



# Annual Report

Year ended March 31, 2010

# 2010

# Consolidated Financial Highlights

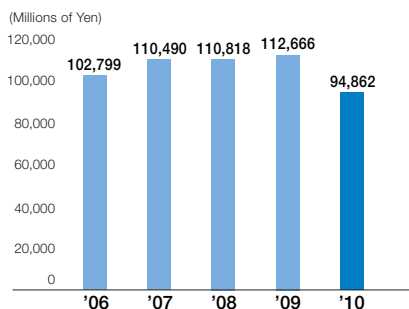
TOPCON CORPORATION and Consolidated Subsidiaries  
Years ended March 31

	Millions of yen				Thousands of U.S. dollars
	2007	2008	2009	2010	2010
Net sales	¥110,490	¥110,818	¥112,666	¥ 94,862	\$1,019,588
Ordinary income (loss)	14,233	9,205	(9,326)	545	5,858
Net income (loss)	8,549	7,736	(9,992)	133	1,438
Total assets	99,859	139,362	119,702	125,539	1,349,307
Net assets	55,181	59,138	41,487	41,689	448,077

Note: The U.S. dollar amounts in this report represent translations of the Japanese yen amounts at the rate of ¥93.04 = US\$1, the approximate rate of exchange on March 31, 2010.

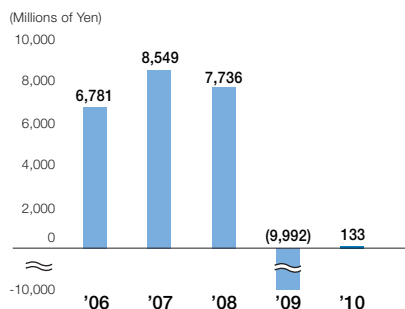
## Net Sales

Years ended March 31



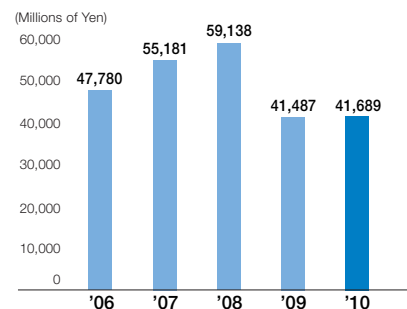
## Net Income (Loss)

Years ended March 31



## Net Assets

Years ended March 31



*Best  
Solution  
to  
the  
World*

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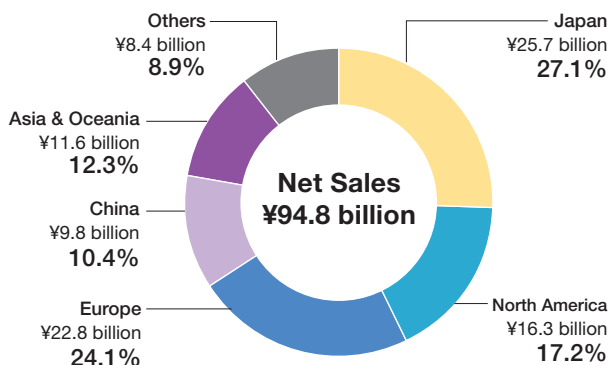
### Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this annual report with respect to plans, strategies, and future performance that are not historical fact are forward-looking statements. TOPCON cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

# TOPCON at a Glance

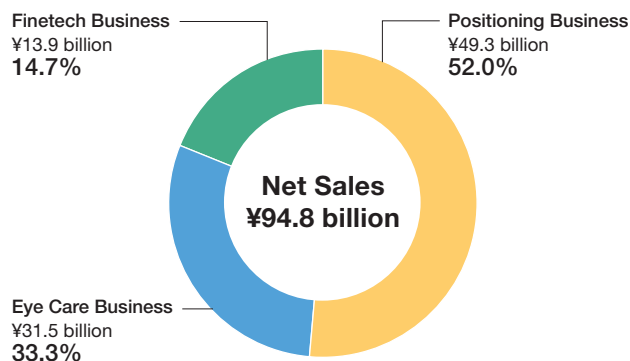
## Sales by Region

Year ended March 31, 2010



## Composition of Sales

Year ended March 31, 2010



## Positioning Business

The Positioning Business saw strong sales in emerging markets such as China. However, sluggish markets in Japan, the United States and Europe drove overall sales in this business down 15.0% year on year to ¥49,350 million. Despite decreased sales, operating income rose ¥5,281 million from the previous fiscal year to ¥6 million due to large cutbacks in fixed costs.



Dual-Frequency GNSS Receiver HiPer II

## Eye Care Business

The Eye Care Business saw year-on-year sales decline 5.8% to ¥31,561 million due to the impact of stagnant markets, particularly in the United States and Europe. Nevertheless, operating income grew 21.2% year on year to ¥1,963 million owing to the reduction of fixed costs.



Optical Coherence Tomography  
3D OCT-2000/2000FA

## Finetech Business

The Finetech Business recorded a significant sales decline, falling 34.0% year on year to ¥13,950 million. This was largely due to the impact of a drop in projector-related product sales in China, which had been favorable in the previous fiscal year. Despite this considerable decrease in net sales, lifting the burden imposed by inventory optimization in the previous fiscal year, cutting of fixed costs, and other efforts resulted in operating income increasing by ¥2,724 million year on year. The overall result, however, was an operating loss of ¥564 million.



Spectroradiometer SR-LEDW

# A Message from the President



I am pleased to report on the TOPCON Group's operating environment and business results for fiscal 2009, the year ended March 31, 2010.

During the fiscal year under review, the economy in the United States seemed to bottom out although that of Europe continued to be mired in an ongoing slump. On the other hand, the economies of China and other emerging countries saw overall expansion, although the situation varied from country to country. Against a backdrop of worldwide recession, Japan's economic environment continued to be sluggish due to diminished corporate earnings and a severe employment situation. Entering into the second half of the fiscal year under review, however, signs of recovery began to appear despite uncertainty about the future.

