents at end of period</b>	<b>15,029</b>	<b>16,252</b>

[Segment Information by business category]

FY2013 ended March 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.

FY2014 ended March 2015 (April 1, 2014 - March 31, 2015)

(unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Company	Positioning Company	Eye Care Company	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	25,566	55,259	41,240	6,502	128,569	—	128,569
Intercompany sales or transfer	8,342	3,413	—	55	11,812	(11,812)	—
Total	33,909	58,672	41,240	6,558	140,381	(11,812)	128,569
Segment Profit (Operating Profit)	5,965	6,652	5,093	163	17,874	(1,833)	16,041

Note: Segment Profit (1,833) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

[Related information]

FY2013 ended March 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.

FY2014 ended March 2015 (April 1, 2014 - March 31, 2015)

1. Regional information

(unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	other	Total
Sales	30,998	32,047	31,190	7,826	13,907	12,598	128,569

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	35,411	45,783	31,788	4,865	8,153	2,565	—	128,569
Intercompany sales or transfer	23,315	10,659	1,848	5,042	1,888	0	(42,754)	—
Total	58,726	56,442	33,637	9,907	10,041	2,566	(42,754)	128,569
Segment Profit (Operating Profit)	7,730	6,993	1,698	399	342	164	(1,286)	16,041

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.