



The year ended March 31, 2006 Financial Results (Consolidated)

Company name: NIKON CORPORATION

Code number: 7731

Address of headquarters: Fuji Building, 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8331, Japan

Representative: Michio Kariya, Chairman of the Board, C.E.O. and C.O.O.

Contact: Hideshi Hirai, Executive Officer and General Manager,
Corporate Communications & IR Department

Telephone: +81-3-3216-1032

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

Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange

Date of the Board Meeting for the Year ended March 31, 2006: May 15, 2006

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

1. Results of Year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)

(Note) Amount Unit: 1 Million Yen unless otherwise specified (Amounts less than 1 Million Yen are omitted.)

(1) Financial Results

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change
Year ended March 31, 2006	¥730,943	14.5%	¥66,587	118.0%	¥43,496	196.0%
Year ended March 31, 2005	¥638,468	26.1%	¥30,545	731.2%	¥14,693	-

	Net Income	Change	Net Income per share of Common Stock (Yen)	Net Income per share of Common Stock after dilution (Yen)	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Net Sales
Year ended March 31, 2006	¥28,944	19.9%	¥78.16	¥69.33	13.2%	6.6%	6.0%
Year ended March 31, 2005	¥24,141	901.7%	¥65.19	¥57.84	13.1%	2.4%	2.3%

(Note) 1. Equity in Earning of non-consolidated subsidiaries: Year ended March 31, 2006: 1,101 Mill Yen

Year ended March 31, 2005: 1,059 Mill Yen

2. Average number of shares outstanding (Consolidated): Year ended March 31, 2006: 369,411,996 shares

Year ended March 31, 2005: 369,352,206 shares

3. Change in accounting method : Not Applicable

4. The percentage figures for net sales, operating income, ordinary income and net income represent the percentage of increase or decrease against the same period of the previous year.

(2) Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock (Yen)
Year ended March 31, 2006	¥690,919	¥243,122	35.2%	¥658.03
Year ended March 31, 2005	¥633,426	¥196,030	30.9%	¥530.41

(Note) Number of shares outstanding as of March 31, 2006 : 369,360,134 shares
as of March 31, 2005 : 369,461,152 shares

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Term-end
Year ended March 31, 2006	¥63,744	¥(22,427)	¥(20,515)	¥44,471
Year ended March 31, 2005	¥47,128	¥(10,542)	¥(31,785)	¥21,507

(4) Consolidated and Equity method Policies

Number of Consolidated Subsidiaries : 47

Number of Non-consolidated Subsidiaries accounted for by equity method : 0

Number of Affiliates accounted for by equity method : 2

(5) Changes in Consolidation and Equity method Policies

Consolidation New : 1, Exclusion : 0

Equity method New : 0, Exclusion : 0

2. Forecast for Year ending March 31, 2007 (From April 1, 2006 to March 31, 2007)

Amount Unit : 1 Million Yen

	Net Sales	Ordinary Income	Net Income
First Half ending September 30, 2006	¥360,000	¥25,000	¥15,000
Year ending March 31, 2007	¥780,000	¥62,000	¥37,000

Ref. Expected net income per share of common stock for year ending March 31, 2007: 100.17 Yen

NOTE: These forward-looking statements are based on the Company's current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The Company's actual results may differ materially from those discussed in these forward-looking statements as a result of numerous factors outside of the Company's control.

English Translation of "RENKETSU KESSAN TANSHIN"
(Summary for reference only)

Consolidated Balance Sheets

Amount Unit: 1 Million Yen

	As of March 31, 2006		As of March 31, 2005		Increase(Decrease)
		%		%	
Assets					
Current assets					
Cash and time deposits	44,865		21,943		22,922
Notes and accounts receivable-trade	137,635		125,107		12,527
Inventories	238,846		245,623		(6,777)
Deferred tax assets	29,876		25,629		4,247
Other current assets	20,713		15,558		5,155
Allowance for doubtful receivables	(2,832)		(2,735)		(97)
Total current assets	469,104	67.9	431,126	68.1	37,978
Fixed assets					
Tangible fixed assets					
Buildings and structures	40,480		39,986		494
Machinery, equipment and vehicles	35,196		33,041		2,154
Furniture and fixtures	13,299		12,761		537
Land	15,916		16,288		(372)
Construction in progress	5,431		7,710		(2,279)
Total tangible fixed assets	110,325	15.9	109,789	17.3	535
Intangible fixed assets	12,896	1.9	10,901	1.7	1,994
Investments and other assets					
Investment securities	88,632		62,244		26,388
Deferred tax assets	1,457		9,791		(8,333)
Other	8,607		9,682		(1,074)
Allowance for doubtful receivables	(105)		(109)		4
Total investments and other assets	98,593	14.3	81,608	12.9	16,984
Total fixed assets	221,815	32.1	202,300	31.9	19,514
Total assets	690,919	100.0	633,426	100.0	57,493

