



## First Half ended September 30, 2004 Financial Results (Consolidated)

**Company name:** NIKON CORPORATION

**Code number:** 7731

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

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

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

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

**Date of the Board Meeting for the First Half ended September 30, 2004:** November 15, 2004

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

### 1. Results of First Half ended September 30, 2004 (From April 1, to September 30, 2004)

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

#### (1) Financial Results

	Net Sales	Change	Operating Income	Change	Ordinary Income(Loss)	Change
First Half ended September 30, 2004	¥312,197	29.6%	¥8,094	385.5%	¥4,666	- %
First Half ended September 30, 2003	¥240,917	12.0%	¥1,667	(68.8)%	(¥515)	
Year ended March 31, 2004	¥506,378		¥3,674		¥(4,280)	

	Net Income (Loss)	Change	Net Income (Loss) per share of Common Stock (Yen)	Net Income (Loss) per share of Common Stock (Yen) after dilution
First Half ended September 30, 2004	¥7,808	281.5%	¥21.14	¥18.76
First Half ended September 30, 2003	¥2,046	- %	¥5.54	¥5.12
Year ended March 31, 2004	¥2,409		¥6.52	¥6.02

(Notes) 1. Equity in Earning of non-consolidated subsidiaries: First Half ended September 30, 2004: 554Mill Yen

First Half ended September 30, 2003: 424Mill Yen

Year ended March 31, 2004: 838 Mill Yen

2. Average number of shares outstanding (Consolidated): First Half ended September 30, 2004: 369,304,152 shares

First Half ended September 30, 2003: 369,383,207 shares

Year ended March 31, 2004: 369,361,047 shares

3. Change in accounting method : N/A

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

**(2) Financial Position**

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock (Yen)
First Half ended September 30, 2004	¥643,261	¥177,306	27.6%	¥480.14
First Half ended September 30, 2003	¥582,265	¥167,188	28.7%	¥452.63
Year ended March 31, 2004	¥606,513	¥171,194	28.2%	¥463.54

(Notes) Number of shares outstanding as of September 30, 2004: 369,280,585 shares

as of September 30, 2003: 369,366,108 shares

as of March 31, 2004 : 369,318,736 shares

**(3) Cash Flows**

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Term-end
First Half ended September 30, 2004	¥2,929	¥(1,470)	¥1,528	¥19,457
First Half ended September 30, 2003	¥2,295	¥(10,485)	¥7,858	¥23,416
Year ended March 31, 2004	¥1,399	¥(8,327)	¥(184)	¥16,099

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

Number of Consolidated Subsidiaries : 45

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

Number of Affiliates accounted for by equity method : 3

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

Consolidation New : 0, Exclusion : 1

Equity method New : 0, Exclusion : 0

**2. Forecast for Year ended March 31, 2005 (From April 1, 2004 to March 31, 2005)**

Amount Unit : 1 Million Yen

	Net Sales	Ordinary Income	Net Income
Year ended March 31, 2005	¥660,000	¥19,000	¥28,600

Ref. Expected net income per share of common stock for year ended March 31, 2005: 77.45 Yen

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

## Consolidated Balance Sheets

Amount Unit: 1 Million Yen

	As of September 30, 2004		As of September 30, 2003		As of March 31, 2004	
		%		%		%
<b>Assets</b>						
<b>Current assets</b>						
Cash and time deposits	20,314		23,503		17,618	
Notes and accounts receivable-trade	131,750		103,044		119,900	
Inventories	257,223		226,699		237,506	
Other current assets	43,133		35,841		36,878	
Allowance for doubtful receivables	(2,785)		(2,619)		(2,572)	
Total current assets	449,636	69.9	386,469	66.4	409,331	67.5
<b>Fixed assets</b>						
Property Plant & Equipment						
Buildings and structures	39,566		40,978		39,890	
Machinery and vehicles	31,560		34,574		33,161	
Furniture and fixtures	11,216		11,244		11,229	
Land	16,578		16,622		16,418	
Construction in progress	7,317		5,621		6,138	
Total property plant & equipment	106,238	16.5	109,040	18.7	106,838	17.6
Intangible fixed assets	11,085	1.7	10,665	1.8	10,924	1.8
Investments and other assets						
Investment securities	57,069		53,064		61,575	
Other	19,398		23,109		17,893	
Allowance for doubtful receivables	(168)		(82)		(50)	
Total investments and other assets	76,299	11.9	76,090	13.1	79,418	13.1
Total fixed assets	193,624	30.1	195,796	33.6	197,181	32.5
<b>Total Assets</b>	643,261	100.0	582,265	100.0	606,513	100.0

