

Consolidated Financial Results

(Japanese GAAP)

FY2016 ending March 2017

TOPCON CORPORATION

Release Date: July 29, 2016

1. Summary of First Quarter Business Results for FY2016 ending March 2017 (April 1, 2016 - June 31, 2016)

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

(1) Consolidated business results

(Rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1st quarter of FY2016	26,228	(4.9)	736	(3.7)	(439)	—	(783)	—
1st quarter of FY2015	27,593	4.7	764	(56.0)	680	(53.1)	139	(86.3)

Note: Comprehensive income
1st quarter of FY2016 (6,131) million yen [-%]
1st quarter of FY2015 1,784 million yen [94.3%]

	Net income per share	Diluted net income per share
1st quarter of FY2016	yen (7.39)	yen —
1st quarter of FY2015	1.29	—

Note: The previously reported amount in FY2015 Q1 is retrospectively adjusted by determining provisional accounting of business combination.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
1st quarter of FY2016	million yen 153,591	million yen 53,700	% 33.3	yen 482.27
FY2015 ended March 2016	166,542	61,143	35.0	550.04

Note: Shareholders' equity
1st quarter of FY2016 51,126 million yen
FY2015 ended March 2016 58,311 million yen

2. Dividends

	Dividends per share				
	end of 1st qtr	end of 2nd qtr	end of 3rd qtr	year-end	Total
FY2015 ended March 2016	yen —	yen 12.00	yen —	yen 12.00	yen 24.00
FY2016 ending March 2017	—				
FY2016 ending March 2017 (forecast)		8.00	—	8.00	16.00

*Revisions to the projected dividends : No

3. Business Forecasts for FY2016 ending March 2017 (April 1, 2016 - March 31, 2017)

"%" 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	61,000	(3.1)	3,700	(17.2)	3,000	(22.4)	1,400	(38.4)	13.21
Full year	130,000	(0.6)	10,500	19.3	9,000	22.2	5,000	19.1	47.16

*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)

	FY2015 ended March 2016	1st quarter of FY2016
Assets		
Current assets		
Cash and deposits	16,186	18,861
Notes and accounts receivable - trade	42,484	33,356
Merchandise and finished goods	23,867	22,650
Work in process	1,539	2,200
Raw materials and supplies	10,595	10,828
Other	14,489	12,955
Allowance for doubtful accounts	(1,499)	(1,404)
Total current assets	107,663	99,448
Non-current assets		
Property, plant and equipment	13,265	12,709
Intangible assets		
Goodwill	17,501	15,401
Other	21,135	19,514
Total intangible assets	38,636	34,916
Investments and other assets	6,976	6,517
Total non-current assets	58,879	54,142
Total assets	166,542	153,591
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,066	9,396
Short-term loans payable	23,754	22,527
Lease obligations	759	742
Income taxes payable	1,204	437
Provision for product warranties	894	863
Other	11,948	11,585
Total current liabilities	49,628	45,554
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	20,387	19,561
Lease obligations	5,540	5,342
Provision for directors' retirement benefits	47	44
Net defined benefit liability	6,805	6,609
Other	2,988	2,778
Total non-current liabilities	55,770	54,337
Total liabilities	105,399	99,891
Net assets		
Shareholders' equity		
Capital stock	16,638	16,638
Capital surplus	20,950	20,950
Retained earnings	27,066	24,982
Treasury shares	(2,088)	(2,088)
Total shareholders' equity	62,566	60,482
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	294	164
Deferred gains or losses on hedges	12	21
Foreign currency translation adjustment	(2,251)	(7,357)
Remeasurements of defined benefit plans	(2,310)	(2,184)
Total accumulated other comprehensive income	(4,255)	(9,355)
Non-controlling interests	2,832	2,573
Total net assets	61,143	53,700
Total liabilities and net assets	166,542	153,591

Consolidated quarterly statements of income

(Unit: million yen)

	1st quarter of FY2015	1st quarter of FY2016
Net sales	27,593	26,228
Cost of sales	12,998	11,989
Gross profit	14,594	14,238
Selling, general and administrative expenses	13,830	13,502
Operating income	764	736
Non-operating income		
Interest income	21	21
Dividend income	12	10
Foreign exchange gains	198	—
Other	101	46
Total non-operating income	333	79
Non-operating expenses		
Interest expenses	239	226
Share of loss of entities accounted for using equity method	14	76
Foreign exchange losses	—	879
Other	162	71
Total non-operating expenses	417	1,255
Ordinary income (loss)	680	(439)
Extraordinary losses		
Special retirement expenses	—	56
Total extraordinary losses	—	56
Profit (loss) before income taxes	680	(495)
Income taxes - current	609	362
Income taxes - deferred	(127)	(124)
Total income taxes	481	238
Profit (loss)	198	(734)
Profit attributable to non-controlling interests	59	49
Profit (loss) attributable to owners of parent	139	(783)

[Segment Information by business category]

1st quarter of FY2015 (April 1, 2015 - June 31, 2015)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	4,932	13,570	7,887	1,203	27,593	—	27,593
Intercompany sales or transfer	2,153	815	—	0	2,969	(2,969)	—
Total	7,086	14,386	7,887	1,203	30,562	(2,969)	27,593
Segment Profit (Operating Income)	410	561	468	(69)	1,371	(607)	764

Note: Segment Profit (-607) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

1st quarter of FY2016 (April 1, 2016 - June 31, 2016)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	4,538	12,164	8,749	777	26,228	—	26,228
Intercompany sales or transfer	2,052	667	50	12	2,783	(2,783)	—
Total	6,590	12,831	8,799	790	29,012	(2,783)	26,228
Segment Profit (Operating Income)	295	745	461	(123)	1,379	(643)	736

Notes: 1. Segment Profit (-643) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

2. The previously reported amount in FY2015 Q1 is retrospectively adjusted by determining provisional accounting of business combination.

[Segment Information by region]

1st quarter of FY2015 (April 1, 2015 - June 31, 2015)

(Unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	Other	Elimination & Common	Total
Sales								
Sales to unaffiliated customers	5,648	10,682	7,406	1,336	1,917	602	—	27,593
Intercompany sales or transfer	5,668	2,943	682	1,670	432	—	(11,398)	—
Total	11,317	13,625	8,089	3,007	2,349	602	(11,398)	27,593
Segment Profit (Operating Income)	597	901	175	168	(2)	26	(1,101)	764

1st quarter of FY2016 (April 1, 2016 - June 31, 2016)

(Unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	Other	Elimination & Common	Total
Sales								
Sales to unaffiliated customers	5,713	8,924	8,118	1,050	2,140	280	—	26,228
Intercompany sales or transfer	6,222	2,355	582	1,096	316	0	(10,574)	—
Total	11,935	11,280	8,701	2,147	2,457	281	(10,574)	26,228
Segment Profit (Operating Income)	57	465	247	73	80	(23)	(165)	736

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

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

3. The previously reported amount in FY2015 Q1 is retrospectively adjusted by determining provisional accounting of business combination.

[Overseas Sales]

1st quarter of FY2015 (April 1, 2015 - June 31, 2015)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	8,488	7,740	1,811	3,183	1,624	22,848
Consolidated Sales						27,593
Ratio to Consolidated Sales (%)	30.8	28.1	6.6	11.5	5.9	82.8

1st quarter of FY2016 (April 1, 2016 - June 31, 2016)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	7,458	7,381	2,018	2,920	1,541	21,320
Consolidated Sales						26,228
Ratio to Consolidated Sales (%)	28.4	28.1	7.7	11.1	5.9	81.3

Notes: 1. Sales are 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.