



## First Half ended September 30, 2005 Financial Results (Consolidated)

**Company name:** NIKON CORPORATION

**Code number:** 7731

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

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

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

**Date of the Board Meeting for the First Half ended September 30, 2005:** November 14, 2005

The accounting methods used in this report are not consistent with U.S. standards accounting methods.

### 1. Results of First Half ended September 30, 2005 (From April 1, to September 30, 2005)

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

#### (1) Financial Results

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change
First Half ended September 30, 2005	¥342,851	9.8%	¥28,379	250.6%	¥20,067	330.1%
First Half ended September 30, 2004	¥312,197	29.6%	¥8,094	385.5%	¥4,666	- %
Year ended March 31, 2005	¥638,468		¥30,545		¥14,693	

	Net Income	Change	Net Income per share of Common Stock (Yen)	Net Income per share of Common Stock (Yen) after dilution
First Half ended September 30, 2005	¥9,373	20.0%	¥25.37	¥22.51
First Half ended September 30, 2004	¥7,808	281.5%	¥21.14	¥18.76
Year ended March 31, 2005	¥24,141		¥65.19	¥57.84

(Notes) 1. Equity in Earning of non-consolidated subsidiaries: First Half ended September 30, 2005: 514 Mill Yen

First Half ended September 30, 2004: 554 Mill Yen

Year ended March 31, 2005: 1,059 Mill Yen

2. Average number of shares outstanding (Consolidated): First Half ended September 30, 2005: 369,440,702 shares

First Half ended September 30, 2004: 369,304,152 shares

Year ended March 31, 2005: 369,352,206 shares

3. Change in accounting method : Not Applicable

4. The percentage figures for net sales, operating income, ordinary income and net income represent the percentage of increase or decrease against the same period of the previous year.

**(2) Financial Position**

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock (Yen)
First Half ended September 30, 2005	¥648,676	¥212,016	32.7%	¥573.93
First Half ended September 30, 2004	¥643,261	¥177,306	27.6%	¥480.14
Year ended March 31, 2005	¥633,426	¥196,030	30.9%	¥530.41

(Notes) Number of shares outstanding as of September 30, 2005: 369,412,018 shares  
as of September 30, 2004: 369,280,585 shares  
as of March 31, 2005 : 369,461,152 shares

**(3) Cash Flows**

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Term-end
First Half ended September 30, 2005	¥24,725	¥(8,440)	¥(9,642)	¥28,832
First Half ended September 30, 2004	¥2,929	¥(1,470)	¥1,528	¥19,457
Year ended March 31, 2005	¥47,128	¥(10,542)	¥(31,785)	¥21,507

**(4) Consolidated and Equity method Policies**

Number of Consolidated Subsidiaries : 47

Number of Non-consolidated Subsidiaries accounted for by equity method : 0

Number of Affiliates accounted for by equity method : 2

**(5) Changes in Consolidation and Equity method Policies**

Consolidation New : 1 Exclusion : 0

Equity method New : 0 Exclusion : 0

**2. Forecast for Year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)**

Amount Unit : 1 Million Yen

	Net Sales	Ordinary Income	Net Income
Year ended March 31, 2006	¥700,000	¥29,000	¥15,000

Ref. Expected net income per share of common stock for year ended March 31, 2006: 40.61 Yen

NOTE: These forward-looking statements are based on the Company's current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The Company's actual results may differ materially from those discussed in these forward-looking statements as a result of numerous factors outside of the Company's control.

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of September 30, 2005		As of September 30, 2004		As of March 31, 2005	
		%		%		%
<b>Assets</b>						
<b>Current assets</b>						
Cash and time deposits	29,214		20,314		21,943	
Notes and accounts receivable-trade	126,770		131,750		125,107	
Inventories	247,002		257,223		245,623	
Other current assets	41,684		43,133		41,187	
Allowance for doubtful receivables	(2,839)		(2,785)		(2,735)	
Total current assets	441,832	68.1	449,636	69.9	431,126	68.1
<b>Fixed assets</b>						
Property Plant & Equipment						
Buildings and structures	39,112		39,566		39,986	
Machinery and vehicles	34,306		31,560		33,041	
Furniture and fixtures	13,681		11,216		12,761	
Land	15,825		16,578		16,288	
Construction in progress	6,479		7,317		7,710	
Total property plant & equipment	109,405	16.9	106,238	16.5	109,789	17.3
Intangible fixed assets	10,929	1.7	11,085	1.7	10,901	1.7
Investments and other assets						
Investment securities	71,964		57,069		62,244	
Other	14,649		19,398		19,474	
Allowance for doubtful receivables	(105)		(168)		(109)	
Total investments and other assets	86,508	13.3	76,299	11.9	81,608	12.9
Total fixed assets	206,844	31.9	193,624	30.1	202,300	31.9
<b>Total Assets</b>	648,676	100.0	643,261	100.0	633,426	100.0

