



MAY 9, 2013

Consolidated Financial Results of the year ended March 31, 2013 (Japanese Standards)

Company name: NIKON CORPORATION

Code number: 7731; Stock listings: Tokyo Stock Exchange

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

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Date for the annual shareholders' meeting: June 27, 2013

Date for the filing of the consolidated financial statements: June 27, 2013

Date of year-end dividend payout: June 28, 2013

Preparation of supplementary materials for financial results: Yes

Information meeting for 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 year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2013	1,010,493	10.0	51,001	(36.3)	48,344	(45.9)	42,459	(28.4)
Year ended March 31, 2012	918,651	3.5	80,080	48.2	89,383	60.2	59,305	117.1

(Note) Comprehensive Income: Year ended March, 2013; 73,917 million yen (32.6%)

Year ended March, 2012; 55,748 million yen (174.3%)

	Net Income per Share of Common Stock	Net Income per Share of Common Stock after Dilution	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2013	107.07	106.92	9.2	5.6	5.0
Year ended March 31, 2012	149.57	149.41	14.4	10.6	8.7

(Reference) Equity in Earning of non-consolidated subsidiaries and affiliates: Year ended March, 2013; 2,462 million yen

Year ended March, 2012; 1,535 million yen

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share of Common Stock
	Million yen	Million yen	%	Yen
Year ended March 31, 2013	865,019	491,324	56.7	1,236.84
Year ended March 31, 2012	860,230	433,616	50.3	1,091.98

(Reference) Equity: Year ended March 31, 2013; 490,528 million yen

Year ended March 31, 2012; 433,011 million yen

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2013	51,890	(65,109)	(18,198)	110,094
Year ended March 31, 2012	15,073	(49,144)	(15,150)	131,711

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 ended March 31, 2013	-	19.00	-	12.00	31.00
Year ending March 31, 2014 (Forecast)		10.00		31.00	41.00

	Total Annual Cash Dividend Paid	Dividend Payout Ratio (Consolidated)	Dividend Payout to Net Assets Ratio (Consolidated)
	Million yen	%	%
Year ended March 31, 2012	15,067	25.4	3.7
Year ended March 31, 2013	12,293	29.0	2.7
Year ending March 31, 2014 (Forecast)		25.0	

3. Consolidated Financial Forecasts for the year ending March 31, 2014 (From April 1, 2013 to March 31, 2014)
(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
Second Quarter ending September 30, 2013	507,000	2.0	25,000	(32.6)	25,000	(36.7)	16,000	(50.0)	40.35
Full year	1,110,000	9.8	85,000	66.7	85,000	75.8	65,000	53.1	163.91

4. Other

(1) Changes of significant subsidiaries during the current fiscal year (change of specified subsidiaries that affected the scope of consolidated reporting): None

(2) Changes of accounting policies applied, procedures and methods of presentation for preparing consolidated financial statements

1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes

2. Other changes in accounting policies: None

3. Changes in accounting estimates: Yes

4. Restatement of corrections: None

(Note) From 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 page 20 "(7) Changes in Basis of Presenting Consolidated Financial Statements – 1. Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections" for details.

(3) Number of shares issued (common stock)

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

Year ended March 31, 2013 400,878,921 shares

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

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

Year ended March 31, 2013 4,279,760 shares

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

3. Average number of shares during the term:

Year ended March 31, 2013 396,566,542 shares

Year ended March 31, 2012 396,502,223 shares

[Reference]

1. Non-consolidated Results of the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2013	749,198	8.8	16,628	(50.7)	20,176	(58.5)	20,182	(31.2)
Year ended March 31, 2012	688,781	1.6	33,712	119.1	48,575	92.0	29,318	127.6

	Net Income per Share of Common Stock	Net Income per Share of Common Stock after Dilution
	Yen	Yen
Year ended March 31, 2013	50.89	50.82
Year ended March 31, 2012	73.94	73.86

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share of Common Stock
	Million yen	Million yen	%	Yen
Year ended March 31, 2013	630,885	318,369	50.3	800.74
Year ended March 31, 2012	662,603	305,995	46.1	770.14

(Reference) Equity: Year ended March 31, 2013: 317,573 million yen
Year ended March 31, 2012: 305,390 million yen

(※Indication of quarterly review procedures implementation status)

This financial results report is exempt from 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. For more information about the Company's business forecasts, please refer to page 6.

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1. Operating Results

1. Analysis of Operating Results

(1) Overview of the fiscal year ended March 31, 2013

During the consolidated fiscal year ended March 31, 2013, in the Precision Equipment Business and the Instruments Business, the market shrank amid a cooling-off of capital investment. In the Imaging Products Business, the Digital camera—Interchangeable Lens Type market climate took a sharp turn for the worse from the middle of the third quarter. Additionally, the compact digital camera market continued to shrink.

Under these circumstances, in order to expand its businesses and improve profitability, the Group devoted efforts to the market launch of competitive new products, while working to expand production and sales sites, shorten manufacturing lead times, and cut costs. In addition, we pressed ahead actively with cultivation of new business domains through measures such as investing management resources in the creation of businesses in the health and medicine fields.

Furthermore, we revised our development and design process and management methods, while endeavoring to secure and foster competent human resources capable of performing on the global stage.

As a result of the foregoing, net sales for the consolidated fiscal year increased by 91,842 million yen (10.0%) year on year to a record-high 1,010,493 million yen. However, due to the impact of the worsening market conditions, operating income decreased by 29,079 million yen (36.3%) year on year to 51,001 million yen, ordinary income was down by 41,039 million yen (45.9%) year on year to 48,344 million yen, resulting in net income of 42,459 million yen, a decrease of 16,846 million yen (28.4%) year on year.

Performance by business segment is as follows.

1) Precision Equipment Business

Of the markets related to the business, in both semiconductor-related and LCD panel-related markets, capital investment by manufacturers cooled off and markets shrank.

Amid this situation, the Group strove to expand sales in the IC steppers and scanners field, focusing on the NSR-S621D ArF immersion scanner, which achieves super-high accuracy and super-high throughput compatible with double patterning. At the same time, we released the new product NSR-S622D which has even greater accuracy. Furthermore, we were the first in the world to accept orders for the 450 mm wafer compatible ArF immersion scanner (prototype).

In the LCD steppers and scanners field, amid strong demand for devices used for mid-to-small size high definition displays optimal for mass production of smart-phone/tablet terminals, etc., the Group expanded sales for new products with a multi-lens system such as the FX-67S that offers improved productivity and resolution.

In addition, the Group made continuous efforts across the business as a whole to improve the profit structure, including shortening of manufacturing periods and cutting costs.

However, due to the impact of the worsening market conditions, net sales decreased by 27.9% from the previous fiscal year to 179,013 million yen, and operating income was down by 69.4% from the previous fiscal year to 13,090 million yen.

2) Imaging Products Business

Of the markets related to the business, the Digital camera—Interchangeable Lens Type market continued to show strong expansion, but the market climate took a sharp turn for the worse from the middle of the third quarter, and the compact digital camera market shrank further.

Amid this situation, among the Digital camera—Interchangeable Lens Type, digital single-lens reflex (SLR) cameras showed steady sales growth for existing products such as the D800. In addition, although we temporarily increased product inventory as a measure to mitigate related risk for floods in Thailand, and were forced to lower prices particularly for entry models as the market conditions deteriorated from the middle of the third quarter, we made progress in inventory reduction and were able to reduce the inventory level as planned by the end of the fiscal year. Advanced Camera—Interchangeable Lens Type Nikon 1 captured a high market share especially in North America and Europe, raising brand awareness for the series.