Consolidated Balance Sheets

Amount Unit: 1 Million Yen

	As of March 31, 2006		As of March 31, 2005		Increase(Decrease)
		%		%	
Liabilities					
Current liabilities					
Notes and accounts payable-trade	151,504		135,880		15,624
Short-term bank loans	14,187		45,205		(31,017)
Current portion of bonds	76,000		—		76,000
Accrued income taxes	8,230		14,705		(6,474)
Accrued expenses	41,029		34,351		6,678
Warranty reserve	6,496		5,305		1,191
Other current liabilities	37,493		30,654		6,839
Total current liabilities	334,943	48.5	266,102	42.0	68,840
Long-term liabilities					
Bonds	69,500		145,500		(76,000)
Long-term debt	19,143		4,633		14,510
Liability for employees' retirement benefits	16,966		18,691		(1,724)
Liability for directors' retirement benefits	339		1,035		(696)
Other long-term liabilities	6,721		1,248		5,473
Total long-term liabilities	112,671	16.3	171,108	27.1	(58,437)
Total liabilities	447,614	64.8	437,210	69.1	10,403
Minority interest	182	0.0	185	0.0	(2)
Shareholders' equity					
Common stock	36,660		36,660		—
Capital surplus	51,932		51,930		1
Retained earnings	130,404		104,478		25,926
Unrealized gains on available-for-sale securities	24,534		7,297		17,237
Foreign currency translation adjustments	286		(3,812)		4,099
Total	243,819		196,554		47,265
Treasury stock	(697)		(524)		(173)
Total shareholders' equity	243,122	35.2	196,030	30.9	47,092
Total liabilities and shareholders' equity	690,919	100.0	633,426	100.0	57,493

Consolidated Statements of Income

Amount Unit: 1 Million Yen

	Year ended March 31, 2006		Year ended March 31, 2005		Increase (Decrease)
		%		%	
Net sales	730,943	100.0	638,468	100.0	92,475
Cost of sales	468,943	64.2	429,143	67.2	39,800
Selling, general and administrative expenses	195,413	26.7	178,780	28.0	16,632
Operating income	66,587	9.1	30,545	4.8	36,041
Non-operating income					
Interest and dividend income	1,137	0.2	962	0.2	176
Other income	4,011	0.5	3,825	0.5	185
Non-operating expenses					
Interest expenses	1,501	0.2	2,160	0.3	(659)
Other expenses	26,738	3.6	18,479	2.9	8,259
Ordinary income	43,496	6.0	14,693	2.3	28,803
Extraordinary gains					
Gains on sale of fixed assets	115	0.0	6,062	0.9	(5,946)
Gains on sale of investment securities	1,895	0.2	437	0.1	1,457
Proceeds from settlement of legal proceedings against Patent	—		15,878	2.5	(15,878)
Proceeds from patents and know-how licenses	1,236	0.2	—		1,236
Extraordinary losses					
Losses on disposal of fixed assets	1,770	0.2	2,218	0.3	(448)
Losses on sale of fixed assets	160	0.0	16	0.0	143
Losses on impairment of fixed assets	245	0.0	—		245
Losses on sale of investment securities	—		11	0.0	(11)
Losses on Patent settlement	2,889	0.4	—		2,889
Addition to prior year's liability for directors' retirement benefits	—		982	0.2	(982)
Other losses	753	0.2	400	0.1	353
Income before income taxes	40,925	5.6	33,443	5.2	7,481
Income taxes	11,979	1.6	9,288	1.4	2,690
Minority interest	2	0.0	13	0.0	(11)
Net Income	28,944	4.0	24,141	3.8	4,803

