

Consolidated Financial Results of the Year ended March 31, 2016 (Japanese Standards)

Company name: NIKON CORPORATION

Code number: 7731; Stock listings: Tokyo Stock Exchange

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

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Date of year-end dividend payout: June 30, 2016

Preparation of supplementary materials for financial results: Yes

Information meeting for 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 year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

 (1) Financial Results (Percentage represents comparison change to the corresponding previous period)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2016	822,915	(4.1)	36,701	(15.5)	42,870	(7.5)	22,192	20.8
Year ended March 31, 2015	857,782	(12.5)	43,412	(31.0)	46,368	(24.9)	18,364	(60.8)

(Note) Comprehensive Income: Year ended March 31, 2016: (18,468) million yen (—%)

Year ended March 31, 2015: 49,432 million yen (24.9)

	Net Income per Share of Common Stock	Net Income per Share of Common Stock after Dilution	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	55.98	55.85	4.0	4.5	4.5
Year ended March 31, 2015	46.29	46.21	3.3	4.9	5.1

(Reference) Share of profit of entities accounted for using equity method: Year ended March 31, 2016: 1,449 million yen

Year ended March 31, 2015: 1,420 million yen

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share of Common Stock
	Million yen	Million yen	%	Yen
Year ended March 31, 2016	945,827	541,007	57.0	1,360.80
Year ended March 31, 2015	972,945	572,200	58.6	1,438.17

(Reference) Equity: Year ended March 31, 2016: 539,138 million yen

Year ended March 31, 2015: 570,560 million yen

(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 year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2016	105,214	(80,880)	(18,173)	251,210
Year ended March 31, 2015	71,309	(24,945)	(24,954)	259,625

2. Dividends

	Dividend per Share				
	First quarter ended	Second quarter ended	Third quarter ended	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	—	10.00	—	22.00	32.00
Year ended March 31, 2016	—	8.00	—	10.00	18.00
Year ending March 31, 2017 (Forecast)	—	—	—	—	—

(Note) The dividends for the fiscal year ending March 31, 2017 are not determined yet.

	Total Annual Cash Dividend Paid	Dividend Payout Ratio (Consolidated)	Dividend Payout to Net Assets Ratio (Consolidated)
	Million yen	%	%
Year ended March 31, 2015	12,694	69.1	2.3
Year ended March 31, 2016	7,141	32.2	1.3
Year ending March 31, 2017 (Forecast)	—	—	—

3. Consolidated Financial Forecasts for the year ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Percentage represents comparison to previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share of Common Stock
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter ending September 30, 2016	363,000	(7.6)	19,000	30.7	21,000	3.6	14,000	24.4	35.32
Full year	840,000	2.1	46,000	25.3	49,000	14.3	30,000	35.2	75.68

4. Other

(1) Changes of significant subsidiaries during the current fiscal year (change of specified subsidiaries that affected the scope of consolidated reporting): None

(2) Changes of accounting policies applied, procedures and methods of presentation for preparing consolidated financial statements

1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations: None
2. Other changes in accounting policies: None
3. Changes in accounting estimates: None
4. Restatement of corrections: None

(3) Number of shares issued (common stock)

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

Year ended March 31, 2016	400,878,921 shares
Year ended March 31, 2015	400,878,921 shares

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

Year ended March 31, 2016	4,687,767 shares
Year ended March 31, 2015	4,152,366 shares

3. Average number of shares during the term:

Year ended March 31, 2016	396,409,088 shares
Year ended March 31, 2015	396,695,884 shares

(Note) NIKON CORPORATION (the "Company") introduced executive compensation BIP trust. The Company's shares held by the trust are included in the number of treasury stock.

(Reference)

1. Non-consolidated Results of the year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(1) Financial Results (Percentage represents comparison change to the corresponding previous period)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2016	565,355	(6.9)	(8,531)	—	4,402	(84.4)	(1,322)	—
Year ended March 31, 2015	607,556	(15.2)	7,319	(77.7)	28,223	(26.2)	10,133	(69.1)

	Net Income per Share of Common Stock	Net Income per Share of Common Stock after Dilution
	Yen	Yen
Year ended March 31, 2016	(3.34)	—
Year ended March 31, 2015	25.54	25.50

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share of Common Stock
	Million yen	Million yen	%	Yen
Year ended March 31, 2016	664,357	317,668	47.6	798.43
Year ended March 31, 2015	659,283	339,453	51.3	852.78

(Reference) Equity: Year ended March 31, 2016: 316,329 million yen
Year ended March 31, 2015: 338,321 million yen

(※Indication of quarterly review procedures implementation status)

This financial results report is exempt from 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. For more information about the Company's business forecasts, please refer to page 6.

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1. Operating Results

(1) Analysis of Operating Results

1) Overview of the fiscal year ended March 31, 2016

The economic state of affairs in the fiscal year ended March 31, 2016 showed a tendency toward a recovery, supported by personal consumption both in the US and Europe. In addition, the domestic economy showed a gradual recovery trend as well mainly in capital investment, while personal consumption was weak. However, the growth of the overall world economy decelerated, strongly impacted by slowdown in China and emerging economies.

Under these circumstances, the Nikon Group (the "Group") has set a new goal to reform into a business structure that grows with the six business portfolio of Semiconductor Lithography, FPD Lithography System, Imaging Products, Microscope Solutions, Industrial Metrology, and Medical Businesses under the Medium-Term Management Plan announced last May to achieve sustainable medium- to long-term growth.

In the Instruments Business, which is positioned as a growth business, although the overall market in the microscope-related field was weak, the Group's business expanded its market share and trended firmly. Moreover, to enter contract manufacturing business such as cells for regenerative medicine therapeutics, the Group established Nikon CeLL innovation Co., Ltd., wholly-owned by the Group, affiliating with one of the industry's largest companies, Lonza. In the industrial metrology-related field, capital investments in semiconductors and electronic components, and automobile-related field were firm and the Group's business was strong as well. The Group also invested in American venture company in order to strengthen its product competitiveness in non-destructive testing equipment business, where the future growth is expected. In addition, in the Medical Business, the Group acquired Optos Plc, a leading company in retina diagnostic imaging equipment market, as a wholly owned subsidiary, marking its full-scale entry into the business field.

In the existing Precision Equipment Business, in the semiconductor-related field, capital investments of the overall market were steady, yet the business environment surrounding the Group was continuously severe. On the other hand, in the FPD-related field, the entire market was strong, as capital investment for mid-to-small size displays quickly recovered, boosting the Group's business. However, in the Imaging Products Business, the Group's business struggled due to the shrinking market. Under these circumstances, the Group undertook restructuring of sales sites to optimize its business operations, striving to improve efficiency further through cost reduction.

As a result of the foregoing, net sales of the Group for the fiscal year ended March 31, 2016 decreased by 34,866 million yen (4.1%) year on year to 822,915 million yen, operating income decreased by 6,711 million yen (15.5%) year on year to 36,701 million yen, and ordinary income decreased by 3,498 million yen (7.5%) year on year to 42,870 million yen.

In addition, although impairment loss was recorded in the Semiconductor Lithography Business, net income attributable to owners of parent increased by 3,827 million yen (20.8%) to 22,192 million yen.

Performance by business segment is as follows.

[Precision Equipment Business]

In the Semiconductor Lithography System field, the Group worked to improve profit structure by continuously striving to enhance the performance and extend sales of its advanced equipment, primarily ArF immersion scanners, and concentrating on strengthening sales of used equipment and service sales. However, sales in the Semiconductor Lithography Business decreased compared to the previous fiscal year and recorded deficits, as the Group could not secure new customers for its advanced equipment, and was also impacted by changes in capital investment plan of customers.

In the FPD Lithography System field, benefited from the drastic recovery in capital investments for mid-to-small sized panels, sales grew significantly for the FX-66S and FX-67S, which are ideal for the production of mid-to-small size high definition displays for smart-phone/tablet computers, etc. Moreover, in March 2016, the Group launched the latest system, FX-68S, which realizes productivity improvement as well as high resolution and high accuracy alignment.

As a result of the foregoing, net sales rose by 6.8% from the previous fiscal year to 182,416 million yen, and operating income increased by 74.8% from the previous fiscal year to 14,607 million yen.

As the profitability is expected to fall in the Semiconductor Lithography Business, impairment loss of 7,047 million yen was posted as extraordinary loss for the non-current assets held by the business segment.

[Imaging Products Business]

For the Digital camera—Interchangeable Lens Type, while sales of entry models such as the D5500 were strong in Japan, in China and Europe, sales grew in mid- to high-class cameras with specifications comparable to those of professional models such as D750. The next-generation flagship model, D5, with much improved performance was launched in March 2016 and received high reviews. However, the Digital camera—Interchangeable Lens Type saw a decrease in the number of units sold, affected by the shrinking market.

For compact digital cameras, high value-added products such as the multi-function model COOLPIX P900 with ultra high-power zoom capability for excellent image quality were strong, whereas overall sales of compact digital cameras dropped sharply along with the drastic shrinkage of the market.

As a result of the foregoing, net sales decreased by 11.2% from the previous fiscal year to 520,484 million yen, and operating income decreased by 19.3% to 45,751 million yen.