Amid a shrinking compact digital camera market, the Group captured top market shares in each region as a result of efforts to launch and expand sales for product lines with distinctive features.

As we marked the 80th anniversary of the launch of the NIKKOR lens, sales of interchangeable lenses were strong, backed by an increase in sales for Digital camera—Interchangeable Lens Type, and the cumulative production reached 75 million units in November of last year.

In addition, the Group was active in launching competitive products, such as the respective launches in March 2013 of the mid-class digital SLR camera D7100, and of the compact digital camera COOLPIX A equipped with Nikon DX-format sensor.

Furthermore, the Group strengthened and enhanced the sales and production system during the year, commencing operations at a sales subsidiary in Indonesia in February, and establishing a new factory in Laos in March.

As a result of the foregoing, net sales increased by 28.0% from the previous fiscal year to 751,240 million yen, and

operating income increased by 12.5% from the previous fiscal year to 60,711 million yen.

3) Instruments Business

Of the markets related to the business, the bioscience-related markets faced a challenging environment due to the effects of reduced and deferred government budget implementation mainly in developed countries. In the industrial instruments-related markets, although capital investment related to smart-phone/tablet terminals and automobiles was robust, semiconductors and electronic components performed sluggishly affected by restraint in capital investment by entities.

Under these circumstances, the Group expanded its market share in the bioscience business mainly overseas, thanks to growth in sales primarily for microscopes used in cell research, although system-related products were impacted by increasingly fierce price competition. In addition, we worked to expand sales of BioStation that can be also used in the cultivation and observation of iPS cells.

In the industrial instruments business, the Group launched new products such as the industrial microscope ECLIPSE LV-N series, and worked to expand sales of non-contact 3D metrology devices.

In addition, the Group pressed ahead with improvements to the profit structure, including cutting costs and shortening of manufacturing periods across the business as a whole.

As a result of the foregoing, net sales decreased by 3.8% from the previous fiscal year to 53,877 million yen, while operating loss was 4,977 million yen (operating loss of 3,166 million yen in the previous fiscal year).

4) Other Businesses

In the Customized Products Business, sales of space-related products grew considerably, and in the Glass Business, the Group made efforts to expand sales of LCD photomask substrates and optical components amid severe market conditions.

As a result of the foregoing, net sales of these businesses decreased by 3.7% from the previous fiscal year to 26,363 million yen, and operating income decreased by 14.9% from the previous fiscal year to 3,555 million yen.

(2) Forecast for the fiscal year ending March 31, 2014

As regards the business segments of the Nikon Group, in the Precision Equipment Business, capital investment in the semiconductor-related field is predicted to recover in the latter half of the fiscal year, although conditions are expected to remain severe. In the LCD panel-related field, recovery of market conditions is anticipated mainly for devices used in mid-to-small size displays. In the Imaging Products Business, the compact digital camera market is predicted to shrink, while the Digital camera—Interchangeable Lens Type market is expected to grow. In the Instruments Business, the outlook for the bioscience-related markets and industrial instruments-related markets remains severe.

Under these circumstances, the Nikon Group will endeavor to implement structural reform in order to strengthen existing businesses, by shortening manufacturing lead times, promoting to cut costs, and optimizing business processes across the board. At the same time, we will accelerate studies, research, and development in order to create businesses in new domains including the fields of health and medicine, with a view to rebuilding our business portfolio to realize sustainable growth adapted to changes in the structure of the industry.

Furthermore, the Group will continue its efforts to develop its business activities globally with CSR always in mind, to secure, foster, and utilize competent human resources, and to reinforce the risk-management system.

Through these measures, the Nikon Group is committed to continued growth, and continually offering new value.

Current forecast for the fiscal year ending March 31, 2014 is as below.

(From April 1, 2013 to March 31, 2014)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	1,110,000	9.8	85,000	66.7	85,000	75.8	65,000	53.1

The above forecast is based on the following foreign currency exchange rate:

1 US dollar = 95 yen, 1 Euro = 125 yen

*Forecasts in this disclosure are made by management in light of information currently available.

A number of factors could cause actual results to differ materially from disclosed as above.

2. Analysis of Financial Position

Financial position as of March 31, 2013 as compared with the end of the previous fiscal year is as follows.

The balance of current assets as of March 31, 2013 decreased by 33,826 million yen to 575,647 million yen (609,474 million yen at the end of the previous fiscal year). This is due mainly to the decrease in cash and deposits.

The balance of noncurrent assets as of March 31, 2013 increased by 38,615 million yen to 289,371 million yen (250,755 million yen at the end of the previous fiscal year). This is attributable mainly to the purchase of alternative equipments due to the flood damage in Thailand in October 2011.

The balance of current liabilities as of March 31, 2013 decreased by 42,822 million yen to 299,186 million yen (342,009 million yen at the end of the previous fiscal year). This is mainly due to the decrease in notes and accounts payable-trade and in accrued corporate income taxes, and the decrease in accounts payable-facilities reflecting progress in settlements related to the purchase of substitute equipment.

The balance of noncurrent liabilities as of March 31, 2013 decreased by 10,095 million yen to 74,508 million yen (84,604 million yen at the end of the previous fiscal year). This is primarily due to suspense receipt by land expropriation included under other being transferred to current liabilities.

The balance of net assets as of March 31, 2013 increased by 57,707 million yen to 491,324 million yen (433,616 million yen at the end of the previous fiscal year). This is attributable mainly to the posting of 42,459 million yen in net income.

During the year ended March 31, 2013, cash flows from operating activities amounted to 51,890 million yen as a result mainly of the posting of 61,856 million yen in income before income taxes, the decrease by 19,790 million yen in notes and accounts receivable-trade and the decrease by 12,081 million yen in inventories, and decrease by 17,067 million yen in accounts receivable, in spite of the decrease by 35,820 million yen in notes and accounts payable-trade and payment of income taxes of 30,283 million yen. Cash flows from investing activities resulted in an expenditure of 65,109 million yen mainly as a result of an expenditure of 61,855 million yen for the purchase of property, plant and equipment. Cash flows from financing activities resulted in an expenditure of 18,198 million yen due mainly because of 15,841 million yen in cash dividends paid.

(Reference) Changes in Cash Flow-Related Indices

	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013
Equity ratio (%)	50.5	50.2	46.8	50.3	56.7
Equity ratio based on market value (%)	58.5	109.2	81.9	115.8	102.3
Cash flow to interest-bearing debt ratio (years)	11.4	1.0	0.7	5.7	1.6
Interest coverage ratio (times)	8.3	89.5	128.0	14.2	40.8

(Notes) Equity ratio: Equity/Total assets

Equity ratio based on market value: Total market value of shares/Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest payments

*All indices are calculated based on consolidated financial data.

*The total market value of shares is calculated in accordance with the formula: final share price as of the end of the fiscal year x numbers of shares issued (after deducting treasury stock).

*Operating cash flows are the cash flows from operating activities as indicated in the consolidated cash flow statement. Interest-bearing debts include the short-term and long-term loans payable as posted in the consolidated balance sheet. As regards interest payments, the amount of interest paid as shown in the consolidated cash flow statement is used.

