



November 7, 2013

Consolidated Financial Results of the First Half ended September 30, 2013 (Japanese Standards)**Company name: NIKON CORPORATION**

Code number: 7731; Stock listings: Tokyo Stock Exchange

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

Representative: Makoto Kimura, Representative Director and President

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

TEL: +81-3-3216-1032

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Date of commencement of dividend payment: December 2, 2013

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (for institutional investors and analysts)

Note: Amounts less than 1 million yen are omitted.

1. Consolidated Results of the First Half ended September 30, 2013 (From April 1, 2013 to September 30, 2013)**(1) Financial Results** (Percentage represents comparison change to the corresponding previous quarterly period)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Half ended September 30, 2013	470,484	(5.4)	21,901	(41.0)	20,027	(49.3)	13,608	(57.5)
First Half ended September 30, 2012	497,243	2.2	37,103	(39.3)	39,524	(39.3)	32,022	(36.5)

(Note) Comprehensive Income: First Half ended, September 30, 2013: 25,615 million yen ; 23.6%
First Half ended, September 30, 2012: 20,717 million yen ; -43.2%

	Net Income per Share of Common Stock	Net Income per Share of Common Stock after Dilution
	Yen	Yen
First Half ended September 30, 2013	34.31	34.26
First Half ended September 30, 2012	80.75	80.61

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
First Half ended September 30, 2013	906,173	512,443	56.4
Year ended March 31, 2013	864,667	490,217	56.6

(Reference) Equity: First Half ended September 30, 2013: 511,484 million yen
Year ended March 31, 2013: 489,421 million yen**2. Dividends**

	Dividend per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2013	—	19.00	—	12.00	31.00
Year ending March 31, 2014	—	10.00			
Year ending March 31, 2014 (Planned)			—	22.00	32.00

(Note) Revision of cash dividend forecast for this period: None

3. Forecasts for Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Percentage represents comparison to previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share of Common Stock
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	1,015,000	0.4	65,000	27.4	63,000	30.3	50,000	17.8	126.07

(Note) Revision of forecast for this period: None

4. Others

(1) Changes of significant subsidiaries during the current fiscal year: None

(Note) This refers to presence/absence of changes to specified subsidiaries accompanying changes in scope of consolidation in the period under review.

(2) Adoption of special accounting methods: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1. Changes in accounting policies with revision of accounting standards: Yes

2. Changes in accounting policies other than the above: None

3. Changes in accounting estimate: None

4. Revision restatements: None

(4) Number of shares issued (common stock)

1. Number of shares issued as of the term end (including treasury stocks):

First Half ended September 30, 2013 400,878,921 shares

Year ended March 31, 2013 400,878,921 shares

2. Number of treasury stock as of the term end:

First Half ended September 30, 2013 4,244,838 shares

Year ended March 31, 2013 4,279,760 shares

3. Average number of shares during the term (consolidated total for quarter):

First Half ended September 30, 2013 396,618,382 shares

First Half ended September 30, 2012 396,553,335 shares

(※Indication of quarterly review procedures implementation status)

This quarterly financial results report is exempt from quarterly review procedures under Japan's Financial Instruments and Exchange Law. It is under the review procedure process at the time of disclosure of this report.

(※Appropriate use of business forecasts; other special items)

Performance forecasts and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

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1. Performance and Financial Position

(1) Qualitative Information regarding the Consolidated Operating Results

During the first half ended September 30, 2013, the economic situations in Japan showed some signs of gradual recovery on the back of a series of economic policies; however, the worldwide economy remained slow as a whole, with the US consumer spending remaining at a moderate recovery level, in spite of its recovery trend in the US economy, as well as economic stagnation in Europe and sluggish growth in the emerging economies.

Looking at performance by business segment, in the Precision Equipment Business, the semiconductor-related market was sluggish, while the LCD panel-related market remained strong. In the Imaging Products Business, the compact digital camera market continued to shrink, while the overseas market for the Digital camera—Interchangeable Lens Type performed sluggishly. In the Instruments Business, the bioscience-related market saw ongoing public spending in Japan and the USA, while the industrial instruments-related market was affected by restraint in capital investment related to semiconductors and electronic components.

