

First Half of 2000 Financial Results (Non-Consolidated)

NIKON CORPORATION (7731)

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Date of Meeting of the Board of Directors for First Half of Fiscal Year 2000 : October 29, 1999

Date of payment of interim dividends :December 9, 1999

1. Results of First Half of Fiscal Year 2000 (From April 1 to September 30, 1999)

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

(1) Financial Results

Percent Increase(Decrease): First Half of 2000 Fiscal Year / First Half of 1999 Fiscal Year (: Decrease)

	Net Sales		Operating Income (: Loss)		Ordinary Income (: Loss)	
		%		%		%
First Half of Fiscal Year 2000	135,168	5.9	1,628		2,049	
First Half of Fiscal Year 1999	127,625	13.1	5,988		2,203	
Fiscal Year 1999	252,495		10,404		9,622	

	Net Income (: Loss)		Net Income (: Loss) per Share of Common Stock		Financial Accounting Standards
		%		Yen	
First Half of Fiscal Year 2000	1,171		3.17		Financial Accounting Standards for Interim Financial Statements
First Half of Fiscal Year 1999	1,366		3.69		
Fiscal Year 1999	9,873		26.69		

(Note) 1. Average number of shares outstanding : First Half of Fiscal Year 2000 369,927,584 Shares
 First Half of Fiscal Year 1999 369,927,584 Shares
 Fiscal Year 1999 369,927,584 Shares

2. Change in the Accounting policies : yes

3. Tax allocation accounting is applied for First Half of Fiscal Year 2000 and the last Fiscal Year

(2) Cash Dividends

	Interim Cash Dividends per Share of Common Stock		Cash Dividends per Share of Common Stock for the year	
		Yen		Yen
First Half of Fiscal Year 2000	2.50			
First Half of Fiscal Year 1999	0.00			
Fiscal Year 1999			3.00	

(3) Changes in Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock
			%	Yen
First Half of Fiscal Year 2000	383,351	147,013	38.3	397.41
First Half of Fiscal Year 1999	371,191	147,105	39.6	397.66
Fiscal Year 1999	375,231	146,952	39.2	397.25

(Note) 1. Number of shares outstanding : At the end of First Half of Fiscal Year 2000 369,927,584 Shares
 At the end of First Half of Fiscal Year 1999 369,927,584 Shares
 At the end of Fiscal Year 1999 369,927,584 Shares

(One unit of per value common stock : 1,000 Shares)

2. Difference between market value and book value of securities : 20,587 mill Yen

3. Difference between market value and contract price of derivatives : 1,763 mill Yen

2. Forecast for Fiscal Year 2000 (From April 1, 1999 to March 31, 2000)

(Amount Unit : 1mill Yen)

	Net Sales	Ordinary Income	Net Income	Cash Dividends per Share of Common Stock for the year (year-end Cash Dividends)	
				Yen	(Yen)
Fiscal Year 2000	300,000	6,500	4,500	5.00	(2.50)

Ref. Expected Net Loss per Share of Common Stock for Fiscal Year 2000 : 12.16 Yen

Balance Sheets (Non-Consolidated)

(Amount Unit : 1mill Yen)

	At the end of First Half of Fiscal Year 2000		At the end of Fiscal Year 1999		Increase (:Decrease)	At the end of First Half of Fiscal Year 1999	
		%		%			%
[Assets]							
1. Current Assets							
Cash and time deposits	11,991		10,130		1,861	7,071	
Notes receivable	2,857		3,601		744	3,812	
Accounts receivable	73,572		70,346		3,226	70,926	
Marketable securities	14,059		19,379		5,319	19,610	
Treasury stock	11		3		7	3	
Finished goods	36,917		34,964		1,952	37,024	
Semi-finished products	166		313		146	418	
Raw materials	73		68		4	77	
Supplies	3,047		3,265		218	3,056	
Work in process	75,073		63,617		11,455	72,774	
Deferred income taxes	11,480		10,839		641	-	
Short-term loans receivable	19,290		18,276		1,014	16,378	
Other receivables	5,901		7,275		1,373	7,411	
Other current assets	1,316		1,080		236	1,366	
Allowance for doubtful receivables	8,373		7,802		571	1,014	
Total current assets	247,386	64.5	235,360	62.7	12,026	238,919	64.4
2. Fixed Assets							
Tangible fixed assets	61,580	16.1	64,425	17.2	2,845	64,769	17.4
Buildings	21,019		21,459		439	18,993	
Structures	1,264		1,339		75	1,272	
Machinery and equipment	19,686		21,376		1,689	21,184	
Automotive equipment	57		65		7	78	
Tools, furniture and fixtures	6,880		7,541		661	7,258	
Land	8,925		8,925		-	8,986	
Construction in progress	3,746		3,716		29	6,995	
Intangible fixed assets	7,199	1.9	959	0.3	6,239	1,060	0.3
Leasehold	98		98		-	98	
Industrial property rights	582		680		97	780	
Rights to use public facilities	175		180		5	181	
Soft ware	6,342		-		6,342	-	
Investments and other assets	67,184	17.5	74,485	19.8	7,301	66,442	17.9
Investment securities	37,183		36,712		471	32,744	
Investments in stock of subsidiaries	19,209		18,721		487	19,246	
Capital contributions to subsidiaries	1,207		1,082		124	1,082	
Long-term loans receivable	1,436		1,004		432	1,177	
Lease deposits	2,474		2,980		505	3,224	
Long-term prepaid expenses	535		7,768		7,232	7,662	
Long-term deferred income taxes	3,866		4,943		1,077	-	
Other assets	1,271		1,273		1	1,303	
Total fixed assets	135,964	35.5	139,871	37.3	3,906	132,272	35.6
Total assets	383,351	100.0	375,231	100.0	8,119	371,191	100.0