3. Shareholder Returns Policy and Dividends

Nikon's basic dividend policy is to improve the reflection of business performance based on paying a steady, continuous dividend, as well as expanding the investment for the future growth and strengthening of competitiveness. More specifically, its present goal is to provide a total return ratio of 25% or more.

The Group set the year-end dividends at 12 yen per share, an decrease of 9 yen from previous fiscal year, due to the increase in revenue and the decrease in profit. As a result, cash dividends for the fiscal year ended March 31, 2013 will be 31 yen per share including 19 yen of interim dividend.

As for the dividends of the fiscal year ending March 31, 2014, the Group plans to pay 41 yen per share including 10 yen of interim dividend.

4. Business and Other Risks

There is a possibility that the business performance of the Nikon Group will be impacted significantly by various factors that may arise in the future. Following are principal matters that are considered to be likely risk factors in the promotion of business operations by the Group.

Matters concerning the future as stated herein are based on the Nikon Group's estimations as of the date of the preparation hereof.

(1) Unique business environment and circumstances

[Unique environment of main businesses]

The semiconductor industry, which is the main target market for the IC steppers and scanners handled by the Precision Equipment Business, is characterized as an industry with drastic changes in the business cycle, although this inclination has been waning in recent years, due to the diversification of end products. As a result, an over-supply of semiconductor devices in the market poses the risk of a decrease in the demand for steppers, due to a cutback in capital investment by semiconductor manufacturers and an accompanying increase in inventories. However, it is difficult to predict the timing or the duration of such a situation or the degree of fluctuation. As an additional characteristic of customer behavior in the same industry, orders are subject to postponement or cancellation even after they have been placed, resulting in a structure that is prone to increases in inventory during periods of slow demand. The demand for LCD steppers and scanners, which is dependent on the climate of the LCD panel market, may experience a rapid decline, should LCD panel prices drop as a result of an over-supply.

In the market for digital cameras, which are the leading products of the Imaging Products Business, the Digital camera – Interchangeable Lens Type market continues to show a tendency to expand, while the compact digital camera market is tending to shrink. There is a possibility of the market undergoing changes such as the decline in demand for digital cameras, due to such factors as fluctuation of the economy of the respective regions and the emergence of strong competition, such as new digital equipment.

In the Instruments Business, the microscope market is becoming saturated, leading to the possibility of a change in competition structure, as a result of an industry restructuring or the like. Further, the Industrial Instruments Business is susceptible to the effect of the economic and facility trends of various industries, including semiconductors, power generation, electronic components, automobiles and machine tools.

Such changes in the business environment are likely to have a considerable impact on the business performance and the financial position of the Nikon Group.

(2) Dependence on specific suppliers

In each business that it is engaged in, the Nikon Group is sometimes dependent on specific suppliers for such things as raw materials, key components, and finished products that have been outsourced. Although the Group is making efforts to ensure stable procurement while maintaining a close relationship with specific suppliers, there is a possibility that the Group's profit and financial position will be adversely affected in the event of a steep increase in purchase price or a material problem with procurement due to a sudden surge in demand, natural disasters, quality issues, as well as policy changes or bankruptcy on the part of a specific supplier.

(3) Dependence on specific customers

Moves such as mergers and partnerships are progressing within the semiconductor industry, which is a customer of the Precision Equipment Business, in order to cope with expanding capital expenditure and increasingly diversified technology development. Further, selective elimination is proceeding as the competitive superiority or inferiority of various companies becomes more defined, based on the technologies owned and the characteristics of the devices manufactured. Competition among companies is intensifying also in the LCD panel industry as capital expenditures expand, resulting in some moves for industry restructuring. Capital investment plans of the Nikon Group's major customers are volatile owing to the foregoing circumstances. Hence, there is a possibility that the Group's profit and financial position will be adversely affected should; for example, a customer drastically reduce order volumes or take its business to a competitor, or should problems arise for any reason with respect to debt payment by a customer.

(4) Ability to develop new products and investment in development

Being subject to intense competition, the Nikon Group's core businesses are constantly required to develop new products by continuing to engage in highly advanced research and development. Therefore, it is necessary to continue to invest in product development, regardless of the fluctuations in the Group's profit.

In the Precision Equipment Business, there is a possibility of a decrease in profit in the event of failure to develop new products and/or next-generation technology in a timely manner, or of rejection by the market of a technology developed by the Nikon Group. Further, should a competitor acquire a patent on a new technology, there is a danger that the production and/or sale of a product will be suspended or of a decrease in profit margin due to the payment of royalty, as well as the possibility that the adoption of a new technology by a competitor's device will cause the price of Nikon's devices to deteriorate. Further intensification of price competition is expected with respect to LCD steppers and scanners in the event of market entries by newcomers or introduction of a new technology, which may impact profit.

In the Imaging Products Business, given the rapid technological advances in and increasing sophistication and

diversification of digital cameras, continual investment is required for the development of new technologies and new products. However, there is a conceivable possibility that a technology or a product that was developed will not lead to an increase in profit should the investment fail to produce adequate results or should there be an abrupt shift in demand to higher functioning digital equipment. As with the Precision Equipment Business, should a competitor acquire a patent on a new technology, there is a danger that the production and/or sale of a product will be suspended or of a decrease in profit margin due to the payment of royalty, which may impact profit.

(5) Intensification of price competition

In the market for digital cameras, which are the leading products of the Imaging Products Business, competition to survive is intensifying among manufacturers as the market matures. For compact digital cameras in particular, the dramatically shrinking market is further spurring price competition.

As for IC steppers and scanners, while the development of cutting-edge technologies is progressing, there is a possibility that competitors will launch an offensive with low-priced steppers and scanners.

In the Instruments business, the maturing of the microscope market is further promoting the competition to differentiate products, while fanning price competition in the mid- and low-range markets. There is a possibility that the Nikon Group's profit and financial position will be affected adversely, should there be a sharp and sudden decrease in prices.

(6) Overseas business operations

The Nikon Group is dependent on foreign countries for a significant portion of its production and sales activities. Hence, it is affected by changes in various import and export laws, tax systems, and regulation in Japan and other countries in which the Group operates. Further, in conducting business operations overseas, there is a possibility that major problems will be encountered and/or losses will be incurred in conducting business activities, due to such risks as changes in political regimes or economic climate; social chaos caused by riots, terrorism, wars, infectious diseases, etc.; problems with such infrastructures or logistics-related functions as water, electricity, and communications network due to natural disaster; and difficulty hiring human resources or loss thereof. There is a possibility that the Nikon Group's profit and financial status will be affected adversely as a result of production and sales being limited by the foregoing.

(7) Risk of fluctuations in exchange rate

The Nikon Group is highly dependent on overseas market, with overseas sales accounting for as much as 85.7% of net sales. While the Group is appropriately hedging foreign exchange risks in accordance with sales volumes and the sales region, the net sale of and profit from products and services subject to foreign currency transactions, or the yen values of the income, losses, assets and liabilities of overseas consolidated subsidiaries will be affected should there be a sharp fluctuation in foreign exchange rates.

(8) Fund procurement risk

While the Nikon Group is procuring funds as the need arises with due consideration for the balance between long-term and short-term funds, as well as between direct and indirect financing, there is a possibility that such effects as an increase in interest rates on the fund procured or limitation of the means for procuring fund may arise should the financial market climate deteriorate further. There is a possibility that fund procurement by the Group will also be impacted should the rating of the Company's bond be revised downward due to a decline in business performance.