Amid such challenging business environment, the Group, under the “Management Measures Committee” established in August this year, strove to strengthen existing businesses as a whole group by promoting thorough cost reduction to allow enhancement of profitability and by bolstering supply chain management and introducing feature-rich new products to the markets.

The Group has chosen areas of analysis and diagnosis as particular focus in the health and medical fields, the target field for new business, and worked on research and development as well as on development of human resources who can perform globally.

As a result of the foregoing, net sales for the first half ended September 30, 2013 decreased by 26,759 million yen (5.4%) year on year to 470,484 million yen, operating income decreased by 15,202 million yen (41.0%) year on year to 21,901 million yen, and ordinary income was down by 19,496 million yen (49.3%) year on year to 20,027 million yen, resulting in net income of 13,608 million yen, a decrease of 18,413 million yen (57.5%) year on year.

Performance by business segment is as follows.

1) Precision Equipment Business

In the Precision Equipment market, capital investment by manufacturers remained slow in the semiconductor-related field, while LCD panel-related field remained strong due to the demand for smart-phone/tablet terminals.

In these circumstances, we worked to expand sales in the IC steppers and scanners field, focusing on the latest model NSR-S622D ArF immersion scanner and others.

In the LCD steppers and scanners field, we secured a high market share by working to expand sales of devices that are optimal for production of mid-to-small size high definition displays for smart-phone/tablet terminals, etc., focusing on the FX-66S and FX-67S.

Ongoing efforts were also made to improve our profit structure by shortening production lead times and reducing costs throughout operations.

As a result, the Precision Equipment Business posted higher operating income compared with the target; however, faced with the weak market conditions, net sales decreased by 0.7% year on year to 79,855 million yen, and operating income decreased by 48.2% year on year to 3,732 million yen.

2) Imaging Products Business

In the Imaging Product Business, the compact digital camera market continued to shrink while the overseas market for the Digital camera—Interchangeable Lens Type performed sluggishly.

Under these circumstances, among Digital camera—Interchangeable Lens Type, the mid-class digital SLR camera D7100 enjoyed steady sales. As for the compact digital cameras, marketing was particularly focused on the sales expansion of the ultra high-power zoom camera equipped with a 42x optical zoom lens COOLPIX P520, while several distinctive new products were launched, such as the COOLPIX S6600 equipped with a vari-angle monitor that enables effortless self portraits.

As a result, both Digital camera—Interchangeable Lens Type and compact digital cameras maintained their market shares; however, faced with the difficult market conditions, net sales decreased by 7.5% year on year to 352,580 million yen and operating income decreased by 26.0% year on year to 30,919 million yen.

3) Instruments Business

In the Instruments market, the bioscience-related market remained strong thanks to ongoing public spending in Japan and the USA. The industrial instruments field was affected by restraint in capital investment by manufacturers as to semiconductors and electronic components.

Under these circumstances, sales mainly in inverted research microscopes and the leading-edge super resolution microscope system, etc. grew steadily in the bioscience business. In the industrial instruments business, efforts were made to expand sales with emphasis on non-contact metrology devices; however, sales in the semiconductor- and electronics-related markets declined.

As a result, net sales for the Instruments Business increased by 9.8% year on year to 26,065 million yen, and

operating loss amounted to 3,437 million yen (compared with operating loss of 2,977 million yen in the same period of the previous year).

4) Other Businesses

In the Customized Products Business, sales of space-related products grew considerably, and efforts were made to expand sales of LCD photomask substrates in the Glass Business.

As a result, net sales of these businesses decreased by 0.2% year on year to 11,982 million yen, and operating income increased by 23.4% year on year to 1,953 million yen.

(2) Qualitative information on Consolidated Financial Position

During the first half ended September 30, 2013, total assets increased by 41,505 million yen from the end of the previous fiscal year to 906,173 million yen. This is due mainly to the increase by 38,631 million yen in cash and deposits, the increase by 11,880 million yen in inventories, and the increase by 6,662 million yen in investment securities, in spite of the decrease by 20,930 million yen in notes and accounts receivable-trade.