[Instruments Business]

In the Microscope field, although the Group was influenced by the reduction in the public budget of Japan, sales and profits grew mainly in biological microscopes, driven by the increase in the market shares primarily in the US and China. Moreover, looking ahead to future business expansion, the Group continued its investment in new business focusing on stem cell business.

In the Industrial Metrology field, sales and profits boosted due to the increase in capital investments in semiconductors, electronic components and automobile-related field, and increases in sales of products such as the CNC Video Measuring System -NEXIV series- and X-ray inspection systems.

As a result of the foregoing, net sales increased by 6.7% from the previous fiscal year to 77,242 million yen, and operating income increased by 135.0% from the previous fiscal year to 2,819 million yen.

[Medical Business]

In the Medical Business, although Optos Plc's retinal diagnostic imaging equipment was sluggish in Europe, sales increased due to the expansion of the market share in the US and strong performance in Asia and Oceania.

As a result of the foregoing, net sales were 18,311 million yen, while operating loss of 4,675 million yen was posted due to the anticipatory investment in medical related new business fields.

[Other Businesses]

In the Glass Business, profits improved, as photomask substrates for FPD and optical components were strong.

In the Customized Products Business, sales extended significantly for solid state lasers, while profits dropped for space-related products.

As a result of the foregoing, net sales including these businesses decreased by 14.5% from the previous fiscal year to 24,461 million yen, and operating profits declined by 32.3% from the previous fiscal year to 4,598 million yen.

2) Forecast for the fiscal year ending March 31, 2017

As for the business segments of the Group, in the Precision Equipment Business, the Semiconductor Lithography System market is expected to shrink slightly compared to the current fiscal year. In addition, the FPD-related field is expected to boost mainly in the capital investment for mid-to-small size panels, expanding significantly in China especially. In the Imaging Products Business, severe situation is expected to continue in markets for the Digital camera—Interchangeable Lens Type and compact digital cameras. In the Instruments Business, although the recovery of Japanese and European markets remains unclear in the microscope-related field, market shares in the US and China are expected to expand continuously, while growth in capital investments are expected to be sustained in the overall Industrial Metrology-related field. In the Medical Business, retina diagnostic imaging equipment is expected to be maintained strongly in the US, Asia, and Oceania.

The top priority of the Group is to continue to restructure its business portfolio. While strengthening its competitiveness in the existing businesses and engaging in a structural reform, the Group will foster the Medical Business, expand the Microscope Solutions Business and Industrial Metrology Business, and reform into an enterprise, which grows with the portfolio of six businesses. Through these efforts, the Group will challenge to create new values and get back on the growth track.

Due to 2016 Kumamoto earthquakes that occurred in April, the suppliers of parts for Nikon, mainly in imaging products, were affected, and an influence on production and sales in the first half of the fiscal year is expected. The Group is working towards early recovery of the supply chain to minimize the impact on the Group's operations.

Current forecast for the fiscal year ending March 31, 2017 is as follows.

(From April 1, 2016 to March 31, 2017)

(Percentage represents comparison change to the corresponding previous period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	840,000	2.1	46,000	25.3	49,000	14.3	30,000	35.2

The above forecast is based on the following foreign currency exchange rate:

1 US dollar = 110 yen, 1 Euro = 120 yen

*Forecasts in this disclosure are made by management in light of information currently available.

A number of factors could cause actual results to differ materially from disclosed as above.

(2) Analysis of Financial Position

The balance of current assets as of March 31, 2016 decreased by 23,869 million yen to 661,646 million yen. Although inventories (merchandise and finished goods, work in process, and raw materials and supplies) increased by 7,464 million yen for the increase in sale of FPD lithography equipment expected in the next fiscal year, cash and deposits decreased by 5,905 million yen, and notes and accounts receivable-trade dropped by 32,564 million yen. The decrease in cash and deposits was primarily the result of foreign exchange impacts on translating cash and cash deposit held by overseas subsidiaries into yen at the end of the fiscal year. In addition, the decrease in notes and accounts receivable-trade was mainly caused by a decline in sales.

The balance of non-current assets as of March 31, 2016 decreased by 3,249 million yen to 284,180 million yen. While intangible assets rose by 35,530 million yen primarily due to an increase of goodwill arisen from the acquisition of 100% ownership of Optos Plc, property, plant, and equipment, and investments and other assets were down by 20,425 million yen and 18,354 million yen, respectively. The decrease in property, plant, and equipment was mainly attributable to the impairment recognized in Semiconductor Lithography Business, as well as the decrease driven by foreign exchange movements on translating property, plant, and equipment held by overseas subsidiaries. The decrease in investments and other assets was primarily impacted by the decrease in investment securities due to mark-to-market and by the decrease in net defined benefit asset as a result of the decline in returns on plan assets, including the increase in projected benefit obligation generated by the low discount rate.

The balance of current liabilities as of March 31, 2016 increased by 7,159 million yen to 294,424 million yen. Although current liabilities of overseas subsidiaries declined due to foreign currency impact on translation, advances received rose by 21,470 million yen along with the increase in received orders of FPD lithography equipment.

The balance of non-current liabilities as of March 31, 2016 decreased by 3,085 million yen to 110,394 million yen. This is primarily due to a decrease in long-term deferred tax liabilities by 2,520 million yen.

The balance of net assets as of March 31, 2016 decreased by 31,192 million yen to 541,007 million. Although retained earnings was up by 10,214 million yen as posting net income attributable to the owners of parent, the accumulated other comprehensive income decreased by 40,707 million yen mainly due to the decrease in foreign currency translation adjustment associated with the ongoing appreciation of the yen.

Net cash provided by operating activities for the fiscal year ended March 31, 2016 increased by 33,905 million yen year on year to 105,214 million yen. The increase was primarily attributable to increased advances received with the increase in received orders of FPD lithography equipment, as well as posting income before income taxes.

Net cash used in investing activities increased by 55,935 million yen year on year to 80,880 million yen. In addition to the expenditure of the purchase of property, plant and equipment, the increase was mainly due to the purchase of shares associated with the acquisition of 100% ownership of Optos Plc.

Net cash used in financing activities decreased by 6,780 million yen year on year to 18,173 million yen, as the corporate bond was redeemed in the previous fiscal year.

Furthermore, effect of exchange rate change on cash and cash equivalents was an outflow of 14,575 million yen due to the rally in the yen.

As a result of aforementioned, cash and cash equivalents at the end of period decreased by 8,414 million yen year on year to 251,210 million yen.

(Reference) Changes in Cash Flow-Related Indices

	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Equity ratio (%)	50.3	56.6	57.5	58.6	57.0
Equity ratio based on market value (%)	115.8	102.3	69.4	65.6	72.1
Cash flow to interest-bearing debt ratio (years)	5.7	1.6	1.1	1.6	1.1
Interest coverage ratio (times)	14.2	40.8	86.3	48.6	74.9

(Notes) Equity ratio: Equity/Total assets

Equity ratio based on market value: Total market value of shares/Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest payments

*All indices are calculated based on consolidated financial data.

*The total market value of shares is calculated in accordance with the formula: final share price as of the end of the fiscal year multiplied by numbers of shares issued (excluding treasury stock).

*Operating cash flows are the cash flows from operating activities as indicated in the consolidated cash flow statement. Interest-bearing debts include the short-term and long-term loans payable as posted in the consolidated balance sheet. For interest payments, the amount of interest paid as shown in the consolidated cash flow statement is used.

(3) Shareholder Returns Policy and Dividends

The Group's basic dividend policy is to pay a stable dividend, at the same time, to expand the investment on the business and development of technology for the future growth, and to strengthen its competitiveness. Based on this policy, to improve the reflection of business performance, the Group will return to shareholders, aiming from the previous fiscal year to provide a total return ratio of 30% or more.

The Group set the year-end dividends at 10 yen per share. As a result, cash dividends for the fiscal year ended March 31, 2016 will be 18 yen per share, including 8 yen of interim dividend.

The dividends for the fiscal year ending March 31, 2017 are not determined yet.

(4) Business and Other Risks

There is a possibility that the business performance of the Nikon Group will be impacted significantly by various factors that may arise in the future. Following are principal matters that are considered to be likely risk factors in the promotion of business operations by the Group.

Matters concerning the future as stated herein are based on the Nikon Group's estimations as of the date of the preparation hereof.

1) Unique business environment and circumstances

The semiconductor industry, which is the main target market for the Semiconductor Lithography System handled by the Precision Equipment Business, is characterized as an industry with drastic changes in the business cycle, although this inclination has been waning in recent years, due to the diversification of end products. As a result, an over-supply of semiconductor devices in the market poses the risk of a decrease in the demand for steppers, due to a cutback in capital investment by semiconductor manufacturers and an accompanying increase in inventories. However, it is difficult to predict the timing or the duration of such a situation or the degree of fluctuation. As an additional characteristic of customer behavior in the same industry, orders are subject to postponement or cancellation even after they have been placed, resulting in a structure that is prone to increases in inventory during periods of slow demand. Particularly with regard to advanced equipment, since there are many cases in which a product enters mass production after receiving a high rating during its introduction phase, if new customers cannot be obtained as planned, there may be a negative impact later on medium and long term sales. The demand for FPD Lithography System, which is dependent on the climate of the LCD panel market, may experience a rapid decline, should LCD panel prices drop as a result of an over-supply.