(9) Risk relating to the protection of and litigations on intellectual property rights

The Nikon Group acquires and holds numerous intellectual property rights as it develops products. In some cases, the Group licenses such intellectual property rights to other companies. Although utmost efforts are being made for the maintenance and protection of these intellectual property rights, there is a possibility that considerable litigation expenses will be incurred should a lawsuit be filed in connection with an unlicensed use of the Group's intellectual property rights by another company.

Further, there is a possibility that other companies, individuals, or entities will file a complaint against the Nikon Group for an alleged infringement on their intellectual property rights, although the Group is paying adequate attention to avoiding infringing third-party intellectual property rights in conducting product development. Should such a situation occur, there is a possibility that the Group's profit and financial position will be affected significantly.

(10) Securing key personnel and outflow of human resources and know-how

The Nikon Group is supported by its employees, who possess advanced technical and other expertise and abilities, and securing such human resources is becoming increasingly more important in order to win through intense competitions in the market. However, should labor fluidity increase further for some reason, there is a possibility that such key personnel will resign, taking their expertise and know-how with them. In order to minimize such outflow of expertise and know-how, the internal transmission, standardization and sharing of proprietary technologies and skills are being promoted. While it is important to secure competent human resources locally overseas, it is believed that the risk of an outflow of human resources is particularly high in regions with high labor fluidity.

Since long-term education and training are essential in order to foster human resources given the rapid

technological renovations in the business that the Group is engaged in, replacing key personnel that depart may be difficult at times and may thus adversely affect the Group's future growth, profit and financial position.

(11) Information Leaks

The Nikon Group retains such important information as technical information, corporate information, and the personal information of its customers and other persons concerned. Among other things, the Group is enhancing its internal regulations on the handling of information and educating its employees, while thoroughly controlling external access to such information and improving the level of storage security. However, in the rare event of leakage of the Group's confidential information, including technical information, there is a possibility that the corporate value of the Nikon Group will be damaged. Further, should corporate or personal information leak out, the Group would not only suffer damages to its credibility, but would also be subject to claims for compensation from such entities as business partners, customers, employees or other entities suffering the effect of the leak. Should this occur, there is a possibility that the Group's profit and financial position will be affected adversely as tremendous costs will be necessary for various activities related to the recovery of trust, compensation to subject companies and individuals, implementation of measures to prevent recurrence, and other necessities.

(12) Defects in products and services

As concerns the Nikon Group's products and services, advanced quality assurance systems are in place within Japanese and overseas Group companies, as well as production contractors, in order to provide customers with highly trustable and sophisticated products. However, in the rare event that a customer suffers a loss due to a defect in a product or service, there is a possibility that profit and financial position will be adversely affected, there being the risk that large amounts will be incurred in repair expenses and costs related to liability, recall, disposal of products and the like, in addition to the decreased desire of customers to purchase the Group's products and services due to a decrease in customer trust in the Nikon brand.

(13) Occurrence of natural disasters, etc.

Due attention is being paid to measures relating to such natural disasters as earthquakes, fires and flood, and measures to counter the expansion of such infectious diseases as new strains of influenza, giving priority in particular to the promotion of the business continuity plan (BCP), which was formulated as a part of earthquake countermeasures. However, there is the risk that operations will be suspended and production and shipment will be delayed, should the Group's development or production sites, suppliers or other relevant parties suffer critical damage. There is a possibility that the Group's profit and financial position will be adversely affected, should net sales decrease and considerable expenses be incurred for business recovery as a result thereof.

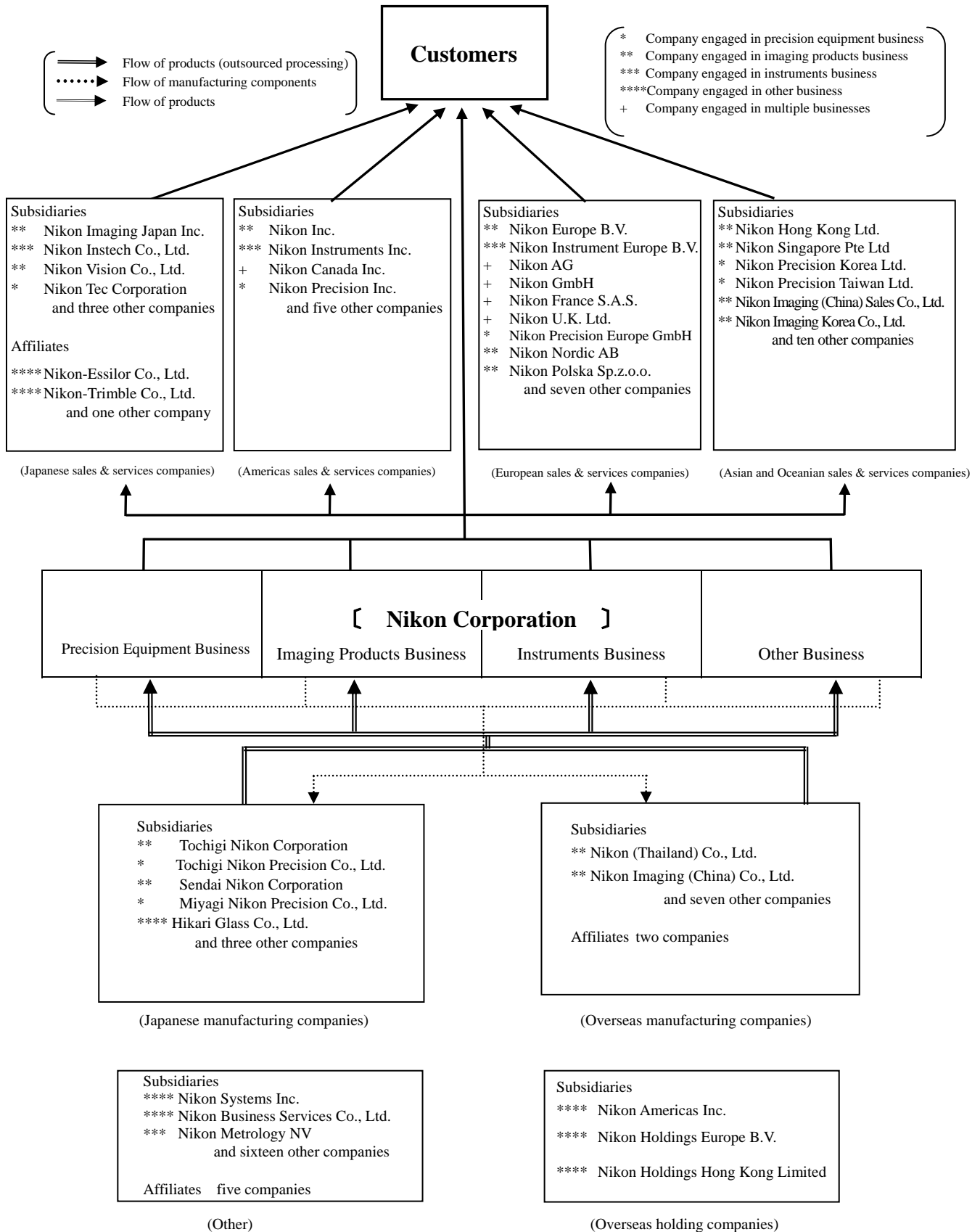
(14) Damages to brand value

The Nikon Group is making utmost efforts to protect and enhance the 'Nikon Brand,' which was fostered over years of corporate management marked with integrity and provision of products and services that are worthy of customer trust. However, there is a possibility that the Group's profit and financial position will be adversely affected should trust in the brand decline and the value of the Nikon brand be damaged, as a result of the circulation of negative reputation or evaluation of the Group's technologies, products or services.

