



MAY 10, 2012

Consolidated Financial Results of the year ended March 31, 2012 (Japanese Standards)

Company name: NIKON CORPORATION

Code number: 7731; Stock listings: Tokyo Stock Exchange

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

Representative: Makoto Kimura, Representative Director and President

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

TEL: +81-3-3216-1032

Date for the annual shareholders' meeting: June 28, 2012

Date for the filing of the consolidated financial statements: June 28, 2012

Date of year-end dividend payout: June 29, 2012

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, 2012 (From April 1, 2011 to March 31, 2012)

(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, 2012 | 918,651 | 3.5 | 80,080 | 48.2 | 89,383 | 60.2 | 59,305 | 117.1 |
| Year ended March 31, 2011 | 887,512 | 13.0 | 54,052 | - | 55,811 | - | 27,312 | - |

(Note) Comprehensive Income: Year ended March, 2012; 55,748 million yen (174.3%)

Year ended March, 2011; 20,323 million yen (-%)

| | 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, 2012 | 149.57 | 149.41 | 14.4 | 10.6 | 8.7 |
| Year ended March 31, 2011 | 68.90 | 68.83 | 7.2 | 7.1 | 6.1 |

(Reference) Equity in Earning of non-consolidated subsidiaries and affiliates: Year ended March, 2012; 1,535 million yen

Year ended March, 2011; 1,231 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, 2012 | 860,230 | 433,616 | 50.3 | 1,091.98 |
| Year ended March 31, 2011 | 829,909 | 389,220 | 46.8 | 980.62 |

(Reference) Equity: Year ended March 31, 2012: 433,011 million yen

Year ended March 31, 2011: 388,793 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, 2012 | 15,073 | (49,144) | (15,150) | 131,711 |
| Year ended March 31, 2011 | 123,613 | (23,589) | (20,122) | 181,061 |

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, 2011 | - | 5.00 | - | 14.00 | 19.00 |
| Year ended March 31, 2012 | - | 17.00 | - | 21.00 | 38.00 |
| Year ending March 31, 2013 (Forecast) | | 19.00 | | 22.00 | 41.00 |

| | Total Annual Cash Dividend Paid | Dividend Payout Ratio (Consolidated) | Dividend Payout to Net Assets Ratio (Consolidated) |
|---------------------------------------|---------------------------------|--------------------------------------|--|
| | Million yen | % | % |
| Year ended March 31, 2011 | 7,532 | 27.6 | 2.0 |
| Year ended March 31, 2012 | 15,067 | 25.4 | 3.7 |
| Year ending March 31, 2013 (Forecast) | | 25.0 | |

3. Consolidated Financial Forecasts for the year ending March 31, 2013 (From April 1, 2012 to March 31, 2013)
(Percentage represents comparison to previous fiscal year)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | | Net Income per Share of Common Stock |
|--|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|--------------------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Second quarter ending September 30, 2012 | 485,000 | (0.3) | 35,000 | (42.8) | 38,000 | (41.7) | 29,000 | (42.5) | 73.14 |
| Full year | 1,030,000 | 12.1 | 90,000 | 12.4 | 94,000 | 5.2 | 65,000 | 9.6 | 163.93 |

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, 2012 | 400,878,921 shares |
| Year ended March 31, 2011 | 400,878,921 shares |
2. Number of treasury stock as of the term end:

| | |
|---------------------------|------------------|
| Year ended March 31, 2012 | 4,342,128 shares |
| Year ended March 31, 2011 | 4,401,391 shares |
3. Average number of shares during the term:

| | |
|---------------------------|--------------------|
| Year ended March 31, 2012 | 396,502,223 shares |
| Year ended March 31, 2011 | 396,434,820 shares |

[Reference]

1. Non-consolidated Results of the year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

(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, 2012 | 688,781 | 1.6 | 33,712 | 119.1 | 48,575 | 92.0 | 29,318 | 127.6 |
| Year ended March 31, 2011 | 677,661 | 18.3 | 15,390 | - | 25,303 | - | 12,879 | - |

| | Net Income per Share of Common Stock | Net Income per Share of Common Stock after Dilution |
|---------------------------|--------------------------------------|---|
| | Yen | Yen |
| Year ended March 31, 2012 | 73.94 | 73.86 |
| Year ended March 31, 2011 | 32.49 | 32.46 |

(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, 2012 | 662,603 | 305,995 | 46.1 | 770.14 |
| Year ended March 31, 2011 | 655,760 | 291,018 | 44.3 | 732.93 |

(Reference) Equity: Year ended March 31, 2012: 305,390 million yen
Year ended March 31, 2011: 290,591 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.

Contents

| | |
|--|----|
| 1. Operating Results | 5 |
| (1) Analysis of operating results | 5 |
| (2) Analysis of financial position | 7 |
| (3) Shareholder returns policy and dividends | 7 |
| (4) Business and Other Risks | 8 |
| 2. Status of Nikon Group | 11 |
| 3. Management Policies | 12 |
| (1) Company's Basic Management Policies | 12 |
| (2) Targeted management indices | 12 |
| (3) Medium and long-term management strategies and issues to be addressed | 12 |
| 4. Consolidated Financial Statements | 13 |
| (1) Consolidated Balance Sheets | 13 |
| (2) Consolidated Statements of Income and Statements of Comprehensive Income | 15 |
| (3) Consolidated Statements of Changes in Net Assets | 17 |
| (4) Consolidated Statement of Cash Flows | 19 |
| (5) Note on assumptions for going concern | 20 |
| (6) Basis of Presenting Consolidated Financial Statements | 20 |
| (7) Changes in Basis of Presenting Consolidated Financial Statements | 20 |
| (8) Notes to Consolidated Financial Statements | 21 |
| 1) Consolidated Statements of Income | 21 |
| 2) Segment Information | 22 |
| 3) Per-Share Information | 25 |
| 5) Significant subsequent events | 25 |
| 5. Non-Consolidated Financial Statements | 26 |
| (1) Non-Consolidated Balance Sheets | 26 |
| (2) Non-Consolidated Statements of Income | 28 |
| (3) Non-Consolidated Statements of Changes in Net Assets | 29 |

1. Operating Results

1. Analysis of operating results

(1) Overview of the fiscal year ended March 31, 2012

During the consolidated fiscal year ended March 31, 2012, capital investment by manufacturers remained strong in both semiconductor-related and liquid crystal panel-related markets of the Precision Equipment Business. In the Imaging Products Business, although the interchangeable lens type digital camera market expanded in all regions outside Japan, floods in Thailand in the second half of the fiscal year caused a slowdown in product supply for some manufacturers including the Group, and the compact digital camera market shrank in all regions except Asia. Furthermore, in the Instruments Business, the bioscience-related market faced a challenging environment, while industrial instruments-related markets remained on a par with the previous fiscal year.

Under these circumstances, the Group worked to quickly restart and reinforce its supply chain after the Great East Japan Earthquake, and was able to restore product supply during the first half of the fiscal year while also implementing reductions in electric power use. In addition, despite the floods in Thailand that led to submersion at Nikon (Thailand) Co., Ltd. and forced suspension of operations in October of last year, operations resumed in January of this year, approximately one month after water drainage was completed. By the end of March, with the cooperation of partner factories, the Group succeeded in returning its production volume to the normal level.

Furthermore, as the Group is striving to improve its corporate structure for main businesses through such efforts as shortening manufacturing lead times and cutting costs as well as devoting efforts to the creation of new businesses while working to generate markets through new products, cultivating markets in emerging countries, launching products that accurately meet market needs, and increasing the speed and strengthening the coordination of its business processes.

