



## The year ended March 31, 2003 Financial Results (Consolidated)

**Company name:** NIKON CORPORATION

**Code number:** 7731

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

**Representative:** Shoichiro Yoshida, Chairman of the Board and C.E.O.

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

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

**Date of the Board Meeting for the Year ended March 31, 2003:** May 12, 2003

**Date of the General Meeting of shareholders:** June 27, 2003

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

### 1. Results of Year ended March 31, 2003 (From April 1, 2002 to March 31, 2003)

(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
Year ended March 31, 2003	¥468,958	(2.9)%	¥4,186	(81.2)%	¥(6,741)	-
Year ended March 31, 2002	¥482,975	(0.2)%	¥22,239	(63.8)%	¥12,213	(71.8)%

	Net Loss	Change	Net Loss per share of Common Stock (Yen)	Ratio of Net Loss to Shareholders' Equity	Ratio of Ordinary Income (Loss) to Total Assets	Ratio of Ordinary Income (Loss) to Net Sales
Year ended March 31, 2003	¥(8,142)	-	¥(22.03)	(4.8)%	(1.2)%	(1.4)%
Year ended March 31, 2002	¥(6,003)	-	¥(16.23)	(3.3)%	2.1%	2.5%

(Note) 1. Equity in Earning of non-consolidated subsidiaries: Year ended March 31, 2003: 757 Mill Yen

Year ended March 31, 2002: 548 Mill Yen

2. Average number of shares outstanding (Consolidated): Year ended March 31, 2003: 369,650,771 shares

Year ended March 31, 2002: 369,833,275 shares

3. Change in accounting method : None

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

(Summary for reference only)

Date: May 12, 2003

**(2) Financial Position**

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock (Yen)
Year ended March 31, 2003	¥576,911	¥162,463	28.2 %	¥439.81
Year ended March 31, 2002	¥561,275	¥176,960	31.5 %	¥478.52

(Note) Number of shares outstanding as of March 31, 2003 : 369,395,251 shares  
as of March 31, 2002 : 369,805,363 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
Year ended March 31, 2003	¥9,404	¥(18,532)	¥8,645	¥23,692
Year ended March 31, 2002	¥(9,470)	¥(25,851)	¥25,113	¥24,614

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

Number of Consolidated Subsidiaries : 45

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 : 2

Equity method New : 0, Exclusion : 0

**2. Forecast for Year ended March 31, 2004 (From April 1, 2003 to March 31, 2004)**

Amount Unit : 1 Million Yen

	Net Sales	Ordinary Income	Net Income
First Half ended September 30, 2003	¥260,000	¥1,000	¥1,000
Year ended March 31, 2004	¥570,000	¥9,000	¥5,000

Ref. Expected net income per share of common stock for year ended March 31, 2004: 13.54 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.

English Translation of "RENKETSU KESSAN TANSHIN"  
(Summary for reference only)

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of March 31, 2003		As of March 31, 2002		Increase(Decrease)
		%		%	
<b>Assets</b>					
<b>Current assets</b>					
Cash and time deposits	25,656		24,822		833
Notes and accounts receivable-trade	104,900		102,966		1,933
Inventories	226,627		208,410		18,216
Deferred tax assets	23,605		17,786		5,818
Other current assets	10,464		16,712		(6,248)
Allowance for doubtful receivables	(2,940)		(3,046)		106
Total current assets	388,313	67.3	367,652	65.5	20,660
<b>Fixed assets</b>					
Tangible fixed assets					
Buildings and structures	41,380		39,553		1,827
Machinery, equipment and vehicles	34,595		33,066		1,529
Furniture and fixtures	10,825		10,500		325
Land	16,894		16,811		82
Construction in progress	6,815		13,188		(6,372)
Total tangible fixed assets	110,511	19.2	113,119	20.1	(2,608)
Intangible fixed assets	8,881	1.5	8,310	1.5	570
Investments and other assets					
Investment securities	42,475		50,140		(7,664)
Deferred tax assets	17,373		14,911		2,462
Other	9,504		7,245		2,259
Allowance for doubtful receivables	(147)		(103)		(44)
Total investments and other assets	69,205	12.0	72,192	12.9	(2,986)
Total fixed assets	188,598	32.7	193,623	34.5	(5,024)
<b>Total assets</b>	576,911	100.0	561,275	100.0	15,635

