

Financial Results for the Third Quarter of Fiscal Year Ending October 31, 2009

September 11, 2009

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section
 URL : <http://www.nikko-company.co.jp/>
 Representative : Makoto Yoshida, Chief Executive Officer
 Contact : Shigekazu Kaneda, Board Director and Executive Managing Officer (Phone: +81-76-276-2121)
 Scheduled date to submit Securities Report : September 11, 2009
 Scheduled date to begin dividend payments : -

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended July 31, 2009 (November 1, 2008 - July 31, 2009)

(1) Consolidated operating results (Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended July 31, 2009	12,748	(19.8)	(1,501)	-	(1,383)	-	(1,422)	-
Nine months ended July 31, 2008	15,900	(3.8)	(618)	-	(421)	-	(545)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended July 31, 2009	(75.84)	-
Nine months ended July 31, 2008	(28.95)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2009	15,234	6,163	40.5	328.84
As of Oct. 31, 2008	18,046	7,586	42.0	403.55

Reference: Shareholders' equity (Millions of yen): July 31, 2009: 6,163 Oct. 31, 2008: 7,586

2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Oct. 31, 2008	-	1.00	-	0.00	1.00
Year ending Oct. 31, 2009	-	0.00			
Year ending Oct. 31, 2009 (forecast)			-	0.00	0.00

Note: Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2009 (November 1, 2008 - October 31, 2009)

(Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	18,000	(15.4)	(1,980)	-	(1,900)	-	(1,900)	-	(101.30)

Note: Revision of projected consolidated performance during the period: None

4. Others

- (1) Changes in consolidated subsidiaries during the period (Changes in scope of consolidation): None
- (2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to "Qualitative Information and Financial Statements, Other Information" on page 3 for further information.

- (3) Changes in accounting principles, procedures, presentation methods for preparation of quarterly consolidated financial statements
 - 1) Changes caused by revision of accounting standards: Yes
 - 2) Other changes: Yes

Note: Please refer to "Qualitative Information and Financial Statements, Other Information" on page 3 for further information.

- (4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period			
July 31, 2009:	19,572,000 shares	Oct. 31, 2008:	19,572,000 shares
2) Number of treasury stock at the end of the period			
July 31, 2009:	828,815 shares	Oct. 31, 2008:	773,364 shares
3) Average number of shares issued during the period (cumulative; consolidated)			
Nine months ended July 31, 2009:	18,755,706 shares	Nine months ended July 31, 2008:	18,855,468 shares

*Appropriate use of business forecasts, other special items

- 1. These forward-looking statements involve uncertainties. Actual results may differ from those anticipated due to various factors that may arise in the future.
- 2. Effective from the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

(Qualitative Information and Financial Statements)

1. Other Information

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

Not applicable

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

1) Simplified Accounting Method

(Valuation of inventory assets)

The value of inventories at the end of the period under review is calculated using a rational method, based on physical inventories at the end of the second quarter, rather than physical inventories at the end of the period under review.

(Calculation of depreciation expense for fixed assets)

Amount of acquisition, disposal and depreciation of the fixed assets which to be applied to the quarter is calculated by distributing the amount quoted or budgeted according to the length of the period

2) Special accounting treatment for preparing quarterly consolidated financial statements

Not applicable

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Application of "Accounting Standard for Quarterly Financial Reporting"

Effective from the current fiscal year, the Company has adopted "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No.12, issued March 14, 2007) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14, issued March 14, 2007) In addition, the quarterly consolidated financial statements are prepared in accordance with the "Regulations for Quarterly Consolidated Financial Statements." Effective from the first quarter of the current fiscal year, the company has adopted the amended Regulations for Quarterly Consolidated Financial Statements pursuant to the proviso of Article 7, Paragraph 1, Item 5 of the Supplementary Provision of the "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No.50, issued August 7, 2008)

2) Application of Accounting Standard for Measurement of Inventories

Previously, Inventories held by the Company and the domestic consolidated subsidiaries for normal sales purpose were valued at cost, determined by the periodic average method for finished goods and goods in process, by the moving average method for raw materials and supplies. Effective from the first quarter of the current fiscal year, however, the Company has applied "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, issued July 5, 2006), such inventories are generally valued at cost, determined by the periodic average method (the carrying value on the Balance sheets is written down to reflect the effect of lower profit margins) for finished goods and goods in process, by the moving average method (the carrying value on the Balance sheets is written down to reflect the effect of lower profit margins) for raw materials and supplies.

These corrections do not have a material effect on earnings.

3) Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Effective from the first quarter of the current fiscal year, the Company has applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No, 18, issued May 17, 2006).

The application of this standard does not have a material effect on earnings.