As a result of the foregoing, net sales for the consolidated fiscal year increased by 31,138 million yen (3.5%) year on year to 918,651 million yen, operating income climbed by 26,027 million yen (48.2%) year on year to 80,080 million yen, ordinary income was up 33,571 million yen (60.2%) year on year to 89,383 million yen, resulting in net income of 59,305 million yen, an increase of 31,993 million yen (117.1%) year on year.

Performance by business segment is as follows.

1) Precision Equipment Business

Of the markets related to the business, both semiconductor-related and liquid crystal panel-related markets saw ongoing strong capital investment made by manufacturers.

Amid this situation, the Group strove to expand sales in the IC steppers and scanners field, focusing on the NSR-S620D ArF immersion scanner compatible with double patterning. Shipments also commenced for the new product NSR-S621D which has even greater precision and productivity.

In the LCD steppers and scanners field, sales were steady for devices used for mid-to-small size high definition displays optimal for mass production of smart-phone/tablet terminals, etc. The Group also focused its efforts on the development of new products, and began shipments of products including the FX-66S with a multi-lens system that offers improved productivity and resolution.

In addition, the Group made continuous efforts across the business as a whole to improve the profit structure, including shortening of manufacturing periods and cutting costs.

As a result of the foregoing, net sales increased by 18.9% from the previous fiscal year to 248,145 million yen, with operating income posted at 42,723 million yen.

2) Imaging Products Business

Of the markets related to the business, the interchangeable lens type digital camera market shrank in Japan, partly due to the effect of the earthquake, but the market expanded in the United States, Europe, and Asia. Meanwhile, the compact digital camera market shrank in all regions except Asia.

Amid this situation, the sales volume of interchangeable lens type digital cameras exceeded the level of the previous fiscal year thanks to positive results in the first half of the fiscal year, offsetting lower production levels of digital single-lens reflex (SLR) cameras in the wake of Thai floods in the latter half, in addition to robust performance of the Nikon 1 series launched in October of last year. In addition, the next-generation flagship camera D4 and the D800 with its overwhelmingly high definition and advanced image quality were launched to great acclaim in March of this year.

Amid a shrinking compact digital camera market, the Group achieved record high sales volume exceeding previous years by a wide margin and winning top share of the European market for the fiscal year, as a result of strong performance by the P/S series including the high performance model COOLPIX P7100, slim model COOLPIX S6200 and COOLPIX S3100.

Sales of interchangeable lenses grew steadily, and the cumulative production of NIKKOR lenses reached 65 million units in October of last year.

Moreover, the Group pressed ahead with the cultivation of markets in emerging countries, establishing the sales subsidiary Nikon Middle East FZE in Dubai, United Arab Emirates, to strengthen the sales and service system in the Middle East, Africa, and West and South Asia.

As a result of the foregoing compounded by effects of a strong yen, net sales decreased by 1.6% from the previous fiscal year to 587,127 million yen, with operating income posted at 53,971 million yen.

3) Instruments Business

Of the markets related to the business, the bioscience-related markets faced a challenging environment due to the effects of deferred government budget implementation in the United States, Europe, and others. In the industrial instruments-related markets, although capital investment related to smart-phone/tablet terminals was robust, the markets were affected by restraint in capital investment related to semiconductors and electronic components.

Under these circumstances, the Group strove to expand sales in the bioscience business by introducing new items that will become core products, such as the ECLIPSE Ni/Ci series of upright biological microscopes that are widely used in research and clinical fields, in addition to system products targeting the cutting-edge research fields.

In the industrial instruments business, the Group worked to expand sales of existing products such as measuring microscopes, as well as focusing its efforts on development and sales of non-contact 3D metrology devices including X-ray devices.

As a result of the foregoing, net sales decreased by 2.5% from the previous fiscal year to 56,000 million yen, while operating loss was 3,166 million yen.

4) Other Businesses

In the customized products business, the Group strived to expand sales of space-related products and solid-state lasers, and saw significant growth in sales. In the Glass Business, the Group made efforts to expand sales of LCD photomask substrates and optical components.

As a result of the foregoing, net sales of these businesses increased by 11.7% from the previous fiscal year to 27,379 million yen, with operating income reaching 4,180 million yen.

(2) Forecast for the fiscal year ending March 31, 2013

As regards the business segments of the Nikon Group, the Precision Equipment Business is expected to be affected by rapidly constricting capital investment by manufacturers in the semiconductor market and liquid crystal panel market. In the Instruments Business, the outlook for the bioscience market and industrial instruments market is expected to remain uncertain. In the Imaging Products Business, however, the digital camera market is predicted to continue growing.

Under these circumstances, the Nikon Group will endeavor to expand its main businesses and improve profitability through the timely market launch of competitive products that can offer new value, while broadening the scope of the Nikon Brand by cultivating new businesses using Nikon's core technologies in fields such as health and medicine. In addition, the Group will strive to optimize the overall business process by strengthening coordination among the business functions, create a corporate structure capable of dealing with environmental changes with flexibility and a sense of speed, and deploy its business activities globally with constant attention to CSR. Furthermore, the Group will make efforts to further reinforce the risk-management system, while endeavoring to minimize damage in a disaster.

Through these measures, the Nikon Group is committed to continued growth, and continually offering new value.

Current forecast for the fiscal year ending March 31, 2013 is as below.

(From April 1, 2012 to March 31, 2013)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-----------|-------------|------|------------------|------|-----------------|-----|-------------|-----|
| Full year | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| | 1,030,000 | 12.1 | 90,000 | 12.4 | 94,000 | 5.2 | 65,000 | 9.6 |

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

1 US dollar = 80 yen, 1 Euro = 105 yen

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

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

2. Analysis of financial position

Financial position as of March 31, 2012 as compared with the end of the previous fiscal year is as follows.

The balance of current assets as of March 31, 2012 increased by 18,519 million yen to 609,474 million yen (590,954 million yen at the end of the previous fiscal year). This is due mainly to the increase in notes and accounts receivable-trade and inventories.

The balance of noncurrent assets as of March 31, 2012 increased by 11,801 million yen to 250,755 million yen (compared to 238,954 million yen at the end of the previous fiscal year) mainly due to the purchase of substitute equipment due to flood damage in Thailand.

The balance of current liabilities as of March 31, 2012 decreased by 286 million yen to 342,009 million yen (compared to 342,295 million yen at the end of the previous fiscal year) largely due to the decrease in notes and accounts payable-trade in spite of the increase in accounts payable related to the purchase of substitute equipment.

The balance of noncurrent liabilities as of March 31, 2012 decreased by 13,789 million yen to 84,604 million yen (98,393 million yen at the end of the previous fiscal year). This is attributable mainly to a reduction in the provision for retirement benefits as a result of lump-sum pension contributions.

The balance of net assets as of March 31, 2012 increased by 44,396 million yen to 433,616 million yen (389,220 million yen at the end of the previous fiscal year). This is attributable mainly to the posting of 59,305 million yen in net income.

During the year ended March 31, 2012, cash flows from operating activities amounted to 15,073 million yen as a result mainly of the posting of 86,168 million yen in income before income taxes, the increase by 18,681 million yen in notes and accounts receivable-trade and the increase by 27,703 million yen in inventories, and decrease by 15,530 million yen in notes and accounts payable-trade. Cash flows from investing activities resulted in an expenditure of 49,144 million yen mainly as a result of an expenditure of 35,773 million yen for the purchase of property, plant and equipment. Cash flows from financing activities resulted in an expenditure of 15,150 million yen due mainly because of 12,278 million yen in cash dividends paid.

