



August 5, 2010

Consolidated Financial Results of the First Quarter ended June 30, 2010 (Japanese Standards)

Company name: NIKON CORPORATION

Code number: 7731; Stock listings: Tokyo Stock Exchange

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Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes

Note: Amounts less than 1 million yen are omitted.

1. Consolidated Results of the First Quarter ended June 30, 2010 (From April 1, 2010 to June 30, 2010)

(1) Financial Results (Percentage represents comparison change to the corresponding previous quarterly period)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2010	205,211	17.2	11,312	-	12,740	-	8,154	-
Three months ended June 30, 2009	175,147	(26.4)	730	(97.5)	(1,324)	-	(3,997)	-

	Net Income per Share of Common Stock	Net Income per Share of Common Stock after Dilution
	Yen	Yen
Three months ended June 30, 2010	20.57	19.76
Three months ended June 30, 2009	(10.09)	-

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share of Common Stock
	Million yen	Million yen	%	Yen
First Quarter ended June 30, 2010	759,496	370,784	48.8	934.45
Year ended March 31, 2010	740,632	372,069	50.2	937.75

(Reference) Equity: First Quarter ended June 30, 2010: 370, 434 million yen

Year ended March 31, 2009: 371, 743 million yen

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, 2010	-	4.00	-	4.00	8.00
Year ending March 31, 2011	-	-	-	-	-
Year ending March 31, 2011 (Planned)	-	5.00	-	14.00	19.00

(Note) Revision of cash dividend forecast for this period: None

3. Forecasts for Year Ending March 31, 2011 (From April 1, 2010, to March 31, 2011)

(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
First Half ending September 30, 2010	398,000	8.1	13,500	-	15,000	-	9,000	-	22.70
Full year	890,000	13.3	52,000	-	50,000	-	30,000	-	75.68

(Note) Revision of forecast for this period: Yes

4. Others (For details, please refer to page 5 of this report.)

(1) Changes of significant subsidiaries during the current fiscal year: None

(Note) This refers to presence/absence of changes to specified subsidiaries accompanying changes in scope of consolidation in the period under review.

(2) Adoption of simplified accounting methods and special accounting methods: Yes

(Note) This refers to presence/absence of application of simplified accounting method and special accounting method for preparing quarterly consolidated financial statements.

(3) Changes in accounting principles, procedures and disclosure methods, etc.

1. Changes by revision of accounting standards: Yes

2. Changes other than the above: None

(Note) This refers to presence/absence of changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of quarterly consolidated financial statements described in 「changes in major basic items for preparing quarterly financial statements」.

(4) Number of shares issued (common stock)

1. Number of shares issued as of the term end (including treasury stocks):

First Quarter ended June 30, 2010 400,878,921 shares

Year ended March 31, 2010 400,878,921 shares

2. Number of treasury stock as of the term end:

First Quarter ended June 30, 2010 4,459,666 shares

Year ended March 31, 2010 4,458,536 shares

3. Average number of shares during the term (consolidated total for quarter):

First Quarter ended June 30, 2010 396,419,597 shares

First Quarter ended June 30, 2009 396,399,625 shares

(※Indication of quarterly review procedures implementation status)

This quarterly financial results report is exempt from quarterly 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.

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1. Performance and Financial Position

(1) Qualitative information regarding the consolidated operating results

During the three months ended June 30, 2010, the Precision Equipment Business witnessed manufacturers engage in vigorous capital investments as market conditions bounced back in both the semiconductor-related and liquid crystal panel-related markets. Market recovery in the industrial instruments business was also evident in the Instruments Business. In the Imaging Products Business, the digital SLR (single-lens reflex) camera market recorded steady year-on-year growth in every region while the compact digital camera market, which had previously been seeing consecutive decreases, also marked positive growth overall.