Total liabilities increased by 19,280 million yen from the end of the previous fiscal year to 393,730 million yen. This is due mainly to the increase by 21,603 million yen in notes and accounts payable-trade.

Total net assets increased by 22,225 million yen from the end of the previous fiscal year to 512,443 million yen. This is attributable mainly to the increase of retained earnings by 9,961 million yen, due to the posting of net income, and the increase by 6,930 million yen in foreign currency translation adjustment due to the progressing yen depreciation.

During the first half ended September 30, 2013, cash flows from operating activities amounted to an inflow of 64,443 million yen (compared with an inflow of 34,673 million yen in the same period of the previous year). This is due mainly to the decrease by 24,931 in accounts receivable-trade, the increase by 15,110 million yen in notes and accounts payable-trade, posting of income before income taxes by 20,027 million yen.

Cash flows from investing activities amounted to an outflow of 25,262 million yen (compared with an outflow of 35,273 million yen in the same period of the previous year), due mainly to the expenditure in the amount of 17,802 million yen for the purchase of property, plant and equipment and the expenditure in the amount of 6,470 million yen for the purchase of intangible assets.

Cash flows from financing activities amounted to an outflow of 4,783 million yen (compared with an outflow of 9,414 million yen in the same period of the previous year) mainly because of 4,756 million yen in cash dividends paid.

(3) Qualitative Information regarding the Consolidated Financial Forecasts

Looking forward, in the Precision Equipment Business, although ongoing uncertainty is left in the semiconductor-related market, steady performance is expected in the LCD panel-related market. For the Imaging Products Business, weak market condition is expected for the Digital camera—Interchangeable Lens Type market for the current fiscal year, and the compact digital camera market is expected to see a continual shrink. In the Instruments Business, the bioscience-related market is predicted to remain strong buoyed by public spending, although the industrial instruments-related market is likely to remain in a difficult situation. To overcome the downturn in the market conditions, the Group will strive to improve profitability by seeking further cost reduction and launching feature-rich new products.

The consolidated financial forecasts for the year ending March 31, 2014 shall be as stated in the “Revision of the Financial Forecast for the Fiscal Year Ending March 31, 2014,” announced on October 31, 2013.

2. Notes Regarding Summary Information (Others)

(1) Changes in Significant Consolidated Subsidiaries

Not applicable

(2) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections

(Changes in Accounting Policies)

Due to the application of IAS 19 "Employee Benefits" (revised in June 16, 2011) from January 1, 2013, the method of recognition and presentation of actuarial gains and losses, past service cost and interest cost changed from the first quarter of fiscal year ending March 31, 2014 in certain overseas subsidiaries.

Those overseas subsidiaries applied the revision in this policy retrospectively, and the consolidated quarterly financial statements for the previous year and the consolidated financial statements for the previous year changed due to the retrospective application. The effect of this retrospective application on the consolidated quarterly financial statements for the previous year and the consolidated financial statements for the previous year was immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	110,281	148,913
Notes and accounts receivable-trade	134,225	113,295
Merchandise and finished goods	116,504	124,740
Work in process	119,760	126,208
Raw materials and supplies	33,147	30,343
Other	65,523	67,849
Allowance for doubtful accounts	(3,795)	(4,018)
Total Current Assets	575,647	607,331
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	45,774	49,677
Machinery, equipment and vehicles, net	57,551	61,586
Land	15,025	15,125
Construction in progress	15,935	11,410
Other, net	27,317	26,979
Total property, plant and equipment	161,605	164,780
Intangible assets		
Goodwill	4,443	4,101
Other	27,826	29,301
Total intangible assets	32,270	33,402
Investments and other assets		
Investment securities	66,859	73,521
Other	28,517	27,572
Allowance for doubtful accounts	(231)	(435)
Total investments and other assets	95,144	100,658
Total noncurrent assets	289,019	298,841
Total assets	864,667	906,173