2. Status of Nikon Group

The Nikon Group is comprised of Nikon Corporation (the Company), its 87 subsidiaries, and 10 affiliates. While the principal operations of the Group are manufacturing and sales relating to the precision

equipment, imaging product, instruments, and other businesses, it is also engaged in other operations and activities incidental thereto, such as services.



3. Management Policies

(1) Company's Basic Management Policies

The Company's management vision, under the business philosophy of "Trustworthiness and Creativity," is "Our Aspirations."

Our Philosophy

"Trustworthiness and Creativity"

Our Aspirations

"Meeting needs. Exceeding expectations."

- Providing customers with new value that exceeds their expectations.
- Sustaining growth through a break with the past and a passionate commitment by one and all.
- Maximizing our understanding of light to lead the way towards transformation and a new future.
- Maintaining integrity in order to contribute to social prosperity

(2) Targeted Management Indices

The Group made a unified effort to vigorously progress for the achievement of its goal, as set out in the Medium Term Management Plan announced in June 2010, to realize "the Nikon Group that keeps on providing customers with new values and generates sustainable growth."

A new Medium Term Management Plan was announced in May 2013, with a performance target toward March 31, 2016. Under the plan, we aim to achieve 1,300 billion yen in net sales and 170 billion yen in operating income for the fiscal year ending March 31, 2016.

(3) Medium and Long-term Management Strategies and Issues to be Addressed

For the Nikon Group to continuously provide new value, its medium- and long-term management will be effected by focusing on the following measures.

- To constantly provide customers with new value, and further grow the Nikon brand.
- To realize a Nikon Group with a strong corporate structure to deal with environmental changes with flexibility and a sense of speed.
- To achieve a solid leading position for existing businesses.
- To accelerate the nurturing of new businesses, with priority on the areas of analysis and diagnosis in the health and medicine fields, and aim to become a company that can offer total solutions.
- To recognize the importance of Corporate Social Responsibility (CSR), and contribute to the sustainable development of society.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	132,404	110,281
Notes and accounts receivable-trade	137,533	134,225
Merchandise and finished goods	118,899	116,504
Work in process	112,143	119,760
Raw materials and supplies	31,991	33,147
Deferred tax assets	47,110	43,959
Other	34,061	21,563
Allowance for doubtful accounts	(4,667)	(3,795)
Total Current Assets	609,474	575,647
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	37,807	45,774
Machinery, equipment and vehicles, net	35,200	57,551
Land	14,609	15,025
Lease assets, net	4,901	3,878
Construction in progress	23,809	15,935
Other, net	14,615	23,439
Total property, plant and equipment	130,943	161,605
Intangible assets		
Total intangible assets	33,085	32,270
Investments and other assets		
Investment securities	55,355	66,859
Deferred tax assets	13,293	7,317
Other	18,284	21,551
Allowance for doubtful accounts	(207)	(231)
Total investments and other assets	86,727	95,496
Total noncurrent assets	250,755	289,371
Total assets	860,230	865,019

(Million yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	155,338	124,676
Short-term loans payable	18,350	18,739
Lease obligations	2,163	1,703
Accrued expenses	54,751	54,505
Income taxes payable	15,076	1,395
Advances received	54,214	50,799
Provision for product warranties	7,594	8,096
Other	34,519	39,270
Total current liabilities	342,009	299,186
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	22,900	22,600
Lease obligations	2,953	2,305
Provision for retirement benefits	3,700	2,876
Asset retirement obligations	2,365	2,512
Other	12,684	4,214
Total noncurrent liabilities	84,604	74,508
Total liabilities	426,613	373,695
Net assets		
Shareholders' equity		
Capital stock	65,475	65,475
Capital surplus	80,711	80,711
Retained earnings	319,823	345,692
Treasury stock	(12,992)	(12,804)
Total shareholders' equity	453,017	479,076
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,061	9,482
Deferred gains or losses on hedges	(1,592)	(216)
Foreign currency translation adjustment	(21,474)	2,187
Total accumulated other comprehensive income	(20,005)	11,452
Subscription rights to shares	604	795
Total net assets	433,616	491,324
Total liabilities and net assets	860,230	865,019

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

① Consolidated Statements of Income

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Net sales	918,651	1,010,493
Cost of sales	567,000	663,509
Gross profit	351,651	346,984
Selling, general and administrative expenses	271,570	295,982
Operating income	80,080	51,001
Non-operating income		
Interest income	941	721
Dividends income	1,130	1,347
Foreign exchange gains	4,079	—
Equity in earnings of affiliates	1,535	2,462
Other	4,230	3,317
Total non-operating income	11,917	7,849
Non-operating expenses		
Interest expenses	1,037	1,300
Foreign exchange losses	—	7,300
Other	1,576	1,905
Total non-operating expenses	2,614	10,506
Ordinary income	89,383	48,344
Extraordinary income		
Gain on sales of noncurrent assets	159	302
Gain on sales of investment securities	65	5,132
Insurance income	15,920	8,864
Total extraordinary income	16,144	14,299
Extraordinary loss		
Loss on retirement of noncurrent assets	250	—
Loss on sales of noncurrent assets	4	57
Impairment loss	6,502	663
Loss on sales of investment securities	96	31
Loss on valuation of investment securities	0	35
Loss on disaster	12,505	—
Total extraordinary losses	19,360	788
Income before income taxes	86,168	61,856
Income taxes-current	26,627	12,081
Income taxes-deferred	235	7,316
Total income taxes	26,862	19,397
Income before minority interests	59,305	42,459
Net income	59,305	42,459

② Consolidated Statements of Comprehensive Income

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Income before minority interests	59,305	42,459
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,398)	6,414
Deferred gains or losses on hedges	(895)	1,376
Foreign currency translation adjustment	(1,272)	23,661
Share of other comprehensive income of associates accounted for using equity method	9	6
Total other comprehensive income	(3,557)	31,458
Comprehensive income	55,748	73,917
(Breakdown)		
Comprehensive income attributable to owners of the parent	55,748	73,917

(3) Consolidated Statements of Changes in Net Assets Year ended March 31, 2012

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total sholders' equity
Balance of April, 2011	65,475	80,711	272,227	(13,173)	405,241
Changes of items during the period					
Dividends from surplus			(5,550)		(5,550)
Dividends from surplus (interim dividends)			(6,740)		(6,740)
Net income			59,305		59,305
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock			(111)	186	75
Changes in the number of consolidated subsidiaries			692		692
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	47,595	180	47,776
Balance of March 31, 2012	65,475	80,711	319,823	△12,992	453,017

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance of April 1, 2011	4,450	(696)	(20,201)	(16,448)	427	389,220
Changes of items during the period						
Dividends from surplus						(5,550)
Dividends from surplus (interim dividends)						(6,740)
Net income						59,305
Purchase of treasury stock						(6)
Disposal of treasury stock						75
Changes in the number of consolidated subsidiaries						692
Net changes of items other than shareholders' equity	(1,388)	(895)	(1,272)	(3,557)	177	(3,379)
Total changes of items during the period	(1,388)	(895)	(1,272)	(3,557)	177	44,396
Balance of March 31, 2012	3,061	(1,592)	(21,474)	(20,005)	604	433,616