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

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of September 30, 2004		As of September 30, 2003		As of March 31, 2004	
		%		%		%
<b>Liabilities</b>						
<b>Current liabilities</b>						
Notes and accounts payable-trade	154,018		108,292		141,578	
Short-term debt	62,265		58,611		46,645	
Commercial paper			20,000			
Current portion of bonds	10,000		20,000		10,000	
Accrued income taxes	6,400		3,151		2,960	
Accrued expenses	34,669		31,800		30,934	
Warranty reserve	4,589		4,702		4,005	
Other current liabilities	21,511		17,562		12,815	
Total current liabilities	293,455	45.6	264,121	45.4	248,940	41.1
<b>Non-Current liabilities</b>						
Bonds	145,500		121,000		155,500	
Long-term debt	5,935		8,126		8,370	
Liability for employees' retirement benefits	19,803		20,461		21,009	
Other long-term liabilities	1,075		1,197		1,321	
Total long-term liabilities	172,315	26.8	150,785	25.9	186,201	30.7
Total liabilities	465,770	72.4	414,906	71.3	435,142	71.8
<b>Minority interest</b>	183	0.0	171	0.0	176	0.0
<b>Shareholders' equity</b>						
Common stock	36,660	5.7	36,660	6.3	36,660	6.0
Capital surplus	51,927	8.1	51,924	8.9	51,927	8.6
Retained earnings	89,622	13.9	82,626	14.2	83,035	13.7
Unrealized gain on available-for-sale securities	3,510	0.6	1,007	0.2	6,109	1.0
Foreign currency translation adjustments	(3,717)	(0.6)	(4,452)	(0.8)	(5,885)	(1.0)
Total	178,003		167,766		171,847	
Treasury stock	(697)	(0.1)	(578)	(0.1)	(653)	(0.1)
Total shareholders' equity	177,306	27.6	167,188	28.7	171,194	28.2
<b>Total liabilities and shareholders' equity</b>	643,261	100.0	582,265	100.0	606,513	100.0

**Consolidated Statements of Income**

Amount Unit: 1 Million Yen

	First Half ended September 30, 2004		First Half ended September 30, 2003		Year ended March 31, 2004	
		%		%		%
<b>Net sales</b>	312,197	100.0	240,917	100.0	506,378	100.0
Cost of sales	213,035	68.2	159,179	66.1	346,897	68.5
Selling, general and administrative expenses	91,068	29.2	80,070	33.2	155,805	30.8
<b>Operating income</b>	8,094	2.6	1,667	0.7	3,674	0.7
<b>Non-operating income</b>						
Interest and dividend income	572	0.2	512	0.2	808	0.2
Other income	2,485	0.8	2,344	1.0	4,058	0.8
<b>Non-operating expenses</b>						
Interest expenses	1,142	0.4	1,233	0.5	2,355	0.5
Other expenses	5,343	1.7	3,805	1.6	10,465	2.0
<b>Ordinary income (loss)</b>	4,666	1.5	(515)	(0.2)	(4,280)	(0.8)
<b>Special gain</b>						
Gain on sale of fixed assets	6,051	2.0	3,044	1.2	13,359	2.6
Gain on sale of investment securities	107	0.0	2,110	0.9	3,418	0.7
<b>Special loss</b>						
Loss on sale and disposal of fixed assets	285	0.1	304	0.1	778	0.2
Loss on sale of investment securities	1	0.0	40	0.0	486	0.1
Additional retirement benefits paid to employees	-				1,070	0.2
Other loss	388	0.1	2	0.0	672	0.1
<b>Income before income taxes</b>	10,149	3.3	4,291	1.8	9,489	1.9
<b>Income taxes</b>	2,329	0.8	2,227	0.9	7,056	1.4
<b>Minority interest</b>	12	0.0	17	0.0	23	0.0
<b>Net income</b>	7,808	2.5	2,046	0.9	2,409	0.5