Consolidated Statements of Shareholders' Equity

Amount Unit: 1 Million Yen

	Year ended March 31, 2006	Year ended March 31, 2005	Increase (Decrease)
(Capital surplus)			
Capital surplus (Beginning)	51,930	51,927	3
Increase of Capital Surplus	1	3	(1)
Excess arising from			
retirement of treasury stock	1	3	(1)
Capital surplus (Ending)	51,932	51,930	1
(Retained earnings)			
Retained earnings (Beginning)	104,478	83,035	21,422
Increase of retained earnings	28,944	24,397	4,547
Net Income	28,944	24,141	4,803
Adjustment of retained earnings for			
elimination of consolidated subsidiary	—	255	(255)
Decrease of retained earnings	3,018	2,954	63
Dividends	2,955	2,954	1
Bonuses to directors and corporate auditors	62	—	62
Retained earnings (Ending)	130,404	104,478	25,926

Consolidated Statements of Cash Flows

Amount Unit: 1 Million Yen

	Year ended March 31, 2006	Year ended March 31, 2005	Increase (Decrease)
1. Cash flows from operating activities			
Income before income taxes	40,925	33,443	7,481
Depreciation and amortization	20,670	19,625	1,044
Losses on impairment of fixed assets	245	—	245
Net increase in warranty reserve	1,055	1,224	(169)
Provision for employees' retirement benefits	(1,695)	(2,358)	662
Provision for directors' retirement benefits	(696)	1,035	(1,731)
Interest and dividend income	(1,138)	(962)	(175)
Interest expenses	1,501	2,160	(659)
Gains on sale of fixed assets	(115)	(6,062)	5,946
Losses on sale and disposal of fixed assets	1,931	2,234	(303)
Gains on sale of investment securities	(1,895)	(437)	(1,457)
Losses on sale of investment securities	—	11	(11)
Losses on revaluation of investment securities	753	320	433
Net decrease (increase) in trade notes and accounts receivable	(8,838)	(1,381)	(7,456)
Net decrease (increase) in inventories	12,298	(3,664)	15,963
Net increase (decrease) in trade notes and accounts payable	15,651	(7,136)	22,787
Other, net (operating activities)	3,323	14,996	(11,671)
Sub total	83,975	53,048	30,927
Interests and dividends received	1,763	1,468	294
Interests paid	(1,482)	(2,066)	583
Income taxes paid	(20,511)	(5,321)	(15,190)
Net cash provided by operating activities	63,744	47,128	16,615
2. Cash flows from investing activities			
Payments for purchases of tangible fixed assets	(19,976)	(19,102)	(874)
Proceeds from sale of tangible fixed assets	2,446	6,375	(3,928)
Payments for purchases of investment securities	(838)	(518)	(320)
Proceeds from sale of investment securities	1,589	2,368	(779)
Net decrease in loans receivable	150	358	(207)
Other, net (investing activities)	(5,797)	(23)	(5,774)
Net cash used in investing activities	(22,427)	(10,542)	(11,884)
3. Cash flows from financing activities			
Increase (decrease) in short-term borrowings	(26,032)	(6,723)	(19,309)
Proceeds from long-term debt	16,689	2,448	14,241
Repayments of long-term debt	(8,050)	(24,399)	16,350
Dividends paid	(2,944)	(2,951)	6
Other, net (financing activities)	(177)	(159)	(17)
Net cash used in financial activities	(20,515)	(31,785)	11,270
4. Foreign currency translation adjustments on cash and cash equivalents	2,163	498	1,664
5. Net increase in cash and cash equivalents	22,964	5,298	17,665
6. Cash and cash equivalents, beginning of year	21,507	16,099	5,408
7. Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	—	195	(195)
8. Cash and cash equivalents of exclusive consolidated subsidiaries, end of year	—	(86)	86
9. Cash and cash equivalents, end of year	44,471	21,507	22,964

Summary of Significant Accounting Policies

(1)Securities

Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost method.

Available-for-sale-securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. Available-for-sale-securities whose fair value is not readily determinable are stated principally at moving-average cost method.

(2)Inventories

Inventories of Nikon Corporation (the "Company") and its domestic subsidiaries are stated at cost as determined principally using the average method, except for work in process which is determined by the specific identification method. Inventories of foreign subsidiaries are stated at the lower of cost or market as determined principally using the average method.

(3)Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation of the Company and domestic subsidiaries is principally computed using the declining-balance method, while the straight-line method is applied to buildings (excluding facilities incidental to buildings), and foreign subsidiaries apply the straight-line method, using rates based on the estimated useful lives of the assets.

(4)Retirement and Pension Plans

The Company have non-contributory funded pension plans covering substantially all of its employees. Certain foreign subsidiaries also have contributory pension plans.