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of September 30, 2005		As of September 30, 2004		As of March 31, 2005	
		%		%		%
<b>Liabilities</b>						
<b>Current liabilities</b>						
Notes and accounts payable-trade	143,180		154,018		135,880	
Short-term debt	36,103		62,265		45,205	
Current portion of bonds	10,000		10,000		-	
Accrued income taxes	6,827		6,400		14,705	
Accrued expenses	39,770		34,669		34,351	
Warranty reserve	6,177		4,589		5,305	
Other current liabilities	34,041		21,511		30,654	
Total current liabilities	276,100	42.6	293,455	45.6	266,102	42.0
<b>Non-Current liabilities</b>						
Bonds	135,500		145,500		145,500	
Long-term debt	5,577		5,935		4,633	
Liability for employees' retirement benefits	18,021		19,803		18,691	
Retirement allowances for directors and corporate auditors	313		-		1,035	
Other long-term liabilities	973		1,075		1,248	
Total long-term liabilities	160,385	24.7	172,315	26.8	171,108	27.1
Total liabilities	436,485	67.3	465,770	72.4	437,210	69.1
<b>Minority interest</b>	173	0.0	183	0.0	185	0.0
<b>Shareholders' equity</b>						
Common stock	36,660	5.7	36,660	5.7	36,660	5.8
Capital surplus	51,931	8.0	51,927	8.1	51,930	8.2
Retained earnings	112,310	17.3	89,622	13.9	104,478	16.5
Unrealized gain on available-for-sale securities	14,076	2.2	3,510	0.6	7,297	1.1
Foreign currency translation adjustments	(2,374)	(0.4)	(3,717)	(0.6)	(3,812)	(0.6)
Total	212,604		178,003		196,554	
Treasury stock	(588)	(0.1)	(697)	(0.1)	(524)	(0.1)
Total shareholders' equity	212,016	32.7	177,306	27.6	196,030	30.9
<b>Total liabilities and shareholders' equity</b>	648,676	100.0	643,261	100.0	633,426	100.0

**Consolidated Statements of Income**

Amount Unit: 1 Million Yen

	First Half ended September 30, 2005		First Half ended September 30, 2004		Year ended March 31, 2005	
		%		%		%
<b>Net sales</b>	342,851	100.0	312,197	100.0	638,468	100.0
Cost of sales	219,380	64.0	213,035	68.2	429,143	67.2
Selling, general and administrative expenses	95,091	27.7	91,068	29.2	178,780	28.0
<b>Operating income</b>	28,379	8.3	8,094	2.6	30,545	4.8
<b>Non-operating income</b>						
Interest and dividend income	666	0.2	572	0.2	962	0.2
Other income	2,005	0.6	2,485	0.8	3,825	0.5
<b>Non-operating expenses</b>						
Interest expenses	663	0.2	1,142	0.4	2,160	0.3
Other expenses	10,320	3.0	5,343	1.7	18,479	2.9
<b>Ordinary income</b>	20,067	5.9	4,666	1.5	14,693	2.3
<b>Extraordinary gains</b>						
Gain on sale of fixed assets	82	0.0	6,051	2.0	6,062	0.9
Gain on sale of investment securities	6	0.0	107	0.0	437	0.1
Proceeds from settlement of legal proceedings against Patent	-	-	-	-	15,878	2.5
Proceeds from patents and know-how licenses	1,236	0.4	-	-	-	-
<b>Extraordinary losses</b>						
Loss on sale and disposal of fixed assets	710	0.2	285	0.1	2,234	0.3
Loss on impairment of fixed assets	243	0.1	-	-	-	-
Loss on sale of investment securities	-	-	1	0.0	11	0.0
Loss on Patent settlement	2,829	0.8	-	-	-	-
Addition to prior year's liability for directors' retirement benefits	-	-	-	-	982	0.2
Other losses	720	0.3	388	0.1	400	0.1
<b>Income before income taxes</b>	16,887	4.9	10,149	3.3	33,443	5.2
<b>Income taxes</b>	7,520	2.2	2,329	0.8	9,288	1.4
<b>Minority interest</b>	(6)	(0.0)	12	0.0	13	0.0
<b>Net income</b>	9,373	2.7	7,808	2.5	24,141	3.8