Consolidated Statements of Changes in Net Assets Year ended March 31, 2013

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total sholders' equity
Balance of April, 2012	65,475	80,711	319,823	(12,992)	453,017
Changes of items during the period					
Dividends from surplus			(8,327)		(8,327)
Dividends from surplus (interim dividends)			(7,534)		(7,534)
Net income			42,459		42,459
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock			(116)	195	78
Changes in the number of consolidated subsidiaries			(611)		(611)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	25,869	188	26,058
Balance of March 31, 2013	65,475	80,711	345,692	(12,804)	479,076

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance of April 1, 2012	3,061	(1,592)	(21,474)	(20,005)	604	433,616
Changes of items during the period						
Dividends from surplus						(8,327)
Dividends from surplus (interim dividends)						(7,534)
Net income						42,459
Purchase of treasury stock						(6)
Disposal of treasury stock						78
Changes in the number of consolidated subsidiaries						(611)
Net changes of items other than shareholders' equity	6,420	1,376	23,661	31,458	190	31,649
Total changes of items during the period	6,420	1,376	23,661	31,458	190	57,707
Balance of March 31, 2013	9,482	(216)	2,187	11,452	795	491,324

(4) Consolidated Statements of Cash Flows

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash flows from operating activities		
Income before income tax	86,168	61,856
Depreciation and amortization	32,570	36,225
Impairment loss	12,127	663
Increase (decrease) in allowance for doubtful accounts	(2,424)	(1,403)
Increase (decrease) in provision for product warranties	366	78
Increase (decrease) in provision for retirement benefits	(11,186)	(981)
Increase (decrease) in provision for directors' retirement benefits	(606)	—
Interest and dividends income	(2,072)	(2,069)
Equity in (earnings) losses of affiliates	(1,535)	(2,462)
Interest expenses	1,037	1,300
Loss (gain) on sales of noncurrent assets	(155)	(245)
Loss on retirement of noncurrent assets	1,022	—
Loss (gain) on sales of investment securities	30	(5,101)
Loss (gain) on valuation of investment securities	0	35
Decrease (increase) in notes and accounts receivable-trade	(18,681)	19,790
Decrease (increase) in inventories	(27,703)	12,081
Increase (decrease) in notes and accounts payable-trade	(15,530)	(35,820)
Increase (decrease) in advances received	(9,608)	(3,679)
Other, net	(16,862)	(273)
Subtotal	26,959	79,996
Interest and dividends income received	3,275	3,449
Interest expenses paid	(1,063)	(1,270)
Income taxes (paid) refund	(14,098)	(30,283)
Net cash provided by (used in) operating activities	15,073	51,890
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,773)	(61,855)
Proceeds from sales of property, plant and equipment	1,303	2,762
Purchase of investment securities	(789)	(1,410)
Proceeds from sales of investment securities	392	5,277
Decrease (increase) in loans receivable	(1,225)	(109)
Other, net	(13,053)	(9,774)
Net cash provided by (used in) investing activities	(49,144)	(65,109)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,548)	(91)
Proceeds from long-term loans payable	2,900	4,700
Repayment of long-term loans payable	(1,760)	(4,700)
Cash dividends paid	(12,278)	(15,841)
Other, net	(2,463)	(2,264)
Net cash provided by (used in) financing activities	(15,150)	(18,198)
Effect of exchange rate change on cash and cash equivalents	(665)	9,370
Net increase (decrease) in cash and cash equivalents	(49,886)	(22,046)
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	131,711	110,094

(5) Note on Assumptions for Going Concern

Not applicable

(6) Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated subsidiaries: 71 companies

Principal subsidiaries:

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) Co., Ltd., Nikon Hong Kong Ltd., Nikon Inc., Nikon Precision Inc., Nikon Europe B.V. and others.

[Additions: 4 companies]

Nikon Mexico S.A. de C.V., NIKON DO BRASIL LTDA., Nikon Instruments Korea Co., Ltd., Nikon Instruments (Shanghai) Co., Ltd.

[Exclusions: 1 company]

One subsidiary of Nikon Metrology NV (Completion of liquidation)

(2) Non-consolidated subsidiaries: 16 companies

Major company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

Since these companies are small in scale, their combined assets, net sales, net income(the company's interest share) and retained earnings(the company's interest share) have a minimal effect on the company's consolidated financial statements, and they are insignificant in general, they are not included in the scope of consolidation.

2. Scope of Equity Method

(1) Number of Associated Company accounted for by Equity Method : 2 companies

Company name : Nikon-Essilor Co., Ltd. , Nikon-Trimble Co., Ltd.

(2) Number of Non-consolidated company not accounted for by Equity Method : 16 companies

Major company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

(3) Number of Associated company not accounted for by Equity Method : 8 companies

Major company name : Nihon System Seigyo K.K.

Since these companies are small in scale, net income(the company's interest share) and retained earnings(the company's interest share) have a minimal effect on the company's consolidated financial statements, and they are insignificant in general.

(7) Changes in Basis of Presenting Consolidated Financial Statements

1. 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 this fiscal year. The effect of this change was immaterial.

(8) Notes to Consolidated Financial Statements

1) Consolidated Statements of Income

1. Principal Items and Amounts under Selling, General and Administrative Expenses

(Million of yen)

	Fiscal year ended March 31, 2012 (From April 1 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1 2012 to March 31, 2013)
Advertising expenses	74,388	83,815
Provision for doubtful debts	34	(461)
Provision for product warranties	2,966	4,211
Salary and allowances	30,478	32,855
Retirement benefit expenses	3,519	2,356
Other personnel expenses	16,583	17,681
Research and development	68,701	76,496

2. Insurance income

Nikon (Thailand) Co., Ltd., which incurred by flood damage in Thailand in October 2011, and others posted insurance income related to losses of noncurrent assets and inventories affected by the disaster. The amount of insurance income regarding this case has been settled, and no additional amount is planned to be posted.

2) 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 operating division addresses the creation of consistent responsibility system and thoroughness of decentralized operation. Each Company is composed of segments by products and services 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 imaging products and its peripheral domain, like digital SLR cameras, compact digital cameras and interchangeable camera lenses. The instruments business provides products and services of microscopes, measuring instruments and inspection equipments.

2. Method for calculating the sales, income (loss), assets, and other items for reporting segments

The accounting methods for the reporting business segments are generally those set forth in “Material Items Which Form the Basis for Preparation of the Consolidated Financial Statements.” Figures for income of reporting segments are on an operating income basis. Inter-segment sales or transfer are based on current market price.