## **Consolidated Statements of Shareholders' Equity**

Amount Unit: 1 Million Yen

	First Half ended September 30, 2004	First Half ended September 30, 2003	Year ended March 31, 2004
<b>(Capital surplus)</b>			
<b>Capital surplus (Beginning)</b>	51,927	51,924	51,924
<b>Increase of capital surplus</b>			
Gain on sale of treasury stock	-	-	2
<b>Capital surplus (Ending)</b>	51,927	51,924	51,927
<b>(Retained earnings)</b>			
<b>Retained earnings (Beginning)</b>	83,035	80,582	80,582
<b>Increase of retained earnings</b>			
Net income	7,808	2,046	2,409
Adjustment of retained earnings for deconsolidated subsidiary	255		
Adjustment of retained earnings resulting merger of consolidated subsidiary	-	-	46
<b>Decrease of retained earnings</b>			
Cash dividends	1,477	-	-
Adjustment of retained earnings for deconsolidated subsidiary	-	3	3
<b>Retained earnings (Ending)</b>	89,622	82,626	83,035

**Consolidated Statements of Cash Flows**

Amount Unit: 1 Million Yen

	First Half ended September 30, 2004	First Half ended September 30, 2003	Year ended March 31, 2004
<b>1. Cash flows from operating activities</b>			
Income before income taxes	10,149	4,291	9,489
Depreciation and amortization	9,236	9,521	20,145
Net increase (decrease) in warranty reserve	469	(101)	(684)
Provision for employees' retirement benefits	(1,278)	770	1,439
Interest and dividend income	(572)	(512)	(808)
Interest expenses	1,142	1,233	2,355
Gain on sale of fixed assets	(6,051)	(3,044)	(13,359)
Loss on sale and disposal of fixed assets	289	304	778
Gain on sale of investment securities	(107)	(2,110)	(3,418)
Loss on sale of investment securities	1	40	486
Loss on revaluation of investment securities	308	-	516
Net decrease (increase) in trade notes and accounts receivable	(8,976)	(1,447)	(19,374)
Net decrease (increase) in inventories	(16,375)	(3,244)	(15,985)
Net increase (decrease) in trade notes and accounts payable	12,228	13,170	43,249
Other, net (operating activities)	4,124	(13,559)	(19,158)
Sub total	4,590	5,312	5,670
Interests and dividends received	573	764	1,417
Interests paid	(1,194)	(1,306)	(2,416)
Income taxes paid	(1,039)	(2,474)	(3,272)
<b>Net cash provided by operating activities</b>	<b>2,929</b>	<b>2,295</b>	<b>1,399</b>
<b>2. Cash flows from investing activities</b>			
Payments for purchases of tangible fixed assets	(8,113)	(10,156)	(18,185)
Proceeds from sale of tangible fixed assets	6,751	2,895	14,993
Payments for purchase of investment securities	(0)	(10,034)	(15,246)
Proceeds from sale of investment securities	500	9,734	15,389
Net decrease (increase) in loans receivable	412	(792)	105
Other, net (investing activities)	(1,020)	(2,131)	(5,384)
<b>Net cash used in investing activities</b>	<b>(1,470)</b>	<b>(10,485)</b>	<b>(8,327)</b>
<b>3. Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings	13,516	11,424	(2,906)
Increase (decrease) in commercial paper	-	7,000	(13,000)
Proceeds from long-term debt	429	1,400	38,390
Repayments of long-term debt	(10,901)	(11,926)	(22,600)
Dividends paid	(1,472)	(2)	(5)
Other, net (financing activities)	(43)	(37)	(63)
<b>Net cash provided by(used in) financial activities</b>	<b>1,528</b>	<b>7,858</b>	<b>(184)</b>
<b>4. Foreign currency translation adjustments on cash and cash equivalents</b>	<b>456</b>	<b>(598)</b>	<b>(1,178)</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>3,444</b>	<b>(928)</b>	<b>(8,291)</b>
<b>6. Cash and cash equivalents at beginning of year</b>	<b>16,099</b>	<b>23,692</b>	<b>23,692</b>
<b>7. Cash and cash equivalents of newly consolidated subsidiaries at beginning of year</b>	<b>-</b>	<b>916</b>	<b>916</b>
<b>8. Cash and cash equivalents of deconsolidated subsidiaries at beginning of year</b>	<b>(86)</b>	<b>(263)</b>	<b>(263)</b>
<b>9. Cash and cash equivalents of merged previously non-consolidated subsidiary</b>	<b>-</b>	<b>-</b>	<b>46</b>
<b>10. Cash and cash equivalents at end of year</b>	<b>19,457</b>	<b>23,416</b>	<b>16,099</b>

