



(Summary for reference only)

Date: February 6, 2006

## Financial Results for the Third Quarter ended December 31, 2005 (Consolidated)

**Company name:** NIKON CORPORATION

**Code number:** 7731

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

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

### 1. Notes to Consolidated Financial Statements

- (1) Difference in Accounting Policies from the fiscal year ended March 31, 2005: Applicable  
The practical estimation has been applied for the calculation of some allowances instead of actual basis.  
The effect from change is not material.
- (2) Changes in Consolidation and Equity method Policies  
Consolidation New : 1, Exclusion : 0  
Equity method New : 0, Exclusion : 0

### 2. Results of the Third Quarter ended December 31, 2005 (From April 1, 2005 to December 31, 2005)

(Notes) 1. 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	Net Income	Change
3rd Quarter ended December 31, 2005	¥535,790	15.0%	¥48,147	244.3%	¥37,367	383.7%	¥23,854	1.9%
3rd Quarter ended December 31, 2004	¥465,879	28.7%	¥13,984	-	¥7,726	-	¥23,407	-
(Reference) Year ended March 31, 2005	¥638,468		¥30,545		¥14,693		¥24,141	

	Net Income per share of Common Stock (Yen)	Net Income Per Share of Common Stock after dilution (Yen)
3rd Quarter ended December 31, 2005	¥64.57	¥57.28
3rd Quarter ended December 31, 2004	¥63.38	¥56.23
(Reference) Year ended March 31, 2005	¥65.19	¥57.84

#### (2) Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock
3rd Quarter ended December 31, 2005	¥693,521	¥234,523	33.8%	¥634.91
3rd Quarter ended December 31, 2004	¥672,245	¥193,302	28.8%	¥523.14
(Reference) Year ended March 31, 2005	¥633,426	¥196,030	30.9%	¥530.41

#### (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
3rd Quarter ended December 31, 2005	¥13,881	¥(14,496)	¥(1,056)	¥20,200
3rd Quarter ended December 31, 2004	¥13,566	¥(5,022)	¥3,502	¥29,006
(Reference) Year ended March 31, 2005	¥47,128	¥(10,542)	¥(31,785)	¥21,507

### 3. Forecast for Year ending March 31, 2006 (Consolidated) (From April 1, 2005 to March 31, 2006)

	Net Sales	Ordinary Income	Net Income
Year ending March 31, 2006	¥710,000	¥34,000	¥18,000

(Reference) Forecasted earnings per share (full year) : 48.72 Yen

#### (Reference) Forecast for Year ending March 31, 2006 (Unconsolidated) (From April 1, 2005 to March 31, 2006)

	Net Sales	Ordinary Income	Net Income
Year ending March 31, 2006	¥510,000	¥17,000	¥9,000

(Reference) Forecasted earnings per share (full year) : 24.36 Yen

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of December 31, 2005		As of December 31, 2004		As of March 31, 2005	
		%		%		%
<b>Assets</b>						
<b>Current assets</b>						
Cash and time deposits	20,591		29,400		21,943	
Notes and accounts receivable-trade	161,995		137,019		125,107	
Inventories	252,919		257,861		245,623	
Other current assets	45,671		50,529		41,187	
Allowance for doubtful receivables	(3,277)		(2,674)		(2,735)	
Total current assets	477,899	68.9	472,136	70.2	431,126	68.1
<b>Fixed assets</b>						
Tangible fixed assets						
Buildings and structures	40,918		40,313		39,986	
Machinery, equipment and vehicles	34,350		32,369		33,041	
Furniture and fixtures	13,492		12,671		12,761	
Land	15,955		16,238		16,288	
Construction in progress	5,370		9,003		7,710	
Total tangible fixed assets	110,088	15.9	110,597	16.5	109,789	17.3
Intangible fixed assets	12,465	1.8	10,953	1.7	10,901	1.7
Investments and other assets						
Investment securities	85,282		60,530		62,244	
Other	7,889		18,137		19,474	
Allowance for doubtful receivables	(105)		(109)		(109)	
Total investments and other assets	93,067	13.4	78,557	11.7	81,608	12.9
Total fixed assets	215,621	31.1	200,108	29.8	202,300	31.9
<b>Total assets</b>	693,521	100.0	672,245	100.0	633,426	100.0