(5)Foreign Currency Financial Statements

The balance sheet accounts and revenue and expense accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rates except for shareholders' equity, which is translated at the historical exchange rate.

(6)Derivatives and Hedging Activities

The Company and its significant subsidiaries (collectively the "Group") enters into derivative financial instruments ("derivatives"), including contracts of foreign exchange forward, currency option, foreign currency swap and interest rate swap to hedge foreign exchange risk and interest rate exposures. The Group does not hold or issue derivatives for trading purpose.

All derivatives be recognized principally as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of operations unless the instrument qualifies for hedge accounting. For derivatives used for hedging purpose, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

(7)Accounting Change in Impairment of Long-Lived Assets

In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets", and in October 2003, the Accounting Standards Board of Japan (ASB) issued ASB Guidance No.6, "Guidance for Accounting Standards for Impairment of Fixed Assets". The Group adopted the new accounting standards for impairment of fixed assets as of April 1, 2005.

The effect of adoption of the new accounting standards for impairment of fixed assets was to decrease income before income taxes and minority interests for the period ended March 31, 2006 by 245 million yen.

Total amount of loss from impairment is subtracted directly from each asset.

Segment Information

1. Industry Segments

Amount Unit: 1 Million Yen

	Year ended March 31, 2006						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Eliminations or corporate	Consolidated
1. Net sales							
1)Outside customers	242,317	415,685	53,280	19,660	730,943	—	730,943
2)Intersegment sales/transfer	889	920	1,594	30,172	33,576	(33,576)	—
Total	243,207	416,606	54,874	49,832	764,520	(33,576)	730,943
Operating expenses	216,831	382,237	50,789	47,903	697,762	(33,405)	664,356
Operating income	26,375	34,368	4,085	1,929	66,758	(171)	66,587
2.Assets, depreciation & capital expenditure							
Assets	272,700	190,030	34,707	42,444	539,882	151,036	690,919
Depreciation & amortization	8,510	6,889	1,021	4,338	20,759	—	20,759
Capital expenditure	9,894	11,905	921	3,096	25,817	—	25,817

Amount Unit: 1 Million Yen

	Year ended March 31, 2005						
	Precision Equipment	Imaging Products	Instruments	Other	Total	Eliminations or corporate	Consolidated
1. Net sales							
1)Outside customers	212,470	354,181	50,657	21,159	638,468	—	638,468
2)Intersegment sales/transfer	1,855	1,307	1,526	23,093	27,783	(27,783)	—
Total	214,325	355,489	52,183	44,252	666,252	(27,783)	638,468
Operating expenses	202,939	338,647	49,358	44,900	635,844	(27,921)	607,923
Operating income (loss)	11,386	16,841	2,825	(647)	30,407	137	30,545
2.Assets, depreciation & capital expenditure							
Assets	249,904	182,772	36,386	57,572	526,635	106,791	633,426
Depreciation & amortization	8,896	5,833	968	4,006	19,704	—	19,704
Capital expenditure	8,679	11,183	751	1,844	22,458	—	22,458

Leading products of each Industry;

Precision Equipment -----IC steppers, LCD steppers

Imaging Products -----Cameras, Interchangeable camera lenses, Digital cameras

Instruments -----Microscopes, Measuring instruments

Other -----Binocular and telescope products, Ophthalmic frames, Surveying instruments

Segment Information

2. Geographic Segments

Amount Unit: 1 Million Yen

	Year ended March 31, 2006						
	Japan	North America	Europe	Asia	Total	Eliminations or Corporate	Consolidated
1. Net sales							
1)Outside customers	274,907	216,848	166,733	72,454	730,943	—	730,943
2)Intersegment sales/transfer	328,525	2,132	154	92,649	423,461	(423,461)	—
Total	603,432	218,981	166,887	165,103	1,154,405	(423,461)	730,943
Operating expenses	558,229	210,589	162,061	156,630	1,087,510	(423,153)	664,356
Operating income	45,203	8,391	4,826	8,473	66,895	(308)	66,587
2. Assets	483,865	72,766	54,633	54,657	665,923	24,996	690,919

