



## Financial Results of the First Quarter ended June 30, 2008

**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, C.E.O. and C.O.O.

**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

### 1. Consolidated Results of the First Quarter ended June 30, 2008 (From April 1, 2008 to June 30, 2008)

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

#### (1) Financial Results

(%: change from the previous year)

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change	Net Income	Change
1st Quarter ended June 30, 2008	¥237,870	—	¥28,720	—	¥29,111	—	¥17,954	—
1st Quarter ended June 30, 2007	¥223,543	29.4%	¥36,132	49.3%	¥36,064	64.1%	¥23,446	59.0%

	Net Income per share of common stock (Yen)	Net Income per share of Common Stock after dilution(Yen)
1st Quarter ended June 30, 2008	¥45.16	¥43.30
1st Quarter ended June 30, 2007	¥58.70	¥56.29

#### (2) Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity to Total Assets	Net Assets per Share of Common Stock (Yen)
1st Quarter ended June 30, 2008	¥836,245	¥401,992	48.1%	¥1,015.57
Year ended March 31, 2008	¥820,621	¥393,125	47.9%	¥983.94

(Reference) Shareholders' Equity : 1st Quarter ended June 30, 2008: 401,824 million yen

Year ended March 31, 2008: 392,978 million yen

### 2. Cash dividends

	Cash dividend per share (Yen)				
	First Quarter ended	Second Quarter ended	Third Quarter ended	Year-ended	Total
Year ended March 31, 2008	—	¥11.50	—	¥13.50	¥25.00
Year ended March 31, 2009	—	—	—	—	—
Year ended March 31, 2009(Planned)	—	¥12.50	—	¥12.50	¥25.00

(Note) Revision of cash dividend forecast for this period : No

### 3. Forecast for Year ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

(%: change from the previous year)

	Net Sales	Change	Operating Income	Change	Ordinary Income	Change	Net Income	Change	Net Income per share of Common Stock (Yen)
First half ending September 30, 2008	¥455,000	2.1%	¥50,000	(21.0)%	¥48,000	(18.5)%	¥29,000	(15.8)%	¥73.29
Year ending March 31, 2009	¥980,000	2.5%	¥130,000	(3.8)%	¥125,000	4.0%	¥78,000	3.3%	¥197.14

(Note) Revision of forecast for this period: Yes

#### 4. 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 financial accounting methods and special accounting methods for quarterly consolidated financial statements : Yes**

**(3) Changes of accounting policies applied, procedures and disclosures for presenting quarterly consolidated financial statement**

Changes by revision of accounting standard : Yes

Changes other than the above : No

(Note) Please see "Changes in Accounting Policies" on page 3 for further details.

**(4) Numbers of shares outstanding(in shares)**

Number of shares outstanding at the first Quarter ended June 30,2008 : 400,101,468      year ended March 31,2008 : 400,101,468

Number of treasury stocks at the first Quarter ended June 30,2008 : 4,435,601      year ended March 31,2008 : 708,305

Average number of shares outstanding at the first Quarter ended June 30,2008 : 397,529,081      the first quarter ended June 30,2007 : 399,414,491

(Note)

1.Effective from the fiscal year ending March 2009,the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and the Implementasion Guidance, "Guidance on Accounting Standard for Quartely Financial Reporting" (ASBJ Guidance No.14) have been applied.

The quarterly consolidated financial statements have been prepared in accordance with "Regulation for Quarterly Consolidated Financila Reporting".

2.These forecasts 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 forecasts as a result of numerous factors outside of the Company's control.

## **Changes in Accounting Policies**

### **(1) Application of accounting standard for quarterly financial reporting**

Effective from the fiscal year ending March 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and its Implementation Guidance, "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) have been applied.

Quarterly consolidated financial statements have been prepared in accordance with "Regulation for Quarterly Consolidated Financial Reporting".

### **(2) A valuation basis and method for important assets**

Inventories held for the purpose of ordinary sales of the company and its domestic subsidiaries were previously evaluated at cost using the average method.

Effective from the first quarter ended June 30, 2008, the company and its domestic subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9), and these inventories are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

As a result, operating income, ordinary income and income before income taxes decreased by 6,081 million yen, respectively.

In addition, loss on disposal of inventory and write-down of inventory, which were previously included in Non-Operating expenses, is included in cost of sales from the first quarter ended June 30, 2008.

As a result, operating income decreased by 669 million yen.

### **(3) Application of practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements**

Effective from the first quarter ended June 30, 2008, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No.18) has been applied.

The effect of this change on operating income, ordinary income and Income before income taxes was not material.

