



November 4, 2011

Consolidated Financial Results of the First Half ended September 30, 2011 (Japanese Standards)

Company name: NIKON CORPORATION

Code number: 7731; Stock listings: Tokyo Stock Exchange

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

Representative: Makoto Kimura, Representative Director and President

Contact: Masayuki Hatori, General Manager, Corporate Communications & IR Department

TEL: +81-3-3216-1032

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Date of commencement of dividend payment: December 1, 2011

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, 2011 (From April 1, 2011 to September 30, 2011)

(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, 2011	486,309	22.2	61,173	303.2	65,153	265.7	50,437	374.1
First Half ended September 30, 2010	398,025	8.1	15,170	-	17,814	-	10,639	-

(Note) Comprehensive Income: First Half ended, September 30, 2011: 36,485 million yen (- %)

First Half ended, September 30, 2010: 2,591 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, 2011	127.21	127.09
First Half ended September 30, 2010	26.84	25.78

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
First Half ended September 30, 2011	865,958	420,909	48.6
Year ended March 31, 2011	829,909	389,220	46.8

(Reference) Equity: First Half ended September 30, 2011: 420,456 million yen

Year ended March 31, 2011: 388,793 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, 2011	-	5.00	-	14.00	19.00
Year ending March 31, 2012	-	17.00			
Year ending March 31, 2012 (Planned)			-	17.00	34.00

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

3. Forecasts for Year Ending March 31, 2012 (From April 1, 2011, to March 31, 2012)

(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	925,000	4.2	67,000	24.0	72,000	29.0	55,000	101.4	138.72

(Note) Revision of forecast for this period: Yes

4. Others (For details, please refer to page 7 of this report.)

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

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

(2) Adoption of 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: None
2. Changes in accounting policies other than the above: None
3. Changes in accounting estimate: None
4. Revision restatements: None

(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, 2011	400,878,921 shares
Year ended March 31, 2011	400,878,921 shares

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

First Half ended September 30, 2011	4,371,525 shares
Year ended March 31, 2011	4,401,391 shares

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

First Half ended September 30, 2011	396,490,061 shares
First Half ended September 30, 2010	396,420,631 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, 2011, the economic situation in the United States and in Europe showed signs of recovery, and the Asian economy continued to expand, mainly in China. The situation in Japan, however, remained extremely challenging, due to the effects of the Great East Japan Earthquake.

Looking at performance by business segment, in the Precision Equipment Business, capital investment by manufacturers stayed strong in both the semiconductor-related and liquid crystal panel-related markets.

In the Imaging Products Business, the digital SLR (single-lens reflex) camera market expanded in all regions except Japan, whereas the compact digital camera market shrank worldwide.

In the Instruments Business, the bioscience-related market faced challenges as moves to amend government budget execution became evident; capital investment was solid, however, in the industrial instruments-related markets.

Under these circumstances, the Group strove to quickly restore and strengthen supply chains after the earthquake, and was able to stabilize the supply of products while reducing electricity use. In addition, we worked to reinforce and expand our core business through the timely launch of products based on an accurate assessment of market needs and by developing markets in emerging countries, speeding up business processes, as well as strengthening collaboration among business processes. Furthermore, we continued our efforts to create new businesses while developing and strengthening our risk management system based on experiences from the earthquake.

Consequently, for the first half ended September 30, 2011, net sales increased by 88,284 million yen (22.2%) year-on-year to 486,309 million yen, operating income climbed by 46,002 million yen (303.2%) year-on-year to 61,173 million yen, ordinary income was up 47,338 million yen (265.7%) year-on-year to 65,153 million yen, resulting in net income of 50,437 million yen, an increase of 39,798 million yen (374.1%) year-on-year.

Performance by business segment is as follows.

1) Precision Equipment Business

In the Precision Equipment market, capital investment by manufacturers remained solid for the second consecutive quarter in both the semiconductor-related and LCD panel-related fields. In these circumstances, we worked to expand sales in the IC steppers and scanners field, focusing on the state-of-the-art NSR-S620D ArF immersion scanner compatible with double patterning.