4) Application of "Accounting Standard for Lease Transactions"

Previously, finance lease that do not deem to transfer ownership of the leased property to the lessee were capitalized on the balance sheets. From the first quarter of the current fiscal year, however, companies are able to apply "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued March 30, 2007; revised from standard originally issued by the Corporate Accounting Council on June 17, 1993), and "Guidance on Accounting Standard for Lease Transactions," (ASBJ Guidance No.16, issued March 30, 2007; revised from standard originally issued by the Japanese Institute of Certified Public Accountants on January 18, 1994). From the current consolidated first quarter, the Company has applied this standard, treating such leases as regular transaction. In addition, lease assets that do not deem to transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the period of the lease, with zero residual value.

The application of these standards does not have a material effect on earnings.

For the finance lease transaction in which ownership is not transferred whose lease commencement date is before the first year of application, accounting according to the method concerning ordinary lease transactions has been continually adopted.

(Additional information)

Change in useful lives of Property, Plant and Equipment:

On April 30, 2008, the Japanese Income Tax Law was revised to implement certain changes to useful lives of depreciable Property, Plant and Equipment. As a result, commencing in the first quarter of the current fiscal year, the Company and the domestic consolidated subsidiaries changed the useful lives of machinery and equipment in calculating the depreciation expenses of machinery and equipment in accordance with the revised Japanese Income Tax Law. The effect of this change was to increase operating loss, ordinary loss and loss before income taxes by 26 million yen each in the nine months ended of the current fiscal year. The effect of these changes on segment operation is shown in the Segment Information section.

2. Quarterly Consolidated Financial Statements
(1) Consolidated Balance Sheets

	Third quarter of FY10/2009 (As of July 31,2009)	(Millions of yen) FY10/2008 Summary (As of Oct.31,2008)
Assets		
Current assets		
Cash and deposits	1,950	3,991
Notes and accounts receivable-trade	3,031	4,049
Merchandise and finished goods	2,630	2,453
Work in process	885	971
Costs on uncompleted construction contracts	255	204
Raw materials and supplies	419	416
Deferred tax assets	1	5
Other	150	335
Allowance for doubtful accounts	(113)	(102)
Total current assets	9,212	12,325
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,605	6,571
Accumulated depreciation	(4,078)	(3,999)
Buildings and structures, net	2,526	2,572
Land	1,261	1,316
Other	7,999	7,499
Accumulated depreciation	(6,805)	(6,617)
Other, net	1,193	882
Total property, plant and equipment	4,981	4,772
Intangible assets	247	90
Investments and other assets		
Investment securities	791	769
Other	496	268
Allowance for doubtful accounts	(345)	(79)
Allowance for loss on valuation of investments of subsidiaries and affiliates	(148)	(99)
Total investments and other assets	793	858
Total noncurrent assets	6,022	5,721
Total assets	15,234	18,046
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,990	4,315
Short-term loans payable	1,354	2,534
Current portion of long-term loans payable	100	—
Income taxes payable	31	55
Provision for bonuses	154	431
Provision for product warranties	97	94
Other	1,193	1,789
Total current liabilities	5,921	9,220
Noncurrent liabilities		
Long-term loans payable	1,390	—
Provision for retirement benefits	1,160	1,035
Provision for directors' retirement benefits	84	76
Other	515	127
Total noncurrent liabilities	3,150	1,239
Total liabilities	9,071	10,460
Net assets		
Shareholders' equity		
Capital stock	3,200	3,200
Capital surplus	3,620	3,620
Retained earnings	(125)	1,296
Treasury stock	(333)	(319)
Total shareholders' equity	6,361	7,796
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(95)	(116)
Foreign currency translation adjustment	(102)	(94)
Total valuation and translation adjustments	(197)	(210)
Total net assets	6,163	7,586
Total liabilities and net assets	15,234	18,046

(2) Consolidated quarterly statements of income
(For the Nine-month Period)