Under such circumstances, the TOPCON Group aggressively promoted its "Time to Market No. 1" (TM-1) activities aimed at halving TOPCON's business processes and bringing leading global products to market ahead of competitors, toward the goal of "becoming a truly excellent global company" through the realization of "sustainable growth and profit."

As a result of these efforts, the TOPCON Group achieved the following consolidated results.

Despite drastic improvement in the second half of the fiscal year under review, full-year consolidated net sales were ¥94,862 million down 15.8% compared with the previous fiscal year. This was due to the impact of poor market conditions in Japan, Europe and the United States as well as a drop in the projector business in China.

On the earnings front, the Company recorded operating income of ¥1,405 million, up ¥8,349 million from the previous fiscal year, ordinary income of ¥545 million, up ¥9,871 million and net income of ¥133 million, up ¥10,126 million. These significant achievements were attributable to Groupwide efforts to reduce fixed costs as well as the lift the burden imposed by inventory optimization in the previous fiscal year.

From the perspective of returning profits to its shareholders, maintaining stable dividends remains a paramount concern to the Company, despite weak consolidated performance. Please note that in addition to an interim cash dividend of ¥2 per share (¥8 per share for the corresponding period of the previous fiscal year), the Company decided to pay a fiscal year-end dividend of ¥2 per share (¥2 per share for the previous fiscal year), for a full fiscal year cash dividend of ¥4 per share (¥10 per share for the previous full fiscal year).

In closing, I would like to thank all shareholders for their support and ask for their continued understanding as we strive to achieve our goals.

June 2010

Takashi Yokokura  
President



# Interview with President Yokokura

*Embarking on our first year of structural reform aimed at restarting profitable and sustainable growth.*

## Question

In fiscal 2009, TOPCON was able to record consolidated net income. How was this result achieved?



## Answer

Due to sluggish economic conditions in such key markets as Japan, the United States and Europe, TOPCON's consolidated net sales fell below ¥100 billion for the first time in five years. TOPCON's net sales tend to converge at the fiscal year-end. Usually, we see net sales grow in the first and second quarter, and, although there is a drop in the third quarter, they pick up again in the fourth quarter. During fiscal 2009, however, sales plummeted in the first quarter due to the impact of the Lehman shock. Performance after that, however, followed its usual course; thus, year-end results came in under target.

Amid the severe conditions, TOPCON strived to avoid being in the red for a second consecutive year. Accordingly, we worked to drastically cut back fixed costs from the beginning of the fiscal year under review. In the fourth quarter in particular, we accompanied further cost-cutting efforts with new-product launches. The result was a return to the black. This accomplishment is attributable to a shared common awareness of the crisis and the implementation of necessary measures. Thus, we managed to bring ourselves back to start anew.

The economic crisis has helped to raise the momentum of working to attain goals throughout TOPCON, with all employees joining together to act. Their actions led to results. In this way, the crisis presented a good opportunity for us to demonstrate our solidarity and real strengths. All of us can proudly state that TOPCON is a great company.

## Question

Please tell us about the specific initiatives taken to realize the drastic improvement in performance.

## Answer

As a part of our ongoing TM-1 activities aimed at bringing attractive leading global products to market ahead of competitors, we have worked to reduce overall costs. In order to overcome this crisis, we lowered the break-even point by 10% by making even more extensive cuts in fixed costs. What we achieved was a ¥7,100 million reduction in fixed costs, which was more than twice the ¥3,500 million we had initially targeted.

At the same time, we proactively released such new products as Japan's first mobile surveying/mapping systems, the IP-S2 series, as well as an optical coherence tomography, the 3D OCT-2000. In addition, through M&A activities in the Positioning and Finetech



Businesses, we reinforced and expanded operations. We also maintained R&D expenditure at more than 10% of annual capital investment, recording R&D expenditure to net sales ratio of 10.1% in fiscal 2009.

Overall, the reduction in fixed costs had the most significant effect on overall results. As for manufacturing cost reductions, despite our achieving reduction ratio targets, the actual amount of reductions fell somewhat short of the targets due to sluggish sales.

## Question

Please share your perspective on TOPCON's performance in the current fiscal year and beyond.

## Answer

The global market is on a gradual but steady recovery track. By region, the U.S. economy is expected to gradually improve, while Asian countries and other emerging nations are anticipated to show steady growth. In contrast, the Japanese and European economies will probably remain sluggish, even though it looks like their markets have bottomed out. Concerns about a possible financial crisis remain, particularly in Europe. For the current fiscal year, we have set up a prudent plan that takes into consideration accelerating inflation in China and the rising yen.

In the fiscal year ending March 31, 2011, we expect profitability in all business segments, reflecting new product launches and sales expansion in emerging markets. By region, we expect to see growth in all the areas where we do business except Japan, North America and Europe. In other words, sales will definitely rise in China and other emerging countries. In April 2010, we established a global procurement base in Shanghai, China, in pursuit of strengthened cost-competitiveness. In addition, we intend to promote "local production for local consumption" by enhancing low-end product lineups in China, while stepping up exports from China to other emerging markets.

## Question

In fiscal 2010, where is TOPCON focusing in each business segment?

## Answer

In the Positioning Business, our strengths lie in such new areas as precision agriculture and mobile surveying/mapping systems, therefore, we will continue to focus on these businesses. Precision agriculture refers to IT-based agricultural technology, which supports making decisions about when and where materials (water, fertilizers and pesticides) should be applied by combining positional information from GPS, etc., with agricultural information from crop growth sensors. Against a backdrop of worldwide food shortage, precision agriculture is drawing increasing attention as a technology that can significantly raise crop yields. The mobile surveying/mapping system, on the other hand, is a vehicle-mounted and an epoch-making system. It is designed to allow users to acquire geospatial information of an area





while driving through it such as geographical features, measurements, locations and photographic images. Given these features, we expect demand growth in emerging countries such as China, where the rapid development of infrastructure is needed.