**Consolidated Statements of Shareholders' Equity**

Amount Unit: 1 Million Yen

	First Half ended September 30, 2005	First Half ended September 30, 2004	Year ended March 31, 2005
<b>(Capital surplus)</b>			
<b>Capital surplus (Beginning)</b>	51,930	51,927	51,927
<b>Increase of capital surplus</b>			
Gain on sale of treasury stock	0	0	3
<b>Capital surplus (Ending)</b>	51,931	51,927	51,930
<b>(Retained earnings)</b>			
<b>Retained earnings (Beginning)</b>	104,478	83,035	83,035
<b>Increase of retained earnings</b>			
Net income	9,373	7,808	24,141
Adjustment of retained earnings for deconsolidated subsidiary	-	255	255
<b>Decrease of retained earnings</b>			
Cash dividends	1,477	1,477	2,954
Bonuses to directors and statutory auditors	62	-	-
<b>Retained earnings (Ending)</b>	112,310	89,622	104,478

**Consolidated Statements of Cash Flows**

Amount Unit: 1 Million Yen

	First Half ended September 30, 2005	First Half ended September 30, 2004	Year ended March 31, 2005
<b>1. Cash flows from operating activities</b>			
Income before income taxes	16,887	10,149	33,443
Depreciation and amortization	9,586	9,236	19,625
Impairment loss	243	-	-
Net increase in warranty reserve	810	469	1,224
Provision for employees' retirement benefits	(702)	(1,278)	(2,358)
Provision for retirement allowance for directors and corporate auditors	(721)	-	1,035
Interest and dividend income	(667)	(572)	(962)
Interest expenses	663	1,142	2,160
Gain on sale of fixed assets	(82)	(6,051)	(6,062)
Loss on sale and disposal of fixed assets	711	289	2,234
Gain on sale of investment securities	(6)	(107)	(437)
Loss on sale of investment securities	-	1	11
Loss on revaluation of investment securities	720	308	320
Net decrease (increase) in trade notes and accounts receivable	(468)	(8,976)	(1,381)
Net decrease (increase) in inventories	422	(16,375)	(3,664)
Net increase (decrease) in trade notes and accounts payable	7,512	12,228	(7,136)
Other, net (operating activities)	3,940	4,124	14,996
Sub total	38,850	4,590	53,048
Interests and dividends received	750	573	1,468
Interests paid	(791)	(1,194)	(2,066)
Income taxes paid	(14,083)	(1,039)	(5,321)
<b>Net cash provided by operating activities</b>	<b>24,725</b>	<b>2,929</b>	<b>47,128</b>
<b>2. Cash flows from investing activities</b>			
Payments for purchases of tangible fixed assets	(9,566)	(8,113)	(19,102)
Proceeds from sale of tangible fixed assets	1,624	6,751	6,375
Payments for purchase of investment securities	(111)	(0)	(518)
Proceeds from sale of investment securities	1,513	500	2,368
Net decrease (increase) in loans receivable	(145)	412	358
Other, net (investing activities)	(1,754)	(1,020)	(23)
<b>Net cash used in investing activities</b>	<b>(8,440)</b>	<b>(1,470)</b>	<b>(10,542)</b>
<b>3. Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings	(6,630)	13,516	(6,723)
Proceeds from long-term debt	1,849	429	2,448
Repayments of long-term debt	(3,322)	(10,901)	(24,399)
Dividends paid	(1,470)	(1,472)	(2,951)
Other, net (financing activities)	(69)	(43)	(159)
<b>Net cash provided by(used in) financial activities</b>	<b>(9,642)</b>	<b>1,528</b>	<b>(31,785)</b>
<b>4. Foreign currency translation adjustments on cash and cash equivalents</b>	<b>682</b>	<b>456</b>	<b>498</b>
<b>5. Net increase in cash and cash equivalents</b>	<b>7,325</b>	<b>3,444</b>	<b>5,298</b>
<b>6. Cash and cash equivalents at beginning of year</b>	<b>21,507</b>	<b>16,099</b>	<b>16,099</b>
<b>7. Cash and cash equivalents of newly consolidated subsidiaries at beginning of year</b>	<b>-</b>	<b>-</b>	<b>195</b>
<b>8. Cash and cash equivalents of deconsolidated subsidiaries at beginning of year</b>	<b>-</b>	<b>(86)</b>	<b>(86)</b>
<b>9. Cash and cash equivalents at end of year</b>	<b>28,832</b>	<b>19,457</b>	<b>21,507</b>

## **Summary of Significant Accounting Policies**

### **(1)Securities**

Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold until maturity are reported at amortized cost method.