(Million of yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	124,676	146,279
Short-term loans payable	18,739	19,619
Current portion of bonds	—	10,000
Income taxes payable	1,395	6,309
Provision for product warranties	8,096	6,772
Other	146,277	140,450
Total current liabilities	299,186	329,432
Noncurrent liabilities		
Bonds payable	40,000	30,000
Long-term loans payable	22,600	22,600
Provision for retirement benefits	3,631	3,317
Asset retirement obligations	2,512	2,535
Other	6,519	5,845
Total noncurrent liabilities	75,263	64,298
Total liabilities	374,450	393,730
Net assets		
Shareholders' equity		
Capital stock	65,475	65,475
Capital surplus	80,711	80,711
Retained earnings	345,698	355,659
Treasury stock	(12,804)	(12,698)
Total shareholders' equity	479,081	489,148
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,482	14,446
Deferred gains or losses on hedges	(216)	(79)
Foreign currency translation adjustment	2,135	9,066
Post retirement liability adjustment for foreign consolidated companies	(1,060)	(1,097)
Total accumulated other comprehensive income (loss)	10,340	22,335
Subscription rights to shares	795	880
Minority interests	—	78
Total net assets	490,217	512,443
Total liabilities and net assets	864,667	906,173

(2) Consolidated Statement of Income and Statements of Comprehensive Income

① Consolidated Statements of Income

First Half ended September 30, 2013

(Million of yen)

	First Half ended September 30, 2012 (from April 1, 2012 to September 30, 2012)	First Half ended September 30, 2013 (from April 1, 2013 to September 30, 2013)
Net sales	497,243	470,484
Cost of sales	313,126	301,626
Gross profit	184,116	168,857
Selling, general and administrative expenses	147,013	146,956
Operating income	37,103	21,901
Non-operating income		
Interest income	382	395
Dividends income	955	687
Foreign exchange gains	18	—
Equity in earnings of affiliates	572	642
Other	1,571	2,734
Total non-operating income	3,500	4,460
Non-operating expenses		
Interest expenses	513	887
Foreign exchange losses	—	3,009
Other	566	2,437
Total non-operating expenses	1,080	6,334
Ordinary income	39,524	20,027
Extraordinary income		
Gain on sales of noncurrent assets	116	34
Gain on sales of investment securities	5,132	—
Insurance income	1,539	—
Total extraordinary income	6,788	34
Extraordinary loss		
Loss on sales of noncurrent assets	10	20
Impairment loss	409	2
Loss on sales of investment securities	0	11
Loss on valuation of investment securities	233	—
Total extraordinary losses	654	34
Income before income taxes	45,657	20,027
Income taxes	13,635	6,414
Income before minority interests	32,022	13,612
Minority interests in income	—	3
Net income	32,022	13,608

② Consolidated Statements of Comprehensive Income

First Half ended September 30, 2013

(Million of yen)

	First Half ended September 30, 2012 (from April 1, 2012 to September 30, 2012)	First Half ended September 30, 2013 (from April 1, 2013 to September 30, 2013)
Income before minority interests	32,022	13,612
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,008)	4,974
Deferred gains or losses on hedges	1,536	137
Foreign currency translation adjustment	(8,916)	6,938
Post retirement liability adjustment for foreign consolidated companies	83	(37)
Share of other comprehensive income of associates accounted for using equity method	0	(10)
Total other comprehensive income (loss)	(11,304)	12,003
Comprehensive income	20,717	25,615
(Breakdown)		
Comprehensive income attributable to owners of the parent	20,717	25,604
Comprehensive income attributable to minority interests	—	11

(3) Consolidated Statement of Cash Flows

(Million of yen)