In the Eye Care Business, demand is expected to be steady for diagnostic instruments for the early detection and treatment of disease due to the aging of society in advanced countries. In addition, we are keeping an eye on investments in ophthalmic facilities in emerging countries where economic potential has increased, especially in light of the Chinese government's commencing the development of medical environment in inland China.

In the Finetech Business, the semiconductor market remains strong on the back of increasing demand for personal computers. The FPD market is also brisk, owing to strong sales of LCD TVs and terminals with touch panels. We will strive to expand businesses through marketing and new product introductions specialized for Asia. TOPCON's optical engine for small projectors installed in mobile phones and other mobile terminals is also drawing attention.

## Question

**What is your assessment of progress under the TM-1 activities? What measures do you think TOPCON needs to take to ensure sustainable profit growth?**

## Answer

The global recession has provided a good opportunity for us to thoroughly review every one of our business processes, including the TM-1 activities, and we rediscovered their importance.

While we remain in the midst of economic recovery, TM-1 activities should be developed in two main areas. The first consists of activities aimed at achieving greater cost effectiveness, especially activities targeting emerging countries. This entails the speedy enhancement of low-end product lineups, and we are tasked with taking action to keep pace with economic growth in emerging markets. In addition, we are trying to optimize global production bases in order to reinforce our cost-competitiveness.

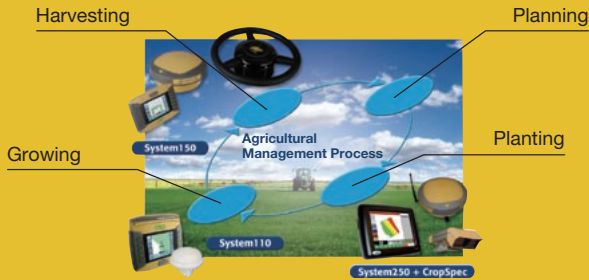
The second area involves further reinforcing our technological development and marketing capabilities in our mainstay markets of Japan, the United States and Europe in order to reinvigorate businesses and markets by introducing our innovative TM-1 products. Even in regions where the economy is stagnant, we will pursue swift business development focused on promoting these TM-1 products.

In order to upgrade and enhance TM-1 activities on a global scale, we need manager-level employees to work harder. Managers are the bridge between the decision makers at the top and on-site staff who actually execute the business process restructuring activities; therefore, managers are key to TM-1 activities. With more than 70% of its business deployed overseas, TOPCON is looking to further deepen communications with managers around the world.

In light of the conditions discussed here, we recognize the current fiscal year as the first year of our embarking on structural reform aimed at restarting profitable and sustainable growth by moving TM-1 activities forward.

# Topics/Major Products

## Positioning Business



### Major Products

Geodetic GNSS (GPS+GLONASS+Galileo) receivers, integrated GNSS receivers for geographic information systems (GIS), GNSS reference station systems, Millimeter GPS, machine control systems for construction, machine control systems for precision agriculture, mobile surveying/mapping systems, telematics, 3D laser scanners, digital photogrammetry systems, total stations (industrial, imaging station, robotic, reflectorless), field controllers, theodolites, digital levels, auto levels, rotating lasers, pipe lasers

## Supporting Efforts to Enhance Productivity, Secure Food Safety and Care for the Environment

Against the backdrop of decreasing per-person crop acreage due to global population growth, a serious food crisis has been of concern in recent years. It is therefore vital to increase agricultural yields. Given this, precision agriculture, combining high-accuracy GPS technology and ICT technology, has rapidly spread in North America and Europe, where agriculture requires highly efficient production systems. In Asian countries such as China and Japan, precision agriculture has also drawn increasing attention as a system that enables safe and reliable harvesting activities.

With the aim of applying to the agricultural market its know-how gained in the machine control technologies for construction, TOPCON entered the agricultural industry in 2007, developing cutting-edge precision agriculture systems that cover the entire process from planning, planting and

## Eye Care Business



Optical Coherence Tomography  
3D OCT-2000/2000FA  
Device Approval/License  
No: 221AABZX00046000

### Major Products

3D optical coherence tomography systems, retinal cameras, non-mydratric retinal cameras, wavefront analyzers, non-contact tonometers, slit lamps, operation microscopes, laser photocoagulators, specular microscopes, IMAGEnet (digital image filing system/electronic medical record system), lens edgers, vision testers, binocular vision analyzers, auto refractometers, auto kerato-refractometers, lens meters, refraction test systems

## Meeting Demand at a Wide Range of Facilities, from University Hospitals to Local Clinics

Reflecting increasing cases of glaucoma, diabetic retinopathy and age-related macular degeneration (AMD), which are leading causes of acquired blindness in advanced countries, optical coherence tomography (OCT) has become an indispensable device for ophthalmic treatment. Given this, OCT has been rapidly introduced to university and ophthalmologic hospitals.

On the other hand, the installation of OCT in clinics still falls far short due to requirements for expertise and operational techniques, as well as installation costs.

To respond to this market environment and various other needs, TOPCON developed the OCT, 3D OCT-2000. Then, in January 2010, TOPCON released the 3D

## Finetech Business



SB-Z500 series  
3D Inspection systems  
for substrates

### Major Products

Chip defect inspection systems, substrate inspection systems, electron beam inspection systems for wafers, electron beam inspection systems for masks, electron beam units, wafer surface analyzers, precision optical units, proximity exposure systems, spectroradiometers, color luminance meters, luminance meters, UV sensors, luminance and color uniformity measurement devices, scanning electron microscopes, measuring microscopes, projectors, special customer products, optical engines for projectors, optical parts for DVD players, optical units for digital plain paper copiers (DPPCs), high-precision lenses, infra-red (IR) optical parts

## Entry into the 3D Inspection Market for Semiconductor Packaging

With mobile phones and home appliances becoming ever smaller and more sophisticated, electronic devices are required to be even more precise and of higher quality. TOPCON's product offerings include a variety of inspection systems that meet a wide range of applications for semiconductors, from the front-end to back-end processing of semiconductor manufacturing. However, with demand rising even further for greater precision in the peripheral packaging process and the manufacturing of print circuit boards, TOPCON understands the need for inspection systems with enhanced functionality, reflecting the increasingly advanced and complex nature of packaging technology.



growing to harvesting.