### **(4) Application of accounting standard for lease transactions**

Finance Leases transactions without title transfer were formerly accounted for in accordance with the method conforming to that regarding ordinary leasing transactions. Effective from the first quarter ended June 30, 2008, the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16) have been applied, and finance lease transaction without title are capitalized recognizing lease assets and lease obligations in the balance sheet.

Lease assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value.

With regard to finance lease without transfer title that lease transactions occurred prior to the beginning of the fiscal year to which they are applied, the unexpired lease amount as of the end of the preceding fiscal year is recorded as an acquisition amount and posted as lease assets. There was no effect of this change.

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of June 30, 2008	As of March 31, 2008
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	93,559	113,973
Notes and accounts receivable-trade	166,686	159,934
Inventories	276,806	264,720
Other	58,844	60,529
Allowance for doubtful accounts	(3,314)	(3,041)
Total current assets	592,583	596,117
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures	42,938	41,879
Machinery, equipment and vehicles	39,472	36,691
Land	15,630	15,488
Construction in progress	7,887	8,232
Other	24,109	14,872
Total property, plant and equipment	130,038	117,163
Intangible assets	22,583	21,661
Investments and other assets		
Investment securities	79,534	74,559
Other	11,609	11,222
Allowance for doubtful accounts	(104)	(104)
Total investments and other assets	91,039	85,678
Total noncurrent assets	243,662	224,503
<b>Total assets</b>	<b>836,245</b>	<b>820,621</b>

**Consolidated Balance Sheets**

Amount Unit: 1 Million Yen

	As of June 30, 2008	As of March 31, 2008
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	178,766	186,060
Short-term loans payable	18,816	11,321
Current portion of bonds	5,000	5,000
Income taxes payable	12,223	32,063
Provision for product warranties	7,819	8,551
Other	128,978	109,466
Total current liabilities	351,603	352,463
<b>Noncurrent liabilities</b>		
Bonds payable	44,500	44,500
Long-term loans payable	17,147	15,712
Provision for retirement benefits	13,283	13,023
Provision for directors' retirement benefits	419	532
Other	7,298	1,263
Total noncurrent liabilities	82,649	75,032
Total liabilities	434,253	427,495
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	64,675	64,675
Capital surplus	79,911	79,911
Retained earnings	259,613	245,255
Treasury stock	(13,403)	(1,357)
Total shareholders' equity	390,796	388,485
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	12,273	10,388
Deferred gains or losses on hedges	(408)	(11)
Foreign currency translation adjustments	(837)	(5,884)
Total valuation and translation adjustments	11,027	4,492
<b>Subscription rights to shares</b>	168	146
Total net assets	401,992	393,125
<b>Total liabilities and net assets</b>	836,245	820,621

**Consolidated Statements of Income**

	Amount Unit: 1 Million Yen
	1st Quarter ended June 30, 2008
Net sales	237,870
Cost of sales	139,152
<b>Gross profit</b>	<b>98,718</b>
Selling, general and administrative expenses	69,998
<b>Operating income</b>	<b>28,720</b>
<b>Non-operating income</b>	<b>2,619</b>
Interest and dividends income	979
Equity in earnings of affiliates	405
Other	1,233
<b>Non-operating expenses</b>	<b>2,227</b>
Interest expenses	348
Cash Discount	1,431
Other	447
<b>Ordinary income</b>	<b>29,111</b>
<b>Extraordinary income</b>	<b>25</b>
Gain on sales of noncurrent assets	25
<b>Extraordinary loss</b>	<b>391</b>
Loss on retirement of noncurrent assets	388
Loss on sales of noncurrent assets	3
<b>Income before income taxes</b>	<b>28,745</b>
<b>Income taxes</b>	<b>10,790</b>
<b>Net Income</b>	<b>17,954</b>

