



November 1, 2012

Consolidated Financial Results of the First Half ended September 30, 2012 (Japanese Standards)

Company name: NIKON CORPORATION

Code number: 7731; Stock listings: Tokyo Stock Exchange

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Date of commencement of dividend payment: December 3, 2012

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (for institutional investors and analysts)

Note: Amounts less than 1 million yen are omitted.

1. Consolidated Results of the First Half ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

(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	%
First Half ended September 30, 2012	497,243	2.2	37,103	(39.3)	39,524	(39.3)	32,022	(36.5)
First Half ended September 30, 2011	486,309	22.2	61,173	303.2	65,153	265.7	50,437	374.1

(Note) Comprehensive Income: First Half ended, September 30, 2012: 20,634 million yen ; -43.4%
First Half ended, September 30, 2011: 36,485 million yen ; - %

	Net Income per Share of Common Stock	Net Income per Share of Common Stock after Dilution
	Yen	Yen
First Half ended September 30, 2012	80.75	80.61
First Half ended September 30, 2011	127.21	127.09

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
First Half ended September 30, 2012	872,006	445,444	51.0
Year ended March 31, 2012	860,230	433,616	50.3

(Reference) Equity: First Half ended September 30, 2012: 444,742 million yen
Year ended March 31, 2012: 433,011 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, 2012	—	17.00	—	21.00	38.00
Year ending March 31, 2013	—	19.00	—	—	—
Year ending March 31, 2013 (Planned)	—	—	—	22.00	41.00

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

3. Forecasts for Year Ending March 31, 2013 (From April 1, 2012, to March 31, 2013)

(Percentage represents comparison to previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share of common stock
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,010,000	9.9	72,000	(10.1)	75,000	(16.1)	60,000	1.2	151.30

(Note) Revision of forecast for this period: Yes

4. Others

(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 special accounting methods: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1. Changes in accounting policies with revision of accounting standards: Yes

2. Changes in accounting policies other than the above: None

3. Changes in accounting estimate: Yes

4. Revision restatements: None

(Note) Starting with the first quarter of this fiscal year, the Company and its domestic consolidated subsidiaries have changed the depreciation method. Such changes fall under "Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections." Please refer to P.6 "2. Notes Regarding Summary Information (Others) - (2) Changes in accounting policies, accounting estimates and restatement of corrections" for details.

(4) Number of shares issued (common stock)

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

First Half ended September 30, 2012 400,878,921 shares

Year ended March 31, 2012 400,878,921 shares

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

First Half ended September 30, 2012 4,312,495 shares

Year ended March 31, 2012 4,342,128 shares

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

First Half ended September 30, 2012 396,553,335 shares

First Half ended September 30, 2011 396,490,061 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 first half ended September 30, 2012, the economic situations in the United States and in Europe were sluggish, as they suffered an intensification of the European debt crisis, while the Asian economy also slowed. The Japanese economy experienced harsh conditions due to the worldwide economic slowdown and the appreciation of the yen.

Looking at performance by business segment, in the Precision Equipment Business capital investment by manufacturers cooled off, and both the semiconductor-related and LCD panel-related markets shrank. In the Imaging Products Business, the Digital camera—Interchangeable Lens Type market continued to show expansion, although the compact digital camera market shrank. In the Instruments Business, the bioscience-related market faced challenges due to government-budget execution deferments worldwide, while the industrial instruments-related markets experienced a tough business climate from dampened enthusiasm for capital investment despite sales related to information equipment showed solid performance.

In these circumstances, the Group continued to launch new, competitive products that were clearly differentiated by the strength of the Group's technologies, shortened production lead time, and reduced costs in order to expanding existing businesses and enhancing profitability. Furthermore, we strove to broaden the scope of the Nikon Brand by strengthening business operations and improving the business portfolio, such as leveraging Nikon's core technologies to position the health and medical field as a new business to be cultivated.