System 110, an entry-model guidance system, makes possible the uniform application of fertilizers any time of the day or night just by operating the vehicle in accordance with the LED lightbar and LCD screen.

System 150 is a mid-level model AutoSteering system that can significantly increase steering accuracy thanks to the centimeter-grade RTK-GNSS receiver.

The high-end System 250 has a variable rate control in addition to AutoSteering. This enables the optimization of the amount of seed and fertilizer to be applied to each section. The application rate can be controlled in real time using CropSpec, an innovative on-the-go nutrient sensor that represents the expertise of over 70 years of TOPCON's optical sensor technologies.

Topcon Precision Agriculture systems improve operational efficiencies, offering access to a database of fertilizers and pesticides that have been applied, thus

contributing to food safety. Specifically, they allow cutbacks in the use of fertilizer and fuel as well as in agrichemicals and CO<sub>2</sub> emissions to bring about an environment-friendly agriculture business.

In 2009, TOPCON entered into a strategic partnership with AGCO Corporation, a world-leading agricultural machinery manufacturer. Incorporating TOPCON's technological capabilities in such fields as machine control systems and precision agriculture together with AGCO's advanced agricultural machinery, TOPCON will on a global scale strive to provide innovative solutions for the challenges that the agriculture industry faces.

Focusing carefully on market needs generated in accordance with global trends, TOPCON will aim to develop products that can improve operational efficiencies and productivity, while contributing to secure food safety and environmental preservation.

OCT-2000FA equipped with high-speed photography and a fluorescence angiography (FA) function\*, increasing sales to a number of clinics.

Major advantages of the two new models include rapid and stable photography with high-speed scanning of the 3D OCT-2000. These models offer a higher resolution tomographic view compared with the existing products. In addition, this product can handle the entire process from registering patient information and photographing to data output with simple operations in one screen without using a PC monitor. Therefore, it is increasingly compact and can save on cost, making it affordable for small clinics.

The 3D OCT-2000FA further improves consultation efficiency as the product is also able to conduct FA for detailed observation of retinal diseases. Further leveraging the strength of TOPCON's 3D OCT, 3D OCT-2000FA goes

a step further with the added feature of a retinal camera.

In addition, TOPCON offers strong support for medical examinations by introducing a database of many healthy Japanese eyes, something only a domestic manufacturer can do. It will also enhance diagnostic support software for glaucoma and anterior segment photography functions to observe corneal diseases and the postoperative condition of corneal transplantation.

TOPCON will continue to develop and popularize its leading 3D OCT system to meet the needs of a wide range of medical facilities, from university hospitals to local clinics, with the aim of providing advanced ophthalmic treatment for as many people as possible.

\* Fluorescence angiography (FA): An inspection method to observe and photograph the fundus by injecting fluorochrome into a blood vessel.

The method of semiconductor chip packaging on printed-circuit boards (PCBs) has shifted from using lead frames to directly connecting semispherical solder electrodes called bumps (a few hundred micrometers in height) with electrodes set in a grid pattern on PCBs.

It is for this reason that the 3D measuring of the electrode plane has become so important, with more accurate inspections being required to be compatible with high-definition electrodes and wiring, which are becoming progressively thinner.

These are the circumstances under which TOPCON developed the SB-Z500 3D inspection systems for substrates and entered into the semiconductor packaging market.

The SB-Z500 can contribute to the prevention of defective products by rapidly and accurately screening the substrate surface both in 2D and 3D to detect the height

of bumps, flatness of the contact plane, position gap and defect shape. In addition, this unit can conduct a broad array of inspections, such as of computer boards after solder paste application to base substrate or surface mounting.

Developed by TOPCON 3D Inspection Laboratories, Inc., a new company that offers 3D measurement technology, the SB-Z500 has been receiving a number of inquiries and orders since the product release. TOPCON is planning to strengthen product capabilities by incorporating its highly accurate 2D image processing technology developed through the development of the Vi series chip defect inspection system.

We offer products to support the manufacture of the leading-edge devices necessary for mobile phones and digital home appliances. TOPCON will continue to contribute to the realization of more comfortable lifestyles.

# Consolidated Balance Sheets

TOPCON CORPORATION and Consolidated Subsidiaries  
As of March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
<b>Assets</b>			
<b>Current assets:</b>			
Cash and deposits	¥ 15,105	¥ 17,373	\$ 186,729
Notes and accounts receivable—trade	28,499	36,034	387,299
Inventories	22,498	22,766	244,697
Deferred tax assets	4,566	4,073	43,779
Other	4,460	2,900	31,171
<b>Total current assets</b>	<b>75,130</b>	<b>83,147</b>	<b>893,675</b>
<b>Noncurrent assets:</b>			
Property, plant and equipment	17,667	15,542	167,053
Intangible assets	17,047	15,475	166,333
Investment securities	3,297	5,107	54,896
Deferred tax assets	5,007	4,093	43,999
Other	1,552	2,172	23,350
<b>Total noncurrent assets</b>	<b>44,572</b>	<b>42,391</b>	<b>455,631</b>
<b>Total assets</b>	<b>¥119,702</b>	<b>¥125,539</b>	<b>\$1,349,307</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable—trade	¥ 9,099	¥ 13,614	\$ 146,335
Short-term loans payable	18,620	22,869	245,799
Income taxes payable	564	1,227	13,197
Other	9,778	9,157	98,425
<b>Total current liabilities</b>	<b>38,063</b>	<b>46,869</b>	<b>503,757</b>
<b>Noncurrent liabilities:</b>			
Long-term loans payable	30,985	28,632	307,747
Deferred tax liabilities	667	584	6,283
Provision for retirement benefits	7,637	7,063	75,916
Other	861	700	7,527
<b>Total noncurrent liabilities</b>	<b>40,151</b>	<b>36,980</b>	<b>397,473</b>
<b>Total liabilities</b>	<b>78,215</b>	<b>83,850</b>	<b>901,230</b>
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Capital stock	10,297	10,297	110,683
Capital surplus	14,711	14,711	158,117
Retained earnings	18,717	18,461	198,426
Treasury stock	(55)	(56)	(607)
<b>Total shareholders' equity</b>	<b>43,671</b>	<b>43,414</b>	<b>466,619</b>
<b>Valuation and translation adjustments:</b>			
Valuation difference on available-for-sale securities	2	289	3,116
Deferred gains or losses on hedges	(58)	(5)	(63)
Foreign currency translation adjustment	(3,814)	(3,207)	(34,479)
<b>Total valuation and translation adjustments</b>	<b>(3,870)</b>	<b>(2,923)</b>	<b>(31,426)</b>
<b>Minority interests</b>	<b>1,686</b>	<b>1,198</b>	<b>12,883</b>
<b>Total net assets</b>	<b>41,487</b>	<b>41,689</b>	<b>448,077</b>
<b>Total liabilities and net assets</b>	<b>¥119,702</b>	<b>¥125,539</b>	<b>\$1,349,307</b>