(Amount Unit : Imill Yen)

	At the end of First Half of Fiscal Year 2000		At the end of Fiscal Year 1999		Increase (:Decrease)	At the end of First Half of Fiscal Year 1999	
		%		%			%
[Liabilities]							
1. Current Liabilities							
Notes payable	2,743		7,261		4,518	10,732	
Accounts payable	56,447		35,993		20,453	38,727	
Short-term bank loans	37,572		35,872		1,700	22,030	
Commercial papers	14,000		32,000		18,000	29,000	
Current portion of bonds	10,000		10,000		-	10,000	
Other payables	1,807		1,924		117	1,593	
Accrued enterprise tax	-		-		-	82	
Accrued income taxes	20		21		0	21	
Other accrued expenses	12,461		12,914		453	13,947	
Advances received	826		925		98	513	
Deposits received from employees	864		1,283		419	1,438	
Provision for warranty	1,407		1,324		83	1,399	
Total current liabilities	138,151	36.1	139,522	37.2	1,370	129,485	34.9
2. Long-term Liabilities							
Bonds	90,000		80,000		10,000	90,000	
Long-term bank loans	8,185		8,757		571	4,600	
Total long-term liabilities	98,185	25.6	88,757	23.6	9,428	94,600	25.5
Total liabilities	236,337	61.7	228,279	60.8	8,058	224,085	60.4
[Shareholders' Equity]							
1. Common stock							
	36,660	9.5	36,660	9.8	-	36,660	9.9
2. Statutory reserves							
Additional paid in capital	51,909	14.9	51,909	15.2	111	51,909	15.3
Legal reserve	5,075		4,964		111	4,964	
3. Retained earnings							
	53,366	13.9	53,416	14.2	49	53,570	14.4
Reserve for research and development	2,056		2,056		-	2,056	
Reserve for retirement benefits	669		669		-	669	
Reserve for losses on overseas investments	2		2		0	5	
Reserve for special depreciation	23		27		3	47	
Reserve for deferred capital gain for replacement of property	2,863		1,967		895	3,392	
General reserve	45,211		45,211		-	45,211	
Unappropriated retained earnings	2,541		3,482		940	2,188	
(Net income (loss) for the period)	(1,171)		(9,873)		(11,044)	(1,366)	
Total shareholders' equity	147,013	38.3	146,952	39.2	61	147,105	39.6
Total Liabilities and Shareholders' Equity	383,351	100.0	375,231	100.0	8,119	371,191	100.0

Profit and Loss Statements (Non-Consolidated)

(Amount Unit : 1mill Yen)

	First Half of Fiscal		First Half of Fiscal		Increase (:Decrease)	Fiscal Year 1999	
	Year 2000	%	Year 1999	%			%
1. Operating revenues							
Net sales	135,168	100.0	127,625	100.0	7,542	252,495	100.0
2. Operating cost and expenses							
Cost of sales	103,547	76.6	100,571	78.8	2,975	199,908	79.2
Selling, general and administrative expenses	29,992	22.2	33,043	25.9	3,050	62,991	24.9
3. Operating income (loss)	1,628	1.2	5,988	4.7	7,617	10,404	4.1
4. Non-operating income							
Interest and dividend income	1,202	0.9	4,073	3.2	2,871	4,446	1.8
Other income	3,707	2.7	2,934	2.3	772	5,711	2.3
5. Non-operating expenses							
Interest expenses	1,940	1.4	2,001	1.6	61	3,932	1.6
Other expenses	2,548	1.9	1,221	1.0	1,327	5,444	2.2
6. Ordinary income (loss)	2,049	1.5	2,203	1.7	4,252	9,622	3.8
7. Special gains							
Gains on sales of fixed assets	5	0.0	10	0.0	4	2,260	0.9
Gains on sales of investment securities	-	-	83	0.1	83	292	0.1
Reversal of allowance for doubtful receivables	-	-	983	0.8	983	1,180	0.5
8. Special losses							
Losses on disposal of fixed assets	225	0.2	216	0.2	9	854	0.3
Losses on sales of fixed assets	135	0.1	1	0.0	133	4	0.0
Losses on sales of investment securities	-	-	-	-	-	233	0.1
Additional retirement benefits for employees	-	-	-	-	-	2,276	0.9
Provision of losses on subsidiaries and associated companies	-	-	-	-	-	7,155	2.8
Losses on devaluation of investments in subsidiaries	-	-	-	-	-	581	0.2
9. Income (Loss) before income taxes	1,694	1.3	1,345	1.1	3,039	16,994	6.7
10. Income taxes-current	87	0.1	21	0.0	66	307	0.1
11. Income taxes-deferred	436	0.3	-	-	436	7,428	2.9
12. Net income (loss)	1,171	0.9	1,366	1.1	2,537	9,873	3.9
13. Retained earnings brought forward	1,370		3,555			3,555	
14. Adjustments of prior year deferred income taxes	-		-			8,354	
15. Reversal of reserves for introduction of tax allocation accounting	-		-			1,447	
16. Unappropriated retained earnings at end	2,541		2,188			3,482	