	First Half ended September 30, 2012 (from April 1, 2012 to September 30, 2012)	First Half ended September 30, 2013 (from April 1, 2013 to September 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	45,657	20,027
Depreciation and amortization	16,705	20,031
Impairment loss	409	2
Increase (decrease) in allowance for doubtful accounts	(28)	190
Increase (decrease) in provision for product warranties	266	(1,441)
Increase (decrease) in provision for retirement benefits	(556)	(451)
Interest and dividends income	(1,337)	(1,083)
Equity in (earnings) losses of affiliates	(572)	(642)
Interest expenses	513	887
Loss (gain) on sales of noncurrent assets	(105)	(14)
Loss (gain) on sales of investment securities	(5,132)	11
Loss (gain) on valuation of investment securities	233	—
Decrease (increase) in notes and accounts receivable-trade	9,448	24,931
Decrease (increase) in inventories	(46,700)	(6,766)
Increase (decrease) in notes and accounts payable-trade	20,039	15,110
Increase (decrease) in advances received	(17,048)	(1,480)
Increase (decrease) in accrued expenses	11,606	3,752
Other, net	18,859	(9,525)
Subtotal	52,258	63,540
Interest and dividends income received	1,504	2,147
Interest expenses paid	(564)	(889)
Income taxes (paid) refund	(18,525)	(354)
Net cash provided by (used in) operating activities	34,673	64,443
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(35,424)	(17,802)
Proceeds from sales of property, plant and equipment	629	150
Purchase of investment securities	(202)	(1,066)
Proceeds from sales of investment securities	4,498	54
Net decrease (increase) in loans receivable	(243)	6
Other, net	(4,531)	(6,605)
Net cash provided by (used in) investing activities	(35,273)	(25,262)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	97	929
Cash dividends paid	(8,314)	(4,756)
Other, net	(1,197)	(956)
Net cash provided by (used in) financing activities	(9,414)	(4,783)
Effect of exchange rate change on cash and cash equivalents	(3,736)	2,943
Net increase (decrease) in cash and cash equivalents	(13,751)	37,341
Cash and cash equivalents at beginning of period	131,711	110,094
Increase in cash and cash equivalents from newly consolidated subsidiary	429	1,082
Cash and cash equivalents at end of period	118,390	148,518

(4) Notes regarding Going Concern Assumption
Not applicable

(5) Note in Event of Significant Change in Shareholders' Equity
Not applicable

(6) Segment Information

Information on sales and income (loss) by business segment reported

For the First Half ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

(Million of yen)

	Business Segments reported				Other ¹	Total	Adjustment ²	Consolidated Statement of Income ³
	Precision Equipment	Imaging Products	Instruments	Total				
Sales								
Outside Customers	80,429	381,071	23,735	485,235	12,008	497,243	—	497,243
Intersegment Sales or Transfer	511	388	475	1,375	20,338	21,713	(21,713)	—
Total	80,940	381,459	24,210	486,610	32,346	518,957	(21,713)	497,243
Operating Income (Loss)	7,212	41,807	(2,977)	46,042	1,583	47,625	(10,521)	37,103

Notes: 1. The “Other Business” category incorporates operations not included in business segments reported, including the glass business and the customized products business.

2. Adjustment of segment income (loss) refers to elimination of intersegment transactions of 140 million yen and corporate expenses of minus 10,662 million yen.

3. Segment income is adjusted with reported operating income on the consolidated financial statements.

For the First Half ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

(Million of yen)

	Business Segments reported				Other ¹	Total	Adjustment ²	Consolidated Statement of Income ³
	Precision Equipment	Imaging Products	Instruments	Total				
Sales								
Outside Customers	79,855	352,580	26,065	458,501	11,982	470,484	—	470,484
Intersegment Sales or Transfer	245	268	442	956	12,356	13,313	(13,313)	—
Total	80,101	352,848	26,508	459,458	24,339	483,797	(13,313)	470,484
Operating Income (Loss)	3,732	30,919	(3,437)	31,214	1,953	33,168	(11,267)	21,901

Notes: 1. The “Other Business” category incorporates operations not included in business segments reported, including the glass business and the customized products business.

2. Segment income or loss adjustment includes elimination of intersegment transactions of 180 million yen and corporate expenses of minus 11,447 million yen.

3. Segment income is adjusted with reported operating income on the consolidated financial statements.