



## Financial Results for the First Quarter ended June 30, 2007

**Company name:** NIKON CORPORATION

**Code number:** 7731

**Address of headquarters:** Fuji Building, 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8331, Japan

**Representative:** Michio Kariya, Representative Director, President, CEO and COO

**Contact:** Masayuki Hatori, General Manager, Corporate Communications & IR Department

**Telephone:** +81-3-3216-1032

**URL** <http://www.nikon.co.jp>

**Stock listings:** Tokyo Stock Exchange, Osaka Securities Exchange

### 1. Results of the First Quarter ended June 30, 2007 (From April 1, 2007 to June 30, 2007)

(Note) Amount Unit: 1 Million Yen unless otherwise specified (Amounts less than 1 Million Yen are omitted)

#### (1) Financial Results

|                                 | Net Sales | Change | Operating Income | Change | Ordinary Income | Change | Net Income | Change |
|---------------------------------|-----------|--------|------------------|--------|-----------------|--------|------------|--------|
| 1st Quarter ended June 30, 2007 | ¥223,543  | 29.4%  | ¥36,132          | 49.3%  | ¥36,064         | 64.1%  | ¥23,446    | 59.0%  |
| 1st Quarter ended June 30, 2006 | ¥172,803  | 9.8%   | ¥24,200          | 73.6%  | ¥21,973         | 58.2%  | ¥14,749    | 90.2%  |
| Year ended March 31, 2007       | ¥822,813  | 12.6%  | ¥102,006         | 53.2%  | ¥89,551         | 105.9% | ¥54,824    | 89.4%  |

  

|                                 | Net Income per share of Common Stock (Yen) | Net Income Per Share of Common Stock after dilution (Yen) |
|---------------------------------|--|---|
| 1st Quarter ended June 30, 2007 | ¥58.70                                     | ¥56.29  |
| 1st Quarter ended June 30, 2006 | ¥39.90                                     | ¥35.41  |
| Year ended March 31, 2007       | ¥146.36                                    | ¥131.42   |

#### (2) Financial Position

|                                 | Total Assets | Net Assets | Ratio of Shareholders' Equity to Total Assets | Net Assets per Share of Common Stock (Yen) |
|---------------------------------|--------------|------------|---|--|
| 1st Quarter ended June 30, 2007 | ¥784,688     | ¥373,587   | 47.6%   | ¥937.97                                    |
| 1st Quarter ended June 30, 2006 | ¥707,079     | ¥252,421   | 35.7%   | ¥683.80                                    |
| Year ended March 31, 2007       | ¥748,939     | ¥348,444   | 46.5%   | ¥871.67                                    |

#### (3) Cash Flows

|                                 | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents at end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| 1st Quarter ended June 30, 2007 | ¥(6,075)                             | ¥(7,282)                             | ¥(511)                               | ¥73,222                                    |
| 1st Quarter ended June 30, 2006 | ¥17,307                              | ¥(1,894)                             | ¥(3,041)                             | ¥57,476                                    |
| Year ended March 31, 2007       | ¥83,200                              | ¥(21,898)                            | ¥(23,673)                            | ¥83,848                                    |

### 2. Forecast for Year ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

Amount Unit : 1 Million Yen

|                                      | Net Sales | Change | Operating Income | Change | Ordinary Income | Change | Net Income | Change |
|--------------------------------------|-----------|--------|------------------|--------|-----------------|--------|------------|--------|
| First Half ending September 30, 2007 | ¥435,000  | 15.3%  | ¥57,000          | 29.5%  | ¥50,000         | 34.9%  | ¥31,000    | 33.7%  |
| Year ending March 31, 2008           | ¥930,000  | 13.0%  | ¥114,000         | 11.8%  | ¥102,000        | 13.9%  | ¥62,000    | 13.1%  |

  

|                                      | Net Income per share of Common Stock (Yen) |
|--------------------------------------|--|
| First Half ending September 30, 2007 | ¥77.62                                     |
| Year ending March 31, 2008           | ¥155.23                                    |

### 3. Other

(1) **Changes of significant subsidiaries during the current fiscal year (change of specified subsidiaries that affected the scope of consolidated reporting):** No

(2) **Adoption of simplified accounting methods:** Yes

The practical estimation has been applied for the calculation of some allowances and tax expenses instead of actual basis.

