(Translation)

Items Disclosed on Internet Concerning Notice of the 152nd Annual General Shareholders' Meeting

Notes to Consolidated Financial Statements and

Notes to Non-Consolidated Financial Statements

NIKON CORPORATION

Notes to Consolidated Financial Statements

(Significant Basis for Presenting Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries : 84 companies

Company name : 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) Sales Co., Ltd., Nikon Inc., Nikon Precision Inc., Nikon Europe B.V., and others

Number of newly consolidated subsidiaries : 10 companies

Company name : Optos Plc, Nikon CeLL innovation Co., Ltd., and others

Optos Plc and eight other companies have been included in the scope of consolidation due to the acquisition of shares. Nikon CeLL innovation Co., Ltd. has been newly established and included in the scope of consolidation.

Number of subsidiaries excluded from the scope of consolidation : 1 company

(2) Number of non-consolidated subsidiaries : 8 companies

Company name : Jigtec Corporation, and others

Since these companies are small in scale, their total assets, net sales, profit or loss (the interest share of NIKON CORPORATION (the "Company")), and retained earnings (the Company's interest share) and others do not have significant effects on the consolidated financial statements.

2. Scope of Equity Method

(1) Number of associated companies accounted for by equity method : 2 companies

Company name : Nikon-Essilor Co., Ltd., NIKON-TRIMBLE CO., LTD.

(2) Number of non-consolidated subsidiaries not accounted for by equity method : 8 companies

Company name : Jigtec Corporation, and others

(3) Number of associated companies not accounted for by equity method : 7 companies

Company name : N.S.S. CORPORATION, and others

Since each of these non-consolidated subsidiaries and associated companies not accounted for by the equity method has a minimal effect on the Company's profit or loss, retained earnings and others and they are not collectively material, these are excluded from the scope of application of the equity method.

3. Fiscal Year-End of Consolidated Subsidiaries

The fiscal year-end of Nikon Imaging (China) Co., Ltd., Nikon Precision Shanghai Co., Ltd., Nikon Imaging (China) Sales Co., Ltd., Nikon (Russia) LLC., Nikon Mexico S.A de C.V., NIKON DO BRASIL LTDA., Nikon Instruments (Shanghai) Co., Ltd., Hikari Glass (Changzhou) Optics Co., Ltd., Nikon Lao Co., Ltd., and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. is December 31.

In preparing the consolidated financial statements, the Group used financial statements of those companies that had been prepared on the basis of the provisional closing of their accounts as of the consolidated closing date.

4. Matters regarding the Accounting Policies

(1) Valuation basis and method for significant assets

a. Securities	
- Held-to-maturity debt securities	Stated at amortized cost.
- Available-for-sale securities	
with fair market value	Stated at fair value based on quoted market prices at the consolidated closing date. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of equity, and the cost of the securities sold is mainly calculated by the moving-average method.
without fair market value	Mainly stated at cost determined by the moving-average method. The Company records investments in limited liability investment partnerships and in other similar partnerships (deemed "securities" under the provisions set forth in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) using the amount of interest in such partnerships calculated based on ownership percentage and the most recent financial statements on the report date stipulated in the partnership agreement.
b. Derivatives	Stated at fair value.
c. Inventories	
- Company and its consolidated subsidiaries in Japan	Mainly stated at cost determined by the average method. (Inventories with lower profitability are written down.)
- Overseas consolidated subsidiaries	Principally stated at the lower of cost or market as determined using the average method.

(2) Depreciation method for non-current assets

a. Property, plant and equipment (excluding leased assets)	The straight-line method is applied.
b. Intangible assets (excluding leased assets)	The straight-line method is applied.
c. Leased assets	Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.

(3) Accounting criteria for significant allowances

a. Allowance for doubtful accounts	To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectability for specific accounts.
b. Provision for product warranties	The Company mainly provides for the estimated cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period.

(4) Method for accounting of retirement benefit

The Company and its major consolidated subsidiaries account for the provision for employees' retirement benefit based on the projected retirement benefit liabilities and pension assets at the consolidated balance sheet date. When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated retirement benefits in the period up to the end of the current fiscal year.