(Reference) Changes in Cash Flow-Related Indices

| | March 31, 2008 | March 31, 2009 | March 31, 2010 | March 31, 2011 | March 31, 2012 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Equity ratio (%) | 47.9 | 50.5 | 50.2 | 46.8 | 50.3 |
| Equity ratio based on market value (%) | 129.2 | 58.5 | 109.2 | 81.9 | 115.8 |
| Cash flow to interest-bearing debt ratio (years) | 0.6 | 11.4 | 1.0 | 0.7 | 5.7 |
| Interest coverage ratio (times) | 80.7 | 8.3 | 89.5 | 128.0 | 14.2 |

(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 x numbers of shares issued (after deducting 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. As regards interest payments, the amount of interest paid as shown in the consolidated cash flow statement is used.

3. Shareholder returns policy and dividends

Nikon's basic dividend policy is to improve the reflection of business performance based on paying a steady, continuous dividend, as well as expanding the investment for the future growth and strengthening of competitiveness. More specifically, its present goal is to provide a total return ratio of 25% or more.

The Group set the year-end dividends at 21 yen per share, an increase of 7 yen from previous fiscal year, due to the increase in both revenue and profit. As a result, cash dividends for the fiscal year ended March 31, 2012 will be 38 yen per share including 17 yen of interim dividend.

As for the dividends of the fiscal year ending March 31, 2013, the Group plans to pay 41 yen per share including 19 yen of interim dividend.

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 believed 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 beliefs as of the date of the preparation hereof.

(1) Unique business environment and circumstances

[Unique environment of main businesses]

The semiconductor industry, which is the main target market for the IC steppers and scanners 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. The demand for LCD steppers and scanners, 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.

The market for digital cameras, which are the leading products of the Imaging Products Business, continues to show a tendency to expand further. While a further increase in the penetration rate is expected and the markets in emerging countries have potential to grow, 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 a sudden surge in demand, natural disasters, 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 LCD steppers and scanners 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 technological advances in 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.

(5) Intensification of price competition

Competition is intensifying with respect to digital cameras, which are the leading products of the Imaging Products Business, with both Japanese and overseas electrical equipment manufacturers entering the market in addition to the traditional camera manufacturers. As the product life cycle is short, particularly in the case of compact digital cameras, all companies have the tendency to try to sell mass-produced products within a short period, with the slowing market growth further spurring price competition.

As for IC steppers and scanners, while the development of cutting-edge technologies is progressing, there is a possibility that competitors will launch an offensive with low-priced steppers and scanners.

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 fluctuation in foreign exchange rates.

(8) 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.

(9) 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.

(10) 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 possibility 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.

(11) 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 Company'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.

(12) 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.

(13) Occurrence of natural disasters, etc.

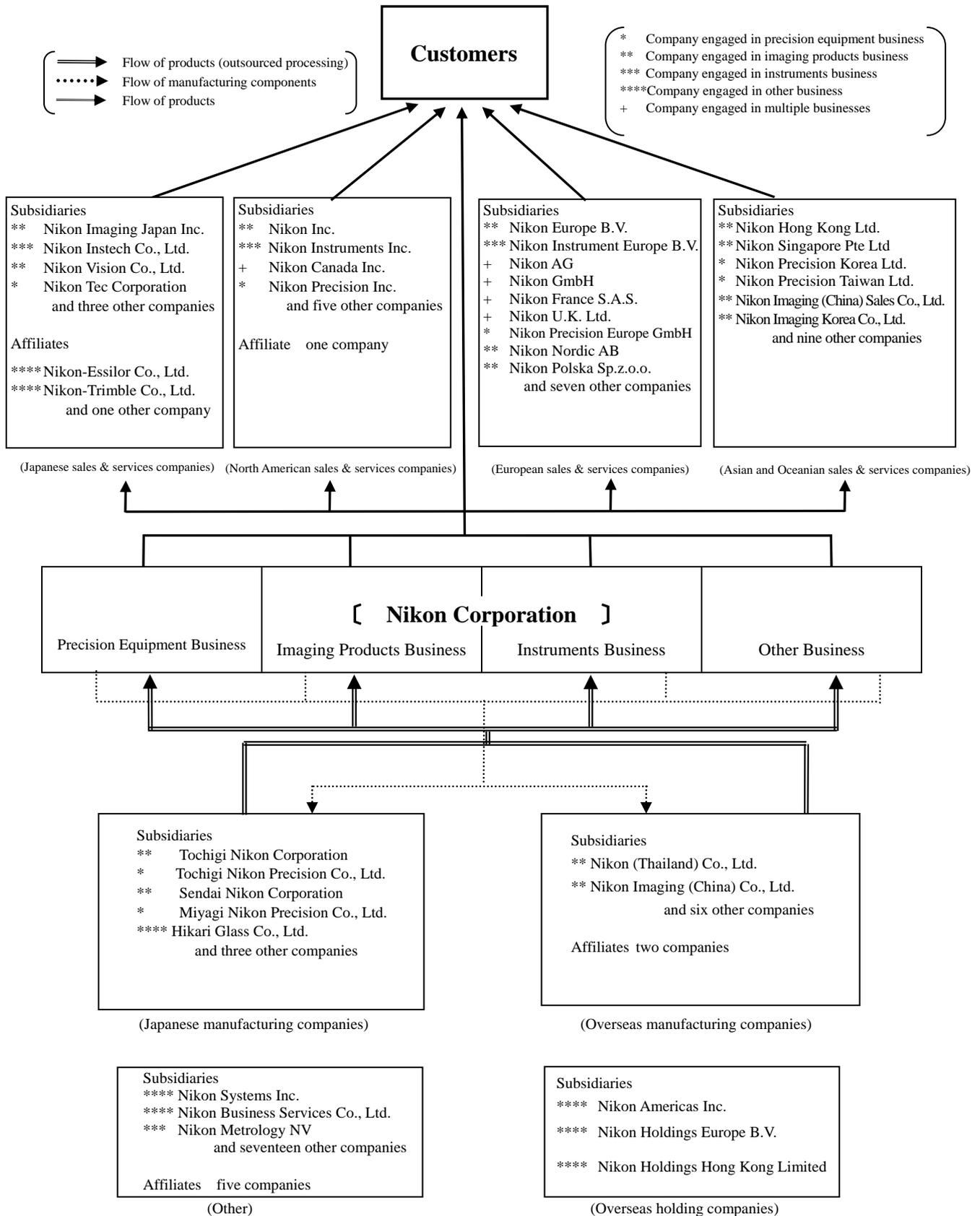
Due attention is being paid to measures relating to such natural disasters as earthquakes, fires and flood, and measures to counter the expansion of such infectious diseases as new strains of influenza, giving priority in particular to the promotion of the business continuity plan (BCP), which was formulated as a part of earthquake countermeasures. However, there is the risk that operations will be suspended and production and shipment will be delayed, should the Group's development or production sites, suppliers or other relevant parties suffer critical 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.

(14) 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 86 subsidiaries, and 11 affiliates. While the principal operations of the Group are manufacturing and sales relating to the precision equipment, imaging product, instruments, and other businesses, it is also engaged in other operations and activities incidental thereto, such as services.



3. Management Policies

(1) Company's Basic Management Policies

The Company's management vision, under the business philosophy of "Trustworthiness and Creativity," is "Our Aspirations."

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 made a unified effort to vigorously progress for the achievement of its goal, as set out in the Medium Term Management Plan announced in June 2010, to realize "the Nikon Group that keeps on providing customers with new values and generates sustainable growth."