The LCD steppers and scanners field saw favorable sales of devices optimal for production of mid-sized and smaller high definition LCDs used in smartphones and tablets. Sales of models compatible with 8th-generation plate sizes rose, and we stepped up efforts to develop new products.

In addition, ongoing efforts were made to strengthen the business structure by shortening production lead times and reducing costs throughout the operation.

As a result, net sales for the Precision Equipment Business increased by 54.6% from the same period of the previous year to 124,816 million yen, and operating income amounted to 23,269 million yen (compared with an operating loss of 4,730 million yen in the same period of the previous year).

2) Imaging Products Business

In the Imaging Products market, the domestic market for digital SLR cameras shrank, partly due to the effects of the earthquake, but the United States, European, and Asian markets expanded. The compact digital camera market, however, shrank in every region.

In these circumstances, with regard to digital SLR cameras, sales of the D5100 launched in April 2011 were solid. Efforts were made to expand sales of existing products such as the mid-class D7000 and D90, and the entry-level model D3100, and we achieved an increase in sales volume over and above market growth.

In the compact digital camera market, sales of the P series models of premium-range products including the COOLPIX P500 and COOLPIX P300 grew significantly. In addition, the S series models continued to show solid performance, with sales rising in spite of market contraction, and market share expanding steadily, mainly in Europe.

Sales of interchangeable camera lenses climbed steadily, mainly due to bundle sales with digital SLR cameras.

In addition, the Nikon 1 brand, an Advanced Camera with Interchangeable Lens that proposes new forms of imaging expression and enjoyment, was announced worldwide, and sales sites were enhanced in emerging markets.

As a result, net sales for the Imaging Product Business increased by 15.1% from the same period of the previous year to 324,546 million yen, and operating income rose by 105.7% from the same period of the previous year to 47,417 million yen, as sales of digital SLR cameras, compact digital cameras, and interchangeable camera lenses hit record highs in the first half of the year.

3) Instruments Business

In the Instruments market, conditions in the bioscience-related market were severe as government budgets were reduced. In the industrial instruments-related markets, sales related to smartphones and cellular terminals were favorable, although the impact of capital investment restraint was felt in the semiconductor-related market.

In these circumstances, efforts were made to expand sales in the bioscience business, with emphasis on high-end

system products such as the super resolution microscope system N-SIM, and N-STORM. In the industrial instruments business, positive performance in the smartphone and cellular terminals markets led to sales growth in products for related markets, notably measuring microscopes, and sales volume surpassed that of the same period of the previous year.

As a result, net sales for the Instruments Business increased by 1.7% from the same period of the previous year to 24,602 million yen, and operating loss amounted to 2,370 million yen (compared with an operating loss of 4,124 million yen in the same period of the previous year).

4) Other

Efforts were made to expand sales in the customized products business, including space-related products, optical components, and solid-state lasers, and products such as LCD photomask substrates in the glass-related business.

As a result, net sales for the Other segment increased by 12.1% from the same period of the previous year to 12,343 million yen, and operating income increased by 11.6% to 1,094 million yen.

(2) Qualitative information on Consolidated Financial Position

During the first half ended September 30, 2011, total assets increased by 36,049 million yen from the end of the previous fiscal year to 865,958 million yen. This is due mainly to the increase in inventories.

Total liabilities increased by 4,360 million yen from the end of the previous fiscal year to 445,049 million yen. This is due mainly to the increase in notes and accounts payable and income tax payable, in spite of the decrease in provision for retirement benefits due to contributions to retirement benefit trust.

Total net assets increased by 31,688 million yen from the end of the previous fiscal year to 420,909 million yen. This is attributed to increase in retained earnings by posting of net income.

During the first half ended September 30, 2011, cash flows from operating activities amounted to an inflow of 26,338 million yen (compared with an inflow of 71,813 million yen in the same period of the previous year). This is due mainly to posting of income before income taxes by 65,014 million yen, in spite of reversal of provision for retirement benefits due to contributions to retirement benefit trust, increase in inventory by 36,166 million yen, and decrease in advances received by 7,321 million yen.