3. Information on the amounts of sales, income (loss), assets, and other items by reporting segments

Fiscal year ended March 31, 2012 (From April 1 2011 to March 31, 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	248,145	587,127	56,000	891,272	27,379	918,651	—	918,651
Inter-segment sales or transfer	855	1,350	1,637	3,843	31,575	35,419	(35,419)	—
Total	249,001	588,477	57,637	895,116	58,954	954,071	(35,419)	918,651
Segment income (loss)	42,723	53,971	(3,166)	93,529	4,180	97,709	(17,629)	80,080
Segment assets	200,632	251,955	49,860	502,448	109,551	612,000	248,229	860,230
Other items								
Depreciation and amortization	9,024	12,585	1,476	23,086	6,586	29,673	2,897	32,570
Increase in tangible/intangible fixed assets	7,341	33,298	1,233	41,873	9,058	50,932	4,982	55,914

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 664 million yen and corporate expenses of minus 18,294 million yen. In addition, segment assets adjustment includes corporate assets not allocated to the respective reportable segments of 268,272 million yen and elimination of intersegment transactions of minus 20,043 million yen. Principal components of corporate assets are surplus funds (cash and deposits) held by the Company and its consolidated subsidiaries, long-term investments (investment securities), deferred tax assets, and some intersegment fixed assets.

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

Fiscal year ended March 31, 2013 (From April 1 2012 to March 31, 2013)

(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	179,013	751,240	53,877	984,130	26,363	1,010,493	—	1,010,493
Inter-segment sales or transfer	949	793	1,101	2,844	32,026	34,871	(34,871)	—
Total	179,962	752,034	54,978	986,975	58,389	1,045,365	(34,871)	1,010,493
Segment income (loss)	13,090	60,711	(4,977)	68,823	3,555	72,379	(21,377)	51,001
Segment assets	191,438	297,518	49,281	538,238	110,929	649,168	215,851	865,019
Other items								
Depreciation and amortization	8,720	16,258	1,550	26,529	6,454	32,983	3,241	36,225
Increase in tangible/intangible fixed assets	8,301	34,449	1,512	44,262	10,733	54,996	5,161	60,158

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 249 million yen and corporate expences of minus 21,626 million yen. In addition, segment assets adjustment includes corporate assets not allocated to the respective reportable segments of 243,653 million yen and elimination of intersegment transactions of minus 27,801 million yen. Principal components of corporate assets are surplus funds (cash and deposits) held by the Company and its consolidated subsidiaries, long-term investments (investment securities), deferred tax assets, and some intersegment fixed assets.

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

[Related Information]

Fiscal year ended March 31, 2012 (From April 1 2010 to March 31, 2012)

1. Information by geographical area

(1) Net Sales

(Million yen)

Japan	USA	Europe	China	Other	Total
130,517	221,768	225,739	126,302	214,325	918,651

(Note) Sales information is based on the geographical location of customers, and it is classified by region.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Europe	China	Other	Total
95,509	5,160	3,334	13,929	13,009	130,943

Fiscal year ended March 31, 2013 (From April 1 2012 to March 31, 2013)

1. Information by geographical area

(1) Net Sales

(Million yen)

Japan	USA	Europe	China	Other	Total
144,417	271,459	260,038	118,162	216,416	1,010,493

(Note) Sales information is based on the geographical location of customers, and it is classified by region.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Europe	China	Thailand	Other	Total
92,510	6,210	4,370	17,446	39,724	1,341	161,605

[Information for amortization of goodwill and balance of goodwill by business segments reported]

Fiscal year ended March 31, 2012 (From April 1 2011 to March 31, 2012)

(Million yen)

	Business segments reported				Other	Corporate or Eliminations	Total
	Precision Equipment	Imaging Products	Instruments	Total			
Amortization of goodwill for the current fiscal year	-	-	1,581	1,581	-	-	1,581
Impairment loss for the current fiscal year	-	-	6,497	6,497	-	-	6,497
Balance of goodwill at fiscal year ended March 31, 2012	-	-	5,157	5,157	-	-	5,157

Fiscal year ended March 31, 2013 (From April 1 2012 to March 31, 2013)

(Million yen)

	Business segments reported				Other	Corporate or Eliminations	Total
	Precision Equipment	Imaging Products	Instruments	Total			
Amortization of goodwill for the current fiscal year	-	-	714	714	-	-	714
Balance of goodwill at fiscal year ended March 31, 2013	-	-	4,443	4,443	-	-	4,443

3) Per-Share Information

Fiscal Year Ended March 2012 (From April 1, 2011 to March 31, 2012)		Fiscal Year Ended March 2013 (From April 1, 2012 to March 31, 2013)	
	(Yen)		(Yen)
Net assets per share	1,091.98	Net assets per share	1,236.84
Net income per share	149.57	Net income per share	107.07
Net income per share (fully diluted)	149.41	Net income per share (fully diluted)	106.92

(Note) The basis for calculating net income per share and fully diluted net income per share is shown below.

	Fiscal Year Ended March 2012 (From April 1, 2011 to March 31, 2012)	Fiscal Year Ended March 2013 (From April 1, 2012 to March 31, 2013)
Net income per share		
Net income (million yen)	59,305	42,459
Amount not belonging to common stockholders (million yen)	-	-
Net income related to common stock (million yen)	59,305	42,459
Average shares outstanding (1,000 shares)	396,502	396,566
Net income per share (fully diluted)		
Increase in common stock (1,000 shares)	439	555
(Subscription rights to shares) (1,000 shares)	(439)	(555)
Latent shares not included in fully diluted net income per share calculation due to lack of dilution effect.	2007 stock options (99 new share subscription rights): 99,000 shares of common stock	2007 stock options (99 new share subscription rights): 99,000 shares of common stock

4) Significant Subsequent Events

Not applicable

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Million yen)

	As of March 31,2012	As of March 31,2013
Assets		
Current assets		
Cash and deposits	71,378	48,407
Notes receivable-trade	6,249	7,227
Accounts receivable-trade	89,904	60,935
Merchandise and finished goods	53,204	48,558
Work in process	96,084	106,643
Raw materials and supplies	13,589	13,853
Deferred tax assets	35,628	33,029
Short-term loans receivable from subsidiaries and affiliates	29,145	37,989
Income taxes receivable	—	4,334
Accounts receivable-other	18,093	10,454
Other	2,240	1,012
Allowance for doubtful accounts	(214)	(36)
Total current assets	415,305	372,408
Noncurrent assets		
Property, plant and equipment		
Buildings, net	19,960	20,155
Structures, net	879	775
Machinery and equipment, net	22,383	21,837
Vehicles, net	140	122
Tools, furniture and fixtures, net	5,792	5,798
Land	9,872	9,872
Lease assets, net	3,885	2,943
Construction in progress	13,673	11,602
Total property, plant and equipment	76,588	73,106

(Million yen)

	As of March 31,2012	As of March 31,2013
Intangible assets		
Patent right	6,680	5,289
Leasehold right	4	4
Right of trademark	21	15
Software	18,162	18,673
Lease assets	0	—
Other	89	85
Total intangible assets	24,958	24,068
Investments and other assets		
Investment securities	44,866	54,441
Stocks of subsidiaries and affiliates	47,583	48,280
Investments in capital	1	1
Investments in capital of subsidiaries and affiliates	14,918	14,918
Long-term loans receivable from subsidiaries and affiliates	11,870	18,607
Long-term loans receivable from employees	10	7
Long-term prepaid expenses	645	820
Prepaid pension cost	8,852	12,516
Deferred tax assets	14,307	8,411
Other	2,702	3,304
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	145,751	161,301
Total noncurrent assets	247,298	258,476
Total assets	662,603	630,885

(Million yen)