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of March 31, 2003		As of March 31, 2002		Increase(Decrease)
		%		%	
<b>Liabilities</b>					
<b>Current liabilities</b>					
Notes and accounts payable-trade	98,792		78,865		19,927
Short-term bank loans	49,052		73,335		(24,283)
Commercial papers	13,000		45,000		(32,000)
Current portion of bonds	20,000		10,000		10,000
Accrued income taxes	3,227		1,298		1,928
Accrued expenses	33,983		31,317		2,666
Warranty reserve	4,992		6,366		(1,373)
Other current liabilities	31,267		34,306		(3,038)
Total current liabilities	254,315	44.1	280,490	50.0	(26,174)
<b>Long-term liabilities</b>					
Bonds	131,000		75,000		56,000
Long-term debt	7,809		6,625		1,183
Liability for employees' retirement benefits	19,879		17,419		2,460
Other long-term liabilities	1,289		4,621		(3,331)
Total long-term liabilities	159,978	27.7	103,666	18.5	56,311
Total liabilities	414,294	71.8	384,157	68.5	30,137
<b>Minority interest</b>	153	0.0	158	0.0	(4)
<b>Shareholders' equity</b>					
Common stock	36,660		36,660		-
Capital surplus	51,924		51,924		-
Retained earnings	80,582		88,725		(8,142)
Unrealized gains on available-for-sale securities	(3,531)		1,079		(4,610)
Foreign currency translation adjustments	(2,628)		(1,265)		(1,362)
Total	163,008		177,123		(14,116)
Treasury stock	(544)		(163)		(381)
Total shareholders' equity	162,463	28.2	176,960	31.5	(14,497)
<b>Total liabilities and shareholders' equity</b>	576,911	100.0	561,275	100.0	15,635

**Consolidated Statements of Operations**

Amount Unit: 1 Million Yen

	Year ended March 31, 2003		Year ended March 31, 2002		Increase (Decrease)
		%		%	
<b>Net sales</b>	468,958	100.0	482,975	100.0	(14,016)
Cost of sales	307,503	65.6	306,793	63.5	710
Selling, general and administrative expenses	157,269	33.5	153,943	31.9	3,326
<b>Operating income</b>	4,186	0.9	22,239	4.6	(18,053)
<b>Non-operating income</b>					
Interest and dividend income	1,067	0.2	1,149	0.2	(82)
Other income	5,935	1.3	5,759	1.2	176
<b>Non-operating expenses</b>					
Interest expenses	2,626	0.6	3,658	0.8	(1,031)
Other expenses	15,303	3.2	13,275	2.7	2,028
<b>Ordinary income</b>	(6,741)	(1.4)	12,213	2.5	(18,955)
<b>Extraordinary gains</b>					
Gains on sales of fixed assets	9,269	2.0	3,180	0.7	6,089
Gains on sales of investment securities	1,548	0.3	1,799	0.4	(251)
<b>Extraordinary losses</b>					
Losses on sales and disposal of fixed assets	647	0.1	1,258	0.3	(610)
Losses on sales of investment securities	2,041	0.4	3,357	0.7	(1,316)
Additional retirement benefits paid to employees	11,019	2.4	-		11,019
Charge for transitional obligations for employees' retirement benefits	-		9,754	2.0	(9,754)
Other losses	1,496	0.3	67	0.0	1,428
<b>Income (loss) before income taxes</b>	(11,127)	(2.3)	2,755	0.6	(13,883)
<b>Income taxes</b>	(2,980)	(0.6)	8,758	1.8	(11,738)
<b>Minority interest</b>	(4)	(0.0)	0	0.0	(5)
<b>Net loss</b>	8,142	1.7	6,003	1.2	2,139

**Consolidated Statements of Shareholders' Equity**

Amount Unit: 1 Million Yen

	Year ended March 31, 2003	Year ended March 31, 2002	Increase (Decrease)
<b>Retained earnings (Beginning)</b>	-	96,560	(96,560)
<b>Increase of retained earnings</b>			
Adjustment of retained earnings for newly consolidated subsidiaries	-	692	(692)
Adjustment of retained earnings for additional application of equity method	-	351	(351)
Increase by merger between non-consolidated subsidiary and consolidated subsidiary	-	133	(133)
<b>Decrease of retained earnings</b>			
Cash dividends	-	2,959	(2,959)
Bonuses to directors and corporate auditors	-	50	(50)
<b>Net loss</b>	-	6,003	(6,003)
<b>Retained earnings (Ending)</b>	-	88,725	(88,725)
<b>(Capital surplus)</b>			
<b>Capital surplus (Beginning)</b>	51,924	-	51,924
<b>Capital surplus (Ending)</b>	51,924	-	51,924
<b>(Retained earnings)</b>			
<b>Retained earnings (Beginning)</b>	88,725	-	88,725
<b>Decrease of retained earnings</b>			
Net loss	8,142	-	8,142
<b>Retained earnings (Ending)</b>	80,582	-	80,582

