

CONSOLIDATED STATEMENTS OF INCOME

Nikon Corporation and Consolidated Subsidiaries
Years ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Net sales	¥ 730,944	¥ 638,468	\$ 6,222,387
Cost of sales	468,944	429,143	3,992,030
Gross profit	262,000	209,325	2,230,357
Selling, general and administrative expenses (Note 9)	195,413	178,780	1,663,514
Operating income	66,587	30,545	566,843
Other income (expenses)			
Interest and dividend income	1,138	963	9,691
Interest expense	(1,501)	(2,161)	(12,780)
Cash discount	(5,243)	(4,211)	(44,630)
Royalty income	391	384	3,327
Write-down of inventories	(6,495)	(3,816)	(55,294)
Loss on disposals of inventories	(9,910)	(6,190)	(84,360)
Loss on sales of investment securities		(11)	
Loss on disposals of property, plant and equipment	(1,770)	(2,218)	(15,068)
Loss on impairment of fixed assets	(245)		(2,090)
Gain on sales of property, plant and equipment	116	6,063	985
Gain on sales of investment securities	1,896	438	16,139
Proceeds from settlement of legal proceedings against patent		15,879	
Proceeds from patents and know-how licenses	1,236		10,523
Loss on patent settlement	(2,890)		(24,600)
Cumulative effect of accounting change for the retirement benefits to directors, corporate auditors and officers		(983)	
Equity in earnings of unconsolidated subsidiaries and associated companies	1,101	1,059	9,374
Other-net	(3,486)	(2,298)	(29,671)
Other income (expenses)-net	(25,662)	2,898	(218,454)
Income before income taxes and minority interest	40,925	33,443	348,389
Income taxes (Note 10)			
Current	14,282	15,995	121,580
Deferred	(2,304)	(6,707)	(19,610)
Total income taxes	11,978	9,288	101,970
Minority interests	2	14	19
Net income	¥ 28,945	¥ 24,141	\$ 246,400

Per share of common stock (Note 2(q)):	Yen		U.S. Dollars (Note 1)
Basic net income	¥ 78.16	¥ 65.19	\$ 0.67
Diluted net income	69.33	57.84	0.59
Cash dividends applicable to the year	10.00	8.00	0.09

See Notes to Consolidated Financial Statements.