Additionally, we worked to strengthen companywide business functions and reform processes by implementing thorough reforms in marketing, design, manufacturing, sales and services, and developing human resources who can perform globally, and optimizing procurement and logistics across the Group. We also stepped up efforts to review and strengthen our risk management system on a global scale, in order to minimize the impact from various risks such as disaster.

As a result of the foregoing, net sales for the first half ended September 30, 2012 increased by 10,934 million yen (2.2%) year on year to 497,243 million yen, operating income decreased by 24,070 million yen (39.3%) year on year to 37,103 million yen, and ordinary income decreased by 25,629 million yen (39.3%) year on year to 39,524 million yen, resulting in net income of 32,022 million yen, a decrease of 18,414 million yen (36.5%) year on year.

Performance by business segment is as follows.

1) Precision Equipment Business

In the Precision Equipment market, capital investment by manufacturers cooled off in both the semiconductor-related and LCD panel-related fields, and a tough business climate was observed, particularly for markets related to semiconductors.

In these circumstances, we worked to expand sales in the field of IC steppers and scanners, focusing on the NSR-S620D ArF immersion scanner compatible with double patterning and on the latest model NSR-S621D with enhanced accuracy and throughput.

In the LCD steppers and scanners field, we worked to expand sales of devices that are optimal for high-resolution small and medium-sized panel, focusing on the FX-66S with enhanced throughput and resolution compared to its previous generation.

Ongoing efforts were also made to improve our profit structure by shortening production lead times and reducing costs throughout operations.

However, the Precision Equipment Business was impacted by a downturn in the market. As a result, net sales decreased by 35.6% year on year to 80,429 million yen, and operating income decreased by 69.0% year on year to 7,212 million yen.

2) Imaging Products Business

In the Imaging Products market, the Digital camera—Interchangeable Lens Type market expanded, while the compact digital camera market shrank.

In these circumstances, with regard to Digital camera—Interchangeable Lens Type, sales of Digital Single-Lens Reflex (SLR) cameras continued to grow, while the Nikon 1 brand, an Advanced camera—Interchangeable Lens Type, also continued to show solid performance.

In the compact digital camera market, sales volume of the 42x super-telephoto zoom model COOLPIX P510 and the slim, 18x optical zoom model COOLPIX S9300 showed favorable performance, resulting in a year-on-year increase in sales despite of market contraction.

Sales volume of interchangeable camera lenses, high-priced camera lenses in particular, climbed steadily thanks to an expansion in sales of Digital camera—Interchangeable Lens Type.

As a result, net sales for the Imaging Products Business increased by 17.4% year on year to 381,071 million yen, marking a record high for half-year sales, as sales volume of Digital camera—Interchangeable Lens Type, compact digital cameras, and interchangeable camera lenses hit record highs for the first half of the year. However, operating income decreased by 11.8% year on year to 41,807 million yen, due to the impact of exchange rates, etc.

3) Instruments Business

In the Instruments market, conditions in the bioscience-related market were severe as government budgets were reduced and deferred. In the industrial instruments-related markets, sales related to information equipment such as smartphones were favorable, although the impact of the restraint in capital investment by manufacturers was felt in the semiconductor-related and electronics-related markets.

In these circumstances, the bioscience business expanded its market share despite contraction in the market, as sales of basic type microscopes such as inverted research microscopes grew steadily. In the industrial instruments business, efforts were made to expand sales in the information equipment-related market, with emphasis on measuring instruments, although sales in the semiconductor-related and electronics-related markets declined.

As a result, net sales for the Instruments Business decreased by 3.5% year on year to 23,735 million yen, and operating loss amounted to 2,977 million yen (compared with operating loss of 2,370 million yen in the same period of the previous year).

4) Other

Efforts were made to expand sales in the Customized Products Business, including solid-state lasers and optical components, and in products such as LCD photomask substrates in the Glass Business.

As a result, net sales for the Other segment decreased by 2.7% year on year to 12,008 million yen, and operating income increased by 44.7% year on year to 1,583 million yen.