Cash flows from investing activities amounted to an outflow of 20,983 million yen (compared with an outflow of 6,896 million yen in the same period of the previous year), due mainly to expenditure in the amount of 13,514 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities amounted to an outflow of 6,949 million yen (compared with an outflow of 3,431 million yen in the same period of the previous year) mainly because of 5,542 million yen in cash dividends paid.

(3) Qualitative information regarding the consolidated financial forecasts

Looking forward, in the Precision Equipment Business there are concerns about a downturn in the semiconductor-related market due to constraints on capital investment by some device manufacturers. In the liquid crystal panel-related market, although capital investment in large panels has cooled off, capital investment in mid-sized and smaller panels is expected to remain solid.

A tough business climate is predicted for the Instruments Business, due to the effect on the bioscience-related market of government budget reductions, cancellations, or deferments, in addition to unfavorable market conditions for industrial instrument-related markets, particularly for semiconductors.

In the Imaging Products Business, market demand for digital cameras is expected to be firm. However, considering the Group, consolidated subsidiary Nikon (Thailand) Co., Ltd., our production base for digital cameras with interchangeable lenses in Thailand, sustained damages during the major flooding in that country, bringing operations to a halt on October 6, 2011.

Under these circumstances, in response to the flooding, the Group has set up a support system under the Emergency Headquarters for Disaster Control headed by the President, and will endeavor to restart operations as early as possible. At the same time, we are using every means available to resume supply, including purchase of new manufacturing equipment and reviewing the production structure of the Group as a whole.

Additionally, we will strive to expand and strengthen further our core business, through timely marketing of products that can offer new value, while broadening the scope of the Nikon Brand through the creation of new businesses. Furthermore, we continue to work to optimize all of our business processes through strengthened collaboration among business functions, and to advance global development of sales and service sites. We are also making efforts to promote decentralized management in each business segment, to reinforce corporate functions, and to build a stronger risk management system.

Through these measures, we aim to create a Nikon Group that can continue to grow and constantly offer new value.

The financial forecast for the year ending March 31, 2012 announced on August 10, 2011, has been revised as follows, in view of the damage from the flooding in Thailand and revision of the assumed exchange rate to account for ongoing appreciation of the yen.

* A survey of damages from the flooding in Thailand is currently underway, and at this time it is difficult to give a reasonable estimate of the amount of damage including monetary value of damage to inventories and property, plant and equipment, etc., as well as expenses to restore the inventories and property, plant and equipment, etc. to their original state, and other items. However, we have taken into account the decline in supply quantity and other effects to the extent foreseeable at this point.

** Assumed exchange rates for the third and subsequent quarters are 75 yen to 1 U.S. dollar, and 105 yen to 1 euro.

Revised Consolidated Forecast for the Year Ending March 31, 2012 (From April 1, 2011 to March 31, 2012)

	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)	990,000	86,000	89,000	60,000	151.33
Revised Forecast (B)	925,000	67,000	72,000	55,000	138.72
Difference (B-A)	(65,000)	(19,000)	(17,000)	(5,000)	-
Ratio (%)	(6.6)	(22.1)	(19.1)	(8.3)	-

2. Notes Regarding Summary Information (Others)

Changes in Significant Consolidated Subsidiaries
Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million of yen)

	As of September 30, 2011	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	175,716	181,077
Notes and accounts receivable-trade	116,723	123,077
Inventories	265,191	236,407
Other	70,372	57,758
Allowance for doubtful accounts	(4,528)	(7,365)
Total current assets	623,475	590,954
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	41,504	43,362
Machinery, equipment and vehicles, net	35,952	34,003
Land	14,335	14,777
Construction in progress	8,942	7,566
Other, net	19,240	19,306
Total property, plant and equipment	119,976	119,016
Intangible assets	39,082	39,473
Investments and other assets		
Investment securities	50,859	56,303
Other	32,756	24,422
Allowance for doubtful accounts	(191)	(260)
Total investments and other assets	83,424	80,465
Total noncurrent assets	242,483	238,954
Total assets	865,958	829,909