# Consolidated Statements of Income

TOPCON CORPORATION and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Net sales	¥112,666	¥94,862	\$1,019,588
Cost of sales	73,661	54,636	587,234
<b>Gross profit</b>	39,004	40,226	432,354
Selling, general and administrative expenses	45,949	38,821	417,252
<b>Operating income (loss)</b>	(6,944)	1,405	15,101
Non-operating expenses	2,382	859	9,243
<b>Ordinary income (loss)</b>	(9,326)	545	5,858
Extraordinary income (loss)	(1,226)	1,507	16,208
<b>Income (loss) before income taxes and minority interests</b>	(10,553)	2,053	22,066
Income taxes—current	537	770	8,280
Refund of income taxes	(651)	—	—
Income taxes—deferred	(788)	1,227	13,194
Minority interests in income (loss)	341	(78)	(846)
<b>Net income (loss)</b>	¥ (9,992)	¥ 133	\$ 1,438

# Consolidated Statements of Changes in Net Assets

TOPCON CORPORATION and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2009 and 2010

	Millions of yen										
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	¥10,297	¥14,711	¥31,542	¥(54)	¥56,496	¥431	¥(23)	¥ (823)	¥ (414)	¥3,056	¥59,138
Effect of changes in accounting policies applied to foreign subsidiaries			(1,608)		(1,608)						(1,608)
Changes of items during the period											
Dividends from surplus			(1,204)		(1,204)						(1,204)
Net loss			(9,992)		(9,992)						(9,992)
Purchase of treasury stock				(1)	(1)						(1)
Other			(19)		(19)						(19)
Net changes of items other than shareholders' equity						(428)	(35)	(2,991)	(3,455)	(1,370)	(4,825)
Total changes of items during the period	—	—	(11,216)	(1)	(11,217)	(428)	(35)	(2,991)	(3,455)	(1,370)	(16,043)
Balance at March 31, 2009	¥10,297	¥14,711	¥18,717	¥(55)	¥43,671	¥ 2	¥(58)	¥(3,814)	¥(3,870)	¥1,686	¥41,487
Changes of items during the period											
Dividends from surplus			(370)		(370)						(370)
Net income			133		133						133
Purchase of treasury stock				(0)	(0)						(0)
Other			(19)		(19)						(19)
Net changes of items other than shareholders' equity						287	52	606	946	(487)	458
Total changes of items during the period	—	—	(256)	(0)	(256)	287	52	606	946	(487)	201
<b>Balance at March 31, 2010</b>	<b>¥10,297</b>	<b>¥14,711</b>	<b>¥18,461</b>	<b>¥(56)</b>	<b>¥43,414</b>	<b>¥289</b>	<b>¥ (5)</b>	<b>¥(3,207)</b>	<b>¥(2,923)</b>	<b>¥1,198</b>	<b>¥41,689</b>

	Thousands of U.S. dollars										
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2009	\$110,683	\$158,117	\$201,180	\$(601)	\$469,379	\$ 31	\$(625)	\$(41,000)	\$(41,595)	\$18,124	\$445,909
Changes of items during the period											
Dividends from surplus			(3,982)		(3,982)						(3,982)
Net income			1,438		1,438						1,438
Purchase of treasury stock				(6)	(6)						(6)
Other			(210)		(210)						(210)
Net changes of items other than shareholders' equity						3,085	563	6,521	10,169	(5,241)	4,928
Total changes of items during the period	—	—	(2,754)	(6)	(2,760)	3,085	563	6,521	10,169	(5,241)	2,168
<b>Balance at March 31, 2010</b>	<b>\$110,683</b>	<b>\$158,117</b>	<b>\$198,426</b>	<b>\$(607)</b>	<b>\$466,619</b>	<b>\$3,116</b>	<b>\$(63)</b>	<b>\$(34,479)</b>	<b>\$(31,426)</b>	<b>\$12,883</b>	<b>\$448,077</b>

# Consolidated Statements of Cash Flows

TOPCON CORPORATION and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2009 and 2010