As a result, net sales for the three months ended June 30, 2010 increased by 17.2% year-on-year to 205,211 million yen, operating income totaled 11,312 million yen (up from an operating income of 730 million yen in the same period of the previous year), ordinary income was 12,740 million yen (compared with an ordinary loss of 1,324 million yen in the same period of the previous year), and a net income of 8,154 million yen was posted (compared with a net loss of 3,997 million yen in the same period of the previous year).

Performance by business segments is as follows:

In the Precision Equipment Business, earnings improved from the same period of the previous year due to the business environment taking a favorable turn in response to the aggressive capital investments by the manufacturers.

The Imaging Products Business, despite the effects of the further appreciating yen, managed to record year-on-year increases in both revenue and profit. Furthermore, both digital SLR cameras and compact digital cameras marked record highs for the number of units sold for the first quarter.

In the Instruments Business, sales in the bioscience business remained on previous year levels due to the effects of the stronger yen, while sales in the industrial instruments business exceeded the previous year thanks to the recovery of the markets both in Japan and in Asia. As a result, despite recording a year-on-year increase in revenue, profit was down from the previous year due to the amortization of goodwill incurred through the consolidation of a subsidiary in the previous year.

(2) Qualitative information on Consolidated Financial Position

During the three months ended June 30, 2010, total assets increased by 18,863 million yen from the end of the previous fiscal year to 759,496 million yen. This is due mainly to the increase in cash and deposits and in inventories, in spite of decrease in investment securities.

Total liabilities increased by 20,149 million yen from the end of the previous fiscal year to 388,711 million yen due mainly to the increase in notes and accounts payable-trade.

Total net assets decreased by 1,285 million yen from the end of the previous fiscal year to 370,784 million yen. This is attributed to decrease in the valuation difference on available-for-sale securities, in spite of increase in retained earnings by posting of net income.

During the three months ended June 30, 2010, cash flows from operating activities amounted to an inflow of 26,724 million yen. This is due mainly to the posting of 8,756 million yen in income before income taxes and minority interests and the increase in notes and accounts payable-trade by 12,979 million yen.

Cash flows from investing activities amounted to an inflow of 840 million yen, due mainly to compensation income for expropriation by 2,317 million yen and expenditure in the amount of 3,504 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities amounted to an outflow of 3,010 million yen mainly because of 1,445 million yen in cash dividends paid.

(3) Qualitative information regarding the consolidated financial forecasts

In the Precision Equipment Business, due to vigorous capital investments on the part of manufacturers, performance is expected to improve substantially compared to the previous year.

In the Imaging Products Business, sales are expected to be higher due to the increase in the number of units sold compared to the previous year, but profit is expected to fall due to the impact of the strong yen.

In the Instruments Business, while concerns over the effects of the stronger yen will persist in the bioscience business, market recovery in Japan in addition to active investments in Asia are predicted for the industrial instruments business; as a result, performance is expected to improve overall.

The consolidated financial forecasts for the first half ending September 30, 2010 and the year ending March 31, 2011 are as stated in the "Revision of the Forecasts of Consolidated Financial Results for the Year ending March 31, 2011" announced on August 5, 2010.

2. Others

(1) Changes in Significant Consolidated Subsidiaries

Not applicable

(2) Application of Simplified Accounting Method or Special Accounting Method

(Computation Method for Income Taxes and Deferred Tax Assets and Liabilities)

As regards the computation of the amount of income taxes due, only significant add-subtract items and tax deduction items are taken into consideration.

An approach involving the application of the business forecast and tax planning as of the end of the previous fiscal year is used in determining the collectability of deferred tax assets, when it is deemed that there has been no significant change in business environment, temporary differences, and other factors since the previous fiscal year.

Deferred income taxes are included in the "Income taxes."

(3) Changes in Accounting Principles, Procedures, and Disclosure Methods

1. Change in accounting standards

(Application of "Accounting Standard for Equity Method of Accounting for Investment" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method")

From the first quarter of the fiscal year ending March 31, 2011, the Group applies the "Accounting Standard for Equity Method of Accounting for Investment" (Accounting Standards Board of Japan [ASBJ] Statement No.16 of March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No.24 of March 10, 2008)

There is no impact on the Group's consolidated financial statements for quarter as a result of this change.

