

# consolidated statements of income

Nikon Corporation and Consolidated Subsidiaries  
Years ended March 31, 2005 and 2004

|   | Millions of Yen  |           | Thousands of<br>U.S. Dollars<br>(Note 1) |
|---|------------------|-----------|--|
|   | 2005             | 2004      | 2005                                     |
| <b>Net sales</b>  | ¥ <b>638,468</b> | ¥ 506,378 | <b>\$ 5,945,324</b>                      |
| <b>Cost of sales</b>  | <b>429,143</b>   | 346,898   | <b>3,996,117</b>                         |
| Gross profit  | <b>209,325</b>   | 159,480   | <b>1,949,207</b>                         |
| <b>Selling, general and administrative expenses</b> (Note 3 and 9)  | <b>178,780</b>   | 155,805   | <b>1,664,776</b>                         |
| Operating income  | <b>30,545</b>    | 3,675     | <b>284,431</b>                           |
| <b>Other income (expenses)</b>  |                  |           |  |
| Interest and dividend income  | <b>963</b>       | 808       | <b>8,963</b>                             |
| Interest expense  | <b>(2,161)</b>   | (2,356)   | <b>(20,119)</b>                          |
| Cash discount   | <b>(4,211)</b>   | (3,160)   | <b>(39,213)</b>                          |
| Royalty income  | <b>384</b>       | 478       | <b>3,577</b>                             |
| Write-down of inventories   | <b>(3,816)</b>   | (4,453)   | <b>(35,532)</b>                          |
| Loss on disposals of inventories  | <b>(6,190)</b>   | (830)     | <b>(57,645)</b>                          |
| Loss on sales of investment securities  | <b>(11)</b>      | (486)     | <b>(106)</b>                             |
| Loss on disposals of property, plant and equipment  | <b>(2,218)</b>   | (707)     | <b>(20,655)</b>                          |
| Gain on sales of property, plant and equipment  | <b>6,063</b>     | 13,359    | <b>56,453</b>                            |
| Gain on sales of investment securities  | <b>438</b>       | 3,418     | <b>4,078</b>                             |
| Proceeds from settlement of legal proceedings against Patent  | <b>15,879</b>    |           | <b>147,862</b>                           |
| Additional retirement benefits paid to employees  |                  | (1,070)   |  |
| Cumulative effect of accounting change for the retirement benefits to directors,<br>corporate auditors and officers | <b>(983)</b>     |           | <b>(9,150)</b>                           |
| Equity in earnings of unconsolidated subsidiaries and associated companies  | <b>1,059</b>     | 839       | <b>9,863</b>                             |
| Other-net   | <b>(2,298)</b>   | (25)      | <b>(21,388)</b>                          |
| Other income-net  | <b>2,898</b>     | 5,815     | <b>26,988</b>                            |
| Income before income taxes and minority interest  | <b>33,443</b>    | 9,490     | <b>311,419</b>                           |
| <b>Income taxes</b> (Note 10)   |                  |           |  |
| Current   | <b>15,995</b>    | 2,745     | <b>148,940</b>                           |
| Deferred  | <b>(6,707)</b>   | 4,312     | <b>(62,451)</b>                          |
| Total income taxes  | <b>9,288</b>     | 7,057     | <b>86,489</b>                            |
| <b>Minority interests</b>   | <b>14</b>        | 23        | <b>128</b>                               |
| Net income  | ¥ <b>24,141</b>  | ¥ 2,410   | <b>\$ 224,802</b>                        |
| <b>Per share of common stock</b> (Note 2(p)):   |                  |           |  |
| Basic net income  | ¥ <b>65.19</b>   | ¥ 6.52    | <b>\$ 0.61</b>                           |
| Diluted net income  | <b>57.84</b>     | 6.02      | <b>0.54</b>                              |
| Cash dividends applicable to the year   | <b>8.00</b>      | 4.00      | <b>0.07</b>                              |

See Notes to Consolidated Financial Statements.