In the market for digital cameras, which are the leading products in the Imaging Products Business, there is a possibility of the market undergoing changes such as the decline in demand for digital cameras due to such factors as fluctuation of the economy of the respective regions and the emergence of strong competition such as new digital equipment.

In the Instruments Business, the microscope market is becoming saturated, leading to the possibility of a change in competition structure, as a result of an industry restructuring or the like. Further, the Industrial Instruments Business is susceptible to the effect of the economic and facility trends of various industries, including semiconductors, power generation, electronic components, automobiles and machine tools.

Such changes in the business environment are likely to have a considerable impact on the business performance and the financial position of the Nikon Group.

2) Dependence on specific suppliers

In each business that it is engaged in, the Nikon Group is sometimes dependent on specific suppliers for such things as raw materials, key components, and finished products that have been outsourced. Although the Group is making efforts to ensure stable procurement while maintaining a close relationship with specific suppliers, there is a possibility that the Group's profit and financial position will be adversely affected in the event of a steep increase in purchase price or a material problem with procurement due to natural disasters such as major earthquakes, quality issues, as well as policy changes or bankruptcy on the part of a specific supplier.

3) Dependence on specific customers

Moves such as mergers and partnerships are progressing within the semiconductor industry, which is a customer of the Precision Equipment Business, in order to cope with expanding capital expenditure and increasingly diversified technology development. Further, selective elimination is proceeding as the competitive superiority or inferiority of various companies becomes more defined, based on the technologies owned and the characteristics of the devices manufactured. Competition among companies is intensifying also in the LCD panel industry as capital expenditures expand, resulting in some moves for industry restructuring. Capital investment plans of the Nikon Group's major customers are volatile owing to the foregoing circumstances. Hence, there is a possibility that the Group's profit and financial position will be adversely affected should; for example, a customer drastically reduce order volumes or take its business to a competitor, or should problems arise for any reason with respect to debt payment by a customer.

4) Ability to develop new products and investment in development

Being subject to intense competition, the Nikon Group's core businesses are constantly required to develop new products by continuing to engage in highly advanced research and development. Therefore, it is necessary to continue to invest in product development, regardless of the fluctuations in the Group's profit.

In the Precision Equipment Business, there is a possibility of a decrease in profit in the event of failure to develop new products and/or next-generation technology in a timely manner, or of rejection by the market of a technology developed by the Nikon Group. Further, should a competitor acquire a patent on a new technology, there is a danger that the production and/or sale of a product will be suspended or of a decrease in profit margin due to the payment of royalty, as well as the possibility that the adoption of a new

technology by a competitor's device will cause the price of Nikon's devices to deteriorate. Further intensification of price competition is expected with respect to FPD Lithography System in the event of market entries by newcomers or introduction of a new technology, which may impact profit.

In the Imaging Products Business, given the rapid advances in surrounding technological environments and increasing sophistication and diversification of digital cameras, continual investment is required for the development of new technologies and new products. However, there is a conceivable possibility that a technology or a product that was developed will not lead to an increase in profit should the investment fail to produce adequate results or should there be an abrupt shift in demand to higher functioning digital equipment. As with the Precision Equipment Business, should a competitor acquire a patent on a new technology, there is a danger that the production and/or sale of a product will be suspended or of a decrease in profit margin due to the payment of royalty, which may impact profit.

And in the Medical Business, while it is necessary to continuously carry out advance investments in new business fields, there is a possibility that the developed product or technology does not lead to increased profits or that the investment fails to produce adequate results.

5) Intensification of price competition

In the market for Semiconductor and FPD Lithography System, while the development of cutting-edge technologies is progressing, there is a possibility that competitors will launch an offensive with low-priced Lithography System.

As for digital cameras, which are the leading products of the Imaging Products Business, there is a possibility that competitors will launch an offensive with low-priced products as the market matures.

In the Instruments business, the maturing of the microscope market is further promoting the competition to differentiate products, while fanning price competition in the mid- and low-range markets. There is a possibility that the Nikon Group's profit and financial position will be affected adversely, should there be a sharp and sudden decrease in prices.

6) Overseas business operations

The Nikon Group is dependent on foreign countries for a significant portion of its production and sales activities. Hence, it is affected by changes in various import and export laws, tax systems, and regulation in Japan and other countries in which the Group operates. Further, in conducting business operations overseas, there is a possibility that major problems will be encountered and/or losses will be incurred in conducting business activities, due to such risks as changes in political regimes or economic climate; social chaos caused by riots, terrorism, wars, infectious diseases, etc.; problems with such infrastructures or logistics-related functions as water, electricity, and communications network due to natural disaster; and difficulty hiring human resources or loss thereof. There is a possibility that the Nikon Group's profit and financial status will be affected adversely as a result of production and sales being limited by the foregoing.

7) Risk of fluctuations in exchange rate

The Nikon Group is highly dependent on overseas market, with overseas sales accounting for as much as 85.8% of net sales. While the Group is appropriately hedging foreign exchange risks in accordance with sales volumes and the sales region, the net sale of and profit from products and services subject to foreign currency transactions, or the yen values of the income, losses, assets and liabilities of overseas consolidated subsidiaries will be affected should there be a sharp or dramatic fluctuation in foreign exchange rates.

8) Risk relating to M&A, business alliances and strategic investments

The Company operates its business by building relationships with other companies in forms such as business alliances, joint ventures and strategic investments. In addition, the Company may acquire other companies.

These are important for optimization of the business portfolio, expansion of business bases and technological developments, and the Company shares the goal with the other companies and strives to work together towards its achievement.

However, if such cooperation system is not able to be built, and even if it is built, due to business environments, competitors' trends and other reasons, the desired outcome may not be brought fully. It may also take more time than planned for the establishment of cooperation system and business integration. In that case, it could adversely affect profitability and financial situation, or may damage investment values.

Further, even if the Company found appropriate target company for acquisitions or investments, if it failed to reach the conclusion of contracts, it could adversely affect profitability and financial situation.

9) Fund procurement risk

While the Nikon Group is procuring funds as the need arises with due consideration for the balance between long-term and short-term funds, as well as between direct and indirect financing, there is a possibility that such effects as an increase in interest rates on the fund procured or limitation of the means for procuring fund may arise should the financial market climate deteriorate further. There is a possibility that fund procurement by the Group will also be impacted should the rating of the Company's bond be revised downward due to a decline in business performance.

10) Risk relating to the protection of and litigations on intellectual property rights

The Nikon Group acquires and holds numerous intellectual property rights as it develops products. In

some cases, the Group licenses such intellectual property rights to other companies. Although utmost efforts are being made for the maintenance and protection of these intellectual property rights, there is a possibility that considerable litigation expenses will be incurred should a lawsuit be filed in connection with an unlicensed use of the Group's intellectual property rights by another company.

Further, there is a possibility that other companies, individuals, or entities will file a complaint against the Nikon Group for an alleged infringement on their intellectual property rights, although the Group is paying adequate attention to avoiding infringing third-party intellectual property rights in conducting product development. Should such a situation occur, there is a possibility that the Group's profit and financial position will be affected significantly.

11) Securing key personnel and outflow of human resources and know-how

The Nikon Group is supported by its employees, who possess advanced technical and other expertise and abilities, and securing such human resources is becoming increasingly more important in order to win through intense competitions in the market. However, should labor fluidity increase further for some reason, there is a possibility that such key personnel will resign, taking their expertise and know-how with them. In order to minimize such outflow of expertise and know-how, the internal transmission, standardization and sharing of proprietary technologies and skills are being promoted. While it is important to secure competent human resources locally overseas, it is believed that the risk of an outflow of human resources is particularly high in regions with high labor fluidity.

Since long-term education and training are essential in order to foster human resources given the rapid technological renovations in the business that the Group is engaged in, replacing key personnel that depart may be difficult at times and may thus adversely affect the Group's future growth, profit and financial position.

12) Information Leaks

The Nikon Group retains such important information as technical information, corporate information, and the personal information of its customers and other persons concerned. Among other things, the Group is enhancing its internal regulations on the handling of information and educating its employees, while thoroughly controlling external access to such information and improving the level of storage security. However, in the rare event of leakage of the Group's confidential information, including technical information, there is a possibility that the corporate value of the Nikon Group will be damaged. Further, should corporate or personal information leak out, the Group would not only suffer damages to its credibility, but would also be subject to claims for compensation from such entities as business partners, customers, employees or other entities suffering the effect of the leak. Should this occur, there is a possibility that the Group's profit and financial position will be affected adversely as tremendous costs will be necessary for various activities related to the recovery of trust, compensation to subject companies and individuals, implementation of measures to prevent recurrence, and other necessities.

13) Defects in products and services

As concerns the Nikon Group's products and services, advanced quality assurance systems are in place within Japanese and overseas Group companies, as well as production contractors, in order to provide customers with highly trustable and sophisticated products. However, in the rare event that a customer suffers a loss due to a defect in a product or service, there is a possibility that profit and financial position will be adversely affected, there being the risk that large amounts will be incurred in repair expenses and costs related to liability, recall, disposal of products and the like, in addition to the decreased desire of customers to purchase the Group's products and services due to a decrease in customer trust in the Nikon brand.