Available-for-sale-securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. Available-for-sale-securities whose fair value is not readily determinable are stated principally at moving-average cost method.

### **(2)Inventories**

Inventories of Nikon Corporation (the "Company") and its domestic subsidiaries are stated at cost as determined principally using the average method, except for work in process which is determined by the specific identification method. Inventories of foreign subsidiaries are stated at the lower of cost or market as determined principally using the average method.

### **(3)Tangible fixed assets**

Tangible fixed assets are stated at cost. Depreciation of the Company and domestic subsidiaries is principally computed using the declining-balance method, while the straight-line method is applied to buildings (excluding facilities incidental to buildings), and foreign subsidiaries apply the straight-line method, using rates based on the estimated useful lives of the assets.

### **(4)Retirement and Pension Plans**

The Company and major subsidiaries have non-contributory funded pension plans covering substantially all of its employees. Certain foreign subsidiaries also have contributory pension plans.

### **(5)Foreign Currency Financial Statements**

The balance sheet accounts and revenue and expense accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rates except for shareholders' equity, which is translated at the historical exchange rate.

### **(6)Derivatives and Hedging Activities**

The Company and its significant subsidiaries (collectively the "Group") enters into derivative financial instruments ("derivatives"), including contracts of foreign exchange forward, currency option, foreign currency swap and interest rate swap to hedge foreign exchange risk and interest rate exposures. The Group does not hold or issue derivatives for trading purpose.

All derivatives be recognized principally as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of operations unless the instrument qualifies for hedge accounting. For derivatives used for hedging purpose, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.



**Segment Information****1. Industry Segments**

Amount Unit: 1 Million Yen

	First Half ended September 30, 2005						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Elimination or corporate	Consolidated
1. Net sales							
1)Outside	115,781	195,925	23,525	7,618	342,851	-	342,851
2)Intersegment sales/transfer	429	471	765	15,163	16,830	(16,830)	-
Total	116,210	196,397	24,291	22,782	359,681	(16,830)	342,851
Operating expenses	103,765	180,914	23,545	22,690	330,916	(16,444)	314,472
Operating income	12,445	15,483	745	91	28,765	(386)	28,379

Amount Unit: 1 Million Yen

	First Half ended September 30, 2004						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Elimination or corporate	Consolidated
1. Net sales							
1)Outside	107,543	173,304	21,648	9,701	312,197	-	312,197
2)Intersegment sales/transfer	1,092	794	875	10,892	13,654	(13,654)	-
Total	108,636	174,098	22,523	20,593	325,852	(13,654)	312,197
Operating expenses	106,438	166,902	22,879	21,370	317,591	(13,487)	304,103
Operating income (loss)	2,197	7,196	(355)	(776)	8,261	(166)	8,094

Amount Unit: 1 Million Yen

	Year ended March 31, 2005						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Elimination or corporate	Consolidated
1. Net sales							
1)Outside	212,470	354,181	50,657	21,159	638,468	-	638,468
2)Intersegment sales/transfer	1,855	1,307	1,526	23,093	27,783	(27,783)	-
Total	214,325	355,489	52,183	44,252	666,252	(27,783)	638,468
Operating expenses	202,939	338,647	49,358	44,900	635,844	(27,921)	607,923
Operating income (loss)	11,386	16,841	2,825	(647)	30,407	137	30,545

Precision Equipment -----IC steppers, LCD steppers, etc.

Imaging Products -----Cameras, Interchangeable camera lenses, Digital cameras, etc .

Instruments -----Microscopes, Measuring instruments, etc.

Other -----Sport Optics, Ophthalmic frames, Surveying instruments ,etc.