A new Medium Term Management Plan is announced in May 2012, with a performance target toward March 31, 2015. Under the plan, we aim to achieve 1,250 billion yen in net sales and 150 billion yen in operating income for the fiscal year ending March 31, 2015.

(3) Medium and long-term management strategies and issues to be addressed

For the Nikon Group to continuously provide new value, its medium- and long-term management will be effected by focusing on the following measures.

- 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 move ahead with advances into new domains, and discover businesses that will be pillars of the Nikon Group within the fiscal years of the plan.
- To recognize the importance of Corporate Social Responsibility (CSR), and contribute to the sustainable development of society.

Furthermore, in light of the Great East Japan Earthquake and Thai flood, the entire Group is making efforts to revise and strengthen the BCP (Business Continuity Plan) to prepare for major earthquakes or other disasters that are anticipated in the future.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2011 | As of March 31, 2012 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 181,077 | 132,404 |
| Notes and accounts receivable-trade | 123,077 | 137,533 |
| Inventories | 236,407 | 263,033 |
| Deferred tax assets | 42,640 | 47,110 |
| Other | 15,118 | 34,061 |
| Allowance for doubtful accounts | (7,365) | (4,667) |
| Total Current Assets | 590,954 | 609,474 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 43,362 | 37,807 |
| Machinery, equipment and vehicles, net | 34,003 | 35,200 |
| Land | 14,777 | 14,609 |
| Lease assets, net | 5,794 | 4,901 |
| Construction in progress | 7,566 | 23,809 |
| Other, net | 13,511 | 14,615 |
| Total property, plant and equipment | 119,016 | 130,943 |
| Intangible assets | | |
| Total intangible assets | 39,473 | 33,085 |
| Investments and other assets | | |
| Investment securities | 56,303 | 55,355 |
| Deferred tax assets | 17,604 | 13,293 |
| Other | 6,817 | 18,284 |
| Allowance for doubtful accounts | (260) | (207) |
| Total investments and other assets | 80,465 | 86,727 |
| Total noncurrent assets | 238,954 | 250,755 |
| Total assets | 829,909 | 860,230 |

(Million yen)

| | As of March 31, 2011 | As of March 31, 2012 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 171,735 | 155,338 |
| Short-term loans payable | 16,732 | 18,350 |
| Lease obligations | 2,422 | 2,163 |
| Accrued expenses | 54,545 | 54,751 |
| Income taxes payable | 2,520 | 15,076 |
| Advances received | 63,626 | 54,214 |
| Provision for product warranties | 7,296 | 7,594 |
| Other | 23,415 | 34,519 |
| Total current liabilities | 342,295 | 342,009 |
| Noncurrent liabilities | | |
| Bonds payable | 40,000 | 40,000 |
| Long-term loans payable | 24,700 | 22,900 |
| Lease obligations | 3,620 | 2,953 |
| Provision for retirement benefits | 14,951 | 3,700 |
| Provision for directors' retirement benefits | 606 | — |
| Asset retirement obligations | 2,324 | 2,365 |
| Other | 12,191 | 12,684 |
| Total noncurrent liabilities | 98,393 | 84,604 |
| Total liabilities | 440,689 | 426,613 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 65,475 | 65,475 |
| Capital surplus | 80,711 | 80,711 |
| Retained earnings | 272,227 | 319,823 |
| Treasury stock | (13,173) | (12,992) |
| Total shareholders' equity | 405,241 | 453,017 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,450 | 3,061 |
| Deferred gains or losses on hedges | (696) | (1,592) |
| Foreign currency translation adjustment | (20,201) | (21,474) |
| Total accumulated other comprehensive income | (16,448) | (20,005) |
| Subscription rights to shares | 427 | 604 |
| Total net assets | 389,220 | 433,616 |
| Total liabilities and net assets | 829,909 | 860,230 |

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

① Consolidated Statements of Income

(Million yen)

| | Year ended March 31, 2011 | Year ended March 31, 2012 |
|--|---------------------------|---------------------------|
| Net sales | 887,512 | 918,651 |
| Cost of sales | 575,535 | 567,000 |
| Gross profit | 311,977 | 351,651 |
| Selling, general and administrative expenses | 257,924 | 271,570 |
| Operating income | 54,052 | 80,080 |
| Non-operating income | | |
| Interest income | 632 | 941 |
| Dividends income | 1,061 | 1,130 |
| Foreign exchange gains | 2,995 | 4,079 |
| Equity in earnings of affiliates | 1,231 | 1,535 |
| Other | 3,939 | 4,230 |
| Total non-operating income | 9,860 | 11,917 |
| Non-operating expenses | | |
| Interest expenses | 945 | 1,037 |
| Other | 7,156 | 1,576 |
| Total non-operating expenses | 8,101 | 2,614 |
| Ordinary income | 55,811 | 89,383 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 91 | 159 |
| Gain on sales of investment securities | 30 | 65 |
| Insurance income | — | 15,920 |
| Total extraordinary income | 121 | 16,144 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 1,000 | 250 |
| Loss on sales of noncurrent assets | 47 | 4 |
| Impairment loss | 397 | 6,502 |
| Loss on sales of investment securities | 82 | 96 |
| Loss on valuation of investment securities | 4,512 | 0 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 1,073 | — |
| Loss on disaster | 2,313 | 12,505 |
| Total extraordinary losses | 9,427 | 19,360 |
| Income before income taxes | 46,505 | 86,168 |
| Income taxes | 19,193 | 26,862 |
| Income before minority interests | 27,312 | 59,305 |
| Net income | 27,312 | 59,305 |

② Consolidated Statements of Comprehensive Income

(Million yen)

| | Year ended March 31, 2011 | Year ended March 31, 2012 |
|--|---------------------------|---------------------------|
| Income before minority interests | 27,312 | 59,305 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,595) | (1,398) |
| Deferred gains or losses on hedges | (666) | (895) |
| Foreign currency translation adjustment | (4,230) | (1,272) |
| Share of other comprehensive income of associates accounted for using equity method | (496) | 9 |
| Total other comprehensive income | (6,989) | (3,557) |
| Comprehensive income | 20,323 | 55,748 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent | 20,323 | 55,748 |

(3) Consolidated Statements of Changes in Net Assets Year ended March 31, 2011

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance of April 1, 2010 | 65,475 | 80,711 | 248,368 | (13,353) | 381,202 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (1,585) | | (1,585) |
| Dividends from surplus (interim dividends) | | | (1,982) | | (1,982) |
| Net income or loss | | | 27,312 | | 27,312 |
| Purchase of treasury stock | | | | (12) | (12) |
| Disposal of treasury stock | | | (115) | 192 | 77 |
| Changes in the number of consolidated subsidiaries | | | 229 | | 229 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | — | 23,858 | 180 | 24,039 |
| Balance of March 31, 2011 | 65,475 | 80,711 | 272,227 | (13,173) | 405,241 |

| | Valuation and translation adjustments | | | | Subscription rights to shares | Total net assets |
|--|---|------------------------------------|--|---|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Total valuation and translation adjustments | | |
| Balance of April 1, 2010 | 6,060 | (30) | (15,489) | (9,459) | 326 | 372,069 |
| Changes of items during the period | | | | | | |
| Dividends from surplus | | | | | | (1,585) |
| Dividends from surplus (interim dividends) | | | | | | (1,982) |
| Net income or loss | | | | | | 27,312 |
| Purchase of treasury stock | | | | | | (12) |
| Disposal of treasury stock | | | | | | 77 |
| Changes in the number of consolidated subsidiaries | | | | | | 229 |
| Net changes of items other than shareholders' equity | (1,610) | (666) | (4,712) | (6,989) | 100 | (6,888) |
| Total changes of items during the period | (1,610) | (666) | (4,712) | (6,989) | 100 | 17,150 |
| Balance of March 31, 2011 | 4,450 | (696) | (20,201) | (16,448) | 427 | 389,220 |