(Million of yen)

	As of September 30, 2011	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	180,751	171,735
Short-term loans payable	13,650	16,732
Income taxes payable	13,488	2,520
Provision for product warranties	7,561	7,296
Other	139,807	144,009
Total current liabilities	355,260	342,295
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	27,600	24,700
Provision for retirement benefits	4,311	14,951
Asset retirement obligations	2,335	2,324
Other	15,543	16,417
Total noncurrent liabilities	89,789	98,393
Total liabilities	445,049	440,689
Net assets		
Shareholders' equity		
Capital stock	65,475	65,475
Capital surplus	80,711	80,711
Retained earnings	317,751	272,227
Treasury stock	(13,082)	(13,173)
Total shareholders' equity	450,856	405,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(339)	4,450
Deferred gains or losses on hedges	1,766	(696)
Foreign currency translation adjustments	(31,826)	(20,201)
Total accumulated other comprehensive income	(30,399)	(16,448)
Subscription rights to shares	452	427
Total net assets	420,909	389,220
Total liabilities and net assets	865,958	829,909

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

① Consolidated Statements of Income

First Half ended September 30, 2011

(Million of yen)

	First Half ended September 30, 2010 (from April 1, 2010 to September 30, 2010)	First Half ended September 30, 2011 (from April 1, 2011 to September 30, 2011)
Net sales	398,025	486,309
Cost of sales	258,946	291,337
Gross profit	139,078	194,971
Selling, general and administrative expenses	123,907	133,798
Operating income	15,170	61,173
Non-operating income		
Interest income	245	397
Dividends income	652	723
Foreign exchange gains	2,448	2,074
Equity in earnings of affiliates	666	357
Other	1,836	1,765
Total non-operating income	5,850	5,317
Non-operating expenses		
Interest expenses	455	536
Other	2,750	801
Total non-operating expenses	3,206	1,337
Ordinary income	17,814	65,153
Extraordinary gain		
Gain on sales of noncurrent assets	25	66
Gain on sales of investment securities	-	17
Total extraordinary gain	25	84
Extraordinary loss		
Loss on retirement of noncurrent assets	422	95
Loss on sales of noncurrent assets	9	0
Loss on sales of investment securities	-	0
Loss on valuation of investment securities	4,311	127
Effect of application in accounting standard for asset retirement obligations	1,073	-
Total extraordinary loss	5,816	223
Income before income taxes	12,023	65,014
Income taxes	1,384	14,577
Income before minority interests	10,639	50,437
Net income	10,639	50,437

② Consolidated Statements of Comprehensive Income

First Half ended September 30, 2011

	First half ended September 30, 2010 (from April 1, 2010 to September 30, 2010)	First half ended September 30, 2011 (from April 1, 2011 to September 30, 2011)
Income before minority interests	10,639	50,437
Other comprehensive income		
Unrealized gains or losses on available-for-sale securities	(2,861)	(4,790)
Deferred hedging gains or losses	(153)	2,463
Foreign currency translation adjustments	(4,759)	(12,363)
Equivalent share of gains or losses to equity method affiliates	(273)	739
Total other comprehensive income	(8,047)	(13,951)
Comprehensive income	2,591	36,485
(Breakdown)		
Comprehensive income attributable to parent shareholder	2,591	36,485

(3) Consolidated Statement of Cash Flows

(Million of yen)

