



Financial Results for the Third Quarter ended December 31, 2007

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, Representative Director, President, CEO and COO

Contact: Masayuki Hatori, 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

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

1. Results of the Third Quarter ended December 31, 2007 (From April 1, 2007 to December 31, 2007)

(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	Net Income	Change
3rd Quarter ended December 31, 2007	¥712,155	16.4%	¥103,509	28.4%	¥98,125	37.5%	¥60,461	30.9%
3rd Quarter ended December 31, 2006	¥611,599	14.1%	¥80,598	67.4%	¥71,380	91.0%	¥46,202	93.7%
Year ended March 31, 2007	¥822,813	—	¥102,006	—	¥89,551	—	¥54,824	—

	Net Income per share of Common Stock (Yen)	Net Income Per Share of Common Stock after dilution (Yen)
3rd Quarter ended December 31, 2007	¥151.39	¥145.15
3rd Quarter ended December 31, 2006	¥124.82	¥110.80
Year ended March 31, 2007	¥146.36	¥131.42

(2) Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity to Total Assets	Net Assets per Share of Common Stock (Yen)
3rd Quarter ended December 31, 2007	¥815,897	¥392,314	48.1%	¥982.02
3rd Quarter ended December 31, 2006	¥737,133	¥286,767	38.9%	¥774.66
Year ended March 31, 2007	¥748,939	¥348,444	46.5%	¥871.67

(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 period
3rd Quarter ended December 31, 2007	¥33,740	¥(36,129)	¥(19,287)	¥60,822
3rd Quarter ended December 31, 2006	¥50,464	¥(12,454)	¥(19,964)	¥66,596
Year ended March 31, 2007	¥83,200	¥(21,898)	¥(23,673)	¥83,848

2. Forecast for Year ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

Amount Unit : 1 Million Yen

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change	Net Income	Change
Year ending March 31, 2008	¥970,000	17.9%	¥133,000	30.4%	¥121,000	35.1%	¥74,000	35.0%

	Net Income per share of Common Stock (Yen)
Year ending March 31, 2008	¥185.28

3. Other

(1) Changes of significant subsidiaries during the current fiscal year (change of specified subsidiaries that affected the scope of consolidated reporting) : No

(2) Adoption of simplified accounting methods: Yes

The practical estimation has been applied for the calculation of some allowances and tax expenses instead of actual basis.

(3) Changes in accounting policies: Yes

(a) Exchange Method for Foreign Currency Financial Statements

Prior to April 1, 2007, the Company had translated the foreign currency financial statements of its overseas subsidiaries into Japanese yen at the current rate as of the balance sheet date. Effective April 1, 2007, the Company changed its method of translating the foreign currency of accounts regarding revenues and expenses of overseas subsidiaries into Japanese yen from the method of using the current rate as of the balance sheet date to using the average rate in the year, due to the increasing of ratio of their sales and production and to present more fairly the financial position. The effect of this change was immaterial.

(b) Accounting Method for Depreciation of Property, Plant and Equipment

Effective April 1, 2007, the Company and its domestic subsidiaries changed the depreciation method for the property, plant and equipment acquired on or after April 1, 2007 due to the revision of Japanese Corporation Tax Law and its regulation. The effect of this change was immaterial.

(c) Accounting for Depreciation of 5% of Acquisition Cost

Effective April 1, 2007, the Company and its domestic subsidiaries have depreciated 5% of acquisition cost of property, plant and equipment which were acquired on or before March 31, 2007, by using the straight line method within next 5 years after these assets were depreciated to 5% of the acquisition cost and charged to income as depreciation expense. The effect of this change was immaterial.

Consolidated Balance Sheets

Amount Unit: 1 Million Yen

	As of December 31, 2006		As of December 31, 2007		As of March 31, 2007		Increase (Decrease)
		%		%		%	
Assets							
Current assets							
Cash and time deposits	66,619		63,407		83,871		(20,464)
Notes and accounts receivable-trade	152,684		213,304		148,914		64,389
Inventories	252,221		265,316		246,400		18,915
Other current assets	48,367		50,877		47,082		3,794
Allowance for doubtful receivables	(3,310)		(3,589)		(3,072)		(517)
Total current assets	516,582	70.1	589,316	72.2	523,197	69.9	66,118
Fixed assets							
Tangible fixed assets							
Buildings and structures	41,262		42,931		41,381		1,549
Machinery and vehicles	39,310		38,266		39,169		(903)
Land	15,930		15,878		15,964		(86)
Construction in progress	3,608		5,072		4,946		125
Other	15,126		15,144		15,210		(66)
Total tangible fixed assets	115,237	15.6	117,293	14.4	116,673	15.5	619
Intangible fixed assets	13,664	1.9	20,472	2.5	13,995	1.9	6,476
Investments and other assets							
Investment securities	83,574		78,892		85,421		(6,529)
Other	8,170		10,018		9,746		272
Allowance for doubtful receivables	(95)		(95)		(95)		0
Total investments and other assets	91,649	12.4	88,815	10.9	95,071	12.7	(6,256)
Total fixed assets	220,551	29.9	226,581	27.8	225,741	30.1	840
Total assets	737,133	100.0	815,897	100.0	748,939	100.0	66,958