## Consolidated Statements of Cash Flows

Amount Unit: 1 Million Yen

	Year ended March 31, 2003	Year ended March 31, 2002	Increase (Decrease)
<b>1. Cash flows from operating activities</b>			
Income (loss) before income taxes	(11,127)	2,755	(13,883)
Depreciation and amortization	20,367	17,917	2,449
Net increase (decrease) in warranty reserve	(1,034)	82	(1,116)
Provision for employees' retirement benefits	2,456	7,303	(4,847)
Interest and dividend income	(1,067)	(1,149)	82
Interest expenses	2,626	3,658	(1,031)
Gains on sales of fixed assets	(9,269)	(3,180)	(6,089)
Losses on sales and disposal of fixed assets	649	1,258	(608)
Gains on sales of investment securities	(1,548)	(1,799)	251
Losses on sales of investment securities	2,041	3,357	(1,316)
Losses on revaluation of investment securities	1,070	47	1,022
Net decrease (increase) in trade notes and accounts receivable	(2,223)	42,718	(44,942)
Net increase in inventories	(20,298)	(4,246)	(16,051)
Net increase (decrease) in trade notes and accounts payable	20,020	(40,806)	60,827
Other, net (operating activities)	6,516	(5,462)	11,979
Sub total	9,180	22,454	(13,274)
Interest and dividends received	1,158	1,119	38
Interest paid	(2,629)	(3,334)	704
Income taxes paid	1,694	(29,710)	31,405
<b>Net cash provided by (used in) operating activities</b>	<b>9,404</b>	<b>(9,470)</b>	<b>18,875</b>
<b>2. Cash flows from investing activities</b>			
Payments for purchases of tangible fixed assets	(19,759)	(28,422)	8,662
Proceeds from sales of tangible fixed assets	9,878	3,517	6,361
Payments for purchases of investment securities	(6,147)	(8,811)	2,664
Proceeds from sales of investment securities	5,973	8,489	(2,516)
Net decrease (increase) in loans receivable	(76)	652	(729)
Other, net (investing activities)	(8,400)	(1,276)	(7,123)
<b>Net cash used in investing activities</b>	<b>(18,532)</b>	<b>(25,851)</b>	<b>7,319</b>
<b>3. Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings	(20,755)	14,814	(35,570)
Increase (decrease) in commercial paper	(32,000)	13,000	(45,000)
Proceeds from long-term debt	78,317	26,155	52,161
Repayments of long-term debt	(16,523)	(25,739)	9,216
Dividends paid	(7)	(2,950)	2,943
Other, net (financing activities)	(383)	(166)	(217)
<b>Net cash provided by financial activities</b>	<b>8,645</b>	<b>25,113</b>	<b>(16,467)</b>
<b>4. Foreign currency translation adjustments on cash and cash equivalents</b>	<b>(680)</b>	<b>580</b>	<b>(1,261)</b>
<b>5. Net decrease in cash and cash equivalents</b>	<b>(1,162)</b>	<b>(9,628)</b>	<b>8,465</b>
<b>6. Cash and cash equivalents, beginning of year</b>	<b>24,614</b>	<b>33,732</b>	<b>(9,118)</b>
<b>7. Cash and cash equivalents of newly consolidated subsidiaries, beginning of year</b>	<b>240</b>	<b>351</b>	<b>(111)</b>
<b>8. Cash and cash equivalents of exclusive consolidated subsidiaries, end of year</b>	<b>-</b>	<b>(0)</b>	<b>0</b>
<b>9. Cash and cash equivalents of merged previously non-consolidated subsidiary</b>	<b>-</b>	<b>158</b>	<b>(158)</b>
<b>10. Cash and cash equivalents, end of year</b>	<b>23,692</b>	<b>24,614</b>	<b>(922)</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 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 first-in, first-out 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.