(Application of "Accounting Standard for Asset Retirement Obligations")

From the first quarter of the fiscal year ending March 31, 2011, the Group applies the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 of March 31, 2008)

Although the impact of this change on operating income, ordinary income and segment information is immaterial, 1,073 million yen is recorded loss on adjustment for changes of accounting standard for asset retirement obligations as extraordinary loss.

2. Change in presentation

Based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 of December 26, 2008), the Group applies the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5 of March 24, 2009). As a result, "Income before minority interests" is included in the consolidated financial statements for the first quarter of the fiscal year ending March 31, 2011.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million of yen)

	As of June 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	123,677	107,680
Notes and accounts receivable-trade	115,245	113,773
Inventories	213,806	206,995
Other	70,677	64,502
Allowance for doubtful accounts	(8,019)	(8,328)
Total current assets	515,387	484,624
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	45,466	42,278
Machinery, equipment and vehicles, net	34,780	34,774
Land	14,842	15,033
Construction in progress	6,140	11,838
Other, net	20,535	21,119
Total property, plant and equipment	121,764	125,045
Intangible assets	41,370	42,803
Investments and other assets		
Investment securities	55,279	63,150
Other	26,301	25,809
Allowance for doubtful accounts	(607)	(800)
Total investments and other assets	80,973	88,159
Total noncurrent assets	244,109	256,007
Total assets	759,496	740,632

(Million of yen)

	As of June 30, 2010	As of March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	137,524	125,687
Short-term loans payable	26,420	25,441
Current portion of bonds	32,900	32,900
Income taxes payable	3,293	3,503
Provision for product warranties	6,086	6,448
Other	112,326	105,847
Total current liabilities	318,551	299,827
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	14,700	16,460
Provision for retirement benefits	16,452	17,207
Provision for directors' retirement benefits	594	602
Asset retirement obligations	2,298	-
Other	16,113	14,464
Total noncurrent liabilities	70,159	68,735
Total liabilities	388,711	368,562
Net assets		
Shareholders' equity		
Capital stock	65,475	65,475
Capital surplus	80,711	80,711
Retained earnings	255,166	248,368
Treasury stock	(13,356)	(13,353)
Total shareholders' equity	387,998	381,202
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,395	6,060
Deferred gains or losses on hedges	1,407	(30)
Foreign currency translation adjustments	(21,366)	(15,489)
Total valuation and translation adjustments	(17,564)	(9,459)
Subscription rights to shares	350	326
Total net assets	370,784	372,069
Total liabilities and net assets	759,496	740,632

(2) Consolidated Statement of Income

First Quarter ended June 30, 2010

(Million of yen)

	Three months ended June 30, 2009 (from April 1, 2009 to June 30, 2009)	Three months ended June 30, 2010 (from April 1, 2010 to June 30, 2010)
Net sales	175,147	205,211
Cost of sales	116,306	131,150
Gross profit	58,840	74,060
Selling, general and administrative expenses	58,110	62,748
Operating income	730	11,312
Non-operating income		
Interest income	56	96
Dividends income	444	577
Dividends income of life insurance	437	465
Foreign exchange gains	-	822
Equity in earnings of affiliates	197	334
Other	673	523
Total non-operating income	1,810	2,820
Non-operating expenses		
Interest expenses	177	231
Cash discount	981	927
Foreign exchange losses	2,109	-
Other	595	233
Total non-operating expenses	3,864	1,392
Ordinary income (loss)	(1,324)	12,740
Extraordinary gain		
Gain on sales of noncurrent assets	5	22
Total extraordinary gain	5	22
Extraordinary loss		
Loss on retirement of noncurrent assets	125	238
Loss on sales of noncurrent assets	3	8
Loss on valuation of investment securities	36	2,686
Restructuring loss	1,324	-
Effect of application in accounting standard for asset retirement obligations	-	1,073
Total extraordinary loss	1,489	4,006
Income (loss) before income taxes and minority interests	(2,808)	8,756
Income taxes	1,189	602
Income before minority interests	-	8,154
Net income (loss)	(3,997)	8,154