## Segment Information

### 2. Geographic Segments

Amount Unit: 1 Million Yen

	First Half ended September 30, 2005						
	Japan	North America	Europe	Asia	Total	Elimination or Corporate	Consolidated
1. Net sales							
1)Outside	126,425	104,104	76,988	35,333	342,851	-	342,851
2)Intersegment sales/transfer	162,692	1,085	103	44,561	208,443	(208,443)	-
Total	289,118	105,189	77,091	79,895	551,294	(208,443)	342,851
Operating expenses	269,696	101,080	74,923	73,463	519,164	(204,692)	314,472
Operating income	19,421	4,109	2,167	6,431	32,130	(3,751)	28,379

Amount Unit: 1 Million Yen

	First Half ended September 30, 2004						
	Japan	North America	Europe	Asia	Total	Elimination or Corporate	Consolidated
1. Net sales							
1)Outside	142,962	74,280	69,075	25,879	312,197	-	312,197
2)Intersegment sales/transfer	132,680	1,564	74	31,866	166,186	(166,186)	-
Total	275,642	75,845	69,150	57,746	478,384	(166,186)	312,197
Operating expenses	272,792	74,025	68,576	55,249	470,643	(166,540)	304,103
Operating income	2,850	1,819	573	2,496	7,740	354	8,094

Amount Unit: 1 Million Yen

	Year ended March 31, 2005						
	Japan	North America	Europe	Asia	Total	Elimination or Corporate	Consolidated
1. Net sales							
1)Outside	275,992	165,085	142,142	55,248	638,468	-	638,468
2)Intersegment sales/transfer	282,026	2,894	111	78,778	363,810	(363,810)	-
Total	558,018	167,980	142,253	134,027	1,002,279	(363,810)	638,468
Operating expenses	540,180	162,372	139,392	128,902	970,846	(362,923)	607,923
Operating income	17,838	5,608	2,861	5,124	31,432	(887)	30,545

North America : U.S.A., Canada

Europe : The Netherlands, Germany, United Kingdom, etc.

Asia : China, South Korea, Taiwan, Thailand, etc.

## Segment Information

### 3. Export sales

Amount Unit: 1 Million Yen

	First Half ended September 30, 2005				
	North America	Europe	Asia	Other	Total
Export sales(A)	101,217	76,818	87,014	3,755	268,806
Net sales(B)					342,851
(A)/(B)	29.5%	22.4%	25.4%	1.1%	78.4%

Amount Unit: 1 Million Yen

	First Half ended September 30, 2004				
	North America	Europe	Asia	Other	Total
Export sales(A)	72,665	67,371	86,921	3,949	230,907
Net sales(B)					312,197
(A)/(B)	23.3%	21.6%	27.8%	1.3%	74.0%

Amount Unit: 1 Million Yen

	Year ended March 31, 2005				
	North America	Europe	Asia	Other	Total
Export sales(A)	160,840	138,792	175,193	6,928	481,755
Net sales(B)					638,468
(A)/(B)	25.2%	21.7%	27.5%	1.1%	75.5%

North America : U.S.A., Canada

Europe : The Netherlands, Germany, United Kingdom, etc.

Asia : China, South Korea, Taiwan, Singapore, etc.

Other : South and Central America, Oceania, Africa, etc.

## Marketable Securities (Consolidated)

### 1. Fair Value of Available-for-sale securities

Amount Unit: 1 Million Yen

	As of September 30, 2005			As of September 30, 2004			As of March 31, 2005		
	Cost	Fair Value	Net unrealized gains	Cost	Fair Value	Net unrealized gains	Cost	Fair Value	Net unrealized gains
1) Equity securities	39,817	63,376	23,559	38,852	44,722	5,870	40,131	52,376	12,245
2) Debt securities	0	0	(0)	0	0	(0)	0	0	(0)
<b>Total</b>	<b>39,817</b>	<b>63,376</b>	<b>23,559</b>	<b>38,852</b>	<b>44,722</b>	<b>5,870</b>	<b>40,131</b>	<b>52,376</b>	<b>12,245</b>

### 2. Available-for-sale securities whose fair value is not readily determinable

Amount Unit: 1 Million Yen

	As of September 30, 2005	As of September 30, 2004	As of March 31, 2005
	Carrying Amount	Carrying Amount	Carrying Amount
Available-for-sale securities			
Equity securities	1,156	4,760	2,394