Prior service cost is amortized on a straight-line basis principally over 10 years (a certain period within the average remaining service period of employees) from the period in which the prior service cost accrues, and actuarial gains and losses are amortized on a straight-line basis principally over 10 years (a certain period within the average remaining service period of employees) from the period immediately following the period in which the actuarial gains and losses arise.

Unrecognized actuarial gains and losses and unrecognized prior service cost, after adjustment for tax effect, are recorded as remeasurements of defined benefit plans within accumulated other comprehensive income, included in net assets.

(5) Translation basis of significant assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the consolidated closing date, and the translation adjustment is recognized in the consolidated statement of income. Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the current exchange rate as of the consolidated closing date, and revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate. Translation adjustments are presented in foreign currency translation adjustment and non-controlling interests in net assets.

(6) Significant hedge accounting

a. Method for hedge accounting	In principle, deferral hedge accounting is applied.
b. Hedging instruments and hedged items	Hedging instruments are foreign exchange forward contracts, currency options, and interest rate swaps. Hedged items are receivables and payables denominated in foreign currencies, forecasted foreign currency transaction, bonds payable and loans payable.
c. Hedging policy	Foreign exchange risk and interest rate risk of hedged items are hedged within a certain scope in accordance with internal policies that regulate the authorization, transaction limit and others related to derivative transactions.
d. Method for assessment of hedge effectiveness	The Company compares the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging instruments and evaluates hedging effectiveness based on the changes and others.

(7) Other significant matters for preparing consolidate financial statements

a. Amortization of goodwill	Goodwill is amortized on a straight-line basis principally over 10 years. However, when the amount is insignificant, the whole amount is amortized in the fiscal year in which such amount arises.

b. Accounting for consumption taxes and others	Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.
c. Application of consolidated declaration system	The consolidated declaration system that the Company and certain overseas consolidated subsidiaries are consolidated taxpayers is applied.

(Notes to Changes in Presentation)

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

With the application of the provisions stated in Clause 39 of the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the presentation of profit has been changed, and the presentation of minority interests has been changed to non-controlling interests.

(Additional Information)

Transactions in relation to Executive Compensation BIP Trust

The Company has introduced a performance-based stock remuneration system called “Executive Compensation BIP (Board Incentive Plan) Trust” (hereinafter, “Executive Compensation BIP Trust”), for its Directors, etc. from the fiscal year, aiming to reinforce the incentive closely linked to the achievement defined in the Medium Term Management Plan and sustainable enhancement of corporate value.

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

1. Outline of Transactions

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

2. Residual Shares of the Company Held by the Trust

Residual shares held by the trust were recorded as treasury shares under net assets of the consolidated balance sheets at carrying amount of the trust. The carrying amount and the number of such residual shares at the end of the fiscal year were 970 million yen and 576,900 shares, respectively.

(Notes to Consolidated Balance Sheet)

1. Accumulated Depreciation of Property, Plant and Equipment 317,910 million yen

2. Guarantees of Indebtedness 378 million yen

(Notes to Consolidated Statement of Income)

1. Impairment Loss

a. Assets recognized impairment loss

For the Semiconductor Lithography Business Unit of the Precision Equipment Business, investment recovery is no longer expected due to declining revenue, the carrying amount of the following non-current assets was reduced to the recoverable amount, and an extraordinary loss of 7,047 million yen was recognized as impairment loss.

(Million yen)

Place	Usage	Type	Impairment Loss
Kumagaya, Saitama and others	Assets for Business	Machinery, Equipment and Vehicles	5,486
		Leased Assets	101
		Construction in Progress	951
		Tools, Furniture and Fixtures *1	196
		Intangible Assets (Except Goodwill)	290
		Long-term Prepaid Expenses *2	21
		Total	7,047

*1 Tools, furniture and fixtures are included in “Other” within “Property, plant and equipment” of the consolidated balance sheet.

*2 Long-term prepaid expenses are included in “Investments and other assets” of the consolidated balance sheet.