Consolidated Balance Sheets

Amount Unit: 1 Million Yen

	As of December 31, 2006		As of December 31, 2007		As of March 31, 2007		Increase (Decrease)
		%		%		%	
Liabilities							
Current liabilities							
Notes and accounts payable-trade	146,179		177,999		145,911		32,087
Short-term debt	24,923		20,378		17,456		2,922
Current portion of bonds	62,798		15,000		20,000		(5,000)
Accrued expenses	42,606		52,198		47,711		4,487
Accrued income taxes	16,699		20,067		27,560		(7,493)
Warranty reserve	6,769		7,419		7,655		(235)
Other current liabilities	51,485		52,888		42,660		10,228
Total current liabilities	351,462	47.7	345,952	42.4	308,956	41.3	36,996
Long-term liabilities							
Bonds	59,500		44,500		49,500		(5,000)
Long-term debt	18,837		15,774		18,369		(2,595)
Liability for employees' retirement benefits	13,644		13,931		15,163		(1,231)
Retirement allowances for directors and corporate auditors	431		517		455		61
Other long-term liabilities	6,489		2,907		8,048		(5,141)
Total long-term liabilities	98,903	13.4	77,630	9.5	91,538	12.2	(13,907)
Total liabilities	450,366	61.1	423,583	51.9	400,494	53.5	23,089
Net assets							
Shareholders' equity							
Common stock	38,262		64,675		64,675		—
Capital surplus	53,530		79,911		79,911		—
Retained earnings	171,892		230,462		179,019		51,443
Treasury stock	(855)		(1,380)		(1,018)		(362)
Total shareholders' equity	262,829	35.7	373,670	45.8	322,588	43.1	51,081
Valuation and translation adjustments							
Unrealized gain on available-for-sale securities	20,672		14,168		22,104		(7,936)
Deferred loss on derivatives under hedge accounting	(266)		(247)		(198)		(48)
Foreign currency translation adjustments	3,340		4,597		3,672		925
Total valuation and translation adjustments	23,746	3.2	18,518	2.3	25,578	3.4	(7,059)
Stock acquisition rights	—	—	125	0.0	83	0.0	42
Minority interests	191	0.0	—	—	194	0.0	(194)
Total net assets	286,767	38.9	392,314	48.1	348,444	46.5	43,869
Total liabilities and net assets	737,133	100.0	815,897	100.0	748,939	100.0	66,958

Consolidated Statements of Income

Amount Unit: 1 Million Yen

	3rd Quarter ended December 31, 2006		3rd Quarter ended December 31, 2007		Increase (Decrease)	Year ended March 31, 2007
		%		%		
Net sales	611,599	100.0	712,155	100.0	100,555	822,813
Cost of sales	368,590	60.3	414,485	58.2	45,895	494,663
Gross profit	243,009	39.7	297,669	41.8	54,660	328,150
Selling, general and administrative expenses	162,410	26.5	194,159	27.3	31,748	226,143
Operating income	80,598	13.2	103,509	14.5	22,911	102,006
Non-operating income	4,888		7,129		2,240	7,080
Interest and dividend income	1,288		2,291		1,003	1,723
Other income	3,599		4,837		1,237	5,357
Non-operating expenses	14,106		12,513		(1,593)	19,536
Interest expenses	1,316		1,168		(148)	1,632
Other expenses	12,789		11,345		(1,444)	17,903
Ordinary income	71,380	11.7	98,125	13.8	26,745	89,551
Extraordinary gains	797		1,711		913	916
Gain on sales of fixed assets	797		127		(670)	825
Gain on sales of investment securities	—		1,583		1,583	23
Gain on transfer of investments in an affiliate	—		—		—	67
Extraordinary losses	592		3,015		2,423	2,654
Loss on disposals and sales of fixed assets	592		442		(149)	807
Loss on impairment of fixed assets	—		257		257	—
Loss on sales of investment securities	—		34		34	—
Loss on devaluation of investment securities	—		3		3	—
Loss on restructuring of business	—		1,383		1,383	1,846
Environmental expenses	—		894		894	—
Income before income taxes	71,585	11.7	96,820	13.6	25,235	87,812
Income taxes	25,373	4.1	36,359	5.1	10,985	32,975
Minority interest	9	0.0	—	—	(9)	12
Net Income	46,202	7.6	60,461	8.5	14,258	54,824