### **(7)Additional Important Items Related to Basis for Preparing Consolidated Financial Statements**

#### **(Treasury Stock and Elimination of Legal Reserve)**

From the consolidated fiscal year under review, the Company has applied "Corporate Accounting Standards No.1: Accounting Standards Related to Treasury Stock and Elimination of Legal Reserve." The effect of this change on the Company's Statements of Operations would not be material.

An amendment has been made to provisions governing preparation of consolidated financial statements. This amendment is reflected in the Shareholders' Equity section of the Consolidated Balance Sheets, as well as in the Consolidated Statements of Shareholders' Equity.

(Summary for reference only)

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

Amount Unit: 1 Million Yen

	Year ended March 31, 2003						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Eliminations or corporate	Consolidated
1. Net sales							
1)Outside customers	131,126	270,326	48,696	18,809	468,958	—	468,958
2)Intersegment sales/transfer	1,975	1,628	1,175	23,066	27,845	(27,845)	—
Total	133,101	271,955	49,871	41,875	496,804	(27,845)	468,958
Operating expenses	157,697	244,210	48,030	43,134	493,072	(28,300)	464,772
Operating income	(24,595)	27,744	1,841	(1,259)	3,731	454	4,186
2.Assets, depreciation & capital expenditure							
Assets	268,859	134,167	35,542	38,975	477,545	99,366	576,911
Depreciation & amortization	14,661	3,447	823	1,502	20,435	—	20,435
Capital expenditure	12,297	6,404	860	662	20,225	—	20,225

Amount Unit: 1 Million Yen

	Year ended March 31, 2002						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Eliminations or corporate	Consolidated
1. Net sales							
1)Outside customers	194,927	219,575	45,410	23,061	482,975	—	482,975
2)Intersegment sales/transfer	4,063	2,001	1,231	25,114	32,410	(32,410)	—
Total	198,991	221,577	46,641	48,175	515,385	(32,410)	482,975
Operating expenses	195,357	205,443	46,173	46,598	493,573	(32,836)	460,736
Operating income	3,634	16,134	467	1,577	21,812	426	22,239
2.Assets, depreciation & capital expenditure							
Assets	282,209	108,203	34,800	43,430	468,644	92,631	561,275
Depreciation & amortization	12,693	3,011	726	1,485	17,917	—	17,917
Capital expenditure	23,265	8,385	735	1,158	33,545	—	33,545

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

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

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

Other ----- Binocular and telescope products, Ophthalmic frames, Surveying instruments .etc.

Notes : The effect of the change in the accounting method of service revenue and related cost was to increase (decrease) net sales in the Precision Equipment, Imaging Products, Instruments and Other segments and Eliminations or Corporate for the fiscal year ended March 31, 2002 by 20,419 million yen, 3,796 million yen, 1,095 million yen, 926 million yen, (502) million yen, respectively, and decrease (increase) of operating expenses by the same amount, as compared with the amount calculated by the prior method for the fiscal year ended March 31, 2001.

(Summary for reference only)

**Segment Information****2. Geographic Segments**

Amount Unit: 1 Million Yen

	Year ended March 31, 2003						
	Japan	North America	Europe	Asia	Total	Eliminations or Corporate	Consolidated
1. Net sales							
1)Outside customers	179,721	158,675	100,611	29,949	468,958	—	468,958
2)Intersegment sales/transfer	218,900	1,740	237	15,287	236,166	(236,166)	—
Total	398,621	160,416	100,849	45,237	705,124	(236,166)	468,958
Operating expenses	405,862	154,713	101,270	42,676	704,522	(239,749)	464,772
Operating income	(7,240)	5,703	(420)	2,560	602	3,583	4,186
2. Assets	419,210	78,453	44,450	18,304	560,418	16,493	576,911

Amount Unit: 1 Million Yen

	Year ended March 31, 2002						
	Japan	North America	Europe	Asia	Total	Eliminations or Corporate	Consolidated
1. Net sales							
1)Outside customers	173,601	203,817	83,252	22,304	482,975	—	482,975
2)Intersegment sales/transfer	200,860	1,994	146	17,630	220,631	(220,631)	—
Total	374,461	205,812	83,398	39,934	703,606	(220,631)	482,975
Operating expenses	368,751	198,918	81,127	36,984	685,781	(225,045)	460,736
Operating income	5,709	6,893	2,271	2,949	17,824	4,414	22,239
2. Assets	404,958	80,167	32,138	16,272	533,537	27,738	561,275

North America : U.S.A., Canada

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

Asia : South Korea, Taiwan, Thailand, etc.