Amount Unit: 1 Million Yen

	Year ended March 31, 2005						
	Japan	North America	Europe	Asia	Total	Eliminations or Corporate	Consolidated
1. Net sales							
1)Outside customers	275,992	165,085	142,142	55,248	638,468	—	638,468
2)Intersegment sales/transfer	282,026	2,894	111	78,778	363,810	(363,810)	—
Total	558,018	167,980	142,253	134,027	1,002,279	(363,810)	638,468
Operating expenses	540,180	162,372	139,392	128,902	970,846	(362,923)	607,923
Operating income	17,838	5,608	2,861	5,124	31,432	(887)	30,545
2. Assets	478,738	70,328	57,865	45,776	652,708	(19,281)	633,426

Major countries or regions other than Japan;

North America : U.S.A., Canada

Europe : The Netherlands, Germany, United Kingdom

Asia : South Korea, Taiwan, Thailand, China

Segment Information

3. Export sales

Amount Unit: 1 Million Yen

	Year ended March 31, 2006				
	North America	Europe	Asia	Other	Total
Export sales(A)	209,675	166,127	173,307	8,688	557,799
Net sales(B)					730,943
(A)/(B)	28.7%	22.7%	23.7%	1.2%	76.3%

Amount Unit: 1 Million Yen

	Year ended March 31, 2005				
	North America	Europe	Asia	Other	Total
Export sales(A)	160,840	138,792	175,193	6,928	481,755
Net sales(B)					638,468
(A)/(B)	25.2%	21.7%	27.4%	1.1%	75.5%

Major countries or regions;

North America : U.S.A., Canada

Europe : The Netherlands, Germany, United Kingdom

Asia : South Korea, Taiwan, Singapore, China

Other regions : South & Central America, Oceania, Africa

Marketable Securities (Consolidated)**1. Fair Value of Available-for-sale securities**

Amount Unit: 1 Million Yen

	As of March 31, 2006			As of March 31, 2005		
	Cost	Fair Value	Net unrealized gains	Cost	Fair Value	Net unrealized gains
1) Equity securities	38,115	79,328	41,212	40,131	52,376	12,245
2) Debt securities	0	0	(0)	0	0	(0)
Total	38,115	79,328	41,212	40,131	52,376	12,245

2. Available-for-sale securities sold in the year ended March 31, 2006 and 2005

Amount Unit: 1 Million Yen

Year ended March 31, 2006			Year ended March 31, 2005		
Proceeds from sale	Gross realized gain on sale	Gross realized loss on sale	Proceeds from sale	Gross realized gain on sale	Gross realized loss on sale
5,146	1,895	—	2,356	437	11

3. Available-for-sale securities whose fair value is not readily determinable

Amount Unit: 1 Million Yen

	As of March 31, 2006	As of March 31, 2005
	Carrying Amount	Carrying Amount
Available-for-sale securities Equity securities	534	2,394
Total	534	2,394

4. The Carrying values of debt securities by contractual maturities for securities classified as Available-for-sale and held-to-maturity

Amount Unit: 1 Million Yen

	As of March 31, 2006		As of March 31, 2005	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
Bonds National and local government bonds	0	—	0	—
Total	0	—	0	—

Derivatives (Consolidated)

1. Currency Contracts

Amount Unit : 1mill Yen

	As of March 31, 2006				As of March 31, 2005			
	Contract or Notional amount		Fair Value	Net unrealized gain (loss)	Contract or Notional amount		Fair Value	Net unrealized gain (loss)
		Non-current				Non-current		
Forward exchange contracts								
Selling positions								
USD	42,910	—	43,399	(489)	44,636	—	45,637	(1,000)
EUR	13,713	—	14,001	(288)	14,481	—	14,715	(233)
Buying positions								
YEN	102	—	100	(1)	26	—	26	0
USD	2,577	—	2,575	(1)	2,928	—	3,003	74
EUR	—	—	—	—	2,869	—	2,861	(8)
Currency option contracts								
Selling put EUR	249	178			2,250	1,750		
Option premiums	10	9	16	(5)	12	11	21	(8)
Buying call EUR	249	178			2,250	1,750		
Option premiums	8	5	13	4	10	7	15	4
Total	—	—	—	(782)	—	—	—	(1,171)

2. Interest Rate Swap Agreements

Amount Unit : 1mill Yen

	As of March 31, 2006				As of March 31, 2005			
	Contract or Notional amount		Fair Value	Net unrealized gain	Contract or Notional amount		Fair Value	Net unrealized gain
		Non-current				Non-current		
Interest swap agreements	30,000	30,000	28	28	30,000	30,000	55	55

(Note) Derivative which qualified for hedge accounting are excluded from disclosure of market value information.