(2) Qualitative information on Consolidated Financial Position

During the first half ended September 30, 2012, total assets increased by 11,775 million yen from the end of the previous fiscal year to 872,006 million yen. This is due mainly to the increase by 42,007 million yen in inventory, and the increase by 14,619 million yen in property, plant and equipment, in spite of the decrease by 13,342 million yen in cash and deposits, the decrease by 13,430 million yen in notes and accounts receivable-trade, and the decrease by 14,314 million yen in accounts receivable.

Total liabilities decreased by 51 million yen from the end of the previous fiscal year to 426,561 million yen. This is due mainly to the decrease by 5,639 million yen in income tax payable, and the decrease by 17,999 million yen in advances received, in spite of the increase by 19,400 million yen in notes and accounts payable-trade.

Total net assets increased by 11,827 million yen from the end of the previous fiscal year to 445,444 million yen. This is due mainly to the increase by 23,028 million yen in retained earnings through the posting of net income, in spite of the decrease by 8,916 million yen in foreign currency translation adjustment due to the progressing yen appreciation.

During the first half ended September 30, 2012, cash flows from operating activities amounted to an inflow of 34,673 million yen (compared with an inflow of 26,338 million yen in the same period of the previous year). This is due mainly to the increase by 20,039 million yen in notes and accounts payable and posting of income before income taxes by 45,657 million yen, in spite of the increase in inventory by 46,700 million yen.

Cash flows from investing activities amounted to an outflow of 35,273 million yen (compared with an outflow of 20,983 million yen in the same period of the previous year), due mainly to expenditure in the amount of 35,424 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities amounted to an outflow of 9,414 million yen (compared with an outflow of 6,949 million yen in the same period of the previous year) mainly because of 8,314 million yen in cash dividends paid.

(3) Qualitative Information regarding the Consolidated Financial Forecasts

Looking forward, the Imaging Products Business is expected to show solid performance from an increase in sales volume of interchangeable lens type digital camera, particularly of highly acclaimed new products, even though challenging market conditions such as intensifying competition are expected.

On the other hand, challenging conditions are expected in the Precision Equipment Business and the Instruments Business, due to growing uncertainty toward market conditions and apparent declines in capital investment, particularly in the semiconductor-related field. The Company will work on improving its earnings structure to overcome the downturn in the market conditions.

Based on the above business assumptions and in view of the foregoing business environment, the consolidated forecast for the year ending March 31, 2013, announced on August 8, 2012, is revised as follows.

** Assumed exchange rates for the third and subsequent quarters are 80 yen to 1 U.S. dollar, and 100 yen to 1 euro.

Revised Consolidated Forecast for the Year Ending March 31, 2013 (From April 1, 2012 to March 31, 2013)

	Net sales	Operating income	Ordinary income	Net income	Net income per share of common stock
	million yen	million yen	million yen	million yen	Yen
Previous Forecast (A)	1,020,000	85,000	90,000	60,000	151.31
Revised Forecast (B)	1,010,000	72,000	75,000	60,000	151.30
Difference (B-A)	(10,000)	(13,000)	(15,000)	-	-
Ratio (%)	(1.0)	(15.3)	(16.7)	-	-

2. Notes Regarding Summary Information (Others)

(1) Changes in Significant Consolidated Subsidiaries

Not applicable

(2) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections

(Changes of method for depreciation)

The Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 due to the revision of Japan's Corporation Tax Law from the first quarter ended June 30, 2012. The effect of this change was immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million of yen)

	As of March 31, 2012	As of September 30, 2012
Assets		
Current assets		
Cash and deposits	132,404	119,061
Notes and accounts receivable-trade	137,533	124,102
Merchandise and finished goods	118,899	148,678
Work in process	112,143	124,808
Raw materials and supplies	31,991	31,555
Other	81,171	69,261
Allowance for doubtful accounts	(4,667)	(4,389)
Total Current Assets	609,474	613,078
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	37,807	42,280
Machinery, equipment and vehicles, net	35,200	49,967
Land	14,609	14,556
Construction in progress	23,809	16,828
Other, net	19,517	21,929
Total property, plant and equipment	130,943	145,563
Intangible assets		
Goodwill	5,157	4,799
Other	27,927	27,442
Total intangible assets	33,085	32,241
Investments and other assets		
Investment securities	55,355	49,953
Other	31,578	31,362
Allowance for doubtful accounts	(207)	(193)
Total investments and other assets	86,727	81,122
Total noncurrent assets	250,755	258,927
Total assets	860,230	872,006