## **Summary of Significant Accounting Policies**

### **(1)Securities**

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

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

### **(2)Inventories**

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

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

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

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

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

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

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

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

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

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



(Summary for reference only)

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

Amount Unit: 1 Million Yen

	First Half ended September 30, 2004						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Elimination or corporate	Consolidated
1. Net sales							
1)Outside	107,543	173,304	21,648	9,701	312,197	-	312,197
2)Intersegment sales/transfer	1,092	794	875	10,892	13,654	(13,645)	-
Total	108,636	174,098	22,523	20,593	325,852	(13,654)	312,197
Operating expenses	106,438	166,902	22,879	21,370	317,591	(13,487)	304,103
Operating income (loss)	2,197	7,196	(355)	(776)	8,261	(166)	8,094

Amount Unit: 1 Million Yen

	First Half ended September 30, 2003						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Elimination or corporate	Consolidated
1. Net sales							
1)Outside	68,883	141,923	21,447	8,663	240,917	-	240,917
2)Intersegment sales/transfer	683	669	546	9,626	11,525	(11,525)	-
Total	69,566	142,592	21,993	18,289	252,442	(11,525)	240,917
Operating expenses	82,103	127,069	21,483	19,990	250,646	(11,396)	239,249
Operating income (loss)	(12,537)	15,523	510	(1,700)	1,795	(128)	1,667

Amount Unit: 1 Million Yen

	Year ended March 31, 2004						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Elimination or corporate	Consolidated
1. Net sales							
1)Outside	156,571	283,346	46,705	19,754	506,378	-	506,378
2)Intersegment sales/transfer	1,482	1,366	1,287	19,888	24,024	(24,024)	-
Total	158,053	284,712	47,992	39,643	530,402	(24,024)	506,378
Operating expenses	178,860	259,490	45,307	42,874	526,532	(23,829)	502,703
Operating income (loss)	(20,806)	25,221	2,685	(3,231)	3,869	(194)	3,674

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

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

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

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

(Summary for reference only)

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

Amount Unit: 1 Million Yen

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

Amount Unit: 1 Million Yen

	First Half ended September 30, 2003						
	Japan	North America	Europe	Asia	Total	Elimination or Corporate	Consolidated
1. Net sales							
1)Outside	83,075	79,943	60,904	16,992	240,917	-	240,917
2)Intersegment sales/transfe	107,070	1,745	1,295	8,192	118,304	(118,304)	-
Total	190,146	81,689	62,200	25,185	359,222	(118,304)	240,917
Operating expenses	197,279	77,373	59,881	23,995	358,529	(119,279)	239,249
Operating income (loss)	(7,132)	4,316	2,318	1,190	692	974	1,667

Amount Unit: 1 Million Yen

	Year ended March 31, 2004						
	Japan	North America	Europe	Asia	Total	Elimination or Corporate	Consolidated
1. Net sales							
1)Outside	196,561	148,695	124,133	36,986	506,378	-	506,378
2)Intersegment sales/transfe	238,627	3,121	628	18,903	261,281	(261,281)	-
Total	435,189	151,817	124,762	55,889	767,659	(261,281)	506,378
Operating expenses	439,011	146,206	123,899	53,742	762,859	(260,156)	502,703
Operating income (loss)	(3,821)	5,610	863	2,147	4,799	(1,124)	3,674

North America : U.S.A., Canada

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

Asia : South Korea, Taiwan, Thailand, etc.

(Summary for reference only)

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

Amount Unit: 1 Million Yen

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

Amount Unit: 1 Million Yen

	First Half ended September 30, 2003				
	North America	Europe	Asia	Other	Total
Export sales(A)	78,910	60,534	35,960	2,040	177,445
Net sales(B)					240,917
(A)/(B)	32.8%	25.1%	14.9%	0.8%	73.6%

Amount Unit: 1 Million Yen

	Year ended March 31, 2004				
	North America	Europe	Asia	Other	Total
Export sales(A)	146,623	122,583	96,726	3,770	369,703
Net sales(B)					506,378
(A)/(B)	29.0%	24.2%	19.1%	0.7%	73.0%

North America : U.S.A., Canada

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

Asia : South Korea, Taiwan, Singapore, etc.