As a result of reviewing the current status of utilization and future prospect of non-current assets held by the Company and its consolidated subsidiaries, 1,401 million yen of impairment loss was recorded as no specific use is expected in the future for idle assets located mainly in Japan, China, and Thailand. The amounts of the main impaired idle assets by type were buildings and structures of 431 million yen, machinery, equipment and vehicles of 224 million yen, and other non-current assets of 754 million yen.

b. Method for grouping of assets

Assets are divided into the smallest units that overall generate cash flow independently.

c. Method of calculation of recoverable amounts

Recoverable amounts are measured by net sales value or value in use, whichever is higher.

Net sales value is reasonably measured based mainly on the assessed value of property for tax purposes.

2. Restructuring Expenses

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

3. Environmental Expenses

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

(Notes to Consolidated Statement of Changes in Net Assets)

1. Type and Total Number of Shares Issued and Treasury Shares

(Shares)

	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Shares issued				
Common stock	400,878,921	-	-	400,878,921
Total	400,878,921	-	-	400,878,921
Treasury shares				
Common stock	4,152,366	580,200	44,799	4,687,767
Total	4,152,366	580,200	44,799	4,687,767

(Notes) 1. 576,900 shares of the Company held by the Executive Compensation BIP Trust are included in the number of treasury shares at the end of the consolidated fiscal year.

2. The increase in the number of treasury shares (common stock) of 580,200 shares includes 576,900 shares of the Company acquired by the Executive Compensation BIP Trust, which are counted as an increase in the number of treasury shares.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividend paid (million yen)	Dividend per share (yen)	Record date	Effective date
Annual General Shareholders' Meeting on June 26, 2015	Common Stock	8,727	22.00	March 31, 2015	June 29, 2015
Meeting of the Board of Directors on November 6, 2015	Common Stock	3,174	8.00	September 30, 2015	December 1, 2015

(Note) Dividend of ¥4 million on the Company's shares held by the Executive Compensation BIP Trust is included in the total dividend determined by resolution at the Board of Directors' meeting held on November 6, 2015.

(2) Dividends of which the record date is attributable to the current fiscal year but to be effective in the following fiscal year

The Company plans to resolve the following dividend at the Annual General Shareholders' Meeting which will be held on June 29, 2016.

Resolution	Type of shares	Total dividend paid (million yen)	Resource of dividends	Dividend per share (yen)	Record date	Effective date
Annual General Shareholders' Meeting on June 29, 2016	Common stock	3,967	Retained earnings	10.00	March 31, 2016	June 30, 2016

(Note) Dividend of ¥5 million on the Company's shares held by Executive Compensation the BIP Trust is included in the total dividend determined by resolution at the Annual General Shareholders' Meeting held on June 29, 2016.

3. Stock Acquisition Rights and Others

Type and number of shares to be issued upon the exercise of the stock acquisition rights as of the consolidated balance sheet date, excluding stock acquisition rights for which the first day of the exercise period has not yet arrived

Common stock 1,030,400 shares

(Financial Instruments)

1. Matters Related to Financial Instruments

The Group restricts fund management to short-term deposits, and fund procurement is mainly treated by bank loans and bond issuance. Derivatives are used not for speculative purposes, but to hedge foreign exchange risk for receivables and payables denominated in foreign currencies and interest rate exposures for loans payable.

Receivables such as notes and accounts receivable - trade are exposed to customer credit risk. The Group manages the credit risk by monitoring payment terms and balances by customer and identifying and reducing the default risk of customers in the early stages. Although receivables in foreign currencies due to global operations are exposed to foreign currency risk, mainly the position net of payables in foreign currencies is hedged, principally by using forward foreign currency contracts.

Equity securities in investment securities are exposed to the risk of market price fluctuations, but are managed by monitoring market values and the financial position of issuers (trading partners) on a regular basis. In addition, securities other than held-to-maturity securities are continually reviewed as to the situation, taking into account the relationship between the Group and trading partners.

Payment terms of payables, such as notes and accounts payable - trade are less than one year. Although payables in foreign currencies that include the import of raw materials are exposed to foreign currency risk, those risks are netted against the balance of accounts receivable - trade denominated in the same foreign currency as noted above.

