

Consolidated Financial Results

(Japanese GAAP)

FY2016 ending March 2017

TOPCON CORPORATION

Release Date: January 31, 2016

1. Summary of Third Quarter Business Results for FY2016 ending March 2017 (April 1, 2016 - December 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	%
3rd quarter of FY2016	87,422	(4.5)	4,412	6.3	3,009	(5.8)	878	(20.0)
3rd quarter of FY2015	91,542	3.3	4,150	(47.9)	3,194	(56.7)	1,098	(74.9)

Note: Comprehensive income
 3rd quarter of FY2016 1,450 million yen [74.0%]
 3rd quarter of FY2015 833 million yen [(90.0)%]

	Net income per share	Diluted net income per share
	yen	yen
3rd quarter of FY2016	8.29	—
3rd quarter of FY2015	10.17	—

Note: The previously reported amount in 3Q of FY2015 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
	million yen	million yen	%	yen
3rd quarter of FY2016	158,390	60,615	36.4	543.78
FY2015 ended March 2016	166,542	61,143	35.0	550.04

Note: Shareholders' equity
 3rd quarter of FY2016 57,647 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
	yen	yen	yen	yen	yen
FY2015 ended March 2016	—	12.00	—	12.00	24.00
FY2016 ending March 2017	—	8.00	—		
FY2016 ending March 2017 (forecast)				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
Full year	125,000	(4.4)	9,500	7.9	7,500	1.8	4,200	0.1	39.62

*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	3rd quarter of FY2016
Assets		
Current assets		
Cash and deposits	16,186	17,744
Notes and accounts receivable - trade	42,484	33,598
Merchandise and finished goods	23,867	23,851
Work in process	1,539	1,960
Raw materials and supplies	10,595	11,218
Other	14,489	14,128
Allowance for doubtful accounts	(1,499)	(1,607)
Total current assets	107,663	100,894
Non-current assets		
Property, plant and equipment	13,265	14,047
Intangible assets		
Goodwill	17,501	16,409
Other	21,135	19,936
Total intangible assets	38,636	36,346
Investments and other assets	6,976	7,101
Total non-current assets	58,879	57,495
Total assets	166,542	158,390
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,066	9,477
Short-term loans payable	23,754	20,428
Lease obligations	759	750
Income taxes payable	1,204	413
Provision for product warranties	894	898
Other	11,948	11,948
Total current liabilities	49,628	43,916
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	20,387	18,029
Lease obligations	5,540	5,059
Provision for directors' retirement benefits	47	42
Net defined benefit liability	6,805	6,537
Other	2,988	4,190
Total non-current liabilities	55,770	53,858
Total liabilities	105,399	97,775
Net assets		
Shareholders' equity		
Capital stock	16,638	16,638
Capital surplus	20,950	20,950
Retained earnings	27,066	25,827
Treasury shares	(2,088)	(2,089)
Total shareholders' equity	62,566	61,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	294	567
Deferred gains or losses on hedges	12	27
Foreign currency translation adjustment	(2,251)	(2,344)
Remeasurements of defined benefit plans	(2,310)	(1,931)
Total accumulated other comprehensive income	(4,255)	(3,680)
Non-controlling interests	2,832	2,968
Total net assets	61,143	60,615
Total liabilities and net assets	166,542	158,390

Consolidated quarterly statements of income

(Unit: million yen)

	3rd quarter of FY2015	3rd quarter of FY2016
Net sales	91,542	87,422
Cost of sales	44,825	42,296
Gross profit	46,716	45,125
Selling, general and administrative expenses	42,565	40,713
Operating income	4,150	4,412
Non-operating income		
Interest income	60	58
Dividend income	37	22
Other	181	174
Total non-operating income	278	255
Non-operating expenses		
Interest expenses	725	670
Share of loss of entities accounted for using equity method	34	204
Foreign exchange losses	149	551
Other	324	232
Total non-operating expenses	1,234	1,658
Ordinary income	3,194	3,009
Extraordinary income		
Gain on sales of investment securities	216	—
Total extraordinary income	216	—
Extraordinary losses		
Loss on valuation of investment securities	339	—
Office transfer expenses	—	115
Special retirement expenses	148	59
Total extraordinary losses	488	174
Profit before income taxes	2,923	2,834
Income taxes - current	1,855	1,431
Income taxes - deferred	(195)	353
Total income taxes	1,659	1,785
Profit	1,263	1,049
Profit attributable to non-controlling interests	164	170
Profit attributable to owners of parent	1,098	878

[Segment Information by business category]

3rd quarter of FY2015 (April 1, 2015 - December 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	16,567	41,384	29,305	4,284	91,542	—	91,542
Intercompany sales or transfer	6,521	3,327	—	0	9,849	(9,849)	—
Total	23,089	44,711	29,305	4,285	101,392	(9,849)	91,542
Segment Profit (Operating Income)	2,436	1,021	2,571	79	6,108	(1,957)	4,150

Note: Segment Profit (1,957) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

3rd quarter of FY2016 (April 1, 2016 - December 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	16,618	38,323	29,907	2,573	87,422	—	87,422
Intercompany sales or transfer	5,826	2,411	171	22	8,431	(8,431)	—
Total	22,445	40,734	30,078	2,596	95,854	(8,431)	87,422
Segment Profit (Operating Income)	1,702	3,010	1,716	(123)	6,306	(1,894)	4,412

Notes: 1. Segment Profit (1,894) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

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

[Segment Information by region]

3rd quarter of FY2015 (April 1, 2015 - December 31, 2015)

(Unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	Other	Elimination & Common	Total
Sales								
Sales to unaffiliated customers	20,396	33,101	25,655	3,709	6,951	1,727	—	91,542
Intercompany sales or transfer	18,445	9,466	2,063	5,413	1,182	—	(36,571)	—
Total	38,841	42,567	27,718	9,123	8,134	1,727	(36,571)	91,542
Segment Profit (Operating Income)	3,108	2,839	383	472	357	53	(3,063)	4,150

3rd quarter of FY2016 (April 1, 2016 - December 31, 2016)

(Unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	Other	Elimination & Common	Total
Sales								
Sales to unaffiliated customers	20,825	30,290	24,608	3,205	7,595	897	—	87,422
Intercompany sales or transfer	18,060	8,490	2,013	3,570	1,097	1	(33,233)	—
Total	38,885	38,780	26,622	6,776	8,692	898	(33,233)	87,422
Segment Profit (Operating Income)	1,007	2,742	961	357	618	(44)	(1,230)	4,412

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.

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

[Overseas Sales]

3rd quarter of FY2015 (April 1, 2015 - December 31, 2015)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	25,319	24,586	5,925	10,804	6,247	72,885
Consolidated Sales						91,542
Ratio to Consolidated Sales (%)	27.7	26.9	6.5	11.8	6.8	79.6

3rd quarter of FY2016 (April 1, 2016 - December 31, 2016)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	24,039	22,118	5,825	9,896	6,161	68,041
Consolidated Sales						87,422
Ratio to Consolidated Sales (%)	27.5	25.3	6.7	11.3	7.0	77.8

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.