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of December 31, 2005		As of December 31, 2004		As of March 31, 2005	
		%		%		%
<b>Liabilities</b>						
<b>Current liabilities</b>						
Notes and accounts payable-trade	156,731		149,804		135,880	
Short-term bank loans	42,109		62,141		45,205	
Commercial papers	7,000		8,000		-	
Current portion of bonds	20,000		10,000		-	
Accrued income taxes	5,876		9,504		14,705	
Accrued expenses	32,843		38,676		34,351	
Warranty reserve	6,384		4,896		5,305	
Other current liabilities	38,948		21,842		30,654	
Total current liabilities	309,893	44.7	304,866	45.3	266,102	42.0
<b>Long-term liabilities</b>						
Bonds	125,500		145,700		145,500	
Long-term debt	5,208		7,420		4,633	
Liability for employees' retirement benefits	16,972		19,582		18,691	
Retirement allowances for directors and corporate auditors	340		-		1,035	
Other long-term liabilities	898		1,176		1,248	
Total long-term liabilities	148,919	21.5	173,879	25.9	171,108	27.1
Total liabilities	458,813	66.2	478,745	71.2	437,210	69.1
<b>Minority interest</b>	184	0.0	197	0.0	185	0.0
<b>Shareholders' equity</b>						
Common stock	36,660		36,660		36,660	
Capital surplus	51,932		51,930		51,930	
Retained earnings	125,314		103,744		104,478	
Unrealized gains on available-for-sale securities	21,641		6,226		7,297	
Foreign currency translation adjustments	(380)		(4,790)		(3,812)	
Total	235,168		193,771		196,554	
Treasury stock	(645)		(469)		(524)	
Total shareholders' equity	234,523	33.8	193,302	28.8	196,030	30.9
<b>Total liabilities and shareholders' equity</b>	693,521	100.0	672,245	100.0	633,426	100.0

**Consolidated Statements of Income**

Amount Unit: 1 Million Yen

	3rd Quarter ended December 31, 2005		3rd Quarter ended December 31, 2004		Year ended March 31, 2005	
		%		%		%
<b>Net sales</b>	535,790	100.0	465,879	100.0	638,468	100.0
Cost of sales	343,378	64.1	315,765	67.8	429,143	67.2
Selling, general and administrative expenses	144,264	26.9	136,129	29.2	178,780	28.0
<b>Operating income</b>	48,147	9.0	13,984	3.0	30,545	4.8
<b>Non-operating income</b>						
Interest and dividend income	921	0.2	806	0.2	962	0.2
Other income	4,344	0.8	4,094	0.9	3,825	0.5
<b>Non-operating expenses</b>						
Interest expenses	1,086	0.2	1,778	0.4	2,160	0.3
Other expenses	14,958	2.8	9,380	2.0	18,479	2.9
<b>Ordinary income</b>	37,367	7.0	7,726	1.7	14,693	2.3
<b>Extraordinary gains</b>						
Gain on sale of fixed assets	99	0.0	6,078	1.3	6,062	0.9
Gain on sale of investment securities	13	0.0	108	0.0	437	0.1
Proceeds from settlement of legal proceedings against Patent	-		15,878	3.4	15,878	2.5
Proceeds from patents and know-how licenses	1,236	0.3	-		-	
<b>Extraordinary losses</b>						
Loss on sale and disposal of fixed assets	988	0.2	459	0.1	2,234	0.3
Loss on impairment of fixed assets	243	0.0	-		-	
Loss on sale of investment securities	-		1	0.0	11	0.0
Loss on Patent settlement	2,889	0.6	-		-	
Addition to prior year's liability for director's retirement benefits	-		-		982	0.2
Other losses	720	0.2	412	0.1	400	0.1
<b>Income before income taxes</b>	33,872	6.3	28,919	6.2	33,443	5.2
<b>Income taxes</b>	10,013	1.8	5,485	1.2	9,288	1.4
<b>Minority interest</b>	4	0.0	25	0.0	13	0.0
<b>Net Income</b>	23,854	4.5	23,407	5.0	24,141	3.8