Consolidated Statements of Changes in Net Assets Year ended March 31, 2012

(Million yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance of April 1, 2011 | 65,475 | 80,711 | 272,227 | (13,173) | 405,241 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (5,550) | | (5,550) |
| Dividends from surplus (interim dividends) | | | (6,740) | | (6,740) |
| Net income or loss | | | 59,305 | | 59,305 |
| Purchase of treasury stock | | | | (6) | (6) |
| Disposal of treasury stock | | | (111) | 186 | 75 |
| Changes in the number of consolidated subsidiaries | | | 692 | | 692 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | — | 47,595 | 180 | 47,776 |
| Balance of March 31, 2012 | 65,475 | 80,711 | 319,823 | (12,992) | 453,017 |

| | Valuation and translation adjustments | | | | Subscription rights to shares | Total net assets |
|---|--|---------------------------------------|---|--|-------------------------------------|---------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Total valuation difference on available-for-sale securities | | |
| Balance of April 1, 2011 | 4,450 | (696) | (20,201) | (16,448) | 427 | 389,220 |
| Changes of items during the period | | | | | | |
| Dividends from surplus | | | | | | (5,550) |
| Dividends from surplus (interim dividends) | | | | | | (6,740) |
| Net income or loss | | | | | | 59,305 |
| Purchase of treasury stock | | | | | | (6) |
| Disposal of treasury stock | | | | | | 75 |
| Changes in the number of consolidated subsidiaries | | | | | | 692 |
| Net changes of items other than shareholders' equity | (1,388) | (895) | (1,272) | (3,557) | 177 | (3,379) |
| Total changes of items during the period | (1,388) | (895) | (1,272) | (3,557) | 177 | 44,396 |
| Balance of March 31, 2012 | 3,061 | (1,592) | (21,474) | (20,005) | 604 | 433,616 |

(4) Consolidated Statements of Cash Flows

(Million yen)

| | Year ended March 31, 2011 | Year ended March 31, 2012 |
|--|---------------------------|---------------------------|
| Cash flows from operating activities | | |
| Income before income tax | 46,505 | 86,168 |
| Depreciation and amortization | 34,033 | 32,570 |
| Impairment loss | 399 | 12,127 |
| Increase (decrease) in allowance for doubtful accounts | (602) | (2,424) |
| Increase (decrease) in provision for product warranties | 1,042 | 366 |
| Increase (decrease) in provision for retirement benefits | (2,134) | (11,186) |
| Increase (decrease) in provision for directors' retirement benefits | 3 | (606) |
| Interest and dividends income | (1,694) | (2,072) |
| Equity in (earnings) losses of affiliates | (1,231) | (1,535) |
| Interest expenses | 945 | 1,037 |
| Loss (gain) on sales of noncurrent assets | (43) | (155) |
| Loss on retirement of noncurrent assets | 1,007 | 1,022 |
| Loss (gain) on sales of investment securities | 52 | 30 |
| Loss (gain) on valuation of investment securities | 4,512 | 0 |
| Decrease (increase) in notes and accounts receivable-trade | (14,843) | (18,681) |
| Decrease (increase) in inventories | (34,032) | (27,703) |
| Increase (decrease) in notes and accounts payable-trade | 47,027 | (15,530) |
| Increase (decrease) in advances received | 29,303 | (9,608) |
| Other, net | 23,451 | (16,862) |
| Subtotal | 133,701 | 26,959 |
| Interest and dividends income received | 2,465 | 3,275 |
| Interest expenses paid | (965) | (1,063) |
| Income taxes (paid) refund | (11,587) | (14,098) |
| Net cash provided by (used in) operating activities | 123,613 | 15,073 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (22,885) | (35,773) |
| Proceeds from sales of property, plant and equipment | 722 | 1,303 |
| Purchase of investment securities | (433) | (789) |
| Proceeds from sales of investment securities | 685 | 392 |
| Decrease (increase) in loans receivable | 398 | (1,225) |
| Proceeds from compensation for expropriation | 2,317 | — |
| Other, net | (4,392) | (13,053) |
| Net cash provided by (used in) investing activities | (23,589) | (49,144) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 121 | (1,548) |
| Proceeds from long-term loans payable | 10,000 | 2,900 |
| Repayment of long-term loans payable | (10,530) | (1,760) |
| Proceeds from issuance of bonds | 19,892 | — |
| Redemption of bonds | (32,900) | — |
| Cash dividends paid | (3,573) | (12,278) |
| Other, net | (3,131) | (2,463) |
| Net cash provided by (used in) financing activities | (20,122) | (15,150) |
| Effect of exchange rate change on cash and cash equivalents | (3,741) | (665) |
| Net increase (decrease) in cash and cash equivalents | 76,160 | (49,886) |
| Cash and cash equivalents at beginning of period | 104,669 | 181,061 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 231 | 536 |
| Cash and cash equivalents at end of period | 181,061 | 131,711 |

(5) Note on assumptions for going concern

Not applicable

(6) Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated subsidiaries: 68 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 Hong Kong Ltd., Nikon Inc., Nikon Precision Inc., Nikon Europe B.V. and others.

[Additions: 2 companies]

Nikon Staff Service Corporation, Nikon India Pvt. Ltd.

[Exclusions: 2 companies]

Two subsidiaries of Nikon Metrology NV (Completion of liquidation)

(2) Non-consolidated subsidiaries: 18 companies

Major company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

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, and they are insignificant in general, they are not included in the scope of consolidation.

2. Scope of Equity Method

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

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

(2) Number of Non-consolidated company not accounted for by Equity Method : 18 companies

Major company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

(3) Number of Associated company not accounted for by Equity Method : 9 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, and they are insignificant in general.

(7) Changes in Basis of Presenting Consolidated Financial Statements

Additional Information

(Application of "Accounting Standard for Accounting Changes and Error Corrections," etc.)

The Group applies the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 of December 4, 2009) for accounting changes and corrections of prior period errors which are made from the beginning of the current fiscal year.

Retirement benefits

During the current fiscal year, the sum of 14,600 million yen was contributed to the retirement benefit trust with a view to strengthening the financial soundness of its retirement benefits plan.

(8) Notes to Consolidated Financial Statements

1) Consolidated Statements of Income

1. Principal Items and Amounts under Selling, General and Administrative Expenses

| | Fiscal year ended March 31, 2011 (From April 1 2010 to March 31, 2011) | Fiscal year ended March 31, 2012 (From April 1 2011 to March 31, 2012) |
|----------------------------------|---|---|
| Advertising expenses | 65,824 million yen | 74,388 million yen |
| Provision for doubtful debts | 65 million yen | 34 million yen |
| Provision for product warranties | 4,833 million yen | 2,966 million yen |
| Salary and allowances | 30,597 million yen | 30,478 million yen |
| Retirement benefit expenses | 3,446 million yen | 3,519 million yen |
| Other personnel expenses | 15,923 million yen | 16,583 million yen |
| Research and development | 60,767 million yen | 68,701 million yen |

2. Insurance income

Nikon (Thailand) Co., Ltd., which incurred by flood damage in Thailand in October 2011, posted the settled amount of insurance income in connection with part of the losses of noncurrent assets and inventories affected by the disaster.

3. Impairment loss

The Nikon Group classifies by business segment the smallest units that create generally independent cash flows as well as important idle assets.