	As of March 31,2012	As of March 31,2013
Liabilities		
Current liabilities		
Notes payable-trade	917	529
Electronically recorded obligations-operating	—	4,490
Accounts payable-trade	118,506	94,586
Short-term loans payable	13,600	13,600
Current portion of long-term loans payable	4,700	5,000
Lease obligations	1,733	1,352
Accounts payable-facilities	20,803	10,720
Accrued expenses	25,261	24,988
Income taxes payable	14,977	159
Advances received	40,089	44,795
Suspense receipt by land expropriation	—	10,490
Deposits received	29,926	26,598
Provision for product warranties	3,619	4,420
Other	4,087	3,908
Total current liabilities	<u>278,223</u>	<u>245,642</u>
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	22,900	22,600
Lease obligations	2,269	1,703
Suspense receipt by land expropriation	10,490	—
Asset retirement obligations	1,423	1,559
Other	1,301	1,010
Total noncurrent liabilities	<u>78,384</u>	<u>66,874</u>
Total liabilities	<u>356,608</u>	<u>312,516</u>
Net assets		
Shareholders' equity		
Capital stock	65,475	65,475
Capital surplus		
Legal capital surplus	80,711	80,711
Total capital surplus	<u>80,711</u>	<u>80,711</u>
Retained earnings		
Legal retained earnings	5,565	5,565
Other retained earnings		
Reserve for special depreciation	22	15
Reserve for research and development	2,056	2,056
Reserve for reduction entry of replaced property	5,072	4,751
Reserve for reduction entry	18	13
General reserve	111,211	111,211
Retained earnings brought forward	46,828	51,367
Total retained earnings	<u>170,774</u>	<u>174,979</u>
Treasury stock	<u>(12,992)</u>	<u>(12,804)</u>
Total shareholders' equity	<u>303,969</u>	<u>308,362</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,047	9,460
Deferred gains or losses on hedges	(1,626)	(250)
Total valuation and translation adjustments	<u>1,421</u>	<u>9,210</u>
Subscription rights to shares	604	795
Total net assets	<u>305,995</u>	<u>318,369</u>
Total liabilities and net assets	<u>662,603</u>	<u>630,885</u>

(2) Non-Consolidated Statements of Income

(Million yen)

	Year ended March 31,2012	Year ended March 31,2013
Net sales	688,781	749,198
Cost of sales	527,234	594,186
Gross profit	161,547	155,012
Selling, general and administrative expenses	127,835	138,384
Operating income	33,712	16,628
Non-operating income		
Interest income	525	408
Dividends income	8,224	8,809
Rent income on noncurrent assets	2,890	2,640
Royalty income	615	584
Foreign exchange gains	3,942	—
Other	2,800	1,279
Total non-operating income	18,999	13,721
Non-operating expenses		
Interest expenses	474	465
Interest on bonds	538	537
Rent expenses on noncurrent assets	2,590	2,407
Foreign exchange losses	—	5,881
Other	532	880
Total non-operating expenses	4,136	10,172
Ordinary income	48,575	20,176
Extraordinary income		
Gain on sales of noncurrent assets	65	270
Gain on sales of investment securities	44	—
Gain on sales of subsidiaries and affiliates' stocks	—	5,132
Total extraordinary income	109	5,403
Extraordinary loss		
Loss on retirement of noncurrent assets	182	—
Loss on sales of noncurrent assets	0	0
Impairment loss	4	541
Loss on sales of investment securities	95	31
Loss on valuation of investment securities	—	35
Loss on disaster	2,787	—
Total extraordinary losses	3,070	609
Income before income taxes	45,614	24,970
Income taxes-current	13,815	713
Income taxes-deferred	2,481	4,075
Total income taxes	16,296	4,788
Net income	29,318	20,182

(3) Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2012

(Million yen)

	Shareholders' equity										
	Capital stock	Capital surplus		Retained earnings						Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Reserve for special depreciation	Reserve for research and development	Reserve for reduction entry of replaced property	Reserve for reduction entry	General reserve	Retained earnings brought forward		
Balance of April 1,2011	65,475	80,711	5,565	28	2,056	5,131	—	111,211	29,866	(13,173)	286,872
Changes of items during the period											
Reversal of reserve for special depreciation				(6)					6		—
Reversal of reserve for reduction entry of replaced property						(58)			58		—
Provision of reserve for reduction entry							22		(22)		—
Reversal of reserve for reduction entry							(3)		3		—
Dividends from surplus									(5,550)		(5,550)
Dividends from surplus (Interim dividends)									(6,740)		(6,740)
Net income									29,318		29,318
Purchase of treasury stock										(6)	(6)
Disposal of treasury stock									(111)	186	75
Net changes of items other than Shareholders' equity											
Total changes of items during the period	—	—	—	(6)	—	(58)	18	—	16,962	180	17,096
Balance of March 31,2012	65,475	80,711	5,565	22	2,056	5,072	18	111,211	46,828	(12,992)	303,969

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance of April 1,2011	4,446	(727)	3,718	427	291,018
Changes of items during the period					
Reversal of reserve for special depreciation					—
Reversal of reserve for reduction entry of replaced property					—
Provision of reserve for reduction entry					—
Reversal of reserve for reduction entry					—
Dividends from surplus					(5,550)
Dividends from surplus (Interim dividends)					(6,740)
Net income					29,318
Purchase of treasury stock					(6)
Disposal of treasury stock					75
Net changes of items other than Shareholders' equity	(1,398)	(898)	(2,297)	177	(2,119)
Total changes of items during the period	(1,398)	(898)	(2,297)	177	14,977
Balance of March 31,2012	3,047	(1,626)	1,421	604	305,995

Year ended March 31, 2013

(Million yen)

	Shareholders' equity										
	Capital stock	Capital surplus		Retained earnings						Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Reserve for special depreciation	Reserve for research and development	Reserve for reduction entry of replaced property	Reserve for reduction entry	General reserve	Retained earnings brought forward		
Balance of April 1, 2012	65,475	80,711	5,565	22	2,056	5,072	18	111,211	46,828	(12,992)	303,969
Changes of items during the period											
Reversal of reserve for special depreciation				(7)					7		—
Provision of reserve for reduction entry of replaced property						42			(42)		—
Reversal of reserve for reduction entry of replaced property						(364)			364		—
Provision of reserve for reduction entry											—
Reversal of reserve for reduction entry							(5)		5		—
Dividends from surplus									(8,327)		(8,327)
Dividends from surplus (Interim dividends)									(7,534)		(7,534)
Net income									20,182		20,182
Purchase of treasury stock										(6)	(6)
Disposal of treasury stock									(116)	195	78
Net changes of items other than Shareholders' equity											
Total changes of items during the period	—	—	—	(7)	—	(321)	(5)	—	4,538	188	4,393
Balance of March 31, 2013	65,475	80,711	5,565	15	2,056	4,751	13	111,211	51,367	(12,804)	308,362

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance of April 1, 2012	3,047	(1,626)	1,421	604	305,995
Changes of items during the period					
Reversal of reserve for special depreciation					—
Provision of reserve for reduction entry of replaced property					—
Reversal of reserve for reduction entry of replaced property					—
Provision of reserve for reduction entry					—
Reversal of reserve for reduction entry					—
Dividends from surplus					(8,327)
Dividends from surplus (Interim dividends)					(7,534)
Net income					20,182
Purchase of treasury stock					(6)
Disposal of treasury stock					78
Net changes of items other than Shareholders' equity	6,413	1,376	7,789	190	7,980
Total changes of items during the period	6,413	1,376	7,789	190	12,373
Balance of March 31, 2013	9,460	(250)	9,210	795	318,369