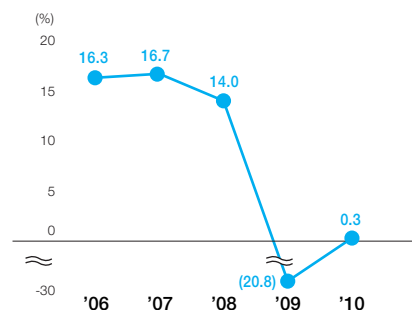
	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
<b>Net cash provided by (used in) operating activities:</b>			
Income (loss) before income taxes and minority interests	¥(10,553)	¥ 2,053	\$ 22,066
Depreciation and amortization	6,448	6,378	68,557
Increase (decrease) in allowance for doubtful accounts	1,134	(960)	(10,328)
Interest and dividends income	(335)	(258)	(2,776)
Interest expenses	1,417	1,307	14,056
Loss on retirement of property, plant and equipment	273	403	4,340
Loss (gain) on sales of property, plant and equipment	(21)	(1,302)	(13,996)
Loss (gain) on valuation of investment securities	841	53	579
Loss (gain) on sales of investment securities	(1)	2	28
Equity in (earnings) losses of affiliates	126	122	1,318
Increase (decrease) in provision for retirement benefits	(540)	(574)	(6,171)
Decrease (increase) in notes and accounts receivable—trade	7,597	(7,625)	(81,961)
Decrease (increase) in inventories	2,525	(598)	(6,430)
Decrease (increase) in prepaid expenses	(996)	(463)	(4,978)
Increase (decrease) in notes and accounts payable—trade	(5,680)	4,163	44,750
Increase (decrease) in accrued expenses	(202)	(184)	(1,987)
Other, net	(469)	1,059	11,385
<b>Subtotal</b>	<b>1,563</b>	<b>3,577</b>	<b>38,451</b>
Interest and dividends income received	352	310	3,340
Interest expenses paid	(1,499)	(1,317)	(14,164)
Income taxes (paid) refund	(1,683)	1,185	12,742
<b>Net cash provided by (used in) operating activities</b>	<b>(1,267)</b>	<b>3,755</b>	<b>40,369</b>
<b>Net cash provided by (used in) investing activities:</b>			
Payments into time deposits	(369)	(12)	(129)
Proceeds from withdrawal of time deposits	326	233	2,511
Purchase of property, plant and equipment	(3,538)	(2,591)	(27,851)
Proceeds from sales of property, plant and equipment	122	2,276	24,469
Purchase of intangible assets	(314)	(722)	(7,768)
Purchase of investment securities	(101)	(1,618)	(17,391)
Proceeds from sales of investment securities	257	34	370
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(756)	0	0
Additional purchase of investments in subsidiaries	(1,076)	(127)	(1,366)
Payments of long-term loans receivable	(533)	(90)	(971)
Collection of long-term loans receivable	247	131	1,408
Other, net	13	(157)	(1,695)
<b>Net cash provided by (used in) investing activities</b>	<b>(5,724)</b>	<b>(2,643)</b>	<b>(28,414)</b>
<b>Net cash provided by (used in) financing activities:</b>			
Net increase (decrease) in short-term loans payable	(14,248)	3,303	35,504
Proceeds from long-term loans payable	22,100	—	—
Repayment of long-term loans payable	(679)	(1,021)	(10,974)
Repayments of finance lease obligations	(267)	(249)	(2,677)
Purchase of treasury stock	(1)	(0)	(6)
Proceeds from stock issuance to minority shareholders	38	—	—
Cash dividends paid	(1,201)	(373)	(4,018)
Cash dividends paid to minority shareholders	—	(190)	(2,043)
Other, net	(73)	—	—
<b>Net cash provided by (used in) financing activities</b>	<b>5,667</b>	<b>1,468</b>	<b>15,787</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(249)</b>	<b>(91)</b>	<b>(987)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,573)</b>	<b>2,489</b>	<b>26,755</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>16,293</b>	<b>14,720</b>	<b>158,213</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥ 14,720</b>	<b>¥17,209</b>	<b>\$184,969</b>



## Profitability Indicators

### Return on Equity (ROE)

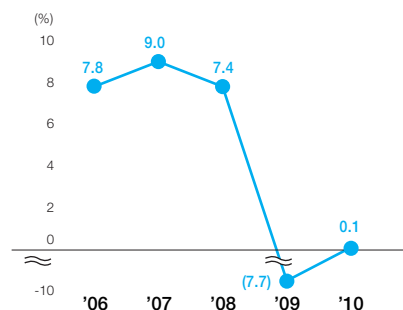
Years ended March 31



ROE = Net income/Average (Net assets-Minority interests)