14) Occurrence of natural disasters, etc.

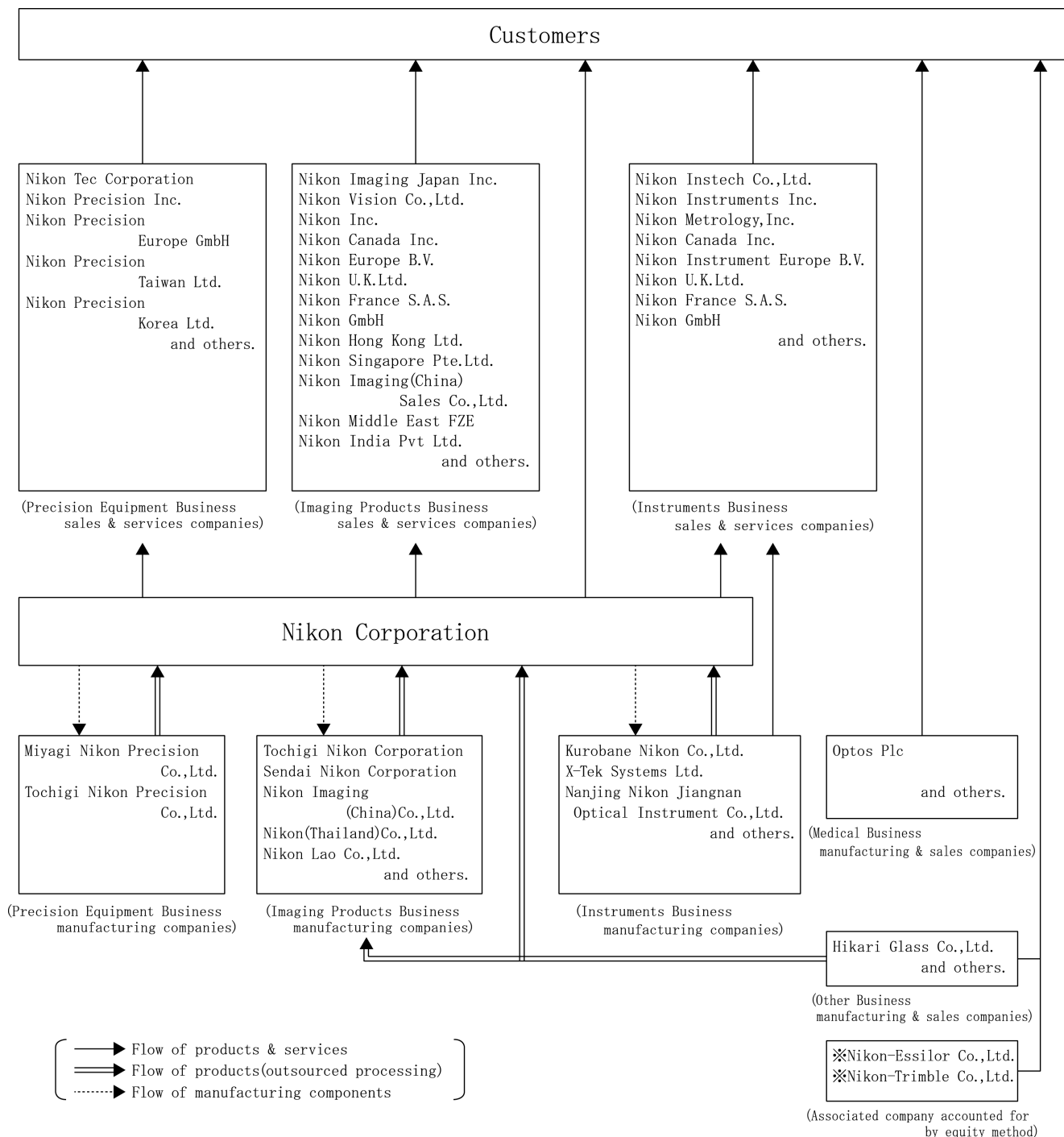
Due attention is being paid to measures relating to such natural disasters as earthquakes, fires and flood, and measures to counter the expansion of such infectious diseases as new strains of influenza, with the business continuity plan (BCP) formulated as a part of countermeasures. However, there is the risk that operations will be suspended and production and shipment will be delayed, should the Group's development or productions sites, suppliers or other relevant parties suffer major damage. There is a possibility that the Group's profit and financial position will be adversely affected, should net sales decrease and considerable expenses be incurred for business recovery as a result thereof.

15) Damages to brand value

The Nikon Group is making utmost efforts to protect and enhance the 'Nikon Brand,' which was fostered over years of corporate management marked with integrity and provision of products and services that are worthy of customer trust. However, there is a possibility that the Group's profit and financial position will be adversely affected should trust in the brand decline and the value of the Nikon brand be damaged, as a result of the circulation of negative reputation or evaluation of the Group's technologies, products or services.

2. Status of Nikon Group

The Nikon Group is comprised of NIKON CORPORATION (the "Company"), its 92 subsidiaries, and 9 affiliates. While the principal operations of the Group are manufacturing and sales related to the Precision Equipment Business, Imaging Products Business, Instruments Business, Medical Business, and others, it is also engaged in other operations and activities incidental thereto, such as services. From the year ended March 31, 2016, the reportable segments were changed. For more details, please make a reference to "Segment information."



(Note) Only principal subsidiaries and associated companies are listed.

No symbol: subsidiary, ※: Associated company accounted for by equity method

3. Management Policies

(1) Company's Basic Management Policies

The Group sets "Our Aspirations" as follows, under its corporate philosophy of "Trustworthiness and Creativity".

Our Philosophy

"Trustworthiness and Creativity"

Our Aspirations

"Meeting needs. Exceeding expectations."

- Providing customers with new value that exceeds their expectations.
- Sustaining growth through a break with the past and a passionate commitment by one and all.
- Maximizing our understanding of light to lead the way towards transformation and a new future.
- Maintaining integrity in order to contribute to social prosperity

(2) Targeted Management Indices

The Group will make a unified effort to vigorously progress for the achievement of its goal to realize "the Nikon Group that keeps on providing new values and generates sustainable growth."

Continuing to follow the Medium Term Management Plan announced in June 2014, the Group set Medium Term Management Plan based on the progress of this year and the current business environment, and announced it in May, 2015.

(3) Medium and Long-term Management Strategies and Issues to be Addressed

Having year 2017 for its 100th anniversary, the Group will effect management by focusing on the following measures to continuously grow together based on Medium-Term Management Plan, "Next 100 - Transform to Grow", as its principle.

- To constantly provide customers with new value, and further grow the Nikon brand.
- To realize a Nikon Group with a strong corporate structure to deal with environmental changes with flexibility and a sense of speed.
- To achieve a solid leading position for existing businesses.
- To accelerate the nurturing of new businesses, with priority on the areas of the health and medicine fields, and aim to become a company that can offer total solutions.
- To recognize the importance of Corporate Social Responsibility (CSR), and contribute to the sustainable development of society.

4. Basic Policy on the Adoption of Accounting Standards

The Group, as a goal to improve the international comparability of financial information and the quality of group management, and also to strengthen its governance, is in the process of various modifications to apply voluntarily IFRS (International Financial Reporting Standards) from the fiscal year ending March 31, 2017.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	262,501	256,595
Notes and accounts receivable-trade	131,554	98,990
Merchandise and finished goods	88,072	103,148
Work in process	121,929	117,631
Raw materials and supplies	29,980	26,667
Deferred tax assets	37,862	37,450
Other	17,774	23,595
Allowance for doubtful accounts	(4,159)	(2,433)
Total Current Assets	685,516	661,646
Non-current assets		
Property, plant and equipment		
Buildings and structures	133,376	130,932
Accumulated depreciation	(80,282)	(82,921)
Buildings and structures, net	53,094	48,010
Machinery, equipment and vehicles	209,496	202,721
Accumulated depreciation	(161,424)	(164,444)
Machinery, equipment and vehicles, net	48,072	38,277
Land	16,142	15,681
Lease assets	9,317	8,402
Accumulated depreciation	(7,444)	(6,624)
Lease assets, net	1,872	1,778
Construction in progress	4,393	3,566
Other	86,149	84,265
Accumulated depreciation	(61,638)	(63,920)
Other, net	24,510	20,345
Total property, plant and equipment	148,085	127,659
Intangible assets		
Goodwill	3,076	20,766
Other	25,294	43,135
Total intangible assets	28,370	63,901
Investments and other assets		
Investment securities	80,860	73,970
Net defined benefit asset	9,658	1,699
Deferred tax assets	10,152	7,591
Other	10,586	9,401
Allowance for doubtful accounts	(285)	(43)
Total investments and other assets	110,973	92,618
Total non-current assets	287,429	284,180
Total assets	972,945	945,827