(3) Consolidated Statement of Cash Flows

(Million of yen)

	Three months ended June 30, 2009 (from April 1, 2009 to June 30, 2009)	Three months ended June 30, 2010 (from April 1, 2010 to June 30, 2010)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(2,808)	8,756
Depreciation and amortization	8,069	7,925
Increase (decrease) in allowance for doubtful accounts	314	(15)
Decrease in provision for product warranties	(488)	(216)
Increase (decrease) in provision for retirement benefits	872	(648)
Decrease in provision for directors' retirement benefits	(22)	(7)
Interest and dividends income	(501)	(673)
Equity in earnings of affiliates	(197)	(334)
Interest expenses	177	231
Gain on sales of noncurrent assets	(2)	(13)
Loss on retirement of noncurrent assets	125	238
Loss on revaluation of investment securities	36	2,686
Increase in notes and accounts receivable-trade	(3,737)	(7,172)
Decrease (increase) in inventories	1,668	(10,838)
Increase (decrease) in notes and accounts payable-trade	(2,641)	12,979
Other, net	6,493	15,984
Subtotal	7,359	28,881
Interest and dividends income received	1,261	607
Interest expenses paid	(219)	(372)
Income taxes paid	(1,817)	(2,391)
Net cash provided by (used in) operating activities	6,584	26,724
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,037)	(3,504)
Proceeds from sales of property, plant and equipment	49	165
Purchase of investment securities	(1)	(0)
Net decrease in loans receivable	49	153
Compensation income for expropriation	-	2,317
Other, net	(1,531)	1,709
Net cash provided by (used in) investing activities	(8,472)	840
Cash flows from financing activities		
Net decrease in short-term loans payable	(2,056)	(424)
Repayments of long-term loans payable	(240)	(300)
Redemption of bonds	19,894	-
Cash dividends paid	(1,948)	(1,445)
Purchase of treasury stock	(21)	-
Other, net	(813)	(839)
Net cash provided by (used in) financial activities	14,814	(3,010)
Effect of exchange rate change on cash and cash equivalents	815	(5,795)
Net Increase in cash and cash equivalents	13,741	18,759
Cash and cash equivalents at beginning of period	79,806	104,669
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	231
Cash and cash equivalents at end of period	93,547	123,660

(4) Notes regarding Going Concern Assumption
Not applicable

(5) 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 Company addresses the creation of consistent responsibility system and thoroughness of separate operation.

Each Company is composed of product-by-product segments 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 digital cameras and interchangeable camera lenses. The instruments business provides products and services of microscopes, measuring instruments and inspection equipments.

2. Information on sales and income (loss) by business segment reported

For the three months ended June 30, 2010 (From April 1, 2010 to June 30, 2010)

(Million of yen)

	Business segments reported				Other ¹	Adjustment ²	Consolidated Statement of Income
	Precision Equipment	Imaging Products	Instruments	Total			
Sales							
Outside customers	40,272	148,779	10,920	199,972	5,239	-	205,211
Intersegment sales or transfer	168	148	305	623	6,318	(6,942)	-
Total	40,441	148,927	11,226	200,595	11,558	(6,942)	205,211
Operating income (loss)	(629)	13,951	(2,589)	10,732	739	(158)	11,312

Notes: 1. The "Other Business" category incorporates operations not included in business segments reported, including the glass-related business, the sport optics products business and the customized products business.

2. Adjustment of segment income (loss) refers to elimination of intersegment transactions.

(Additional Information)

From the first quarter of the fiscal year ending March 31, 2011, the Group applies the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17 of March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20 of March 21, 2009).

(6) Note in Event of Significant Change in Shareholders' Equity
Not applicable