**Consolidated Statements of Cash Flows**

Amount Unit: 1 Million Yen

	1st Quarter ended June 30, 2008
<b>1. Cash flows from operating activities</b>	
Income before income taxes	28,745
Depreciation and amortization	7,313
Increase in allowance for doubtful accounts	86
Decrease in provision for product warranties	(840)
Increase in provision for retirement benefits	88
Decrease in provision for directors' retirement benefits	(112)
Interest and dividend income	(979)
Equity in earnings of affiliates	(405)
Interest expenses	348
Loss(gain) on sales of noncurrent assets	(21)
Loss on retirement of noncurrent assets	388
Increase in notes and accounts receivable-trade	(2,023)
Increase in inventories	(7,265)
Decrease in trade notes and accounts payable-trade	(8,066)
Other, net	8,854
Sub total	26,108
Interest and dividends income received	909
Interest expenses paid	(409)
Income taxes paid	(29,570)
<b>Net cash used in operating activities</b>	<b>(2,961)</b>
<b>2. Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(6,994)
Proceeds from sale of property, plant and equipment	312
Purchase of investment securities	(1,310)
Net increase in loans receivable	(154)
Other, net	(4,180)
<b>Net cash used in investing activities</b>	<b>(12,328)</b>
<b>3. Cash flows from financing activities</b>	
Net increase in short-term loans payable	9,506
Proceeds from long-term loans payable	1,700
Repayments of long-term loans payable	(2,209)
Cash dividends paid	(4,859)
Purchase of treasury stock	(12,080)
Other, net	(622)
<b>Net cash used in financial activities</b>	<b>(8,565)</b>
<b>4. Effect of exchange rate change on cash and cash equivalents</b>	<b>2,272</b>
<b>5. Net increase in cash and cash equivalents</b>	<b>(21,581)</b>
<b>6. Cash and cash equivalents at beginning of period</b>	<b>112,957</b>
<b>7. Cash and cash equivalents at end of period</b>	<b>91,375</b>

## Segment Information

### 1. Industry Segments

Amount Unit: 1 Million Yen

	1st Quarter ended June 30, 2008						Eliminations or corporate	Consolidated
	Precision Equipment	Imaging Products	Instruments	Other	Total			
1. Net sales								
1)Outside customers	57,905	164,859	10,933	4,172	237,870	—	237,870	
2)Intersegment sales/transfer	385	377	556	7,037	8,357	(8,357)	—	
Total	58,290	165,237	11,489	11,209	246,227	(8,357)	237,870	
Operating income(loss)	6,217	23,127	(1,092)	691	28,944	(224)	28,720	

Leading products of each Industry;

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

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

Instruments ----- Microscopes, Measuring instruments, Inspection equipment

Other ----- Glass materials, Sport Optics

Notes :

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly using the total average method.

Effective from the first quarter ended June 30, 2008, Nikon Corporation and its subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9), and these inventories are measured by means of the cost method mainly based on the total average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. As a result, the effect of this change was to decrease Operating income of Precision Equipment segment by 5,570 million yen, Imaging Products segment by 126 million yen, Instruments segments by 221 million yen and Other segment by 162 million yen, respectively.

In addition, loss on disposal of inventory and write-down of inventory, which were previously included in Non-Operating expenses, is included in cost of sales from the first quarter ended June, 30,2008. As a result, the effect of this change was to decrease Operating income of Precision Equipment segment by 316 million yen, Imaging Products segment by 145 million yen, Instruments segments by 58 million yen and Other segment by 149 million yen, respectively.

### 2. Geographic Segments

Amount Unit: 1 Million Yen

	1st Quarter ended June 30, 2008					Eliminations or Corporate	Consolidated
	Japan	North America	Europe	Asia/Oceania	Total		
1. Net sales							
1)Outside customers	77,199	63,482	60,788	36,400	237,870	—	237,870
2)Intersegment sales/transfer	122,494	523	85	37,941	161,046	(161,046)	—
Total	199,693	64,006	60,874	74,342	398,916	(161,046)	237,870
Operating income	24,863	1,405	48	3,870	30,186	(1,466)	28,720

Major countries or regions other than Japan:

North America : U.S.A., Canada

Europe : The Netherlands, Germany, United Kingdom

Asia/Oceania : China, South Korea, Taiwan, Thailand, Australia

Note:

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly using the total average method.

Effective from the first quarter ended June 30, 2008, Nikon Corporation and its subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9), and these inventories are measured by means of the cost method mainly based on the total average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. As a result, the effect of this change was to decrease Operating income of Japan by 6,081 million yen.

In addition, loss on disposal of inventory and write-down of inventory, which were previously included in Non-Operating expenses, is included in cost of sales from the first quarter ended June, 30,2008. As a result, the effect of this change was to decrease Operating income of Japan by 620 million yen, Asia/Oceania by 48 million yen.



**Segment Information**

**3. Export sales**

Amount Unit: 1 Million Yen

	1st Quarter ended June 30, 2008				
	North America	Europe	Asia/Oceania	Other	Total
Export sales(A)	59,924	57,388	61,225	4,037	182,575
Net sales(B)					237,870
(A)/(B)	25.2%	24.1%	25.8%	1.7%	76.8%

Major countries or regions;

North America : U.S.A., Canada

Europe : The Netherlands, Germany, United Kingdom, etc

Asia/Oceania : China, South Korea, Taiwan, Singapore, Australia, etc

Other : Middle & South America, Africa, etc