(Million of yen)

	As of March 31, 2012	As of September 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	155,338	174,738
Short-term loans payable	18,350	18,546
Income taxes payable	15,076	9,436
Provision for product warranties	7,594	7,598
Other	145,650	132,310
Total current liabilities	342,009	342,631
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	22,900	22,900
Provision for retirement benefits	3,700	3,265
Asset retirement obligations	2,365	2,501
Other	15,638	15,263
Total noncurrent liabilities	84,604	83,930
Total liabilities	426,613	426,561
Net assets		
Shareholders' equity		
Capital stock	65,475	65,475
Capital surplus	80,711	80,711
Retained earnings	319,823	342,851
Treasury stock	(12,992)	(12,903)
Total shareholders' equity	453,017	476,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,061	(946)
Deferred gains or losses on hedges	(1,592)	(56)
Foreign currency translation adjustment	(21,474)	(30,391)
Total accumulated other comprehensive income	(20,005)	(31,393)
Subscription rights to shares	604	702
Total net assets	433,616	445,444
Total liabilities and net assets	860,230	872,006

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

① Consolidated Statements of Income

First Half ended September 30, 2012

(Million of yen)

	First Half ended September 30, 2011 (from April 1, 2011 to September 30, 2011)	First Half ended September 30, 2012 (from April 1, 2012 to September 30, 2012)
Net sales	486,309	497,243
Cost of sales	291,337	313,126
Gross profit	194,971	184,116
Selling, general and administrative expenses	133,798	147,013
Operating income	61,173	37,103
Non-operating income		
Interest income	397	382
Dividends income	723	955
Foreign exchange gains	2,074	18
Equity in earnings of affiliates	357	572
Other	1,765	1,571
Total non-operating income	5,317	3,500
Non-operating expenses		
Interest expenses	536	513
Other	801	566
Total non-operating expenses	1,337	1,080
Ordinary income	65,153	39,524
Extraordinary income		
Gain on sales of noncurrent assets	66	116
Gain on sales of investment securities	17	5,132
Insurance income	—	1,539
Total extraordinary income	84	6,788
Extraordinary loss		
Loss on retirement of noncurrent assets	95	—
Loss on sales of noncurrent assets	0	10
Impairment loss	—	409
Loss on sales of investment securities	0	0
Loss on valuation of investment securities	127	233
Total extraordinary losses	223	654
Income before income taxes	65,014	45,657
Income taxes-current	14,577	13,635
Income before minority interests	50,437	32,022
Net income	50,437	32,022

② Consolidated Statements of Comprehensive Income

First Half ended September 30, 2012

(Million of yen)

	First Half ended September 30, 2011 (from April 1, 2011 to September 30, 2011)	First Half ended September 30, 2012 (from April 1, 2012 to September 30, 2012)
Income before minority interests	50,437	32,022
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,790)	(4,008)
Deferred gains or losses on hedges	2,463	1,536
Foreign currency translation adjustment	(12,363)	(8,916)
Share of other comprehensive income of associates accounted for using equity method	739	0
Total other comprehensive income	(13,951)	(11,387)
Comprehensive income	36,485	20,634
(Breakdown)		
Comprehensive income attributable to owners of the parent	36,485	20,634

(3) Consolidated Statement of Cash Flows

(Million of yen)