(3) **Changes in accounting policies:** Yes

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate from the current fiscal year.

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

|                                     | As of March 31, 2007 |       | As of June 30, 2007 |       | Increase (Decrease) |       | As of June 30, 2006 |       |
|-------------------------------------|----------------------|-------|---------------------|-------|---------------------|-------|---------------------|-------|
|                                     |                      | %     |                     | %     |                     | %     |                     | %     |
| <b>Assets</b>                       |                      |       |                     |       |                     |       |                     |       |
| <b>Current assets</b>               |                      |       |                     |       |                     |       |                     |       |
| Cash and time deposits              | 83,871               |       | 73,245              |       | (10,625)            |       | 57,498              |       |
| Notes and accounts receivable-trade | 148,914              |       | 176,563             |       | 27,648              |       | 126,170             |       |
| Inventories                         | 246,400              |       | 258,045             |       | 11,644              |       | 253,477             |       |
| Other current assets                | 47,082               |       | 48,059              |       | 976                 |       | 51,280              |       |
| Allowance for doubtful receivables  | (3,072)              |       | (3,281)             |       | (208)               |       | (2,699)             |       |
| Total current assets                | 523,197              | 69.9  | 552,633             | 70.4  | 29,435              | 5.6   | 485,728             | 68.7  |
| <b>Fixed assets</b>                 |                      |       |                     |       |                     |       |                     |       |
| Tangible fixed assets               |                      |       |                     |       |                     |       |                     |       |
| Buildings and structures            | 41,381               |       | 42,599              |       | 1,217               |       | 40,021              |       |
| Machinery and vehicles              | 39,169               |       | 39,212              |       | 42                  |       | 36,458              |       |
| Land                                | 15,964               |       | 16,134              |       | 170                 |       | 15,838              |       |
| Construction in progress            | 4,946                |       | 4,823               |       | (123)               |       | 4,143               |       |
| Other                               | 15,210               |       | 14,874              |       | (336)               |       | 14,102              |       |
| Total tangible fixed assets         | 116,673              | 15.5  | 117,643             | 15.0  | 970                 | 0.8   | 110,563             | 15.7  |
| Intangible fixed assets             | 13,995               | 1.9   | 13,886              | 1.8   | (109)               | (0.8) | 13,725              | 1.9   |
| Investments and other assets        |                      |       |                     |       |                     |       |                     |       |
| Investment securities               | 85,421               |       | 90,870              |       | 5,448               |       | 82,175              |       |
| Other                               | 9,746                |       | 9,750               |       | 4                   |       | 14,992              |       |
| Allowance for doubtful receivables  | (95)                 |       | (95)                |       | 0                   |       | (105)               |       |
| Total investments and other assets  | 95,071               | 12.7  | 100,525             | 12.8  | 5,453               | 5.7   | 97,062              | 13.7  |
| Total fixed assets                  | 225,741              | 30.1  | 232,055             | 29.6  | 6,314               | 2.8   | 221,350             | 31.3  |
| <b>Total assets</b>                 | 748,939              | 100.0 | 784,688             | 100.0 | 35,749              | 4.8   | 707,079             | 100.0 |