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	113,724	117,399
Short-term loans payable	28,600	16,500
Current portion of bonds	—	10,000
Lease obligations	1,011	771
Accrued expenses	58,454	53,615
Income taxes payable	5,038	4,011
Advances received	46,489	67,959
Provision for product warranties	9,165	7,066
Other	24,781	17,100
Total current liabilities	287,265	294,424
Non-current liabilities		
Bonds payable	50,000	40,000
Long-term loans payable	34,600	44,200
Lease obligations	1,285	1,300
Deferred tax liabilities	11,472	8,951
Net defined benefit liability	8,477	8,902
Asset retirement obligations	3,623	3,657
Other	4,020	3,381
Total non-current liabilities	113,479	110,394
Total liabilities	400,744	404,819
Net assets		
Shareholders' equity		
Capital stock	65,475	65,475
Capital surplus	80,711	80,624
Retained earnings	378,515	388,730
Treasury stock	(12,412)	(13,255)
Total shareholders' equity	512,290	521,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,775	11,735
Deferred gains or losses on hedges	(1,200)	(35)
Foreign currency translation adjustment	40,517	12,550
Remeasurements of defined benefit plans	(1,821)	(6,687)
Total accumulated other comprehensive income	58,270	17,563
Subscription rights to shares	1,132	1,339
Non-controlling interests	507	530
Total net assets	572,200	541,007
Total liabilities and net assets	972,945	945,827

(2) Consolidated Statements of Income and Statements of Comprehensive Income**1) Consolidated Statements of Income**

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Net sales	857,782	822,915
Cost of sales	532,383	505,297
Gross profit	325,398	317,618
Selling, general and administrative expenses	281,986	280,916
Operating income	43,412	36,701
Non-operating income		
Interest income	1,516	1,986
Dividends income	1,196	1,258
Share of profit of entities accounted for using equity method	1,420	1,449
Customs refund	—	1,063
Other	4,855	4,872
Total non-operating income	8,988	10,630
Non-operating expenses		
Interest expenses	1,405	1,384
Foreign exchange losses	1,789	171
Other	2,837	2,904
Total non-operating expenses	6,032	4,460
Ordinary income	46,368	42,870
Extraordinary income		
Gain on sales of non-current assets	91	3,172
Gain on sales of investment securities	4,982	572
Total extraordinary income	5,073	3,745
Extraordinary loss		
Loss on sales of non-current assets	56	26
Impairment loss	16,229	8,449
Loss on valuation of investment securities	3	—
Restructuring expenses	—	2,726
Environmental expenses	—	1,833
Total extraordinary losses	16,289	13,035
Income before income taxes	35,153	33,581
Income taxes-current	11,006	11,007
Income taxes-deferred	5,728	282
Total income taxes	16,735	11,289
Net income	18,417	22,291
Net income attributable to non-controlling interests	53	99
Net income attributable to owners of parent	18,364	22,192

2) Consolidated Statements of Comprehensive Income

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Net income	18,417	22,291
Other comprehensive income		
Valuation difference on available-for-sale securities	7,915	(9,039)
Deferred gains or losses on hedges	(1,040)	1,165
Foreign currency translation adjustment	23,201	(28,019)
Remeasurements of defined benefit plans	927	(4,884)
Share of other comprehensive income of entities accounted for using equity method	11	17
Total other comprehensive income	31,014	(40,759)
Comprehensive income	49,432	(18,468)
(Breakdown)		
Comprehensive income attributable to owners of parent	49,271	(18,515)
Comprehensive income attributable to non-controlling interests	160	46

(3) Consolidated Statements of Changes in Net Assets Year ended March 31, 2015

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2014	65,475	80,711	384,843	(12,618)	518,412
Cumulative effect of changes in accounting policies			(11,970)		(11,970)
Balance as of April 1, 2014 (Restated)	65,475	80,711	372,872	(12,618)	506,441
Changes of items during the period					
Dividends from surplus			(8,726)		(8,726)
Dividends from surplus (interim dividends)			(3,966)		(3,966)
Net income attributable to owners of parent			18,364		18,364
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock			(115)	211	96
Changes in the number of consolidated subsidiaries			87		87
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,643	205	5,848
Balance as of March 31, 2015	65,475	80,711	378,515	(12,412)	512,290

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2014	12,859	(160)	17,424	(2,762)	27,361	952	87	546,813
Cumulative effect of changes in accounting policies								(11,970)
Balance as of April 1, 2014 (Restated)	12,859	(160)	17,424	(2,762)	27,361	952	87	534,842
Changes of items during the period								
Dividends from surplus								(8,726)
Dividends from surplus (interim dividends)								(3,966)
Net income attributable to owners of parent								18,364
Purchase of treasury stock								(6)
Disposal of treasury stock								96
Changes in the number of consolidated subsidiaries								87
Net changes of items other than shareholders' equity	7,915	(1,040)	23,093	940	30,909	179	420	31,509
Total changes of items during the period	7,915	(1,040)	23,093	940	30,909	179	420	37,358
Balance as of March 31, 2015	20,775	(1,200)	40,517	(1,821)	58,270	1,132	507	572,200

Consolidated Statements of Changes in Net Assets Year ended March 31, 2016

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	65,475	80,711	378,515	(12,412)	512,290
Changes of items during the period					
Dividends from surplus			(8,727)		(8,727)
Dividends from surplus (interim dividends)			(3,174)		(3,174)
Net income attributable to owners of parent			22,192		22,192
Purchase of treasury stock				(976)	(976)
Disposal of treasury stock			(75)	133	58
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(87)			(87)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(87)	10,214	(842)	9,285
Balance as of March 31, 2016	65,475	80,624	388,730	(13,255)	521,575

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2015	20,775	(1,200)	40,517	(1,821)	58,270	1,132	507	572,200
Changes of items during the period								
Dividends from surplus								(8,727)
Dividends from surplus (interim dividends)								(3,174)
Net income attributable to owners of parent								22,192
Purchase of treasury stock								(976)
Disposal of treasury stock								58
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(87)
Net changes of items other than shareholders' equity	(9,039)	1,165	(27,967)	(4,866)	(40,707)	206	22	(40,478)
Total changes of items during the period	(9,039)	1,165	(27,967)	(4,866)	(40,707)	206	22	(31,192)
Balance as of March 31, 2016	11,735	(35)	12,550	(6,687)	17,563	1,339	530	541,007

(4) Consolidated Statements of Cash Flows

(Million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Net cash provided by (used in) operating activities		
Income before income tax	35,153	33,581
Depreciation and amortization	38,458	37,738
Impairment loss	16,229	8,449
Increase (decrease) in allowance for doubtful accounts	2	(1,425)
Increase (decrease) in provision for product warranties	(862)	(1,983)
Increase (decrease) in net defined benefit liability	(874)	(223)
Interest and dividends income	(2,712)	(3,245)
Share of (profit) loss of entities accounted for using equity method	(1,420)	(1,449)
Interest expenses	1,405	1,384
Loss (gain) on sales of property, plant, and equipment	(35)	(3,146)
Loss (gain) on sales of investment securities	(4,982)	(572)
Loss (gain) on valuation of investment securities	3	—
Decrease (increase) in notes and accounts receivable-trade	(3,776)	30,813
Decrease (increase) in inventories	15,103	(17,098)
Increase (decrease) in notes and accounts payable-trade	(4,891)	3,554
Increase (decrease) in advances received	(4,043)	21,214
Other, net	(2,952)	7,473
Subtotal	79,803	115,064
Interest and dividends income received	4,081	4,338
Interest expenses paid	(1,468)	(1,404)
Income taxes (paid) refund	(11,107)	(12,782)
Net cash provided by (used in) operating activities	71,309	105,214
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(22,337)	(21,957)
Proceeds from sales of property, plant and equipment	377	3,678
Purchase of investment securities	(1,027)	(6,791)
Proceeds from sales of investment securities	6,946	1,009
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(43,562)
Decrease (increase) in loans receivable	(20)	(162)
Other, net	(8,883)	(13,094)
Net cash provided by (used in) investing activities	(24,945)	(80,880)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(896)	(0)
Proceeds from long-term loans payable	—	12,500
Repayment of long-term loans payable	—	(15,000)
Redemption of bonds	(10,000)	—
Cash dividends paid	(12,685)	(11,910)
Dividends paid to non-controlling interests	(35)	(24)
Other, net	(1,337)	(3,738)
Net cash provided by (used in) financing activities	(24,954)	(18,173)
Effect of exchange rate change on cash and cash equivalents	14,195	(14,575)
Net increase (decrease) in cash and cash equivalents	35,605	(8,414)
Cash and cash equivalents at beginning of period	221,367	259,625
Increase in cash and cash equivalents from newly consolidated subsidiary	2,652	—
Cash and cash equivalents at end of period	259,625	251,210

(5) Note on Assumptions for Going Concern

Not applicable

(6) Basis of Presenting Consolidated Financial Statements

1) Scope of Consolidation

(a) Number of Consolidated subsidiaries: 84 companies

Principal subsidiaries:

Tochigi Nikon Corporation, Tochigi Nikon Precision Co., Ltd., Sendai Nikon Corporation, Miyagi Nikon Precision Co., Ltd., Nikon Imaging Japan Inc., Nikon Instech Co., Ltd., Nikon (Thailand) Co., Ltd., Nikon Imaging (China) Co., Ltd., Nikon Imaging (China) Sales Co., Ltd., Nikon Inc., Nikon Precision Inc., Nikon Europe B.V., and others

[Addition: 10 companies]

Optos Plc, Nikon CeLL Innovation Co., Ltd., and others

[Exclusion: 1 company]

(b) Non-consolidated subsidiaries: 8 companies

Major company name: Jigtec Corporation

Since these companies are small in scale, their combined assets, net sales, net income (the Company's interest share) and retained earnings (the Company's interest share) have a minimal effect on the Company's consolidated financial statements.