## Derivatives (Consolidated)

Amount Unit: 1 Million Yen

Classification	Type	As of September 30, 2005			As of September 30, 2004			As of March 31, 2005		
		Contract or Notional Amount	Fair Value	Net unrealized gain (loss)	Contract or Notional Amount	Fair Value	Net unrealized gain (loss)	Contract or Notional Amount	Fair Value	Net unrealized gain (loss)
Currency	Forward exchange contracts									
	Selling positions	57,939	59,481	(1,542)	49,742	50,478	(735)	59,118	60,352	(1,234)
	Buying positions	2,668	2,683	14	2,111	2,139	28	5,824	5,890	66
Currency	Currency option contracts									
	Selling positions	1,933			4,035			2,250		
	Option premiums	18	31	(13)	34	32	1	12	21	(8)
	Buying positions	1,933			6,145			2,250		
	Option premiums	15	25	9	34	22	(11)	10	15	4
Interest rate	Interest swap agreements	30,000	37	37	30,000	44	44	30,000	55	55
<b>Total</b>		-	-	(1,493)	-	-	(672)	-	-	(1,116)

(Note) Derivative which qualified for hedge accounting are excluded from disclosure of market value information.

**First Half ended September 30, 2005 Financial Results (Non-Consolidated)****Company name:** NIKON CORPORATION**Code number:** 7731**(URL <http://www.nikon.co.jp>)****Address of headquarters:** Fuji Building, 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8331, Japan**Contact:** Hideshi Hirai, General Manager, Corporate Communications & IR Dept**Telephone:** +81-3-3216-1032**Stock listings:** Tokyo Stock Exchange, Osaka Securities Exchange**Date of the Board Meeting for the First Half ended September 30, 2005:** November 14, 2005**1. Results of First Half ended September 30, 2005 (From April 1, to September 30, 2005)**

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

**(1) Financial Results**

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change
First Half ended September 30, 2005	¥254,027	7.7%	¥14,780	-%	¥11,321	393.5%
First Half ended September 30, 2004	¥235,928	46.2%	¥(1,495)	-%	¥2,293	-%
Year ended March 31, 2005	¥477,324		¥10,480		¥8,244	

	Net Income	Change	Net Income per share of Common Stock (Yen)
First Half ended September 30, 2005	¥5,889	16.6%	¥15.94
First Half ended September 30, 2004	¥5,049	-%	¥13.67
Year ended March 31, 2005	¥16,765		¥45.22

(Note) 1. Average number of Shares outstanding: First Half ended September 30, 2005 :369,440,702 Shares

First Half ended September 30, 2004 :369,304,152 Shares

Year ended March 31, 2005 :369,352,206 Shares

2. Change in accounting method : N/A

3. Percent Increase(Decrease): First Half ended September 30, 2005/First Half ended September 30, 2004

**(2) Cash Dividends**

	Interim Cash Dividends per Share of Common Stock (Yen)	Cash Dividends per Share of Common Stock for the year (Yen)
First Half ended September 30, 2005	¥4.00	-
First Half ended September 30, 2004	¥4.00	-
Year ended March 31, 2005	-	¥8.00

**(3) Financial Position**

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock (Yen)
First Half ended September 30, 2005	¥543,879	¥176,600	32.5%	¥478.06
First Half ended September 30, 2004	¥537,806	¥151,375	28.1%	¥409.92
Year ended March 31, 2005	¥528,107	¥165,581	31.4%	¥448.00

(Note)1.Number of Shares outstanding as of September 30, 2005 :369,412,018 shares

as of September 30, 2004 :369,280,585 shares

as of March 31, 2005 :369,461,152 shares

2.Number of Shares outstanding held as Treasury stock : as of September 30, 2005 :533,314 Shares

as of September 30, 2004 :664,747 shares

as of March 31, 2005 :484,180 shares

**2. Forecast for Year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)**

Amount Unit : 1 Million Yen

	Net Sales	Ordinary Income	Net Income	Cash Dividends per share of Common Stock for the year (year-end Cash Dividends)
Year ended March 31, 2006	¥505,000	¥13,000	¥7,000	¥4.00 (¥8.00)

Ref. Expected net income per share of common stock for year ended March 31, 2006: 18.95 Yen