Short-term loans payable are mainly related to working capital, and long-term loans payable are related primarily to working capital and capital investment. Although loans payable with variable interest rates are exposed to interest rate fluctuation risk, the risk of certain long-term loans payable is mitigated by using derivatives of interest rate swaps by individual contract to reduce the risk of fluctuations in interest expenses and to make the interest expense fixed. Derivative transactions entered into by the Group have been made in accordance with internal policies that regulate the authorization. The counterparties to the Group’s derivative contracts are limited to financial institutions having a high credit rating to reduce credit risk.

Accounts payable and loans payable are exposed to liquidity risk. The Group manages its liquidity risk by entering into commitment line contracts.

2. Fair Values of Financial Instruments

Carrying amounts, fair values and the differences between carrying amounts and fair values as of March 31, 2016 were as follows. The accounts deemed to be extremely difficult to calculate the fair values were not included in the following:

(Million yen)

	Carrying amount (*)	Fair value (*)	Unrealized gain (loss)
(1) Cash and deposits	256,595	256,595	-
(2) Notes and accounts receivable - trade	96,572	96,572	-
(3) Investment securities	58,133	58,133	-
(4) Notes and accounts payable - trade	(117,399)	(117,399)	-
(5) Short-term loans payable	(13,600)	(13,600)	-
(6) Accrued expenses	(53,615)	(53,615)	-
(7) Income taxes payable	(4,011)	(4,011)	-
(8) Bonds payable	(50,000)	(51,602)	(1,602)
(9) Long-term loans payable	(47,100)	(48,054)	(954)
(10) Derivatives	(168)	(168)	-

(*) The items recorded in liabilities on the consolidated balance sheet are shown in parentheses.

(Notes) Method for calculating the fair value of financial instruments and matters on investment securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable - trade:

The carrying amounts of cash and deposits and notes and accounts receivable - trade approximate fair value because of their short maturities.

The carrying amounts and fair values of notes and accounts receivable - trade are the amounts after deduction of the allowance for doubtful accounts.

(3) Investment securities:

The fair values of investment securities are measured at the quoted market price of the stock exchange. Investment securities whose fair value is not readily determinable (the carrying amounts of 15,837 million yen) are excluded because it is difficult to determine the fair values.

(4) Notes and accounts payable - trade, (5) Short-term loans payable, (6) Accrued expenses, and (7) Income taxes payable:

The carrying amounts of these accounts approximate fair value because of their short maturities.

(8) Bonds payable:

The fair values of bonds are determined by the market price if it is available.

(9) Long-term loans payable

The fair values of long-term loans payable are determined by discounting the future cash flows related to the loans by the rate assumed based on interest rates on government securities and credit spread.

2,900 million yen of current portion of long-term loans payable, which is included in short-term loans payable on the consolidated balance sheet, is included in long-term loans payable for this note.

(10) Derivatives

Receivables and payables arising from derivative transactions are shown on a net basis. The items which are net debt in total are shown in parentheses.

(Notes to Per-Share Information)

1. Net assets per share 1,360.80 yen

(Note) When calculating net assets per share, shares of the Company held by the Executive Compensation BIP Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be excluded from the total number of shares issued at the year-end.

The number of such treasury shares at the year-end excluded when calculating net assets per share

576,900 shares

2. Profit per share 55.98 yen

(Note) On computation of profit per share, shares of the Company held by the Executive Compensation BIP Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be excluded when calculating the average number of shares during the fiscal year.

The average number of such treasury shares during the fiscal year excluded when calculating profit per share

354,281 shares

(Business Combinations and Others)

Business Combination by Acquisition

1. Summary of Business Combination

1) Name and Business of Acquired Company

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

2) Primary Reason for Business Combination

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

3) Date of Business Combination

May 22, 2015

4) Legal Form of Business Combination

Acquisition of shares

5) Name of Company after Acquisition

Optos Plc

6) Percentage of Voting Rights Acquired

100%

7) Primary Basis for Determination of Acquiring Company

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

2. The Accounting Period of Financial Results of the Acquired Company included in the Consolidated Financial Statements

From June 1, 2015 to March 31, 2016

3. Acquisition Cost and Breakdown by the Type of Consideration

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

4. Details of major expenses associated with the acquisition and the amount thereof

Advisory fees and commissions, etc. 1,175 million yen

5. Amount, Reason for Recognition, Amortization Method and Period of Goodwill

1) Amount of Goodwill Recognized

22,009 million yen (177 million U.S. dollar)