For the industrial instruments sector of our Instruments Business, the Group drafted a business plan that factors in lower total cash flow estimates for the initial period forecasted therein due to measures such as a narrowing of our product line following greater business selection and concentration efforts, as well as a revision of market growth rates, in response to changes in market conditions and business climate during the fiscal year under review. Consequently, goodwill relating to this business saw a decrease of book values to recoverable amounts resulting in the posting of a 6,497 million yen impairment loss.

Please note that recoverable amounts were measured based on value in use and future cash flows were discounted by 6.6%.

4. Loss on Disaster

The loss incurred in connection with the flood in Thailand, which took place in October, 2011, was posted as extraordinary loss.

The extraordinary loss mainly includes disposal and impairment loss of fixed assets of 6,790 million yen, disposal and write-down of inventory of 2,117 million yen, and restoration cost and others of 1,578 million yen.

2) Segment Information

1. 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.

The Group introduces company-based organization. Each operating division addresses the creation of consistent responsibility system and thoroughness of decentralized operation. Each Company is composed of segments by products and services based on operating division. Therefore, the Group has three reportable segments: the Precision Equipment Business, the Imaging Products Business and the Instruments Business.

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, like digital SLR cameras, compact digital cameras and interchangeable camera lenses. The instruments business provides products and services of microscopes, measuring instruments and inspection equipments.

2. 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.

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

Fiscal year ended March 31, 2011 (From April 1 2010 to March 31, 2011)

(Million of yen)

| | Business segments reported | | | | Other ¹ | Total | Adjustment ² | Consolidate Statement of income ³ |
|--|----------------------------|------------------|-------------|---------|--------------------|---------|-------------------------|--|
| | Precision Equipment | Imaging Products | Instruments | Total | | | | |
| Sales | | | | | | | | |
| Outside customers | 208,613 | 596,928 | 57,451 | 862,994 | 24,518 | 887,512 | — | 887,512 |
| Inter-segment sales or transfer | 749 | 1,065 | 1,801 | 3,615 | 17,706 | 21,321 | (21,321) | — |
| Total | 209,362 | 597,993 | 59,253 | 866,609 | 42,225 | 908,834 | (21,321) | 887,512 |
| Segment income (loss) | 2,711 | 53,558 | (5,247) | 51,022 | 3,051 | 54,073 | (20) | 54,052 |
| Segment assets | 215,076 | 214,735 | 53,382 | 483,194 | 63,202 | 546,396 | 283,512 | 829,909 |
| Other items | | | | | | | | |
| Depreciation and amortization | 12,524 | 12,465 | 2,045 | 27,035 | 6,998 | 34,033 | — | 34,033 |
| Increase in tangible/intangible fixed assets | 7,596 | 18,101 | 1,599 | 27,298 | 2,478 | 29,776 | — | 29,776 |

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

2. Segment income or loss adjustment includes elimination of intersegment transactions of minus 20 million yen. In addition, segment assets adjustment includes corporate assets not allocated to the respective reportable segments of 294,026 million yen and elimination of intersegment transactions of minus 10,513 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) and deferred tax assets.

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

4. From the three months ended June 30, 2011, the sport optics products business, formerly included in “Other Business,” was transferred to the “Imaging Products Business.” Due to this change, the segment information for the fiscal year ended March 31, 2011 was prepared according to the revised business segment. As a result of revising the business segments, sales to outside customers, intersegment sales or transfer, segment income, segment assets, depreciation and amortization, increase in tangible/intangible fixed assets for the Imaging Products Business increased by 552 million yen, 14 million yen, 1,226 million yen, 655 million yen, 266 million yen, and 150 million yen respectively.

Fiscal year ended March 31, 2012 (From April 1 2011 to March 31, 2012)

(Million of yen)

| | Business segments reported | | | | Other ¹ | Total | Adjustment ² | Consolidated Statement of income ³ |
|--|----------------------------|------------------|-------------|---------|--------------------|---------|-------------------------|---|
| | Precision Equipment | Imaging Products | Instruments | Total | | | | |
| Sales | | | | | | | | |
| Outside customers | 248,145 | 587,127 | 56,000 | 891,272 | 27,379 | 918,651 | — | 918,651 |
| Inter-segment sales or transfer | 855 | 1,350 | 1,637 | 3,843 | 31,575 | 35,419 | (35,419) | — |
| Total | 249,001 | 588,477 | 57,637 | 895,116 | 58,954 | 954,071 | (35,419) | 918,651 |
| Segment income (loss) | 42,723 | 53,971 | (3,166) | 93,529 | 4,180 | 97,709 | (17,629) | 80,080 |
| Segment assets | 200,632 | 251,955 | 49,860 | 502,448 | 109,551 | 612,000 | 248,229 | 860,230 |
| Other items | | | | | | | | |
| Depreciation and amortization | 9,024 | 12,585 | 1,476 | 23,086 | 6,586 | 29,673 | 2,897 | 32,570 |
| Increase in tangible/intangible fixed assets | 7,341 | 33,298 | 1,233 | 41,873 | 9,058 | 50,932 | 4,982 | 55,914 |

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

2. Segment income or loss adjustment includes elimination of intersegment transactions of 664 million yen and corporate expenses of minus 18,294 million yen. From the three months ended June 30, 2011, the Group has revised its method of performance management regarding headquarter division-related expenses; and among such headquarter division-related expenses, research and development expenses and a portion of expenses relating to the provision of services, which had previously been allocated to each segment, have been accounted for as corporate expenses. The impact of this change on segment income has been 6,306 million yen in the Precision Equipment Business, 10,103 million yen in the Imaging Products Business, 1,314 million yen in the Instruments Business, and 570 million yen in Other Business. The net sales of each segment and the net sales and operating income under corporate have not been impacted by this change.

Segment assets adjustment includes corporate assets not allocated to the respective reportable segments of 268,272 million yen and elimination of intersegment transactions of minus 20,043 million yen. The group also revised its method of cooperate assets management with the revision of performance management method regarding headquarter division-related expenses. The impact of this change on segment assets has been minus 13,601 million yen in the Precision Equipment Business, minus 16,261 million yen in the Imaging Products Business, minus 1,073 million yen in the Instruments Business, and 5,436 million yen in Other Business. Impact of this change on depreciation and amortization has been minus 1,515 million yen, minus 3,321 million yen, minus 186 million yen, and 2,125 million yen in the Precision Equipment Business, the Imaging Products Business, the Instruments Business and Other Business, respectively. The impact of this change on increase in tangible/intangible fixed assets has been minus 2,678 million yen in the Precision Equipment Business, minus 8,026 million yen in the Imaging Products Business, minus 577 million yen in the Instruments Business, and 6,351 million yen in Other Business.