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

|  | As of March 31, 2007 |       | As of June 30, 2007 |       | Increase (Decrease) |         | As of June 30, 2006 |       |
|--|----------------------|-------|---------------------|-------|---------------------|---------|---------------------|-------|
|  |                      | %     |                     | %     |                     | %       |                     | %     |
| <b>Liabilities</b>   |                      |       |                     |       |                     |         |                     |       |
| <b>Current liabilities</b>                                 |                      |       |                     |       |                     |         |                     |       |
| Notes and accounts payable-trade                           | 145,911              |       | 150,308             |       | 4,396               |         | 144,323             |       |
| Short-term debt  | 17,456               |       | 26,308              |       | 8,852               |         | 23,320              |       |
| Current portion of bonds                                   | 20,000               |       | 20,000              |       | —                   |         | 64,800              |       |
| Accrued expenses   | 47,711               |       | 46,013              |       | (1,697)             |         | 32,540              |       |
| Accrued income taxes                                       | 27,560               |       | 11,909              |       | (15,651)            |         | 8,750               |       |
| Warranty reserve   | 7,655                |       | 7,596               |       | (58)                |         | 5,851               |       |
| Other current liabilities                                  | 42,660               |       | 58,785              |       | 16,124              |         | 60,646              |       |
| Total current liabilities                                  | 308,956              | 41.3  | 320,922             | 40.9  | 11,966              | 3.9     | 340,231             | 48.1  |
| <b>Long-term liabilities</b>                               |                      |       |                     |       |                     |         |                     |       |
| Bonds  | 49,500               |       | 49,500              |       | —                   |         | 69,500              |       |
| Long-term debt   | 18,369               |       | 16,361              |       | (2,008)             |         | 19,726              |       |
| Liability for employees' retirement benefits               | 15,163               |       | 14,435              |       | (728)               |         | 16,079              |       |
| Retirement allowances for directors and corporate auditors | 455                  |       | 486                 |       | 30                  |         | 367                 |       |
| Other long-term liabilities                                | 8,048                |       | 9,394               |       | 1,346               |         | 8,752               |       |
| Total long-term liabilities                                | 91,538               | 12.2  | 90,178              | 11.5  | (1,359)             | (1.5)   | 114,426             | 16.2  |
| Total liabilities  | 400,494              | 53.5  | 411,101             | 52.4  | 10,607              | 2.6     | 454,657             | 64.3  |
| <b>Net assets</b>  |                      |       |                     |       |                     |         |                     |       |
| <b>Shareholders' equity</b>                                |                      |       |                     |       |                     |         |                     |       |
| Common stock   | 64,675               |       | 64,675              |       | —                   |         | 37,261              |       |
| Capital surplus  | 79,911               |       | 79,911              |       | —                   |         | 52,532              |       |
| Retained earnings  | 179,019              |       | 197,820             |       | 18,801              |         | 142,844             |       |
| Treasury stock   | (1,018)              |       | (1,124)             |       | (106)               |         | (748)               |       |
| Total shareholders' equity                                 | 322,588              | 43.1  | 341,283             | 43.5  | 18,694              | 5.8     | 231,889             | 32.8  |
| <b>Valuation and translation adjustments</b>               |                      |       |                     |       |                     |         |                     |       |
| Unrealized gain on available-for-sale securities           | 22,104               |       | 24,647              |       | 2,542               |         | 20,698              |       |
| Deferred loss on derivatives under hedge accounting        | (198)                |       | (308)               |       | (110)               |         | (402)               |       |
| Foreign currency translation adjustments                   | 3,672                |       | 7,882               |       | 4,210               |         | 59                  |       |
| Total valuation and translation adjustments                | 25,578               | 3.4   | 32,220              | 4.1   | 6,642               | 26.0    | 20,355              | 2.9   |
| <b>Stock acquisition rights</b>                            | 83                   | 0.0   | 83                  | 0.0   | —                   | —       | —                   | —     |
| <b>Minority interests</b>                                  | 194                  | 0.0   | —                   | —     | (194)               | (100.0) | 177                 | 0.0   |
| Total net assets   | 348,444              | 46.5  | 373,587             | 47.6  | 25,142              | 7.2     | 252,421             | 35.7  |
| <b>Total liabilities and net assets</b>                    | 748,939              | 100.0 | 784,688             | 100.0 | 35,749              | 4.8     | 707,079             | 100.0 |