2) Reason for Recognition of Goodwill

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

3) Method and Period of Amortization

Straight-line method over 10 years

6. Amount of assets acquired and liabilities assumed on the date of the business combination and the breakdown thereof

(Million yen)

Current assets	18,405
Non-current assets	23,783
Total	42,188

(Million yen)

Current liabilities	7,706
Non-current liabilities	7,529
Total	15,235

7. Amounts allocated to Intangible assets other than goodwill, breakdown by major asset type, and the weighted average amortization period as a whole and by major asset type

Type	Amount (Million yen)	Amortization Period
Technology-related assets	21,986	13 years

Amounts less than 1 million yen are rounded off.

Notes to Non-Consolidated Financial Statements

1. Notes to Matters related to Significant Accounting Policies

(1) Valuation basis and method for securities

- Held-to-maturity debt securities	Stated at amortized cost.
- Investments in subsidiaries and associated companies	Stated at cost determined by the moving-average method.
- Available-for-sale securities	Available-for-sale securities with market value are stated at fair value based on quoted market prices at the balance sheet date. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of equity, and the cost of the securities sold is calculated by the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. The Company records investments in limited liability investment partnerships and in other similar partnerships (deemed “securities” under the provisions set forth in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) using the amount of interest in such partnerships calculated based on ownership percentage and the most recent financial statements on the report date stipulated in the partnership agreement.
(2) Valuation basis and method for derivatives	Stated at fair value.
(3) Valuation basis and method for inventories	Generally, work in process is stated at cost determined by the specific identification method, and other inventories are stated at cost determined by the average method. Inventories with lower profitability are written down.

(4) Depreciation method for non-current assets

- Property, plant and equipment (excluding leased assets)	The straight-line method is applied.
- Intangible assets (excluding leased assets)	The straight-line method is applied.
- Leased assets	Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.

(5) Accounting for deferred assets	Bond issuance expenses are expensed as paid.

(6) Accounting criteria for allowances

- Allowance for doubtful accounts	To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectability for specific accounts.
- Provision for product warranties	The Company mainly provides for the estimated cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period.
- Provision for retirement benefits	The Company accounts for the provision for employees' retirement benefit based on the projected retirement benefits liabilities and pension assets at the balance sheet date. Prior service cost is amortized on a straight-line basis over 10 years (a certain period within the average remaining service period of employees) from the period in which the prior service cost accrues, and actuarial gains and losses are amortized on a straight-line basis over 10 years (a certain period within the average remaining service period of employees) from the period immediately following the period in which the actuarial

	gains and losses arise. When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated retirement benefits in the period up to the end of the current fiscal year. The total amount of pension assets exceeded the amount of retirement benefits liabilities after adjusting for any unrecognized actuarial difference and unrecognized prior service cost. Therefore, on the balance sheet, the excess amount is posted as prepaid pension cost.
(7) Translation basis of assets and liabilities denominated in foreign currencies into Japanese yen	Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date, and the translation adjustment is recognized in the non-consolidated statement of income.
(8) Hedge accounting	
a. Method for hedge accounting	Deferral hedge accounting is applied.
b. Hedging instruments and hedged items	Hedging instruments are foreign exchange forward contracts, currency options and interest rate swaps. Hedged items are receivables and payables denominated in foreign currencies, forecasted foreign currency transaction, bonds payable and loans payable.
c. Hedging policy	Foreign exchange risk and interest rate risk of hedged items are hedged within a certain scope in accordance with internal policies that regulate the authorization, transaction limit and others related to derivative transactions.
d. Method for assessment of hedge effectiveness	The Company compares the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging instruments and evaluates hedging effectiveness based on the changes and others.

(9) Accounting for consumption taxes and others	Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.
(10) Application of consolidated declaration system	The Company applies the consolidated declaration system.

(Additional Information)

Transactions in relation to the Executive Compensation BIP Trust

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

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

Please refer to “Notes to Consolidated Financial Statements (Additional Information)” for the summary of transactions.