### Return on Assets (ROA)

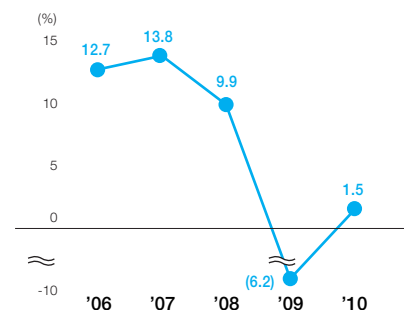
Years ended March 31



ROA = Net income/Average total assets

### Operating Income (Loss) Ratio

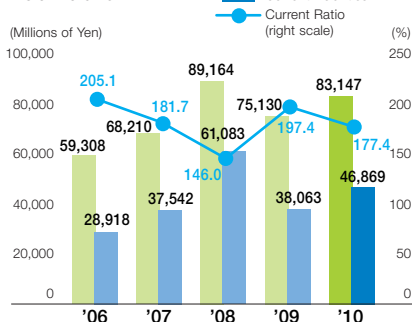
Years ended March 31



## Safety Indicators

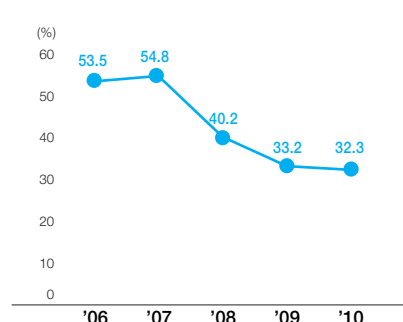
### Current Ratio

As of March 31



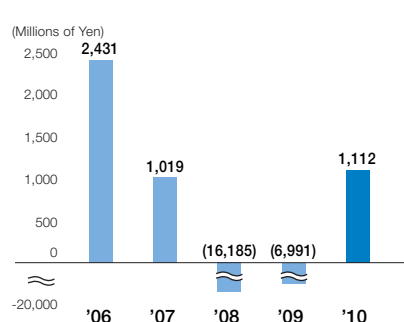
### Equity Ratio

As of March 31



### Free Cash Flow

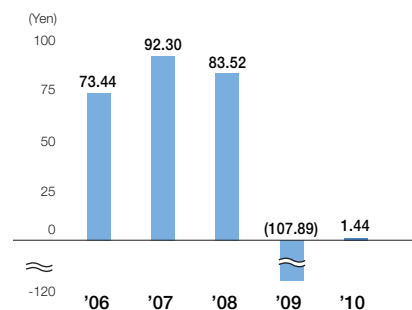
Years ended March 31



## Stock Price Indicators

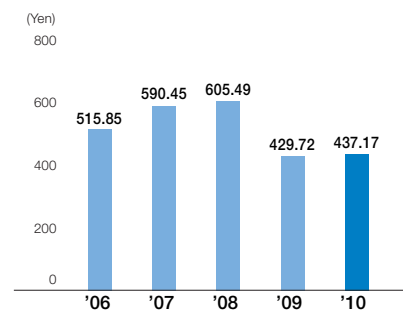
### Net Income (Loss) per Share

Years ended March 31



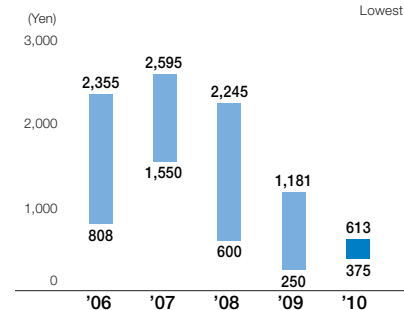
### Net Assets per Share

Years ended March 31



### Stock Price Range

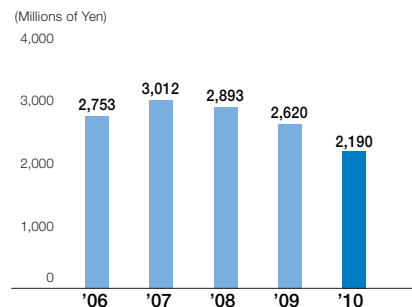
Years ended March 31



## Other Indicators

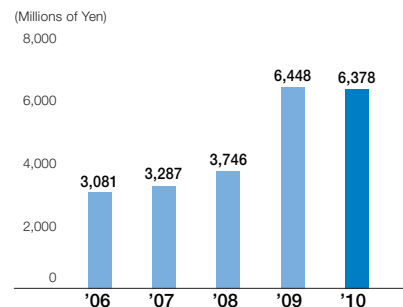
### Capital Expenditure

Years ended March 31



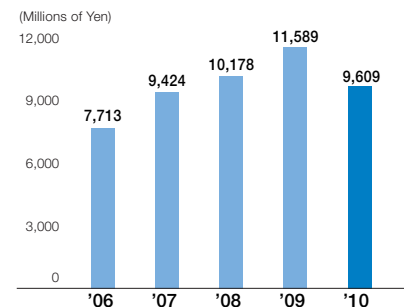
### Depreciation and Amortization

Years ended March 31



### R&D Expenditure

Years ended March 31



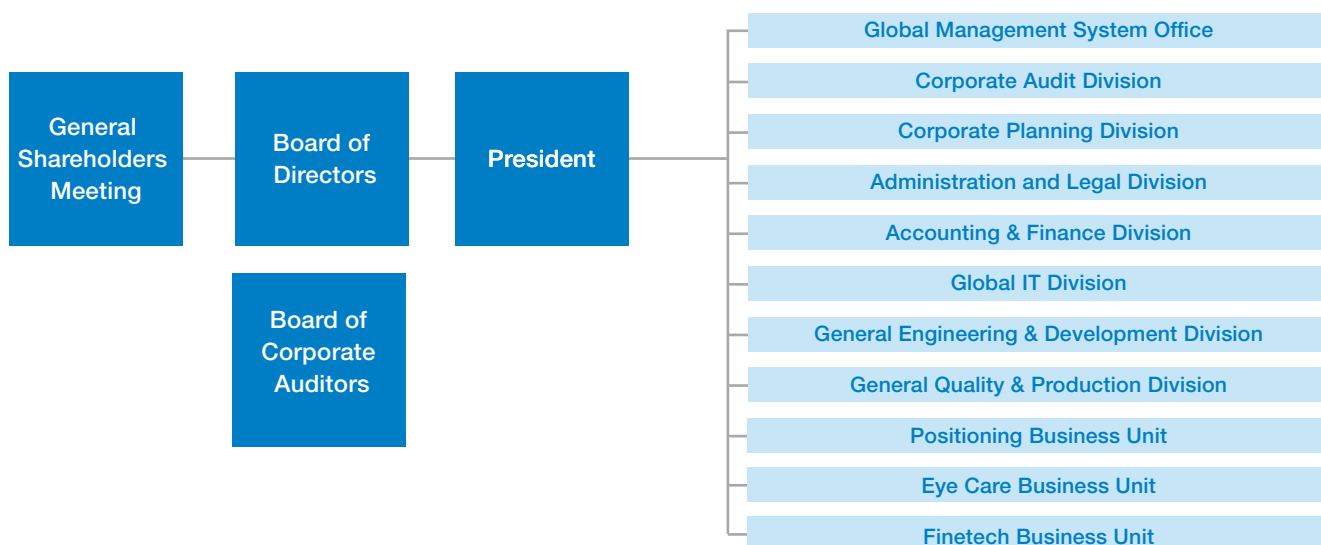
# Board of Directors, Corporate Auditors, and Executive Officers

(As of June 30, 2010)