**Consolidated Statements of Income**

Amount Unit: 1 Million Yen

|   | 1st Quarter ended<br>June 30, 2006 |       | 1st Quarter ended<br>June 30, 2007 |       | Increase<br>(Decrease) |         | Year ended<br>March 31, 2007 |       |
|---|------------------------------------|-------|------------------------------------|-------|------------------------|---------|------------------------------|-------|
|   |                                    | %     |                                    | %     |                        |         |                              | %     |
| Net sales                                       | 172,803                            | 100.0 | 223,543                            | 100.0 | 50,739                 | 29.4    | 822,813                      | 100.0 |
| Cost of sales                                   | 101,519                            | 58.7  | 126,537                            | 56.6  | 25,018                 | 24.6    | 494,663                      | 60.1  |
| <b>Gross profit</b>                             | 71,284                             | 41.3  | 97,005                             | 43.4  | 25,721                 | 36.1    | 328,150                      | 39.9  |
| Selling, general and administrative expenses    | 47,083                             | 27.3  | 60,873                             | 27.2  | 13,789                 | 29.3    | 226,143                      | 27.5  |
| <b>Operating income</b>                         | 24,200                             | 14.0  | 36,132                             | 16.2  | 11,932                 | 49.3    | 102,006                      | 12.4  |
| <b>Non-operating income</b>                     | 2,640                              | 1.5   | 3,092                              | 1.3   | 451                    | 17.1    | 7,080                        | 0.9   |
| Interest and dividend income                    | 555                                |       | 874                                |       | 319                    |         | 1,723                        |       |
| Other income                                    | 2,084                              |       | 2,217                              |       | 132                    |         | 5,357                        |       |
| <b>Non-operating expenses</b>                   | 4,866                              | 2.8   | 3,160                              | 1.4   | (1,706)                | (35.1)  | 19,536                       | 2.4   |
| Interest expenses                               | 439                                |       | 455                                |       | 15                     |         | 1,632                        |       |
| Other expenses                                  | 4,426                              |       | 2,704                              |       | (1,722)                |         | 17,903                       |       |
| <b>Ordinary income</b>                          | 21,973                             | 12.7  | 36,064                             | 16.1  | 14,090                 | 64.1    | 89,551                       | 10.9  |
| <b>Extraordinary gains</b>                      | 683                                | 0.4   | 62                                 | 0.0   | (620)                  | (90.8)  | 916                          | 0.1   |
| Gain on sales of fixed assets                   | 683                                |       | 62                                 |       | (620)                  |         | 825                          |       |
| Gain on sales of investment securities          | —                                  |       | —                                  |       | —                      |         | 23                           |       |
| Gain on transfer of investments in an affiliate | —                                  |       | —                                  |       | —                      |         | 67                           |       |
| <b>Extraordinary losses</b>                     | 99                                 | 0.1   | 145                                | 0.0   | 45                     | 45.8    | 2,654                        | 0.3   |
| Loss on disposals and sales of fixed assets     | 98                                 |       | 135                                |       | 36                     |         | 807                          |       |
| Loss on sales of investment securities          | —                                  |       | 9                                  |       | 9                      |         | —                            |       |
| Loss on devaluation of investment securities    | 0                                  |       | —                                  |       | (0)                    |         | —                            |       |
| Loss on restructuring of business               | —                                  |       | —                                  |       | —                      |         | 1,846                        |       |
| <b>Income before income taxes</b>               | 22,557                             | 13.0  | 35,982                             | 16.1  | 13,424                 | 59.5    | 87,812                       | 10.7  |
| <b>Income taxes</b>                             | 7,812                              | 4.5   | 12,535                             | 5.6   | 4,722                  | 60.4    | 32,975                       | 4.0   |
| <b>Minority interest</b>                        | (4)                                | (0.0) | —                                  | —     | 4                      | (100.0) | 12                           | 0.0   |
| <b>Net Income</b>                               | 14,749                             | 8.5   | 23,446                             | 10.5  | 8,697                  | 59.0    | 54,824                       | 6.7   |