2. Notes to Non-Consolidated Balance Sheet

(1) Assets pledged as collateral and liabilities secured

Assets pledged as collateral

Cash and deposits (Note) 5,305 million yen

(Note) The Company pledges its deposits as collateral for the loans payable of its subsidiaries.

(2) Accumulated depreciation of property, plant and equipment 197,426 million yen

(3) Guarantees of indebtedness

Guarantee	Guaranteed amount	Content of guarantee of indebtedness
284 employees	378 million yen	Mortgage and others
Subsidiaries	824 million yen	Loans payable and others
Total	1,203 million yen	

(4) Monetary receivables and payables to affiliated companies

Short-term monetary receivables	96,538 million yen
Long-term monetary receivables	6,616 million yen
Short-term monetary payables	62,752 million yen

(5) Monetary payables to Directors and Corporate Auditors

Long-term monetary payables 127 million yen

3. Notes to Non-Consolidated Statement of Income

(1) Transactions with affiliated companies

Operational transactions	
Sales to affiliated companies	441,327 million yen
Purchase from affiliated companies	240,933 million yen
Other transactions	17,430 million yen

(2) Impairment Loss

a. Assets recognized impairment loss

For the Semiconductor Lithography Business Unit of the Precision Equipment Business, investment recovery is no longer expected due to declining revenue, the carrying amount of the following non-current assets was reduced to the recoverable amount, and an extraordinary loss of 7,047 million yen was recognized as impairment loss.

(Million yen)

Place	Usage	Type	Impairment Loss
Kumagaya, Saitama and others	Assets for Business	Machinery and Equipment	5,479
		Vehicles	6
		Tools, Furniture and Fixtures	196
		Leased Assets	101
		Construction in Progress	951
		Intangible Assets	290
		Long-term Prepaid Expenses	21
		Total	7,047

The carrying amount of idle assets is reduced to the recoverable amount, and the reduced amount of 606 million yen is recorded in extraordinary losses. The major idle assets are buildings of 419 million yen and machinery and equipment of 110 million yen.

b. Method for grouping of assets

Assets are divided into the smallest units that overall generate cash flow independently.

c. Method of calculation of recoverable amounts

Recoverable amounts are measured by net sales value or value in use, whichever is higher. Net sales value is reasonably measured based mainly on the assessed value of property for tax purposes.

(3) Environmental expenses

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

4. Note to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury shares at the end of the period

Common stock 4,687,767 shares

5. Notes to Tax Effect Accounting

Deferred tax assets and deferred tax liabilities

Deferred tax assets:	
Inventories	16,872 million yen
Accrued bonuses	2,055 million yen
Depreciation	11,887 million yen
Provision for product warranties	1,143 million yen
Impairment loss	6,538 million yen
Percentage of completion method	5,866 million yen
Other	7,376 million yen
Subtotal of deferred tax assets	51,740 million yen
Valuation allowance	(10,136) million yen
Total deferred tax assets	41,603 million yen
Deferred tax liabilities:	
Reserve for advanced depreciation of non-current assets	(4,566) million yen
Valuation difference on available-for-sale securities	(4,733) million yen
Other	(656) million yen
Total deferred tax liabilities	(9,955) million yen
Net deferred tax assets	31,647 million yen

(Additional Information)

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

"Partial Revision of Income Tax Act" (Act No. 15, 2016) and "Partial Revision of Local Tax Act" (Act No. 13, 2016) were enacted in the Diet session on March 29, 2016. Accordingly, the statutory effective tax rate used in the calculation of deferred tax assets and deferred tax liabilities for the fiscal year (limited to those to be eliminated on or after April 1, 2016) was changed from the previous fiscal year's rate of 32.3% to 30.9% for those anticipated to be collected or paid in the period from April 1, 2016 to March 31, 2018, and to 30.6% for those anticipated to be collected or paid on or after April 1, 2018.

As a result of the change, net deferred tax assets (after deducting deferred tax liabilities) decreased by 1,338 million yen, while income taxes - deferred increased by 1,588 million yen.