Notes : The effect of the change in the accounting method of service revenue and related cost was to increase (decrease) net sales in the segment of Japan, North America, Europe and Asia and Eliminations or Corporate for the fiscal year ended March 31, 2002 by 16,790 million yen, 8,437 million yen, 3,084 million yen, 5,189 million yen, (7,766) million yen, respectively, and decrease (increase) of operating expenses by the same amount, as compared with the amounts calculated by the prior method for the fiscal year ended March 31, 2001.

(Summary for reference only)

**Segment Information****3. Export sales**

Amount Unit: 1 Million Yen

	Year ended March 31, 2003				
	North America	Europe	Asia	Other	Total
Export sales(A)	157,163	100,577	76,864	12,849	347,454
Net sales(B)					468,958
(A)/(B)	33.5%	21.4%	16.4%	2.7%	74.0%

Amount Unit: 1 Million Yen

	Year ended March 31, 2002				
	North America	Europe	Asia	Other	Total
Export sales(A)	202,242	81,815	65,172	5,239	354,470
Net sales(B)					482,975
(A)/(B)	41.9%	16.9%	13.5%	1.1%	73.4%

North America : U.S.A., Canada

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

Asia : South Korea, Taiwan, Singapore, etc.

Other : South &amp; Central America, Oceania, Africa, etc.

Note: The effect of the change in the accounting method of service revenue and related cost was to increase net sales North America, Europe, Asia and Other Area for the fiscal year ended March 31, 2002 by 8,310 million yen, 2,874 million yen, 2,961 million yen and 34 million yen, respectively, as compared with the amounts calculated by prior method for the year ended March 31, 2001.

**Marketable Securities (Consolidated)****1.Fair Value of Available-for-sale securities**

Amount Unit: 1 Million Yen

	As of March 31, 2003			As of March 31, 2002		
	Cost	Fair Value	Net unrealized gains	Cost	Fair Value	Net unrealized gains
1)Equity securities	39,291	33,367	(5,923)	39,112	40,973	1,860
2)Debt securities	49	49	—	47	47	—
Total	39,340	33,416	(5,923)	39,160	41,021	1,860

**2.Available-for-sale securities sold in the year ended March 31, 2003 and 2002**

Amount Unit: 1 Million Yen

Year ended March 31, 2003			Year ended March 31, 2002		
Proceeds from sale	Gross realized gain on sale	Gross realized loss on sale	Proceeds from sale	Gross realized gain on sale	Gross realized loss on sale
5,890	1,548	2,041	8,420	1,799	3,357

**3.Available-for-sale securities whose fair value is not readily determinable**

Amount Unit: 1 Million Yen

	As of March 31, 2003		As of March 31, 2002	
	Carrying Amount		Carrying Amount	
Available-for-sale securities Equity securities	4,116		4,329	
Total	4,116		4,329	

**4.The Carrying values of debt securities by contractual maturities for securities classified as Available-for-sale and held-to-maturity**

Amount Unit: 1 Million Yen

	As of March 31, 2003		As of March 31, 2002	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
Bonds National and local government bonds	0	3	0	4
Total	0	3	0	4

## Derivatives (Consolidated)

### 1. Currency Contracts

Amount Unit : 1mill Yen

	As of March 31, 2003				As of March 31, 2002			
	Contract or Notional amount		Fair Value	Net unrealized gain (loss)	Contract or Notional amount		Fair Value	Net unrealized gain (loss)
		Non-current				Non-current		
Forward exchange contracts								
Selling positions								
YEN	7,375	—	7,429	(53)	4,023	—	3,985	38
USD	6,779	—	6,818	(39)	4,901	—	4,939	(37)
EUR	19,974	—	20,342	(367)	5,818	—	5,874	(56)
Buying positions								
YEN	11,247	—	11,490	242	4,952	—	4,425	(527)
USD	548	—	540	(7)	331	—	333	2
EUR	1,674	—	1,671	(3)	2,300	—	2,328	28
GBP		—			188	—	188	(0)
Total	—	—	—	(229)	—	—	—	(553)

### 2. Interest Rate Swap Agreements

Amount Unit : 1mill Yen

	As of March 31, 2003				As of March 31, 2002			
	Contract or Notional amount		Fair Value	Net unrealized gain(loss)	Contract or Notional amount		Fair Value	Net unrealized gain(loss)
		Non-current				Non-current		
Interest swap agreements	30,000	30,000	89	89	50,000	30,000	32	32