	First Half ended September 30, 2010 (from April 1, 2010 to September 30, 2010)	First Half ended September 30, 2011 (from April 1, 2011 to September 30, 2011)
Cash flows from operating activities		
Income before income taxes	12,023	65,014
Depreciation and amortization	16,073	15,604
Increase (decrease) in allowance for doubtful accounts	127	(2,275)
Increase (decrease) in provision for product warranties	(147)	588
Increase (decrease) in provision for retirement benefits	(1,020)	(10,448)
Increase (decrease) in provision for directors' retirement benefits	3	(606)
Interest and dividends income	(898)	(1,121)
Equity in earnings of affiliates	(666)	(357)
Interest expenses	455	536
Loss (gain) on sales of noncurrent assets	(15)	(65)
Loss on retirement of noncurrent assets	422	95
Loss (gain) on sales of investment securities	-	(17)
Loss (gain) on revaluation of investment securities	4,311	127
Decrease (increase) in notes and accounts receivable-trade	(376)	(3,408)
Decrease (increase) in inventories	(34,626)	(36,166)
Increase (decrease) in notes and accounts payable-trade	32,556	11,222
Increase (decrease) in advances received	30,763	(7,321)
Increase (decrease) in accrued expenses	8,255	6,082
Other, net	8,385	(3,038)
Subtotal	75,626	34,443
Interest and dividends income received	900	1,116
Interest expenses paid	(500)	(535)
Income taxes (paid) refund	(4,213)	(8,686)
Net cash provided by (used in) operating activities	71,813	26,338
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,312)	(13,514)
Proceeds from sales of property, plant and equipment	409	639
Purchase of investment securities	(82)	(789)
Proceeds from sales of investment securities	-	42
Net decrease (increase) in loans receivable	113	(779)
Compensation income for expropriation	2,317	-
Other, net	(1,341)	(6,582)
Net cash provided by (used in) investing activities	(6,896)	(20,983)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	143	(1,301)
Proceeds from long-term loans payable	-	2,900
Repayments of long-term loans payable	(360)	(1,760)
Cash dividends paid	(1,589)	(5,542)
Other, net	(1,625)	(1,244)
Net cash provided by (used in) financial activities	(3,431)	(6,949)
Effect of exchange rate change on cash and cash equivalents	(3,820)	(5,792)
Net Increase (decrease) in cash and cash equivalents	57,664	(7,387)
Cash and cash equivalents at beginning of period	104,669	181,061
Increase in cash and cash equivalents from newly consolidated subsidiaries	231	536
Cash and cash equivalents at end of period	162,565	174,210

(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, 2010 (From April 1, 2010 to September 30, 2010)

(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	80,748	282,078	24,186	387,013	11,011	398,025	—	398,025
Intersegment sales or transfer	341	315	761	1,417	7,761	9,179	(9,179)	—
Total	81,089	282,393	24,947	388,430	18,773	407,204	(9,179)	398,025
Operating income (loss)	(4,730)	23,048	(4,124)	14,192	980	15,173	(2)	15,170

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 minus 2 million yen.

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

4. From the three months ended June 30, 2011, the sport optics products business, formerly included in “Other Business,” was transferred to the “Imaging Products Business.” Due to this change, the segment information for the first half ended September 30, 2011 was prepared according to the revised business segment. As a result of revising the business segments, sales to outside customers, intersegment sales or transfer, and segment income for the Imaging Products Business increased by 275 million yen, 6 million yen, and 762 million yen, respectively.

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. Segment income or loss adjustment includes elimination of intersegment transactions of 567 million yen and corporate expenses of minus 8,804 million yen. From the three months ended June 30, 2011, the Group has revised its method of performance management regarding headquarter division-related expenses; and among such headquarter division-related expenses, research and development expenses and a portion of expenses relating to the provision of services, which had previously been allocated to each segment, have been accounted for as corporate expenses. The impact of this change on segment income has been 3,121 million yen in the Precision Equipment Business, 4,773 million yen in the Imaging Products Business, 670 million yen in the Instruments Business, and 240 million yen in Other Business. The net sales of each segment and the net sales and operating income under corporate have not been impacted by this change.

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

(7) Subsequent event after first half ended September 30, 2011

Consolidated subsidiary Nikon (Thailand) Co., Ltd., our production base for digital cameras with interchangeable lenses in the Rojana Industrial Park in Ayutthaya Province located in Central Thailand, has been submerged by the flood caused by heavy rain in Thailand. The factory is suspending its operation since October 6, 2011.

A survey of damages is currently underway and at this time it is difficult to give a reasonable estimate of the amount of damage including monetary value of damage to inventories and property, plant and equipment, etc., as well as expenses to restore the inventories and property, plant and equipment, etc. to their original state, and other items.