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

## **Marketable Securities (Consolidated)**

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

Amount Unit: 1 Million Yen

	As of September 30, 2004			As of September 30, 2003			As of March 31, 2004		
	Cost	Fair Value	Net unrealized gains	Cost	Fair Value	Net unrealized gains	Cost	Fair Value	Net unrealized gains
1)Equity securities	38,852	44,722	5,870	39,385	41,187	1,801	39,547	49,818	10,270
2)Debt securities	0	0	(0)	47	47	0	0	0	(0)
Total	38,852	44,722	5,870	39,432	41,234	1,801	39,547	49,818	10,270

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

Amount Unit: 1 Million Yen

	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004
	Carrying Amount	Carrying Amount	Carrying Amount
Available-for-sale securities			
Equity securities	4,760	5,320	4,773

## **Derivatives (Consolidated)**

Amount Unit: 1 Million Yen

Classification	Type	As of September 30, 2004			As of September 30, 2003			As of March 31, 2004		
		Contract or Notional Amount	Fair Value	Net unrealized gain (loss)	Contract or Notional Amount	Fair Value	Net unrealized gain (loss)	Contract or Notional Amount	Fair Value	Net unrealized gain (loss)
Currency	Forward exchange contracts									
	Selling positions	49,742	50,478	(735)	24,771	23,584	1,186	39,310	38,290	1,020
	Buying positions	2,111	2,139	28	3,091	3,079	(11)	7,819	7,786	(33)
Currency	Currency option contracts									
	Selling positions	4,035			445	-	-	-	-	-
	Option premiums	34	32	1	5	6	(1)	-	-	-
	Buying positions	6,145			1,385	-	-	-	-	-
	Option premiums	34	22	(11)	41	70	29	-	-	-
Interest rate	Interest swap agreements	30,000	44	44	30,000	(29)	(29)	30,000	14	14
Total		-	-	(672)	-	-	1,174	-	-	1,002

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



## First Half ended September 30, 2004 Financial Results (Non-Consolidated)

**Company name:** NIKON CORPORATION

**Code number:** 7731

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

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

**Date of the Board Meeting for the First Half ended September 30, 2004:** November 15, 2004

### 1. Results of First Half ended September 30, 2004 (From April 1, to September 30, 2004)

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

#### (1) Financial Results

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change
First Half ended September 30, 2004	¥235,928	46.2%	¥(1,495)	-%	¥2,293	-%
First Half ended September 30, 2003	¥161,362	3.6%	¥(7,382)	-%	¥(5,133)	-%
Year ended March 31, 2004	¥375,958		¥(4,692)		¥(5,933)	

	Net Income	Change	Net Income per share of Common Stock (Yen)
First Half ended September 30, 2004	¥5,049	-%	¥13.67
First Half ended September 30, 2003	¥(357)	-%	¥(0.97)
Year ended March 31, 2004	¥4,063		¥11.00

(Note) 1. Average number of Shares outstanding: First Half ended September 30, 2004 :369,304,152 Shares

First Half ended September 30, 2003 :369,383,207 Shares

Year ended March 31, 2004 :369,361,047 Shares

2. Change in accounting method : N/A

3. Percent Increase(Decrease): First Half ended September 30, 2004/First Half ended September 30, 2003

**(2) Cash Dividends**

	Interim Cash Dividends per Share of Common Stock (Yen)	Cash Dividends per Share of Common Stock for the year (Yen)
First Half ended September 30, 2004	¥4.00	-
First Half ended September 30, 2003	¥0.00	-
Year ended March 31, 2004	-	¥4.00

**(3) Financial Position**

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock (Yen)
First Half ended September 30, 2004	¥537,806	¥151,375	28.1%	¥409.92
First Half ended September 30, 2003	¥483,316	¥141,050	29.2%	¥381.87
Year ended March 31, 2004	¥511,918	¥150,457	29.4%	¥407.39

(Note)1. Number of Shares outstanding as of September 30, 2004 :369,280,585 shares

as of September 30, 2003 :369,366,108 shares

as of March 31, 2004 :369,318,736 shares

2. Number of Shares outstanding held as Treasury stock : as of September 30, 2004 :664,747 Shares

as of September 30, 2003 :579,224 shares

as of March 31, 2004 :626,596 shares

**2. Forecast for Year ended March 31, 2005 (From April 1, 2004 to March 31, 2005)**

Amount Unit : 1 Million Yen

	Net Sales	Ordinary Income	Net Income	Cash Dividends per share of Common Stock for the year (year-end Cash Dividends)
Year ended March 31, 2005	¥490,000	¥6,000	¥16,600	¥4.00 (¥8.00)