6. Notes to Transactions with Related Parties

(Million yen)

Category	Company name	Percentage of voting rights (%)	Relationship	Transaction	Transaction amount (Note 4)	Account	Balance at the end of the period (Note 4) (Note 5)
Subsidiaries	Nikon Inc.	100.0	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 1)	92,067	Accounts receivable - trade	7,119
	Nikon Europe B.V.	100.0	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 1)	98,578	Accounts receivable - trade	10,050
	Nikon Americas Inc.	100.0	Holding company of subsidiaries in the United States Concurrent posts	Loans for short-term working capital (Note 2)	-	Short-term loans receivable	35,864
	Nikon Imaging (China) Sales Co., Ltd.	100.0	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 1)	49,607	Accounts receivable - trade	6,676
	Nikon Singapore Pte. Ltd.	100.0	Import and sales of the Company's products Holding company of subsidiaries in Asia	Sales of products of Precision Equipment, Imaging Products and Instruments Businesses (Note 1)	58,732	Accounts receivable - trade	2,460
	Nikon (Thailand) Co., Ltd.	100.0	Manufacture of the Company's products	Manufacture of Imaging Products Business products (Note 3)	143,764	Accounts payable - trade	7,223

Category	Company name	Percentage of voting rights (%)	Relationship	Transaction	Transaction amount (Note 4)	Account	Balance at the end of the period (Note 4) (Note 5)
	NIKON VISION CO., LTD.	100.0	Sales of the Company's products	Reception of bailment of cash for consumption (Note 2)	-	Deposit received under bailment for consumpti-on contract	7,325

Condition of transaction, policy to determine such condition and others

(Note 1) The condition of transaction of product sales is determined in consideration of market prices.

(Note 2) The Group is introducing a cash management system ("CMS"), and only the balance at the end of the period is presented since it is practically impossible to aggregate the transaction amounts by transaction for the fund transaction using CMS. Interest rates for loans to and from the subsidiaries are reasonably determined in consideration of the market interest rate.

(Note 3) The condition of transaction of product manufacturing is determined after negotiation in each case in consideration of prices calculated based on market quotations and estimates from customers.

(Note 4) The transaction amount and balance of foreign subsidiaries at the end of the period do not include consumption taxes and others.

(Note 5) The balances of assets and liabilities denominated in foreign currencies at the end of the period are presented in the amounts translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date.

7. Notes to Retirement Benefit

(1) Outline of retirement benefit plans

The Company has a defined benefit corporate pension plan (cash balance plan) under the Defined-Benefit Corporate Pension Act. The Company also has a defined contribution pension plan for a portion of future retirement benefit.

(2) Retirement benefit obligation

Retirement benefit obligation	(108,048) million yen
Fair value of pension assets	107,793 million yen
Unfunded retirement benefit obligation	(254) million yen
Unrecognized actuarial gain	5,414 million yen
Prepaid pension cost	5,160 million yen

Fair value of pension assets includes the retirement benefit trust of 3,649 million yen.

(3) Retirement benefit expenses

Service cost	1,720 million yen
Interest cost	1,053 million yen
Expected return on pension assets	(1,127) million yen
Recognized actuarial loss	236 million yen
Amortization of prior service cost	(150) million yen
Subtotal	1,732 million yen
Others	207 million yen
Retirement benefit expenses	1,939 million yen

In addition, contributions to the defined contribution pension plan amounting to 1,035 million yen were recorded in “cost of sales” and retirement benefit expenses included in “selling, general and administrative expenses” in addition to the above retirement benefit expenses.

(4) Others

Discount rate	0.5%
Expected long-term rate of return on pension assets	1.0%

8. Notes to Per-Share Information

Net assets per share 798.43 yen

(Note) When calculating net assets per share, shares of the Company held by the Executive Compensation BIP Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be excluded from the total number of shares issued at the year-end.

The number of such treasury shares excluded at the year-end when calculating net assets per share

576,900 shares

Loss per share 3.34 yen

(Note) On computation of loss per share, shares of the Company held by the Executive Compensation BIP Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be excluded when calculating the average number of shares during the fiscal year.

The average number of such treasury shares during the fiscal year excluded when calculating loss per share

354, 281 shares

9. Amounts less than 1 million yen are rounded off.