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



**Year ended March 31, 2003 Financial Results (Non-Consolidated)**

**Company name:** NIKON CORPORATION

**Code number:** 7731

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

**Contact:** Toshiyuki Masai, General Manager, Corporate Communications Department

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

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

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

**Date of the Board Meeting for the Year ended March 31, 2003:** May 12, 2003

**Date of the General Meeting of Shareholders:** June 27, 2003

**1. Results of Year ended March 31, 2003 (From April 1, 2002 to March 31, 2003)**

(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(Loss)	Change	Ordinary Income(Loss)	Change
Year ended March 31, 2003	¥342,626	5.4%	¥(9,826)	-	¥(12,564)	-
Year ended March 31, 2002	¥325,222	(16.9)%	¥891	(97.9)%	¥390	(98.8)%

	Net Income(Loss)	Change	Net Income(Loss) per share of Common Stock	Ratio of Net Income(Loss) to Shareholders' Equity	Ratio of Ordinary Income(Loss) to Total Assets	Ratio of Ordinary Income(Loss) to Net Sales
Year ended March 31, 2003	¥(9,706)	-	¥(26.26)	(6.7)%	(2.7)%	(3.7)%
Year ended March 31, 2002	¥(5,302)	-	¥(14.34)	(3.4)%	0.1%	0.1%

(Note) 1. Average number of Shares outstanding: Year ended March 31, 2003 :369,650,771 Shares  
 Year ended March 31, 2002 :369,833,275 Shares

2. Change in accounting method: N/A

3. Percent Increase(Decrease): Year ended March 31, 2003/Year ended March 31, 2002

**(2) Cash Dividends**

	Cash Dividends per Share of Common Stock for the year			Total Cash Dividends	Payment Ratio	Ratio of Cash Dividends to Shareholders' Equity
	Interim Cash Dividends per Share of Common Stock (Yen)	Year-end Cash Dividends per Share of Common Stock (Yen)				
Year ended March 31, 2003	¥0.00	¥0.00	¥0.00	-	-	-
Year ended March 31, 2002	¥4.00	¥4.00	¥0.00	¥1,479	-	1.0%

**(3) Financial Position**

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock (Yen)
Year ended March 31, 2003	¥471,148	¥136,873	29.1 %	¥370.53
Year ended March 31, 2002	¥453,557	¥151,535	33.4 %	¥409.77

(Note) 1. Number of Shares outstanding as of March 31, 2003 : 369,395,251 shares

as of March 31, 2002 : 369,805,363 shares

2. Number of Shares outstanding held as Treasury stock : As of March 31, 2003 : 550,081 Shares

As of March 31, 2002 : 139,969 Shares

**2. Forecast for Year ended March 31, 2004 (From April 1, 2003 to March 31, 2004)**

Amount Unit : 1 Million Yen

	Net Sales	Ordinary Income(Loss)	Net Income(Loss)	Cash Dividends per Share of Common Stock for the year		
				Interim Cash Dividends per Share of Common Stock (Yen)	Year-end Cash Dividends per Share of Common Stock (Yen)	
First Half ended September 30, 2003	¥173,000	¥(4,000)	¥(2,000)	¥0.00	-	-
Year ended March 31, 2004	¥415,000	¥5,000	¥3,000	-	¥4.00	¥4.00

Ref. Expected Net Income per Share of Common Stock for year ended March 31, 2004: 8.12 Yen

Non-Consolidated Balance Sheets

(Amount Unit : 1million Yen)