<b>President</b>	Takashi Yokokura		
<b>Assistant to President</b>	Fumio Ohtomo		
<b>Director/Senior Managing Executive Officer</b>	Norio Uchida		
<b>Directors/Managing Executive Officers</b>	Hiroshi Fukuzawa	Hiromasa Miyawaki	Takayuki Ogawa
<b>Directors/Executive Officers</b>	Kazunori Shoji	Satoshi Hirano	
<b>Corporate Auditors</b>	Kazuo Nunokawa Chikahiro Yokota	Ikuo Kobayashi	Seijiro Suzuki
<b>Managing Executive Officer</b>	Raymond O'Connor		
<b>Executive Officers</b>	Hiroshi Koizumi Shuji Ichimaru Masayuki Momiuchi	Shinji Iwasaki Kenichiro Maruyama	Kiyoshi Takahashi Makoto Iwasaki

## Organization

(As of June 30, 2010)



# Corporate Data

(As of June 30, 2010)

## Head Office

75-1, Hasunuma-cho, Itabashi-ku,  
Tokyo 174-8580 Japan  
Phone: +81-3-3558-2536  
FAX: +81-3-3558-9141  
URL:  
<http://www.topcon.co.jp/en/index.html>



## Date of Establishment

September 1, 1932

## Brand Name

TOPCON

## Paid-in Capital

¥10,297 million (As of March 31, 2010)

## Annual Turnover

¥44,939 million (Year ended March 31, 2010)

## Fiscal Year-End

March 31

## Number of Employees

1,195 (As of March 31, 2010)

## Stock Listing

Tokyo Stock Exchange

## Main Shareholder

Toshiba Corporation

# TOPCON Group Companies

(As of June 30, 2010)

## Japan

Sokkia Topcon Co., Ltd.  
  
Topcon Yamagata Co., Ltd.  
Optonex Co., Ltd.  
Topcon Sales Corporation  
Topcon Medical Japan Co., Ltd.  
Topcon Service Co., Ltd.  
Topcon Technohouse Corporation  
  
Topcon Finance Co., Ltd.  
Fukushima Sokkia Co., Ltd.  
Sokkia Technical Co., Ltd.  
Sokkia Sales Co., Ltd.  
Sokkia Fine Systems Co., Ltd.  
Sokkisha Co., Ltd.

Technology/Manufacturing/  
Sales/Service  
Manufacturing/Sales  
Manufacturing/Sales  
Sales  
Sales  
Repairing  
Technology/Manufacturing/  
Sales/Service  
Financing  
Manufacturing  
Manufacturing  
Sales  
Sales  
Staffing

## North America

Topcon America Corporation (U.S.A.)  
Topcon Positioning Systems, Inc. (U.S.A.)  
  
Dudley & Hayes, LLC (U.S.A.)  
Hayes Instrument Co., Inc. (U.S.A.)  
Earl Dudley, Inc. (U.S.A.)  
Cacioppe Communications Companies, Inc. (U.S.A.)  
TPS Other Markets, Inc. (U.S.A.)  
Voxis, Inc. (U.S.A.)  
Sokkia Corporation (U.S.A.)  
Point, Inc. (U.S.A.)  
Topcon Medical Systems, Inc. (U.S.A.)  
Topcon Canada, Inc.  
TOPCON 3D Inspection Laboratories Inc. (Canada)

Holding Company  
Technology/  
Manufacturing/Sales  
Holding Company  
Sales  
Sales  
Sales  
Shell Company  
Technology  
Sales  
Technology/Sales  
Manufacturing/Sales  
Sales  
Technology

## Europe

Topcon Europe B.V. (Netherlands)  
Topcon Europe Positioning B.V. (Netherlands)  
Topcon Europe Medical B.V. (Netherlands)  
IBS Lasertechnik G.m.b.H. (Germany)  
Topcon Deutschland G.m.b.H. (Germany)  
Topcon S.A.R.L. (France)  
Topcon España, S.A. (Spain)  
Topcon Scandinavia A.B. (Sweden)  
Topcon (Great Britain) Ltd. (U.K.)  
Topcon Polska Sp. Zo. o. (Poland)  
Sokkia B.V. (Netherlands)  
Sokkia N.V. (Belgium)  
TIERRA S.p.A. (Italy)  
Topcon Positioning Iberia, S.L. (Spain)  
InlandGEO, S.L. (Spain)  
InlandGEO, L.D.A. (Portugal)  
InlandGEO Canarias, S.L. (Spain)

Holding Company  
Sales  
Sales  
Sales  
Sales  
Sales  
Sales  
Sales  
Sales  
Sales  
Sales  
Sales  
Technology/Service  
Holding Company  
Sales  
Sales  
Sales

## Asia/Oceania/Africa

Topcon Singapore Holdings. Pte. Ltd.  
Topcon Singapore Medical Pte. Ltd.  
Topcon Singapore Positioning Pte. Ltd.  
Topcon Singapore Positioning Sales Pte. Ltd.  
Sokkia Singapore Positioning Sales Pte. Ltd.  
Sokkia Singapore Pte. Ltd.  
Sokkia India Pvt. Ltd.  
Topcon Optical (H.K.) Ltd.  
Topcon (Beijing) Opto-Electronics Corporation  
Topcon Optical (Dongguan) Technology Ltd. (China)  
Shanghai Sokkia Instrument Co., Ltd.  
Sokkia Surveying Instruments Trading (Shanghai) Co., Ltd.  
Sokkia Korea Co., Ltd.  
TPS Australia Holdings Pty Ltd.  
Topcon Precision Agriculture Pty Ltd. (Australia)  
Topcon Positioning Systems (Australia) Pty Ltd.  
KEE Technologies Africa (Pty) Ltd. (South Africa)

Holding Company  
Sales  
Holding Company  
Sales  
Sales  
Sales  
Sales  
Manufacturing/Sales  
Sales  
Manufacturing/Sales  
Manufacturing/Sales  
Sales  
Sales  
Holding Company  
Manufacturing/Sales  
Manufacturing/Sales  
Sales

*Best Solution to the World*

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