Non-Consolidated Balance Sheets

Amount Unit : 1Million Yen

	As of September 30, 2005		As of September 30, 2004		As of March 31, 2005	
		%		%		%
[ Assets ]						
<b>1. Current Assets</b>						
Cash and time deposits	12,178		6,856		8,996	
Notes receivable	2,312		1,018		2,072	
Accounts receivable	130,645		122,050		113,584	
Inventories	158,221		158,194		154,891	
Short-term loans receivable	27,776		40,747		37,570	
Other current assets	28,987		36,475		33,121	
Allowance for doubtful receivables	( 2,212)		( 1,100)		( 2,215)	
<b>Total current assets</b>	<b>357,909</b>	<b>65.8</b>	<b>364,242</b>	<b>67.7</b>	<b>348,020</b>	<b>65.9</b>
<b>2. Fixed Assets</b>						
Tangible fixed assets	66,630		67,918		67,713	
Buildings	19,434		20,557		20,132	
Machinery and equipment	24,696		23,379		23,485	
Other tangible fixed assets	22,499		23,981		24,095	
Intangible fixed assets	8,146		8,085		7,924	
Investments and other assets	111,192		97,559		104,448	
Investment securities	64,363		49,424		54,727	
Investments in subsidiaries and associated companies	25,408		24,034		25,817	
Other	21,495		24,173		23,978	
Allowance for doubtful receivables	( 74)		( 74)		( 74)	
<b>Total fixed assets</b>	<b>185,970</b>	<b>34.2</b>	<b>173,563</b>	<b>32.3</b>	<b>180,086</b>	<b>34.1</b>
<b>Total assets</b>	<b>543,879</b>	<b>100.0</b>	<b>537,806</b>	<b>100.0</b>	<b>528,107</b>	<b>100.0</b>

Non-Consolidated Balance Sheets

Amount Unit : 1Million Yen

	As of September 30, 2005		As of September 30, 2004		As of March 31, 2005	
		%		%		%
[ Liabilities ]						
<b>1. Current Liabilities</b>						
Notes payable	612		1,012		872	
Accounts payable	119,616		123,759		112,733	
Short-term bank loans	23,600		39,050		28,600	
Current portion of long-term debt	2,447		4,006		4,807	
Current portion of bonds	10,000		10,000		-	
Accrued expenses	18,764		14,458		14,773	
Accrued income taxes	3,163		2,751		11,001	
Provision for warranty	4,021		2,858		3,504	
Other current liabilities	30,206		21,450		20,885	
<b>Total current liabilities</b>	<b>212,434</b>	<b>39.1</b>	<b>219,347</b>	<b>40.8</b>	<b>197,177</b>	<b>37.3</b>
<b>2. Long-term Liabilities</b>						
Bonds	135,500		145,500		145,500	
Long-term debt	2,300		2,847		744	
Liability for employees' retirement benefits	16,224		18,184		17,315	
Retirement allowance for directors and corporate auditors	279		-		1,003	
Other long-term liabilities	539		549		786	
<b>Total long-term liabilities</b>	<b>154,844</b>	<b>28.4</b>	<b>167,082</b>	<b>31.1</b>	<b>165,348</b>	<b>31.3</b>
<b>Total liabilities</b>	<b>367,278</b>	<b>67.5</b>	<b>386,430</b>	<b>71.9</b>	<b>362,525</b>	<b>68.6</b>
[ Shareholders' Equity ]						
<b>1. Common stock</b>						
	36,660	6.7	36,660	6.8	36,660	6.9
<b>2. Capital surplus</b>						
	51,931	9.5	51,927	9.7	51,930	9.8
<b>3. Retained earnings</b>						
	74,593	13.7	60,005	11.2	70,244	13.3
<b>4. Unrealized gains on securities</b>						
	14,004	2.7	3,479	0.5	7,269	1.5
<b>5. Treasury stock</b>						
	( 588)	( 0.1)	( 697)	( 0.1)	( 524)	( 0.1)
<b>Total shareholders' equity</b>	<b>176,600</b>	<b>32.5</b>	<b>151,375</b>	<b>28.1</b>	<b>165,581</b>	<b>31.4</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>543,879</b>	<b>100.0</b>	<b>537,806</b>	<b>100.0</b>	<b>528,107</b>	<b>100.0</b>