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

[Related Information]

Fiscal year ended March 31, 2011 (From April 1 2010 to March 31, 2011)

1. Information by geographical area

(1) Net Sales

(Million yen)

| Japan | USA | Europe | China | Other | Total |
|---------|---------|---------|--------|---------|---------|
| 127,162 | 237,611 | 202,854 | 96,956 | 222,927 | 887,512 |

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

(2) Property, plant and equipment

(Million yen)

| Japan | North America | Europe | Asia/Oceania | Total |
|--------|---------------|--------|--------------|---------|
| 91,084 | 5,053 | 3,619 | 19,258 | 119,016 |

Fiscal year ended March 31, 2012 (From April 1 2011 to March 31, 2012)

1. Information by geographical area

(1) Net Sales

(Million yen)

| Japan | USA | Europe | China | Other | Total |
|---------|---------|---------|---------|---------|---------|
| 130,517 | 221,768 | 225,739 | 126,302 | 214,325 | 918,651 |

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

(2) Property, plant and equipment

(Million yen)

| Japan | North America | Europe | China | Other | Total |
|--------|---------------|--------|--------|--------|---------|
| 95,509 | 5,160 | 3,334 | 13,929 | 13,009 | 130,943 |

[Information for amortization of goodwill and balance of goodwill by business segments reported]

Fiscal year ended March 31, 2011 (From April 1 2010 to March 31, 2011)

(Million yen)

| | | | | | Other | Corporate or Eliminations | Total |
|---|---------------------|------------------|-------------|--------|-------|---------------------------|--------|
| | Precision Equipment | Imaging Products | Instruments | Total | | | |
| Amortization of goodwill for the current fiscal year | - | - | 1,581 | 1,581 | - | - | 1,581 |
| Balance of goodwill at fiscal year ended March 31, 2011 | - | - | 13,235 | 13,235 | - | - | 13,235 |

Fiscal year ended March 31, 2012 (From April 1 2011 to March 31, 2012)

(Million yen)

| | | | | | Other | Corporate or Eliminations | Total |
|---|---------------------|------------------|-------------|-------|-------|---------------------------|-------|
| | Precision Equipment | Imaging Products | Instruments | Total | | | |
| Amortization of goodwill for the current fiscal year | - | - | 1,581 | 1,581 | - | - | 1,581 |
| Impairment loss for the current fiscal year | - | - | 6,497 | 6,497 | - | - | 6,497 |
| Balance of goodwill at fiscal year ended March 31, 2012 | - | - | 5,157 | 5,157 | - | - | 5,157 |

3) Per-Share Information

| Fiscal Year Ended March 2011 (From April 1, 2010 to March 31, 2011) | | Fiscal Year Ended March 2012 (From April 1, 2011 to March 31, 2012) | |
|--|--------|--|----------|
| | (Yen) | | (Yen) |
| Net assets per share | 980.62 | Net assets per share | 1,091.98 |
| Net income per share | 68.90 | Net income per share | 149.57 |
| Net income per share (fully diluted) | 68.83 | Net income per share (fully diluted) | 149.41 |

(Note) The basis for calculating net income per share and fully diluted net income per share is shown below.

| | Fiscal Year Ended March 2011 (From April 1, 2010 to March 31, 2011) | Fiscal Year Ended March 2012 (From April 1, 2011 to March 31, 2012) |
|--|--|--|
| Net income per share | | |
| Net income (loss) (million yen) | 27,312 | 59,305 |
| Amount not belonging to common stockholders (million yen) | - | - |
| Net income (loss) related to common stock (million yen) | 27,312 | 59,305 |
| Average shares outstanding (1,000 shares) | 396,434 | 396,502 |
| Net income per share (fully diluted) | | |
| Increase in common stock (1,000 shares) | 355 | 439 |
| (Subscription rights to shares) (1,000 shares) | (355) | (439) |
| Latent shares not included in fully diluted net income per share calculation due to lack of dilution effect. | 2007 stock options (99 new share subscription rights): 99,000 shares of common stock | 2007 stock options (99 new share subscription rights): 99,000 shares of common stock |

4) Significant subsequent events

Not applicable

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2011 | As of March 31, 2012 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 120,006 | 71,378 |
| Notes receivable-trade | 12,147 | 6,249 |
| Accounts receivable-trade | 73,095 | 89,904 |
| Merchandise and finished goods | 41,662 | 53,204 |
| Work in process | 97,098 | 96,084 |
| Raw materials and supplies | 12,430 | 13,589 |
| Deferred tax assets | 34,222 | 35,628 |
| Short-term loans receivable from subsidiaries and affiliates | 19,231 | 29,145 |
| Accounts receivable-other | 10,925 | 18,093 |
| Other | 1,083 | 2,240 |
| Allowance for doubtful accounts | (240) | (214) |
| Total current assets | 421,662 | 415,305 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings, net | 21,365 | 19,960 |
| Structures, net | 941 | 879 |
| Machinery and equipment, net | 23,263 | 22,383 |
| Vehicles, net | 136 | 140 |
| Tools, furniture and fixtures, net | 6,176 | 5,792 |
| Land | 9,872 | 9,872 |
| Lease assets, net | 4,544 | 3,885 |
| Construction in progress | 5,716 | 13,673 |
| Total property, plant and equipment | 72,016 | 76,588 |
| Intangible assets | | |
| Patent right | 6,461 | 6,680 |
| Leasehold right | 4 | 4 |
| Right of trademark | 27 | 21 |
| Software | 16,742 | 18,162 |
| Lease assets | 2 | 0 |
| Other | 94 | 89 |
| Total intangible assets | 23,332 | 24,958 |
| Investments and other assets | | |
| Investment securities | 46,747 | 44,866 |
| Stocks of subsidiaries and affiliates | 47,468 | 47,583 |
| Investments in capital | 2 | 1 |
| Investments in capital of subsidiaries and affiliates | 13,631 | 14,918 |
| Long-term loans receivable from subsidiaries and affiliates | 10,772 | 11,870 |
| Long-term loans receivable from employees | 14 | 10 |
| Long-term prepaid expenses | 258 | 645 |
| Prepaid pension cost | — | 8,852 |
| Deferred tax assets | 17,141 | 14,307 |
| Other | 2,721 | 2,702 |
| Allowance for doubtful accounts | (9) | (9) |
| Total investments and other assets | 138,748 | 145,751 |
| Total noncurrent assets | 234,097 | 247,298 |
| Total assets | 655,760 | 662,603 |

(Million yen)

| | As of March 31, 2011 | As of March 31, 2012 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable-trade | 1,012 | 917 |
| Accounts payable-trade | 137,536 | 118,506 |
| Short-term loans payable | 13,600 | 13,600 |
| Current portion of long-term loans payable | 1,760 | 4,700 |
| Lease obligations | 1,845 | 1,733 |
| Accounts payable-facilities | 8,719 | 20,803 |
| Accrued expenses | 25,347 | 25,261 |
| Income taxes payable | 530 | 14,977 |
| Advances received | 45,472 | 40,089 |
| Deposits received | 30,938 | 29,926 |
| Provision for product warranties | 3,975 | 3,619 |
| Other | 2,503 | 4,087 |
| Total current liabilities | 273,240 | 278,223 |
| Noncurrent liabilities | | |
| Bonds payable | 40,000 | 40,000 |
| Long-term loans payable | 24,700 | 22,900 |
| Lease obligations | 2,824 | 2,269 |
| Provision for retirement benefits | 10,756 | — |
| Provision for directors' retirement benefits | 606 | — |
| Suspense receipt by land expropriation | 10,490 | 10,490 |
| Asset retirement obligations | 1,399 | 1,423 |
| Other | 724 | 1,301 |
| Total noncurrent liabilities | 91,500 | 78,384 |
| Total liabilities | 364,741 | 356,608 |
| 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 special depreciation | 28 | 22 |
| Reserve for research and development | 2,056 | 2,056 |
| Reserve for reduction entry of replaced property | 5,131 | 5,072 |
| Reserve for reduction entry | — | 18 |
| General reserve | 111,211 | 111,211 |
| Retained earnings brought forward | 29,866 | 46,828 |
| Total retained earnings | 153,858 | 170,774 |
| Treasury stock | (13,173) | (12,992) |
| Total shareholders' equity | 286,872 | 303,969 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 4,446 | 3,047 |
| Deferred gains or losses on hedges | (727) | (1,626) |
| Total valuation and translation adjustments | 3,718 | 1,421 |
| Subscription rights to shares | 427 | 604 |
| Total net assets | 291,018 | 305,995 |
| Total liabilities and net assets | 655,760 | 662,603 |