	First Half ended September 30, 2011 (from April 1, 2011 to September 30, 2011)	First Half ended September 30, 2012 (from April 1, 2012 to September 30, 2012)
Net cash provided by (used in) operating activities		
Income before income tax	65,014	45,657
Depreciation and amortization	15,604	16,705
Impairment loss	—	409
Increase (decrease) in allowance for doubtful accounts	(2,275)	(28)
Increase (decrease) in provision for product warranties	588	266
Increase (decrease) in provision for retirement benefits	(10,448)	(333)
Increase (decrease) in provision for directors' retirement benefits	(606)	—
Interest and dividends income	(1,121)	(1,337)
Equity in (earnings) losses of affiliates	(357)	(572)
Interest expenses	536	513
Loss (gain) on sales of noncurrent assets	(65)	(105)
Loss on retirement of noncurrent assets	95	—
Loss (gain) on sales of investment securities	(17)	(5,132)
Loss (gain) on valuation of investment securities	127	233
Decrease (increase) in notes and accounts receivable-trade	(3,408)	9,448
Decrease (increase) in inventories	(36,166)	(46,700)
Increase (decrease) in notes and accounts payable-trade	11,222	20,039
Increase (decrease) in advances received	(7,321)	(17,048)
Increase (decrease) in accrued expenses	6,082	11,606
Other, net	(3,038)	18,636
Subtotal	34,443	52,258
Interest and dividends income received	1,116	1,504
Interest expenses paid	(535)	(564)
Income taxes (paid) refund	(8,686)	(18,525)
Net cash provided by (used in) operating activities	26,338	34,673
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(13,514)	(35,424)
Proceeds from sales of property, plant and equipment	639	629
Purchase of investment securities	(789)	(202)
Proceeds from sales of investment securities	42	4,498
Decrease (increase) in loans receivable	(779)	(243)
Other, net	(6,582)	(4,531)
Net cash provided by (used in) investing activities	(20,983)	(35,273)

(Million of yen)

	First Half ended September 30, 2011 (from April 1, 2011 to September 30, 2011)	First Half ended September 30, 2012 (from April 1, 2012 to September 30, 2012)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,301)	97
Proceeds from long-term loans payable	2,900	—
Repayment of long-term loans payable	(1,760)	—
Cash dividends paid	(5,542)	(8,314)
Other, net	(1,244)	(1,197)
Net cash provided by (used in) financing activities	(6,949)	(9,414)
Effect of exchange rate change on cash and cash equivalents	(5,792)	(3,736)
Net increase (decrease) in cash and cash equivalents	(7,387)	(13,751)
Cash and cash equivalents at beginning of period	181,061	131,711
Increase in cash and cash equivalents from newly consolidated subsidiary	536	429
Cash and cash equivalents at end of period	174,210	118,390

(4) Notes regarding Going Concern Assumption
Not applicable

(5) Segment Information

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

For the First Half ended September 30, 2011 (From April 1, 2011 to September 30, 2011)

(Million of yen)

	Business segments reported				Other ¹	Total	Adjustment ²	Consolidated Statement of Income ³
	Precision Equipment	Imaging Products	Instruments	Total				
Sales								
Outside customers	124,816	324,546	24,602	473,965	12,343	486,309	—	486,309
Intersegment sales or transfer	442	712	895	2,049	12,351	14,400	(14,400)	—
Total	125,258	325,258	25,497	476,014	24,695	500,710	(14,400)	486,309
Operating income (loss)	23,269	47,417	(2,370)	68,316	1,094	69,410	(8,237)	61,173

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

2. Adjustment of segment income (loss) refers to elimination of intersegment transactions of 567 million yen and corporate expenses of minus 8,804 million yen.

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

For the First Half ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

(Million of yen)

	Business segments reported				Other ¹	Total	Adjustment ²	Consolidated Statement of Income ³
	Precision Equipment	Imaging Products	Instruments	Total				
Sales								
Outside customers	80,429	381,071	23,735	485,235	12,008	497,243	—	497,243
Intersegment sales or transfer	511	388	475	1,375	20,338	21,713	(21,713)	—
Total	80,940	381,459	24,210	486,610	32,346	518,957	(21,713)	497,243
Operating income (loss)	7,212	41,807	(2,977)	46,042	1,583	47,625	(10,521)	37,103

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

2. Segment income or loss adjustment includes elimination of intersegment transactions of 140 million yen and corporate expenses of minus 10,662 million yen.

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

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