Ref. Expected net income per share of common stock for year ended March 31, 2005: 44.95 Yen

## Non-Consolidated Balance Sheets

Amount Unit : 1Million Yen

	As of September 30, 2004		As of September 30, 2003		As of March 31, 2004	
		%		%		%
[ Assets ]						
<b>1. Current Assets</b>						
Cash and time deposits	6,856		6,766		5,197	
Notes receivable	1,018		698		575	
Accounts receivable	122,050		98,404		123,299	
Inventories	158,194		152,861		151,022	
Short-term loans receivable	40,747		26,465		30,599	
Other current assets	36,475		22,794		24,487	
Allowance for doubtful receivables	( 1,100)		( 557)		( 1,104)	
<b>Total current assets</b>	<b>364,242</b>	<b>67.7</b>	<b>307,434</b>	<b>63.6</b>	<b>334,078</b>	<b>65.3</b>
<b>2. Fixed Assets</b>						
Tangible fixed assets	67,918		71,699		69,440	
Buildings	20,557		22,281		21,424	
Machinery and equipment	23,379		26,293		24,716	
Other tangible fixed assets	23,981		23,125		23,299	
Intangible fixed assets	8,085		7,902		7,921	
Investments and other assets	97,559		96,279		100,478	
Investment securities	49,424		46,407		54,492	
Investments in subsidiaries and associated companies	24,034		23,613		24,010	
Other	24,173		26,311		21,990	
Allowance for doubtful receivables	( 74)		( 53)		( 14)	
<b>Total fixed assets</b>	<b>173,563</b>	<b>32.3</b>	<b>175,882</b>	<b>36.4</b>	<b>177,840</b>	<b>34.7</b>
<b>Total assets</b>	<b>537,806</b>	<b>100.0</b>	<b>483,316</b>	<b>100.0</b>	<b>511,918</b>	<b>100.0</b>

## Non-Consolidated Balance Sheets

Amount Unit : 1Millon Yen

	As of September 30, 2004		As of September 30, 2003		As of March 31, 2004	
		%		%		%
[ Liabilities ]						
<b>1. Current Liabilities</b>						
Notes payable	1,012		603		1,108	
Accounts payable	123,759		84,869		111,623	
Short-term bank loans	39,050		42,450		32,050	
Current portion of long-term debt	4,006		630		1,806	
Commercial papers	-		20,000		-	
Current portion of bonds	10,000		20,000		10,000	
Accrued expenses	14,458		11,181		12,685	
Accrued income taxes	2,751		46		142	
Provision for warranty	2,858		1,632		1,900	
Other current liabilities	21,450		14,367		9,552	
<b>Total current liabilities</b>	<b>219,347</b>	<b>40.8</b>	<b>195,782</b>	<b>40.5</b>	<b>180,871</b>	<b>35.3</b>
<b>2. Long-term Liabilities</b>						
Bonds	145,500		121,000		155,500	
Long-term debt	2,847		6,654		5,151	
Liability for severance indemnities	18,184		18,076		19,207	
Other long-term liabilities	549		752		731	
<b>Total long-term liabilities</b>	<b>167,082</b>	<b>31.1</b>	<b>146,483</b>	<b>30.3</b>	<b>180,589</b>	<b>35.3</b>
<b>Total liabilities</b>	<b>386,430</b>	<b>71.9</b>	<b>342,266</b>	<b>70.8</b>	<b>361,461</b>	<b>70.6</b>
[ Shareholders' Equity ]						
<b>1. Common stock</b>	<b>36,660</b>	<b>6.8</b>	<b>36,660</b>	<b>7.6</b>	<b>36,660</b>	<b>7.2</b>
<b>2. Capital surplus</b>	<b>51,927</b>	<b>9.7</b>	<b>51,924</b>	<b>10.7</b>	<b>51,927</b>	<b>10.1</b>
<b>3. Retained earnings</b>	<b>60,005</b>	<b>11.2</b>	<b>52,012</b>	<b>10.8</b>	<b>56,433</b>	<b>11.0</b>
<b>4. Unrealized gains on securities</b>	<b>3,479</b>	<b>0.5</b>	<b>1,030</b>	<b>0.2</b>	<b>6,089</b>	<b>1.2</b>
<b>5. Treasury stock</b>	<b>( 697 )</b>	<b>( 0.1 )</b>	<b>( 578 )</b>	<b>( 0.1 )</b>	<b>( 653 )</b>	<b>( 0.1 )</b>
<b>Total shareholders' equity</b>	<b>151,375</b>	<b>28.1</b>	<b>141,050</b>	<b>29.2</b>	<b>150,457</b>	<b>29.4</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>537,806</b>	<b>100.0</b>	<b>483,316</b>	<b>100.0</b>	<b>511,918</b>	<b>100.0</b>