Year ended March 31, 2006 Financial Results (Non-Consolidated)

Company name: NIKON CORPORATION

Code number: 7731

Address of headquarters: Fuji Building, 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8331, Japan

Contact: Hideshi Hirai, Executive Officer and General Manager,

Corporate Communications & IR Department

Telephone: +81-3-3216-1032

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

Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange

Date of the Board Meeting for the Year ended March 31, 2006: May 15, 2006

Date of the General Meeting of Shareholders : June 29, 2006

1. Results of Year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)

(Note) Amount Unit: 1 Million Yen unless otherwise specified (Amounts less than 1 Million Yen are omitted.)

(1) Financial Results

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change
Year ended March 31, 2006	¥521,140	9.2%	¥31,340	199.0%	¥18,854	128.7%
Year ended March 31, 2005	¥477,324	27.0%	¥10,480	-	¥8,244	-

	Net Income	Change	Net Income per share of Common Stock (Yen)	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Net Sales
Year ended March 31, 2006	¥12,171	(27.4)%	¥32.75	6.8%	3.4%	3.6%
Year ended March 31, 2005	¥16,765	312.6%	¥45.22	10.6%	1.6%	1.7%

(Note) 1. Average number of Shares outstanding: Year ended March 31, 2006 :369,411,996 Shares

Year ended March 31, 2005 :369,352,206 Shares

2. Change in accounting method: Not Applicable

3. Percent Increase(Decrease): Year ended March 31, 2006/Year ended March 31, 2005

(2) Cash Dividends

	Cash Dividends per Share of Common Stock for the year			Total Cash Dividends	Payment Ratio	Ratio of Cash Dividends to Shareholders' Equity
		Interim Cash Dividends per Share of Common Stock (Yen)	Year-end Cash Dividends per Share of Common Stock (Yen)			
Year ended March 31, 2006	¥10.00	¥4.00	¥6.00	¥3,693	30.5%	1.9%
Year ended March 31, 2005	¥8.00	¥4.00	¥4.00	¥2,954	17.7%	1.8%

(3) Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share of Common Stock (Yen)
Year ended March 31, 2006	¥565,473	¥191,770	33.9%	¥519.00
Year ended March 31, 2005	¥528,107	¥165,581	31.4%	¥448.00

(Note) 1. Number of Shares outstanding as of March 31, 2006 : 369,360,134 shares
as of March 31, 2005 : 369,461,152 shares

2. Number of Shares outstanding held as Treasury stock : As of March 31, 2006 : 585,198 Shares
As of March 31, 2005 : 484,180 Shares

2. Forecast for Year ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

Amount Unit : 1 Million Yen

	Net Sales	Ordinary Income(Loss)	Net Income	Cash Dividends per Share of Common Stock for the year		
				Interim Cash Dividends per Share of Common Stock (Yen)	Year-end Cash Dividends per Share of Common Stock (Yen)	
First Half ended September 30, 2006	¥280,000	¥19,000	¥12,000	¥5.00	-	-
Year ended March 31, 2007	¥600,000	¥48,000	¥30,000	-	¥5.00	¥10.00

Ref. Expected Net Income per Share of Common Stock for year ended March 31, 2006: 81.22 Yen

Non-Consolidated Balance Sheets

(Amount Unit : 1million Yen)

