

Consolidated Financial Results

(Japanese GAAP)

FY2017 ending March 2018

TOPCON CORPORATION

Release Date: July 28, 2017

1. Summary of First Quarter Business Results for FY2017 ending March 2018 (April 1, 2017 - June 30, 2017)

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

(1) Consolidated business results

(Rounded down to the nearest million yen)

	Net sales		Operating profit		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1st quarter of FY2017	31,578	20.4	1,321	79.4	1,180	—	334	—
1st quarter of FY2016	26,228	(4.9)	736	(3.7)	(439)	—	(783)	—

Note: Comprehensive income
1st quarter of FY2017 2,136 million yen [—%]
1st quarter of FY2016 (6,131) million yen [—%]

	Basic earnings per share	Diluted earnings per share
	yen	yen
1st quarter of FY2017	3.16	—
1st quarter of FY2016	(7.39)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
1st quarter of FY2017	160,859	64,577	37.8	573.54
FY2016 ended March 2017	158,280	63,313	37.7	563.30

Note: Shareholders' equity
1st quarter of FY2017 60,802 million yen
FY2016 ended March 2017 59,716 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
FY2016 ended March 2017	—	8.00	—	8.00	16.00
FY2017 ending March 2018	—	—	—	—	—
FY2017 ending March 2018 (forecast)	—	10.00	—	10.00	20.00

*Revisions to the projected dividends : No

3. Business Forecasts for FY2017 ending March 2018 (April 1, 2017 - March 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	62,000	7.0	4,000	6.5	3,000	34.3	1,200	89.2	11.32
Annual	133,000	3.6	12,000	25.6	10,000	31.2	5,700	29.7	53.77

*Revisions to the business forecasts : Yes

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)

	FY2016 ended March 2017	1st quarter of FY2017
Assets		
Current assets		
Cash and deposits	15,570	19,537
Notes and accounts receivable - trade	41,201	38,081
Merchandise and finished goods	19,988	21,230
Work in process	1,930	1,924
Raw materials and supplies	10,429	10,682
Other	11,650	11,892
Allowance for doubtful accounts	(1,680)	(1,774)
Total current assets	99,089	101,575
Non-current assets		
Property, plant and equipment	15,129	15,286
Intangible assets		
Goodwill	14,553	14,108
Other	21,481	21,648
Total intangible assets	36,035	35,757
Investments and other assets	8,025	8,240
Total non-current assets	59,190	59,284
Total assets	158,280	160,859
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,353	9,644
Short-term loans payable	16,296	17,399
Lease obligations	687	626
Income taxes payable	991	1,422
Provision for product warranties	920	943
Other	12,904	14,267
Total current liabilities	42,153	44,303
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	16,725	16,373
Lease obligations	4,901	4,818
Provision for directors' retirement benefits	43	45
Net defined benefit liability	6,743	6,067
Other	4,399	4,674
Total non-current liabilities	52,813	51,979
Total liabilities	94,966	96,282
Net assets		
Shareholders' equity		
Capital stock	16,638	16,638
Capital surplus	20,950	20,950
Retained earnings	29,344	28,816
Treasury shares	(2,089)	(2,089)
Total shareholders' equity	64,844	64,315
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	740	873
Deferred gains or losses on hedges	40	23
Foreign currency translation adjustment	(3,849)	(2,871)
Remeasurements of defined benefit plans	(2,059)	(1,539)
Total accumulated other comprehensive income	(5,127)	(3,513)
Non-controlling interests	3,596	3,775
Total net assets	63,313	64,577
Total liabilities and net assets	158,280	160,859

Consolidated quarterly statements of income

(Unit: million yen)

	1st quarter of FY2016	1st quarter of FY2017
Net sales	26,228	31,578
Cost of sales	11,989	15,660
Gross profit	14,238	15,917
Selling, general and administrative expenses	13,502	14,596
Operating profit	736	1,321
Non-operating income		
Interest income	21	23
Dividend income	10	11
Foreign exchange gains	—	188
Other	46	38
Total non-operating income	79	262
Non-operating expenses		
Interest expenses	226	213
Share of loss of entities accounted for using equity method	76	49
Foreign exchange losses	879	—
Settlement package	—	90
Other	71	48
Total non-operating expenses	1,255	402
Ordinary profit (loss)	(439)	1,180
Extraordinary losses		
Special retirement expenses	56	—
Total extraordinary losses	56	—
Profit (loss) before income taxes	(495)	1,180
Income taxes - current	362	785
Income taxes - deferred	(124)	0
Total income taxes	238	786
Profit (loss)	(734)	394
Profit attributable to non-controlling interests	49	59
Profit (loss) attributable to owners of parent	(783)	334

[Segment Information by business category]

1st quarter of FY2016 (April 1, 2016 - June 30, 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

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

1st quarter of FY2017 (April 1, 2017 - June 30, 2017)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	5,678	16,040	9,021	837	31,578	—	31,578
Intercompany sales or transfer	2,162	1,187	64	8	3,423	(3,423)	—
Total	7,841	17,227	9,086	846	35,001	(3,423)	31,578
Segment Profit (Operating Income)	793	1,684	(451)	(49)	1,977	(656)	1,321

Note: Segment Profit (656) on "Elimination & Common" is mainly goodwill amortization expense which is not distributed to each reportable segment.

[Overseas Sales]

1st quarter of FY2016 (April 1, 2016 - June 30, 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

1st quarter of FY2017 (April 1, 2017 - June 30, 2017)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	9,117	8,133	1,974	4,162	2,196	25,584
Consolidated Sales						31,578
Ratio to Consolidated Sales (%)	28.9	25.8	6.3	13.2	7.0	81.0

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.