## Non-Consolidated Statements of Operations

Amount Unit : 1Million Yen

	First Half ended September 30, 2004		First Half ended September 30, 2003		Year ended March 31, 2004	
		%		%		%
<b>1. Operating revenues</b>						
Net sales	235,928	100.0	161,362	100.0	375,958	100.0
<b>2. Operating cost and expenses</b>						
Cost of sales	197,505	83.7	133,220	82.6	309,331	82.3
Selling, general and administrative expenses	39,917	16.9	35,524	22.0	71,319	19.0
<b>3. Operating income (loss)</b>	( 1,495)	( 0.6)	( 7,382)	( 4.6)	( 4,692)	( 1.3)
<b>4. Non-operating income</b>	8,112	3.4	5,187	3.2	7,579	2.0
Interest income	159		90		185	
dividend income	5,355		2,850		3,309	
Other income	2,597		2,246		4,085	
<b>5. Non-operating expenses</b>	4,323	1.8	2,938	1.8	8,820	2.3
Interest expenses	127		134		278	
Interest expenses on bonds	528		803		1,477	
Loss on disposals of inventories	686		199		359	
Write-down of inventories	1,315		942		4,334	
Other expenses	1,666		857		2,370	
<b>6. Ordinary income (loss)</b>	2,293	1.0	( 5,133)	( 3.2)	( 5,933)	( 1.6)
<b>7. Special gains</b>	6,124	2.6	4,641	2.9	16,128	4.3
Gains on sales of fixed assets	6,027		2,592		12,774	
Gains on sales of investment securities	97		2,048		3,353	
<b>8. Special losses</b>	649	0.3	318	0.2	2,842	0.7
Losses on disposal of fixed assets	257		273		613	
Losses on sales of fixed assets	3		2		6	
Losses on sales of investment securities	-		39		482	
Losses on devaluation of investment securities	308		2		392	
Provision for losses on doubtful receivables	60		-		-	
Provision for losses on doubtful loans receivable to subsidiaries and associated companies	-		-		514	
Losses on devaluation of the golf club membership	20		-		-	
Additional retirement benefits paid to employees	-		-		832	
<b>9. Income (loss) before income taxes</b>	7,769	3.3	( 810)	( 0.5)	7,352	2.0
<b>10. Income taxes-current</b>	2,910	1.2	213	0.1	343	0.1
<b>11. Income taxes-deferred</b>	( 190)	( 0.0)	( 666)	( 0.4)	2,946	0.8
<b>12. Net income (loss)</b>	5,049	2.1	( 357)	( 0.2)	4,063	1.1
<b>13. Retained earnings brought forward</b>	5,928		4,469		4,469	
<b>14. Unappropriated retained earnings (loss) at end</b>	10,977		4,112		8,532	

**Sales Performance (Non-Consolidated)**

Amount Unit : 1Million Yen

Segment	First Half ended September 30, 2004		First Half ended September 30, 2003		Year ended March 31, 2004	
	Amount	%	Amount	%	Amount	%
Precision Equipment	90,693	38.4	38,992	24.1	106,907	28.4
Imaging Products	129,183	54.8	108,896	67.5	237,182	63.1
Instruments	12,712	5.4	11,417	7.1	25,248	6.7
Other	3,338	1.4	2,055	1.3	6,619	1.8
Total	235,928	100.0	161,362	100.0	375,958	100.0
Domestic	60,863	25.8	46,226	28.6	104,604	27.8
Export	175,064	74.2	115,135	71.4	271,353	72.2