	As of March 31, 2006		As of March 31, 2005		Increase (Decrease)
		%		%	
[Assets]					
1. Current Assets					
Cash and time deposits	22,510		8,996		13,513
Notes receivable	991		2,072		(1,080)
Accounts receivable	124,284		113,584		10,699
Finished goods	58,271		57,386		884
Semi-finished products	181		395		(214)
Raw materials	42		40		1
Work in process	97,750		93,812		3,937
Supplies	5,595		3,254		2,341
Deferred tax assets	14,999		13,982		1,017
Short-term loans receivable to subsidiaries and associated companies	31,845		37,570		(5,725)
Other receivables	15,594		17,586		(1,991)
Other current assets	1,344		1,552		(208)
Allowance for doubtful receivables	(2,052)		(2,215)		163
Total current assets	371,358	65.7	348,020	65.9	23,337
2. Fixed Assets					
Tangible fixed assets	65,228	11.5	67,713	12.8	(2,485)
Buildings	19,015		20,132		(1,116)
Structures	867		961		(93)
Machinery and equipment	24,049		23,485		563
Automotive equipment	130		96		33
Tools, furniture and fixtures	6,804		7,010		(205)
Land	10,008		10,038		(30)
Construction in progress	4,352		5,988		(1,636)
Intangible fixed assets	9,998	1.8	7,924	1.5	2,074
Patent rights	3,924		2,962		962
Leasehold	4		4		-
Trademark	124		147		(22)
Software	5,800		4,666		1,134
Rights to use public facilities and other assets	143		143		(0)
Investments and other assets	118,888	21.0	100,448	19.8	14,440
Investment securities	79,817		54,727		25,090
Investments in subsidiaries and associated companies	26,509		25,817		692
Capital contributions	2		2		-
Capital contributions to subsidiaries and associated companies	6,627		5,526		1,100
Long-term loans receivable to employees	39		52		(12)
Long-term prepaid expenses	109		191		(82)
Deferred tax assets	-		11,202		(11,202)
Lease deposits and other assets	5,857		7,003		(1,146)
Allowance for doubtful receivables	(74)		(74)		-
Total fixed assets	194,115	34.3	180,086	34.1	14,028
Total assets	565,473	100.0	528,107	100.0	37,366

Non-Consolidated Balance Sheets

(Amount Unit : 1million Yen)

	As of March 31, 2006		As of March 31, 2005		Increase (Decrease)
		%		%	
[Liabilities]					
1. Current Liabilities					
Notes payable	681		872		(190)
Accounts payable	123,375		112,733		10,641
Short-term bank loans	9,500		28,600		(19,100)
Current portion of long-term debt	144		4,807		(4,663)
Current portion of bonds	76,000		-		76,000
Accounts payable for construction	5,104		4,040		1,063
Other accrued expenses	19,592		14,773		4,818
Accrued income taxes	2,234		11,001		(8,766)
Advances received	13,239		7,389		5,850
Deposits received	15,639		8,087		7,552
Provision for warranty	4,035		3,504		531
Other current liabilities	915		1,368		(452)
Total current liabilities	270,462	47.8	197,177	37.3	73,285
2. Long-term Liabilities					
Bonds	69,500		145,500		(76,000)
Long-term loans	16,800		744		16,056
Liability for employees' retirement benefits	15,186		17,315		(2,128)
Liability for directors' retirement benefits	339		1,003		(664)
Deferred tax liabilities	207		-		207
Other long-term liabilities	1,206		786		420
Total long-term liabilities	103,240	18.3	165,348	31.3	(62,108)
Total liabilities	373,703	66.1	362,525	68.6	11,177
[Shareholders' Equity]					
1. Common stock					
	36,660	6.5	36,660	6.9	-
2. Capital surplus					
Additional paid in capital	51,932	9.2	51,930	9.8	1
Other capital surplus	51,926		51,926		-
	6		4		1
3. Retained earnings					
Legal reserve	79,397	14.0	70,244	13.3	9,153
Revenue reserve	5,565		5,565		-
Reserve for research and development	53,076		43,462		9,613
Reserve for retirement benefits	2,056		2,056		-
Reserve for special depreciation	-		669		(669)
Reserve for depreciation	-		4		(4)
Reserve for deferred capital gain for replacement of property	9,134		9,362		(227)
Reserve for advanced depreciation of fixed assets	1,674		1,160		514
General reserve	40,211		30,211		10,000
Unappropriated retained earnings (Loss) at end	20,756		21,216		(460)
4. Unrealized gains on securities					
	24,476	4.3	7,269	1.5	17,207
5. Treasury stock					
	(697)	(0.1)	(524)	(0.1)	(173)
Total shareholders' equity	191,770	33.9	165,581	31.4	26,189
Total Liabilities and Shareholders' Equity	565,473	100.0	528,107	100.0	37,366

Non-Consolidated Statements of operations

(Amount Unit : Imillion Yen)