(2) Non-Consolidated Statements of Income

(Million yen)

| | Year ended March 31,2011 | Year ended March 31,2012 |
|--|--------------------------|--------------------------|
| Net sales | 677,661 | 688,781 |
| Cost of sales | 544,353 | 527,234 |
| Gross profit | 133,307 | 161,547 |
| Selling, general and administrative expenses | 117,917 | 127,835 |
| Operating income | 15,390 | 33,712 |
| Non-operating income | | |
| Interest income | 419 | 525 |
| Dividends income | 7,132 | 8,224 |
| Rent income on noncurrent assets | 2,938 | 2,890 |
| Royalty income | 712 | 615 |
| Foreign exchange gains | 2,928 | 3,942 |
| Other | 1,522 | 2,800 |
| Total non-operating income | 15,653 | 18,999 |
| Non-operating expenses | | |
| Interest expenses | 519 | 474 |
| Interest on bonds | 336 | 538 |
| Rent expenses on noncurrent assets | 3,011 | 2,590 |
| Other | 1,872 | 532 |
| Total non-operating expenses | 5,739 | 4,136 |
| Ordinary income | 25,303 | 48,575 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 26 | 65 |
| Gain on sales of investment securities | 30 | 44 |
| Total extraordinary income | 56 | 109 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 831 | 182 |
| Loss on sales of noncurrent assets | 5 | 0 |
| Impairment loss | 322 | 4 |
| Loss on sales of investment securities | 82 | 95 |
| Loss on valuation of investment securities | 4,512 | — |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 592 | — |
| Loss on disaster | 1,040 | 2,787 |
| Total extraordinary losses | 7,387 | 3,070 |
| Income before income taxes | 17,973 | 45,614 |
| Income taxes-current | (1,310) | 13,815 |
| Income taxes-deferred | 6,404 | 2,481 |
| Total income taxes | 5,094 | 16,296 |
| Net income | 12,879 | 29,318 |

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

Year ended March 31, 2011

(Million yen)

| | Shareholders' equity | | | | | | | | | Total shareholders' equity |
|--|----------------------|-----------------------|-------------------------|----------------------------------|--------------------------------------|--|-----------------|-----------------------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | | Retained earnings | | | | | Treasury stock | |
| | | Legal capital surplus | Legal retained earnings | Reserve for special depreciation | Reserve for research and development | Reserve for reduction entry of replaced property | General reserve | Retained earnings brought forward | | |
| Balance of April 1,2010 | 65,475 | 80,711 | 5,565 | 36 | 2,056 | 5,668 | 111,211 | 20,125 | (13,353) | 277,496 |
| Changes of items during the period | | | | | | | | | | |
| Reversal of reserve for special depreciation | | | | (7) | | | | 7 | | — |
| Reversal of reserve for reduction entry of replaced property | | | | | | (537) | | 537 | | — |
| Dividends from surplus | | | | | | | | (1,585) | | (1,585) |
| Dividends from surplus (Interim dividends) | | | | | | | | (1,982) | | (1,982) |
| Net income | | | | | | | | 12,879 | | 12,879 |
| Purchase of treasury stock | | | | | | | | | (12) | (12) |
| Disposal of treasury stock | | | | | | | | (115) | 192 | 77 |
| Net changes of items other than Shareholders' equity | | | | | | | | | | |
| Total changes of items during the period | — | — | — | (7) | — | (537) | — | 9,740 | 180 | 9,376 |
| Balance of March 31,2011 | 65,475 | 80,711 | 5,565 | 28 | 2,056 | 5,131 | 111,211 | 29,866 | (13,173) | 286,872 |

| | Valuation and translation adjustments | | | Subscription rights to shares | Total net assets |
|--|---|------------------------------------|---|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | | |
| Balance of April 1,2010 | 6,043 | (63) | 5,979 | 326 | 283,802 |
| Changes of items during the period | | | | | |
| Reserve for special depreciation | | | | | — |
| Reversal of reserve for reduction entry of replaced property | | | | | — |
| Dividends from surplus | | | | | (1,585) |
| Dividends from surplus (Interim dividends) | | | | | (1,982) |
| Net income | | | | | 12,879 |
| Purchase of treasury stock | | | | | (12) |
| Disposal of treasury stock | | | | | 77 |
| Net changes of items other than Shareholders' equity | (1,596) | (664) | (2,261) | 100 | (2,160) |
| Total changes of items during the period | (1,596) | (664) | (2,261) | 100 | 7,215 |
| Balance of March 31,2011 | 4,446 | (727) | 3,718 | 427 | 291,018 |

Year ended March 31, 2012

(Million yen)

| | Shareholders' equity | | | | | | | | | | |
|--|----------------------|-----------------------|-------------------------|----------------------------------|--------------------------------------|--|-----------------------------|-----------------|-----------------------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | | Retained earnings | | | | | | Treasury stock | Total shareholders' equity |
| | | Legal capital surplus | Legal retained earnings | Reserve for special depreciation | Reserve for research and development | Reserve for reduction entry of replaced property | Reserve for reduction entry | General reserve | Retained earnings brought forward | | |
| Balance of April 1,2011 | 65,475 | 80,711 | 5,565 | 28 | 2,056 | 5,131 | — | 111,211 | 29,866 | (13,173) | 286,872 |
| Changes of items during the period | | | | | | | | | | | |
| Reversal of reserve for special depreciation | | | | (6) | | | | | 6 | | — |
| Reversal of reserve for reduction entry of replaced property | | | | | | (58) | | | 58 | | — |
| Provision of reserve for reduction entry | | | | | | | 22 | | (22) | | — |
| Reversal of reserve for reduction entry | | | | | | | (3) | | 3 | | — |
| Dividends from surplus | | | | | | | | | (5,550) | | (5,550) |
| Dividends from surplus (Interim dividends) | | | | | | | | | (6,740) | | (6,740) |
| Net income | | | | | | | | | 29,318 | | 29,318 |
| Purchase of treasury stock | | | | | | | | | | (6) | (6) |
| Disposal of treasury stock | | | | | | | | | (111) | 186 | 75 |
| Net changes of items other than Shareholders' equity | | | | | | | | | | | |
| Total changes of items during the period | — | — | — | (6) | — | (58) | 18 | — | 16,962 | 180 | 17,096 |
| Balance of March 31,2012 | 65,475 | 80,711 | 5,565 | 22 | 2,056 | 5,072 | 18 | 111,211 | 46,828 | (12,992) | 303,969 |

| | Valuation and translation adjustments | | | Subscription rights to shares | Total net assets |
|--|---|------------------------------------|---|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | | |
| Balance of April 1,2011 | 4,446 | (727) | 3,718 | 427 | 291,018 |
| Changes of items during the period | | | | | |
| Reserve for special depreciation | | | | | — |
| Reversal of reserve for reduction entry of replaced property | | | | | — |
| Provision of reserve for reduction entry | | | | | — |
| Reversal of reserve for reduction entry | | | | | — |
| Dividends from surplus | | | | | (5,550) |
| Dividends from surplus (Interim dividends) | | | | | (6,740) |
| Net income | | | | | 29,318 |
| Purchase of treasury stock | | | | | (6) |
| Disposal of treasury stock | | | | | 75 |
| Net changes of items other than Shareholders' equity | (1,398) | (898) | (2,297) | 177 | (2,119) |
| Total changes of items during the period | (1,398) | (898) | (2,297) | 177 | 14,977 |
| Balance of March 31,2012 | 3,047 | (1,626) | 1,421 | 604 | 305,995 |