2) Scope of Equity Method

(a) Number of Associated Company accounted for by Equity Method: 2 companies

Company names: Nikon-Essilor Co., Ltd., Nikon-Trimble Co., Ltd.

(b) Number of Non-consolidated Company not accounted for by Equity Method: 8 companies

Major company name: Jigtec Corporation

(c) Number of Associated Company not accounted for by Equity Method: 7 companies

Major company name: Nihon System Seigyo K.K.

Since these companies are small in scale, net income (the company's interest share) and retained earnings (the company's interest share) have a minimal effect on the Company's consolidated financial statements. They are insignificant in general; therefore, they are not included in the scope of consolidation.

(d) Companies that are in the scope of equity method and have a closing date other than March 31 use financial statements based on the fiscal year of each company.

3) Fiscal Period of Consolidated Subsidiaries

The statutory closing date of the following companies is December 31, different from the closing date of the Company, March 31. For those companies, the financial statements based on the tentative financial closing as of March 31 are used for the consolidated financial statements.

Company names: Nikon Imaging (China) Co., Ltd., Nikon Precision Shanghai Co., Ltd., Nikon Imaging (China) Sales Co., Ltd., Nikon (Russia) LLC., Nikon Mexico, S.A. de C.V., NIKON DO BRASIL LTDA., Nikon Instruments (Shanghai) Co., Ltd., Hikari Glass (Changzhou) Optics Co., Ltd., Nikon Lao Co., Ltd., Nanjing Nikon Jiangnan Optical Instruments Co., Ltd.

(7) Changes in Basis of Presenting Consolidated Financial Statements

1. Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections

(Changes in Presentation)

(Changes in Presentation with Application of Accounting for Business Combinations and Others)

With the application of the provisions stated in Clause 39 of the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), the presentation of net income has been changed, and the presentation of minority interests has been changed to non-controlling interests. To reflect these changes in presentation, consolidated financial statements for the previous fiscal year have been restated.

(Additional Information)

(Revisions on Deferred Tax Assets and Deferred Tax Liabilities in accordance with the Changes in the Corporate Tax Rates)

Pursuant to "Partial Revision of Income Tax Act" (Act No. 15 of 2016) and "Partial Revision of Local Tax Act" (Act No. 13 of 2016), which were enacted in the Diet session on March 29, 2016, reductions in corporate tax rates, etc. are applicable from the fiscal year starting on and after April 1, 2016. In accordance with this revision, the effective tax rate, applied to the calculation of deferred tax assets and deferred tax liabilities (only the temporary differences settled on and after April 1, 2016), is changed from 32.3% to 30.9% for temporary differences that are expected to be settled during the consolidated fiscal year starting April 1, 2016 and during the fiscal year starting April 1, 2017; and 30.6% for those expected to be settled in the consolidated fiscal year starting April 1, 2018, henceforth.

According to aforementioned changes in the tax rate, deferred tax assets (the net amount with the deferred tax liabilities) decreased by 1,204 million yen and deferred tax expense increased by 1,512 million yen.

(Transaction in relation to Executive Compensation BIP Trust)

NIKON CORPORATION (the "Company") introduced a performance-based stock remuneration system called "Executive Compensation BIP (Board Incentive Plan) Trust" for its Directors, etc. from the fiscal year ended March 31, 2016, aiming to reinforce the incentive closely linked to the achievement defined in the Medium Term Management and sustainable enhancement of corporate value.

Accounting applied for such trust contract is based on "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015).

1) Outline of Transaction

Executive compensation BIP trust is a stock incentive plan that the delivery and payment of the Company's shares and the cash equivalent of the conversion value of those shares will be conducted per every 3 years based on the degree of accomplishment of business performance in the final fiscal year of the Medium Term Management Plan.

2) Company's Shares held by the Trust

The Company's shares held by the trust were recorded as Treasury Stock under net assets of consolidated balance sheets at carrying amount of the trust. The carrying amount and the number of Company shares at the end of fiscal year ended March 31, 2016 were 970 million yen and 576,900 shares, respectively.

(8) Notes to Consolidated Financial Statements

1) Consolidated Statements of Income

(a) Principal Items and Amounts under Selling, General and Administrative Expenses

(Million yen)

	Fiscal year ended March 31, 2015 (From April 1 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1 2015 to March 31, 2016)
Advertising expenses	70,268	61,057
Provision for doubtful debts	(71)	(405)
Provision for product warranties	2,984	3,703
Salary and allowances	35,028	37,976
Retirement benefit expenses	3,141	3,987
Other personnel expenses	17,359	20,261
Research and development	66,730	66,780

(b) Impairment Loss

i. Assets that were impaired during the fiscal year ended March 31, 2016

For Semiconductor Lithography Business, since the future cash flows derived from following non-current assets were no longer expected due a decrease in revenue, the carrying amounts of these assets were reduced to the recoverable amount, and extraordinary loss of 7,047 million yen was recognized as impairment loss.

(Million yen)

Place	Usage	Type	Impairment Loss
Kumagaya, Saitama and others	Assets for Business	Machinery, Equipment, and Vehicle	5,486
		Lease Assets	101
		Construction in Progress	951
		Tool, Furniture and Fixture ※1	196
		Intangible Assets (Except Goodwill)	290
		Long-term Prepaid Expense ※2	21
		Total	7,047

※1 Tool, Furniture, and Fixture are included in "Other " within "Property, Plant and Equipment" of the consolidated balance sheet.

※2 Long-term Prepaid Expense is included in "Investment and other assets" of the consolidated balance sheet.

In addition, as a result of a review on current status of utilization and future prospect of non-current assets held by the Company and its consolidated subsidiaries, 1,401 million yen of impairment loss was recorded as no specific use was expected in the future for idle assets located mainly in Japan, China, and Thailand.

Types of main idle assets, which were impaired, were buildings and structures of 431 million yen, machinery, equipment and vehicles of 224 million yen, and other non-current assets of 745 million yen.

ii. Method for Grouping Assets

The assets are grouped by the minimum unit that generates approximately independent cash flow.

iii. Method for Measuring Recoverable Amount

The recoverable amount of an asset is the higher of its net realizable value and its value in use.

Net realizable value is computed reasonably based primarily on the revaluated amount of non-current assets.

(c) Restructuring Expenses

The expenses for merging sales sites in an effort to optimize the business operational structure mainly in Europe and in the Americas, as well as the premium retirement benefits paid to maintain optimal number of staffs, were recorded as restructuring expenses under extraordinary loss.

(d) Environmental Expenses

The expenses associated primarily with the treatment of contaminated soil at the Oi Plant were recorded under extraordinary loss.

2) Business Combinations and Others

(Business Combination by Acquisition)

(a) Summary of Business Combination

i. Name and Business of Acquired Company

Name of Company : Optos Plc
Description of Business : Provider of retinal diagnostic imaging equipment to optometrists and ophthalmologists

ii. Primary Reason for Business Combination

Through this business combination, the Group will make a full-scale entry into the Medical Business based on the strong business foundation in retinal diagnostic imaging equipment held by Optos Plc. Moreover, the Group will expand its earning foundation with the synergy generated from improving the technical superiority of products in the diagnosis and treatment fields by promoting product development through integration of its technology with Optos Plc's, and gaining a geographical advantage.

iii. Date of Business Combination

May 22, 2015

iv. Legal Form of Business Combination

Acquisition of shares

v. Name of Company after Acquisition

Optos Plc

vi. Percentage of Voting Rights Acquired

100%

vii. Primary Basis for Determination of Acquiring Company

Nikon Corporation paid cash in consideration for acquiring 100% of the voting rights of Optos Plc.

(b) The Accounting Period of Financial Results of the Acquired Company which were included in the Consolidated Statement of Income

From June 1, 2015 to March 31, 2016

(c) Acquisition Cost and Breakdown by the Type of Considerations

Consideration for the Acquisition	Cash	48,128 million yen
Acquisition Cost		48,128 million yen

(d) Acquisition-related cost

Advisory fee, etc. 1,175 million yen

(e) Amount, Reason for Recognition, Amortization Method and Period of Goodwill

i. The Amount of Goodwill Recognized

22,009 million yen / 177 million U.S. dollars

ii. A Reason for Recognition of Goodwill

Excess earnings power which is expected from the development of the business in the future

iii. The Method and Period of Amortization

Straight-line method over 10 years

(f) Assets and Liabilities of the Acquired Companies at the date of the business combination

Current assets	18,405 million yen
Non-current assets	23,783 million yen
<hr/>	
Total assets	42,188million yen

Current liabilities	7,706 million yen
Non-current liabilities	7,529 million yen
<hr/>	
Total liabilities	15,235 million yen

(g) Amount allocated to intangible assets other than goodwill, its breakdown by major types, and weighted average amortization period by major types

Type of asset	Amount	Amortization period
Technological assets	21,986 million yen	13 years

(h) Pro forma impact on the consolidated statement of income assuming the business combination was completed at the beginning of the fiscal year

Pro forma impact on the consolidated statement of income statement is omitted due to its immateriality.