## Non-Consolidated Statements of Operations

Amount Unit : 1Million Yen

	First Half ended September 30, 2005		First Half ended September 30, 2004		Year ended March 31, 2005	
		%		%		%
<b>1. Operating revenues</b>						
Net sales	254,027	100.0	235,928	100.0	477,324	100.0
<b>2. Operating cost and expenses</b>						
Cost of sales	198,173	78.0	197,505	83.7	388,395	81.4
Selling, general and administrative expenses	41,073	16.2	39,917	16.9	78,448	16.4
<b>3. Operating income (loss)</b>	<b>14,780</b>	<b>5.8</b>	<b>( 1,495)</b>	<b>( 0.6)</b>	<b>10,480</b>	<b>2.2</b>
<b>4. Non-operating income</b>	<b>4,971</b>	<b>2.0</b>	<b>8,112</b>	<b>3.4</b>	<b>10,868</b>	<b>2.3</b>
Interest income	262		159		398	
dividend income	2,249		5,355		6,115	
Other income	2,459		2,597		4,355	
<b>5. Non-operating expenses</b>	<b>8,430</b>	<b>3.3</b>	<b>4,323</b>	<b>1.8</b>	<b>13,105</b>	<b>2.8</b>
Interest expenses	110		127		246	
Interest expenses on bonds	211		528		1,120	
Loss on disposals of inventories	3,018		686		4,231	
Write-down of inventories	2,889		1,315		2,479	
Other expenses	2,200		1,666		5,027	
<b>6. Ordinary income</b>	<b>11,321</b>	<b>4.5</b>	<b>2,293</b>	<b>1.0</b>	<b>8,244</b>	<b>1.7</b>
<b>7. Extraordinary gains</b>	<b>1,248</b>	<b>0.5</b>	<b>6,124</b>	<b>2.6</b>	<b>22,330</b>	<b>4.7</b>
Gain on sales of fixed assets	11		6,027		6,028	
Gain on sales of investment securities	1		97		422	
Proceeds from settlement of legal proceedings against Patent	-		-		15,878	
Proceeds from patents and know-how licenses	1,236		-		-	
<b>8. Extraordinary losses</b>	<b>4,373</b>	<b>1.7</b>	<b>649</b>	<b>0.3</b>	<b>4,748</b>	<b>1.0</b>
Loss on disposal of fixed assets	588		257		1,645	
Loss on sales of fixed assets	27		3		3	
Loss on impairment of fixed assets	208		-		-	
Loss on devaluation of investment securities	310		308		261	
Loss on devaluation of investment in subsidiaries and associated companies	408		-		-	
Provision for loss on doubtful receivables	-		60		60	
Loss on Patent settlement	2,829		-		-	
Provision for loss on doubtful loans receivable to subsidiaries and associated companies	-		-		1,383	
Loss on devaluation of loans receivable to subsidiaries and associated companies	-		-		400	
Loss on devaluation of the golf club membership	-		20		20	
Addition to prior year's liability for directors' retirement benefits	-		-		974	
<b>9. Income before income taxes</b>	<b>8,179</b>	<b>3.3</b>	<b>7,769</b>	<b>3.3</b>	<b>25,826</b>	<b>5.4</b>
<b>10. Income taxes-current</b>	<b>3,520</b>	<b>1.4</b>	<b>2,910</b>	<b>1.2</b>	<b>12,099</b>	<b>2.5</b>
<b>11. Income taxes-deferred</b>	<b>( 1,212)</b>	<b>( 0.4)</b>	<b>( 190)</b>	<b>( 0.0)</b>	<b>( 3,038)</b>	<b>( 0.6)</b>
<b>12. Net income</b>	<b>5,889</b>	<b>2.3</b>	<b>5,049</b>	<b>2.1</b>	<b>16,765</b>	<b>3.5</b>
<b>13. Retained earnings brought forward</b>	<b>10,062</b>		<b>5,928</b>		<b>5,928</b>	
<b>14. Interim dividends paid</b>	<b>-</b>		<b>-</b>		<b>1,477</b>	
<b>15. Unappropriated retained earnings at end</b>	<b>15,951</b>		<b>10,977</b>		<b>21,216</b>	

**Sales Performance (Non-Consolidated)**

Amount Unit : 1Million Yen

Segment	First Half ended September 30, 2005		First Half ended September 30, 2004		Year ended March 31, 2005	
	Amount	%	Amount	%	Amount	%
Precision Equipment	90,786	35.7	90,693	38.4	185,157	38.8
Imaging Products	147,551	58.1	129,183	54.8	254,690	53.3
Instruments	12,961	5.1	12,712	5.4	28,924	6.1
Other	2,727	1.1	3,338	1.4	8,551	1.8
Total	254,027	100.0	235,928	100.0	477,324	100.0
Domestic	58,336	23.0	60,863	25.8	116,626	24.4
Export	195,691	77.0	175,064	74.2	360,697	75.6