Sales Performance (Non-Consolidated)

(Amount Unit : 1mill Yen)

Segment	Sector	First Half of Fiscal Year 2000		First Half of Fiscal Year 1999		Ratio to the previous period	Fiscal Year 1999	
		Amount	%	Amount	%	%	Amount	%
Imaging equipment	Cameras	50,989	37.7	47,958	37.6	106.3	91,931	36.4
Ophthalmic equipment	Ophthalmic products	8,399	6.2	8,842	6.9	95.0	16,604	6.6
Precision equipment	Semiconductor manufacturing- related equipment	60,374	44.7	54,898	43.0	110.0	109,387	43.3
	Microscopes and Measuring instruments	9,747	7.2	10,725	8.4	90.9	21,348	8.5
	Surveying instruments and others	5,656	4.2	5,200	4.1	108.8	13,224	5.2
Precision equipment Total		75,778	56.1	70,824	55.5	107.0	143,960	57.0
Total		135,168	100.0	127,625	100.0	105.9	252,495	100.0
Domestic		45,523	33.7	48,334	37.9	94.2	98,261	38.9
Export		89,644	66.3	79,291	62.1	113.1	154,234	61.1

Marketable Securities and Investments in Securities (Non-Consolidated)

(Amount Unit : 1mill Yen)

	At the end of First Half of Fiscal Year 2000			At the end of First Half of Fiscal Year 1999			At the end of Fiscal Year 1999		
	Book Value	Market Value	Net unrealized gain	Book Value	Market Value	Net unrealized gain(loss)	Book Value	Market Value	Net unrealized gain
Current	13,971	20,892	6,921	17,022	16,739	282	14,243	21,838	7,595
Non-current	32,420	46,086	13,666	31,093	31,076	17	32,112	43,231	11,119
Total	46,391	66,979	20,587	48,116	47,816	299	46,355	65,070	18,714

Derivatives (Non-Consolidated)

1. Forward Exchange Contracts

(Amount Unit : 1mill Yen)

	At the end of First Half of Fiscal Year 2000				At the end of First Half of Fiscal Year 1999				At the end of Fiscal Year 1999			
	Outstand Balance of Contracts (Off-balance sheets)		Yen Equiv. at the Spot Exchange Rate	Net Unrealized gain(loss)	Outstand Balance of Contracts (Off-balance sheets)		Yen Equiv. at the Spot Exchange Rate	Net Unrealized gain	Outstand Balance of Contracts (Off-balance sheets)		Yen Equiv. at the Spot Exchange Rate	Net Unrealized gain(loss)
		Non-current				Non-current				Non-current		
Selling US\$	2,935	-	2,946	11	128	-	117	10	2,590	-	2,695	105
Selling EUR	6,576	-	6,573	3	-	-	-	-	-	-	-	-

2. Currency Option Contracts

(Amount Unit : 1mill Yen)

	At the end of First Half of Fiscal Year 2000				At the end of First Half of Fiscal Year 1999				At the end of Fiscal Year 1999			
	Outstand Balance of Contracts		Fair Value	Net Unrealized gain	Outstand Balance of Contracts		Fair Value	Net Unrealized gain	Outstand Balance of Contracts		Fair Value	Net Unrealized gain
		Non-current				Non-current				Non-current		
Buying Put US\$ (Option premiums)	590 (12)	- (-)	61	48	- (-)	- (-)	-	-	- (-)	- (-)	-	-
Selling Call US\$ (Option premiums)	606 (12)	- (-)	0	12	- (-)	- (-)	-	-	- (-)	- (-)	-	-

3. Interest Rate Swap Agreements

(Amount Unit : 1mill Yen)

	At the end of First Half of Fiscal Year 2000				At the end of First Half of Fiscal Year 1999				At the end of Fiscal Year 1999			
	Total notional amount		Market Value	Net Unrealized gain	Total notional amount		Market Value	Net Unrealized gain	Total notional amount		Market Value	Net Unrealized gain
		Non-current				Non-current				Non-current		
Interest Rate Swap Agreements	90,000	50,000	1,711	1,711	100,000	90,000	2,451	2,451	90,000	50,000	1,692	1,692