3) Segment Information

(a) Outline of business segments reported

The business segments the Group reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

From the fiscal year ended March 31, 2016, the reportable segments were changed from prior "Precision Equipment," "Imaging Products," and "Instruments" to "Precision Equipment," "Imaging Products," "Instruments," and "Medical" by adding "Medical" segment.

Under the Midterm Management Plan, "Next 100 - Transform to Grow," announced in June, 2014, the Group added the Medical Business to its main operations and fully entered the business through the acquisition of Optos Plc. Based on this situation, the Group came to a conclusion that it is reasonable to disclose "Medical" segment as a discrete reportable segment.

The Precision Equipment Business provides products and services of IC steppers and LCD steppers. The Imaging Products Business provides products and services of imaging products and its peripheral domain, such as digital SLR cameras, compact digital cameras and interchangeable camera lenses. The Instruments Business provides products and services of microscopes, measuring instruments, x-ray/CT inspection systems, etc. Medical Business provides retinal diagnostic imaging equipment and service of Optos Plc.

(b) Method for calculating the sales, income (loss), assets, and other items for reporting segments

The accounting methods for the reporting business segments are generally those set forth in "Material Items Which Form the Basis for Preparation of the Consolidated Financial Statements." Figures for income of reporting segments are on an operating income basis. Inter-segment sales or transfer are based on current market price.

(c) Information on the amounts of sales, income (loss), assets, and other items by reporting segments

Fiscal year ended March 31, 2014 (From April 1, 2014 to March 31, 2015)

(Million yen)

	Business segments reported				Other ¹	Total	Reconciliation ²	Consolidated Financial Statements ³
	Precision Equipment	Imaging Products	Instruments	Total				
Sales								
Outside customers	170,757	586,019	72,381	829,159	28,622	857,782	—	857,782
Inter-segment sales or transfer	382	474	836	1,692	20,520	22,213	(22,213)	—
Total	171,140	586,493	73,217	830,851	49,143	879,995	(22,213)	857,782
Segment income (loss)	8,355	56,698	1,199	66,253	6,791	73,045	(29,632)	43,412
Segment assets	199,389	224,196	61,520	485,106	67,997	553,104	419,840	972,945
Other items								
Amortization of Goodwill	—	—	683	683	—	683	—	683
Depreciation and amortization	7,722	18,814	1,618	28,156	5,800	33,956	4,502	38,458
Increase in tangible/intangible fixed assets	6,034	8,329	1,788	16,152	8,365	24,517	8,032	32,549

Notes: 1. The "Other" category is comprised of operations not included in the reportable segments such as the Glass-related Business, the Customized Products Business, etc.

2. Reconciliation of segment income (loss) includes elimination of intersegment transactions of 311 million yen and corporate expenses of minus 29,943 million yen. In addition, reconciliation of segment assets includes corporate assets of 431,709 million yen not allocated to the respective reportable segments, and elimination of intersegment transactions of minus 11,868 million yen. Principal components of corporate assets are surplus funds (cash and deposits) held by the Company and its consolidated subsidiaries, long-term investments (investment securities), deferred tax assets, and some intersegment fixed assets.

3. Reconciliation is made between segment profit (loss) and operating income reported in the consolidated financial statements.

Fiscal year ended March 31, 2016 (From April 1 2015 to March 31, 2016)

(Million yen)

	Business segments reported					Other ¹	Total	Reconciliation ²	Consolidated Financial Statement ³
	Precision Equipment	Imaging Products	Instruments	Medical	Total				
Sales									
Outside customers	182,416	520,484	77,242	18,311	798,454	24,461	822,915	—	822,915
Inter-segment sales or transfer	398	502	1,011	—	1,912	21,533	23,445	(23,445)	—
Total	182,815	520,986	78,253	18,311	800,367	45,994	846,361	(23,445)	822,915
Segment income (loss)	14,607	45,751	2,819	(4,675)	58,503	4,598	63,102	(26,401)	36,701
Segment assets	181,935	185,940	63,250	54,483	485,609	62,990	548,600	397,226	945,827
Other items									
Amortization of Goodwill	—	—	683	1,780	2,463	—	2,463	—	2,463
Depreciation and amortization	3,191	19,557	1,678	1,980	26,408	6,390	32,798	4,939	37,738
Increase in tangible/intangible fixed assets	9,739	10,573	1,596	45,826	67,735	6,877	74,613	5,135	79,748

Notes: 1. The “Other” category is comprised of operations not included in the reportable segments such as the Glass-related Business, the Customized Products Business, etc.

2. Reconciliation of segment income (loss) includes elimination of intersegment transactions of 492 million yen and corporate expenses of minus 26,893 million yen. In addition, reconciliation of segment assets includes corporate assets of 404,882 million yen not allocated to the respective reportable segments, and elimination of intersegment transactions of minus 7,656 million yen. Principal components of corporate assets are surplus funds (cash and deposits) held by the Company and its consolidated subsidiaries, long-term investments (investment securities), deferred tax assets, and some intersegment fixed assets.

3. Reconciliation is made between segment profit (loss) and operating income reported in the consolidated financial statements.

(Related Information)

Fiscal year ended March 31, 2015 (From April 1 2014 to March 31, 2015)

(a) Information by geographical area

i. Net Sales

(Million yen)

Japan	USA	Europe	China	Other	Total
122,264	200,600	212,372	120,690	201,853	857,782

(Note) Sales information is based on the geographical location of customers, and it is classified by region.

ii. Property, plant and equipment

(Million yen)

Japan	North America	Europe	China	Thailand	Other	Total
78,830	6,734	4,004	17,447	38,881	2,186	148,085

Fiscal year ended March 31, 2016 (From April 1 2015 to March 31, 2016)

(a) Information by geographical area

i. Net Sales

(Million yen)

Japan	USA	Europe	China	Other	Total
116,449	209,382	168,459	139,858	188,765	822,915

(Note) Sales information is based on the geographical location of customers, and it is classified by region.

ii. Property, plant and equipment

(Million yen)

Japan	North America	Europe	China	Thailand	Other	Total
75,462	5,419	4,136	11,748	28,860	2,032	127,659

(Information for Impairment Loss of Non-current Assets by Business Segments Reported)

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Million yen)

	Business segments reported				Other	Corporate or Eliminations	Total
	Precision Equipment	Imaging Products	Instruments	Total			
Impairment loss	15,220	851	-	16,071	158	—	16,229

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Million yen)

	Business segments reported					Other	Corporate or Eliminations	Total
	Precision Equipment	Imaging Products	Instruments	Medical	Total			
Impairment loss	7,047	792	38	—	7,878	570	—	8,449

(Information for Amortization of Goodwill and Balance of Goodwill by Business Segments Reported)

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Million yen)

	Business segments reported				Other	Corporate or Eliminations	Total
	Precision Equipment	Imaging Products	Instruments	Total			
Balance of goodwill at fiscal year ended March 31, 2015	—	—	3,076	3,076	—	—	3,076

Information on amortization of goodwill is stated in "Segment information."

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Million yen)

	Business segments reported					Other	Corporate or Eliminations	Total
	Precision Equipment	Imaging Products	Instruments	Medical	Total			
Balance of goodwill at fiscal year ended March 31, 2016	—	—	2,392	18,373	20,766	—	—	20,766

Information on amortization of goodwill is stated in "Segment information."

(Information for Gains on Negative Goodwill by Business Segments Reported)

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

Not applicable

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Not applicable

4) Per-Share Information

Fiscal Year Ended March 2015 (From April 1, 2014 to March 31, 2015)		Fiscal Year Ended March 2016 (From April 1, 2015 to March 31, 2016)	
	(Yen)		(Yen)
Net assets per share	1,438.17	Net assets per share	1,360.80
Net income per share	46.29	Net income per share	55.98
Net income per share(fully diluted)	46.21	Net income per share(fully diluted)	55.85

Notes: 1. The basis for calculating net income per share and fully diluted net income per share is shown as below.

	Fiscal Year Ended March 2015 (From April 1, 2014 to March 31, 2015)	Fiscal Year Ended March 2016 (From April 1, 2015 to March 31, 2016)
Net income per share		
Net income attributable to owners of parent (million yen)	18,364	22,192
Amount not belonging to common stockholders (million yen)	—	—
Net income attributable to owners of parent related to common stock (million yen)	18,364	22,192
Average share outstanding (1,000 shares)	396,695	396,409
Net income per share (fully diluted)		
Increase in common stock (1,000 shares)	750	936
(Subscription rights to shares) (1,000 shares)	(750)	(936)
Latent shares not included in fully diluted net income per share calculation due to lack of dilution effect.	2007 stock options (68 new share subscription rights): 68,000 shares of common stocks	2007 stock options (62 new share subscription rights): 62,000 shares of common stocks

Notes: 2. From the fiscal year ended March 31, 2016, NIKON CORPORATION (the "Company") introduced executive compensation BIP trust, and the Company's shares held by the trust were recorded as treasury stock in the consolidated financial statement.