	As of March 31, 2003		As of March 31, 2002		Increase (Decrease)
		%		%	
[ Assets ]					
1. Current Assets					
Cash and time deposits	7,305		8,726		(1,420)
Notes receivable	27,528		30,172		(2,644)
Accounts receivable	86,686		68,317		18,369
Finished goods	53,585		45,963		7,622
Semi-finished products	523		1,201		(677)
Raw materials	39		71		(32)
Work in process	82,831		91,420		(8,589)
Supplies	3,035		3,057		(21)
Deferred income taxes	14,851		10,517		4,334
Short-term loans receivable to subsidiaries and associated companies	23,731		17,462		6,269
Other receivables	3,720		7,929		(4,209)
Other current assets	1,400		1,107		292
Allowance for doubtful receivables	(509)		(1,715)		1,205
<b>Total current assets</b>	<b>304,731</b>	<b>64.7</b>	<b>284,231</b>	<b>62.7</b>	<b>20,500</b>
2. Fixed Assets					
Tangible fixed assets	73,010	15.5	74,899	16.5	(1,889)
Buildings	23,003		21,447		1,556
Structures	1,265		1,157		108
Machinery and equipment	26,035		24,685		1,350
Automotive equipment	68		86		(17)
Tools, furniture and fixtures	7,119		6,752		366
Land	10,235		10,290		(54)
Construction in progress	5,281		10,481		(5,199)
Intangible fixed assets	6,304	1.3	5,786	1.3	518
Patent rights	2,511		1,930		581
Leasehold	4		37		(33)
Trademark	130		148		(17)
Software	3,504		3,510		(5)
Rights to use public facilities and other assets	153		159		(6)
Investments and other assets	87,101	18.5	88,640	19.5	(1,538)
Investment securities	37,327		45,092		(7,765)
Investments in subsidiaries and associated companies	22,646		23,565		(918)
Capital contributions	1,007		6		1,000
Capital contributions to subsidiaries and associated companies	4,143		2,639		1,504
Long-term loans receivable to employees	76		102		(26)
Long-term loans receivable to subsidiaries and associated companies	5		695		(690)
Long-term prepaid expenses	502		450		51
Deferred income taxes	17,607		12,679		4,928
Lease deposits and other assets	3,904		3,797		107
Allowance for doubtful receivables	(117)		(387)		269
<b>Total fixed assets</b>	<b>166,417</b>	<b>35.3</b>	<b>169,326</b>	<b>37.3</b>	<b>(2,909)</b>
<b>Total assets</b>	<b>471,148</b>	<b>100.0</b>	<b>453,557</b>	<b>100.0</b>	<b>17,590</b>

Non-Consolidated Balance Sheets

(Amount Unit : 1million Yen)

	As of March 31, 2003		As of March 31, 2002		Increase (Decrease)
		%		%	
[ Liabilities ]					
1. Current Liabilities					
Notes payable	468		707		(238)
Accounts payable	76,456		59,471		16,984
Short-term bank loans	39,150		57,350		(18,200)
Current portion of long-term debt	376		3,614		(3,238)
Commercial papers	13,000		45,000		(32,000)
Current portion of bonds	20,000		10,000		10,000
Accounts payable for construction	5,528		8,615		(3,086)
Other accrued expenses	12,057		11,868		189
Accrued income taxes	42		24		18
Advances received	1,171		3,645		(2,474)
Deposits received	9,048		5,412		3,635
Provision for warranty	1,639		1,503		135
Notes payable for construction	86		151		(64)
Other current liabilities	458		303		154
Total current liabilities	179,484	38.1	207,668	45.8	(28,184)
2. Long-term Liabilities					
Bonds	131,000		75,000		56,000
Long-term loans	6,046		4,022		2,023
Liability for severance indemnities	16,972		14,650		2,322
Other long-term liabilities	771		680		90
Total long-term liabilities	154,790	32.8	94,353	20.8	60,436
Total liabilities	334,274	70.9	302,022	66.6	32,252
[ Shareholders' Equity ]					
1. Common stock					
	36,660	7.8	36,660	8.1	-
2. Capital surplus					
Additional paid in capital	51,924	11.0	51,924	11.4	-
3. Retained earnings					
Legal reserve	5,565		5,565		-
Revenue reserve	54,097		52,882		1,214
Reserve for research and development	2,056		2,056		-
Reserve for retirement benefits	669		669		-
Reserve for special depreciation	11		15		(3)
Reserve for deferred capital gain for replacement of property	4,698		3,408		1,289
Reserve for advanced depreciation of fixed assets	1,451		1,522		(70)
General reserve	45,211		45,211		-
Unappropriated retained earnings (Loss) at end	(7,292)		3,628		(10,921)
4. Unrealized gains on securities					
	(3,537)	(0.7)	1,036	0.2	(4,573)
5. Treasury stock					
	(544)	(0.1)	(163)	(0.0)	(381)
Total shareholders' equity	136,873	29.1	151,535	33.4	(14,661)
Total Liabilities and Shareholders' Equity	471,148	100.0	453,557	100.0	17,590

Non-Consolidated Statements of operations

(Amount Unit : 1million Yen)