	Year ended March 31, 2006		Year ended March 31, 2005		Increase (Decrease)
				%	
1. Operating revenues					
Net sales	521,140	100.0	477,324	100.0	43,816
2. Operating cost and expenses					
Cost of sales	407,700	78.2	388,395	81.4	19,304
Selling, general and administrative expenses	82,099	15.8	78,448	16.4	3,651
3. Operating income	31,340	6.0	10,480	2.2	20,859
4. Non-operating income	8,906	1.7	10,868	2.3	(1,962)
Interest income	506		398		108
Dividend income	3,076		6,115		(3,038)
Rental income from fixed assets	2,438		1,682		756
Royalties of industrial right	813		881		(67)
Other income	2,071		1,792		279
5. Non-operating expenses	21,391	4.1	13,105	2.8	8,286
Interest expenses	218		246		(27)
Interest expenses on bonds	550		1,120		(569)
Loss on disposals of inventories	8,284		4,231		4,052
Write-down of inventories	5,607		2,479		3,128
Rental expenses on fixed assets	2,464		1,959		505
Foreign exchange loss	2,770		1,719		1,051
Other expenses	1,494		1,348		145
6. Ordinary income	18,854	3.6	8,244	1.7	10,610
7. Extraordinary gains	3,140	0.6	22,330	4.7	(19,190)
Gains on sales of fixed assets	13		6,028		(6,015)
Gains on sales of investment securities	1,890		422		1,467
Proceeds from settlement of legal proceedings against patent	-		15,878		(15,878)
Proceeds from patents and know-how licenses	1,236		-		1,236
8. Extraordinary losses	5,324	1.0	4,748	1.0	575
Losses on disposal of fixed assets	1,449		1,645		(196)
Losses on sales of fixed assets	29		3		26
Loss on impairment of fixed assets	208		-		208
Losses on devaluation of investment securities	310		261		48
Loss on devaluation of investment in subsidiaries and associated companies	436		-		436
Loss on patent settelement	2,889		-		2,889
Provision for losses on doubtful receivables	-		60		(60)
Provision for losses on doubtful loans receivable to subsidiaries and associated companies	-		1,383		(1,383)
Losses on devaluation of loans receivable to subsidiaries and associated companies	-		400		(400)
Losses on devaluation of the golf club membership	-		20		(20)
Addition to prior year's liability for directors' retirement benefits	-		974		(974)
9. Income before income taxes	16,670	3.2	25,826	5.4	(9,156)
10. Income taxes-current	5,867	1.1	12,099	2.5	(6,232)
11. Income taxes-deferred	(1,368)	(0.2)	(3,038)	(0.6)	1,670
12. Net income	12,171	2.3	16,765	3.5	(4,594)
13. Retained earnings brought forward	10,062		5,928		4,134
14. Interim dividends paid	1,477		1,477		0
15. Unappropriated retained earnings at end	20,756		21,216		(460)

Non-Consolidated Statements of Retained Earnings
(Proposed)

(Amount Unit : 1million Yen)

	Year ended March 31, 2006	Year ended March 31, 2005	Increase (Decrease)
1. Unappropriated retained earnings at year end	20,756	21,216	(460)
2. Reversal of reserves :			
Reversal of reserve for retirement benefits	-	669	(669)
Reversal of reserve for special depreciation	-	4	(4)
Reversal of reserve for deferred capital gain for replacement of property	1,470	1,410	60
Reversal of reserve for advanced depreciation of fixed assets	1,674	1,160	514
Total	23,901	24,460	(559)
3. Appropriation of retained earnings :			
Cash dividends	2,216	1,477	738
Bonuses to directors and corporate auditors	72	62	9
Transfer to reserve for deferred capital gain for replacement of property	1,314	1,183	131
Transfer to reserve for advanced depreciation of fixed assets	-	1,674	(1,674)
Transfer of reserve for general reserve	10,000	10,000	-
Total	13,602	14,398	(795)
4. Retained earnings carried forward	10,298	10,062	236

	Year ended March 31, 2006	Year ended March 31, 2005	Increase (Decrease)
1. Other capital surplus	6	4	1
Excess arising from retirement of treasury stock	6	4	1
Total	6	4	1
2. Other capital surplus carried forward	6	4	1
Excess arising from retirement of treasury stock	6	4	1

Sales Performance (Non-Consolidated)

(Amount Unit : 1million Yen)

Segment	Year ended March 31, 2006		Year ended March 31, 2005		Ratio to the previous period
	Amount	%	Amount	%	%
Precision Equipment	193,091	37.0	185,157	38.8	104.3
Imaging Products	291,075	55.9	254,690	53.3	114.3
Instruments	28,558	5.5	28,924	6.1	98.7
Other	8,415	1.6	8,551	1.8	98.4
Total	521,140	100.0	477,324	100.0	109.2
Domestic	132,479	25.4	116,626	24.4	113.6
Export	388,661	74.6	360,697	75.6	107.8