In accordance with aforementioned, on computation of net income per share and net income per share (fully diluted), the Company's shares held by executive compensation BIP trust were included in the number of treasury stocks, which were excluded from the calculation of average share outstanding.

On computation of net income per share and net income per share (fully diluted), the average treasury stocks excluded in relation to executive compensation BIP were 354,281 shares for the fiscal year ended March 31, 2016.

5) Significant Subsequent Events

Not applicable

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Million yen)

	As of March 31,2015	As of March 31,2016
Assets		
Current assets		
Cash and deposits	126,404	74,406
Notes receivable-trade	4,876	2,411
Accounts receivable-trade	72,542	59,197
Merchandise and finished goods	34,574	51,182
Work in process	113,044	106,542
Raw materials and supplies	10,337	8,924
Deferred tax assets	24,904	26,241
Other	36,997	61,778
Allowance for doubtful accounts	(686)	(40)
Total current assets	422,995	390,645
Non-current assets		
Property, plant and equipment		
Buildings, net	22,911	21,675
Structures, net	766	695
Machinery and equipment, net	15,272	14,227
Vehicles, net	26	28
Tools, furniture and fixtures, net	5,764	6,199
Land	9,837	9,836
Lease assets, net	1,332	1,081
Construction in progress	3,579	2,505
Total property, plant and equipment	59,491	56,251
Intangible assets		
Software	16,668	14,551
Other	4,081	5,673
Total intangible assets	20,749	20,225
Investments and other assets		
Investment securities	70,054	61,085
Shares of subsidiaries and associates	48,729	100,369
Investments in capital	1	1
Investments in capital of subsidiaries and associates	14,786	14,786
Long-term loans receivable	9,826	6,595
Prepaid pension cost	5,100	5,160
Deferred tax assets	3,544	5,406
Other	4,012	3,837
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	156,047	197,234
Total non-current assets	236,287	273,711
Total assets	659,283	664,357

(Million yen)

	As of March 31,2015	As of March 31,2016
Liabilities		
Current liabilities		
Notes payable-trade	705	384
Electronically recorded obligations-operating	19,562	27,982
Accounts payable-trade	73,069	68,053
Short-term loans payable	28,600	18,241
Current portion of bonds	—	10,000
Lease obligations	825	610
Accounts payable-other	9,620	5,200
Accrued expenses	25,638	25,925
Income taxes payable	2,368	66
Advances received	36,164	60,321
Deposits received	26,986	36,273
Provision for product warranties	4,114	3,705
Other	3,428	1,512
Total current liabilities	231,084	258,278
Non-current liabilities		
Bonds payable	50,000	40,000
Long-term loans payable	34,600	44,200
Lease obligations	919	782
Asset retirement obligations	2,335	2,333
Other	890	1,095
Total non-current liabilities	88,745	88,410
Total liabilities	319,829	346,688
Net assets		
Shareholders' equity		
Capital stock	65,475	65,475
Capital surplus		
Legal capital surplus	80,711	80,711
Total capital surplus	80,711	80,711
Retained earnings		
Legal retained earnings	5,565	5,565
Other retained earnings		
Reserve for research and development	2,056	2,056
Reserve for advanced depreciation of non-current assets	9,354	10,335
General reserve	111,211	111,211
Retained earnings brought forward	56,815	42,534
Total retained earnings	185,002	171,702
Treasury stock	(12,412)	(13,255)
Total shareholders' equity	318,777	304,635
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	20,744	11,711
Deferred gains or losses on hedges	(1,200)	(17)
Total valuation and translation adjustments	19,543	11,693
Subscription rights to shares	1,132	1,339
Total net assets	339,453	317,668
Total liabilities and net assets	659,283	664,357

(2) Non-Consolidated Statements of Income

(Million yen)

	Year ended March 31,2015	Year ended March 31,2016
Net sales	607,556	565,355
Cost of sales	465,887	446,078
Gross profit	141,668	119,276
Selling, general and administrative expenses	134,349	127,808
Operating income (loss)	7,319	(8,531)
Non-operating income		
Interest and dividends income	21,604	11,340
Other	3,822	5,527
Total non-operating income	25,427	16,868
Non-operating expenses		
Interest expenses	1,161	1,147
Other	3,362	2,786
Total non-operating expenses	4,524	3,933
Ordinary income	28,223	4,402
Extraordinary income		
Gain on sales of non-current assets	229	2,396
Gain on sales of investment securities	4,982	470
Total extraordinary income	5,211	2,866
Extraordinary loss		
Loss on sales of non-current assets	1	55
Impairment loss	15,555	7,654
Loss on business of subsidiaries and associates	3,267	—
Environmental expenses	—	1,771
Total extraordinary losses	18,823	9,481
Income (loss) before income taxes	14,610	(2,212)
Income taxes-current	4,387	(1,195)
Income taxes-deferred	90	304
Total income taxes	4,477	(890)
Net income (loss)	10,133	(1,322)

(3) Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2015

(Million yen)

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings						Total retained earnings
		Legal capital surplus	Legal retained earnings	Other retained earnings				Retained earnings brought forward	
				Reserve for special depreciation	Reserve for research and development	Reserve for advanced depreciation of non-current assets	General reserve		
Balance as of April 1, 2014	65,475	80,711	5,565	7	2,056	9,250	111,211	70,831	198,921
Cumulative effect of changes in accounting policies								(11,243)	(11,243)
Balance as of April 1, 2014 (Restated)	65,475	80,711	5,565	7	2,056	9,250	111,211	59,587	187,677
Changes of items during the period									
Reversal of reserve for special depreciation				(7)				7	—
Provision of reserve for advanced depreciation of non-current assets						2,601		(2,601)	—
Reversal of reserve for advanced depreciation of non-current assets						(2,497)		2,497	—
Dividends from surplus								(8,726)	(8,726)
Dividends from surplus (Interim dividends)								(3,966)	(3,966)
Net income								10,133	10,133
Purchase of treasury stock									
Disposal of treasury stock								(115)	(115)
Net changes of items other than Shareholders' equity									
Total changes of items during the period	—	—	—	(7)	—	104	—	(2,771)	(2,675)
Balance as of March 31, 2015	65,475	80,711	5,565	—	2,056	9,354	111,211	56,815	185,002

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of April 1, 2014	(12,618)	332,490	12,844	(193)	12,650	952	346,093
Cumulative effect of changes in accounting policies		(11,243)					(11,243)
Balance as of April 1, 2014 (Restated)	(12,618)	321,246	12,844	(193)	12,650	952	334,850
Changes of items during the period							
Reversal for special depreciation		—					—
Provision of reserve for advanced depreciation of non-current assets		—					—
Reversal of reserve for advanced depreciation of non-current assets		—					—
Dividends from surplus		(8,726)					(8,726)
Dividends from surplus (Interim dividends)		(3,966)					(3,966)
Net income		10,133					10,133
Purchase of treasury stock	(6)	(6)					(6)
Disposal of treasury stock	211	96					96
Net changes of items other than Shareholders' equity			7,900	(1,007)	6,893	179	7,072
Total changes of items during the period	205	(2,469)	7,900	(1,007)	6,893	179	4,603
Balance as of March 31, 2015	(12,412)	318,777	20,744	(1,200)	19,543	1,132	339,453

	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings					Total retained earnings
		Legal capital surplus	Legal retained earnings	Other retained earnings				
				Reserve for research and development	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance as of April 1, 2015	65,475	80,711	5,565	2,056	9,354	111,211	56,815	185,002
Changes of items during the period								
Provision of reserve for advanced depreciation of non-current assets					1,209		(1,209)	—
Reversal of reserve for advanced depreciation of non-current assets					(227)		227	—
Dividends from surplus							(8,727)	(8,727)
Dividends from surplus (Interim dividends)							(3,174)	(3,174)
Net loss							(1,322)	(1,322)
Purchase of treasury stock								
Disposal of treasury stock							(75)	(75)
Net changes of items other than Shareholders' equity								
Total changes of items during the period	—	—	—	—	981	—	(14,281)	(13,299)
Balance as of March 31, 2016	65,475	80,711	5,565	2,056	10,335	111,211	42,534	171,702

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of April 1, 2015	(12,412)	318,777	20,744	(1,200)	19,543	1,132	339,453
Changes of items during the period							
Provision of reserve for advanced depreciation of non-current assets		—					—
Reversal of reserve for advanced depreciation of non-current assets		—					—
Dividends from surplus		(8,727)					(8,727)
Dividends from surplus (Interim dividends)		(3,174)					(3,174)
Net loss		(1,322)					(1,322)
Purchase of treasury stock	(976)	(976)					(976)
Disposal of treasury stock	133	58					58
Net changes of items other than Shareholders' equity			(9,033)	1,183	(7,849)	206	(7,643)
Total changes of items during the period	(842)	(14,141)	(9,033)	1,183	(7,849)	206	(21,785)
Balance as of March 31, 2016	(13,255)	304,635	11,711	(17)	11,693	1,339	317,668