	Year ended March 31, 2003		Year ended March 31, 2002		Increase (Decrease)
		%		%	
1. Operating revenues					
Net sales	342,626	100.0	325,222	100.0	17,403
2. Operating cost and expenses					
Cost of sales	282,015	82.3	255,892	78.7	26,122
Selling, general and administrative expenses	70,437	20.6	68,439	21.0	1,998
3. Operating income (Loss)	(9,826)	(2.9)	891	0.3	(10,717)
4. Non-operating income	9,886	2.9	11,420	3.5	(1,534)
Interest income	121		100		20
Dividend income	4,797		5,804		(1,006)
Rental income from fixed assets	1,084		1,065		19
Foreign exchange gain	486		1,918		(1,432)
Royalties of industrial right	1,389		974		415
Other income	2,007		1,557		449
5. Non-operating expenses	12,624	3.7	11,921	3.7	703
Interest expenses	297		332		(34)
Interest expenses on bonds	1,788		2,230		(442)
Write-down of inventories	4,476		6,393		(1,917)
Loss on disposals of inventories	2,000		1,646		354
Rental expenses on fixed assets	979		826		153
Bond issue expense	1,352		90		1,262
Other expenses	1,730		401		1,328
6. Ordinary income (Loss)	(12,564)	(3.7)	390	0.1	(12,955)
7. Special gains	10,786	3.1	4,931	1.5	5,855
Gains on sales of fixed assets	9,251		3,140		6,110
Gains on sales of investment securities	1,535		1,790		(255)
8. Special losses	12,847	3.7	14,854	4.5	(2,006)
Losses on disposal of fixed assets	307		613		(306)
Losses on sales of fixed assets	11		84		(73)
Losses on sales of investment securities	2,036		3,357		(1,320)
Losses on devaluation of investment securities	626		41		585
Losses on devaluation of investments in subsidiaries and associated companies	918		-		918
Provision for liability for severance indemnities	-		9,053		(9,053)
Provision for losses on doubtful receivables	53		9		43
Provision for losses on doubtful loans receivable to subsidiaries and associated companies	193		1,689		(1,496)
Losses on devaluation of the golf club membership	14		5		9
Additional retirement benefits paid to employees	8,685		-		8,685
9. Income (Loss) before income taxes	(14,625)	(4.3)	(9,532)	(2.9)	(5,093)
10. Income taxes-current	1,195	0.3	310	0.1	885
11. Income taxes-deferred	(6,114)	(1.8)	(4,540)	(1.4)	(1,574)
12. Net income (Loss)	(9,706)	(2.8)	(5,302)	(1.6)	(4,404)
13. Retained earnings brought forward	2,413		10,410		(7,996)
14. Interim dividends paid	-		1,479		(1,479)
15. Unappropriated retained earnings (Loss) at end	(7,292)		3,628		(10,921)

Non-Consolidated Statements of Retained Earnings  
(Proposed)

(Amount Unit : 1million Yen)

	Year ended March 31, 2003	Year ended March 31, 2002	Increase (Decrease)
1. Unappropriated retained earnings (Loss) at year end	(7,292)	3,628	(10,921)
2. Reversal of reserves :			
Reversal of reserve for special depreciation	3	3	(0)
Reversal of reserve for deferred capital gain for replacement of property	820	232	588
Reversal of reserve for advanced depreciation of fixed assets	1,451	1,522	(70)
Reversal of reserve for general reserve	15,000	-	15,000
Total	9,983	5,387	4,596
3. Appropriation of retained earnings :			
Transfer to reserve for deferred capital gain for replacement of property	4,534	1,522	3,012
Transfer to reserve for advanced depreciation of fixed assets	979	1,451	(472)
Total	5,513	2,973	2,540
4. Retained earnings carried forward	4,469	2,413	2,055

Sales Performance (Non-Consolidated)

(Amount Unit : 1million Yen)

Segment	Year ended March 31, 2003		Year ended March 31, 2002		Ratio to the previous period
	Amount	%	Amount	%	%
Precision Equipment	103,667	30.3	139,619	42.9	74.2
Imaging Products	210,227	61.4	149,903	46.1	140.2
Instruments	23,814	6.9	26,039	8.0	91.5
Other	4,916	1.4	9,660	3.0	50.9
Total	342,626	100.0	325,222	100.0	105.4
Domestic	87,922	25.7	98,633	30.3	89.1
Export	254,703	74.3	226,589	69.7	112.4