	(Millions of yen)	
	Third quarter of FY10/2009 (Nov.1,2008–July 31,2009)	Third quarter of FY10/2008 (Nov.1,2007–July 31,2008)
Net sales	12,748	15,900
Cost of sales	9,915	11,947
Gross profit	2,833	3,952
Selling, general and administrative expenses	4,334	4,571
Operating loss	(1,501)	(618)
Non-operating income		
Interest income	3	3
Profit on valuation of derivatives	—	111
Priority use fee of products	100	50
Other	102	93
Total non-operating income	205	258
Non-operating expenses		
Interest expenses	21	11
Loss on valuation of derivatives	21	—
Commission fee	18	—
Foreign exchange loss	0	29
Other	26	20
Total non-operating expenses	88	61
Ordinary loss	(1,383)	(421)
Extraordinary Income		
Gain on sales of noncurrent assets	50	4
Total extraordinary Income	50	4
Extraordinary loss		
Loss on retirement of noncurrent assets	8	19
Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	49	4
Total extraordinary losses	57	23
Loss before income taxes and minority interests	(1,390)	(440)
Income taxes-current	28	24
Income taxes-deferred	2	80
Total income taxes	31	104
Net loss	(1,422)	(545)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Third quarter of FY10/2009 (Nov.1,2008–July 31,2009)	Third quarter of FY10/2008 (Nov.1,2007–July 31,2008)
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(1,390)	(440)
Depreciation and amortization	580	339
Increase (decrease) in allowance for doubtful accounts	276	21
Increase (decrease) in provision for bonuses	(276)	(209)
Increase (decrease) in provision for retirement benefits	124	101
Increase (decrease) in Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	49	4
Increase (decrease) in Provision for loss on business of subsidiaries and affiliates	—	(66)
Provision for product warranties	—	8
Interest and dividends income	(8)	(11)
Interest expenses	21	11
Loss (gain) on sales of property, plant and equipment	(50)	—
Loss on retirement of noncurrent assets	8	19
Loss (gain) on valuation of derivatives	21	(68)
Decrease (increase) in notes and accounts receivable-trade	1,017	(370)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(257)	—
Decrease (increase) in inventories	(145)	(201)
Increase (decrease) in notes and accounts payable-trade	(1,324)	(119)
Other, net	3	171
Subtotal	(1,350)	(810)
Interest and dividends income received	8	11
Interest expenses paid	(21)	(11)
Income taxes paid	(46)	(23)
Net cash provided by (used in) operating activities	(1,410)	(833)
Net cash provided by (used in) investment activities		
Payments into time deposits	(66)	(123)
Proceeds from withdrawal of time deposits	165	123
Purchase of property, plant and equipment	(987)	(589)
Proceeds from sales of property, plant and equipment	106	—
Purchase of investment securities	—	(51)
Purchase of stocks of subsidiaries and affiliates	—	(30)
Other, net	(0)	75
Net cash provided by (used in) investment activities	(783)	(595)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,180)	(551)
Proceeds from long-term loans payable	1,490	—
Purchase of treasury stock	(13)	(31)
Cash dividends paid	—	(56)
Other, net	(36)	—
Net cash provided by (used in) financing activities	259	(640)
Effect of exchange rate change on cash and cash equivalents	(8)	29
Net increase (decrease) in cash and cash equivalents	(1,941)	(2,039)
Cash and cash equivalents at beginning of period	3,714	3,996
Cash and cash equivalents at end of period	1,772	1,957

(4) Going Concern Assumption

No reportable information.

(5) Segment Information

(Industry Segment Information)

Third quarter of FY10/2009 (Nov. 1, 2008 - July 31, 2009)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other	Segment total	Elimination or corporate	Consolidated Total
Net sales							
(1)Sales to Outside Customers	7,485	3,548	1,689	24	12,748	-	12,478
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	7,485	3,548	1,689	24	12,748	-	12,748
Operating income (loss)	(152)	(432)	(428)	(33)	(1,047)	(453)	(1,501)

Notes: 1. Major products in each industry segment:

Industry segments are classified based on the similarities of products, markets and so on.

Industry Segment	Major Products
Housing & Environmental Equipment	FRP bath-tubs, Bathroom units, Septic tanks, Water treatment facilities, Tiles, Wind turbine system
Tabletop	Fine bone china, Fine vitrified china, Fine porcelain, Oven ware
Electro-Ceramics	Alumina substrates, Hybrid IC, LTCC substrates, Dielectric ceramics

2. As described in "Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements, 2. Application of Accounting Standard for Measurement of inventories," on page 3, previously, Inventories held by the Company and the domestic consolidated subsidiaries for normal sales purpose were valued at cost, determined by the periodic average method for finished goods and goods in process, by the moving average method for raw materials and supplies. Effective from the first quarter of the current fiscal year, however, the Company has applied "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, issued July 5, 2006), such inventories are generally valued at cost, determined by the periodic average method (the carrying value on the Balance sheets is written down to reflect the effect of lower profit margins) for finished goods and goods in process, by the moving average method (the carrying value on the Balance sheets is written down to reflect the effect of lower profit margins) for raw materials and supplies. These corrections do not have a material effect on earnings
3. As noted in "Qualitative Information and Financial Statements, Other Information" on page 3, Change in useful of Property, Plant and Equipment:, commencing in the first quarter of the current fiscal year, the Company and the consolidated domestic subsidiaries changed the useful lives of machinery and equipment in calculating their depreciation expenses in accordance with the revised Japanese Income Tax Law. As a result of this application, as for Housing & Environmental Equipment segment, Tabletop segment and Electro-Ceramics segment, operating loss increased by 2 million yen, 11 million yen and 13 million yen.

Third quarter of FY10/2008 (Nov. 1, 2007 - July 31, 2008)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other	Segment total	Elimination or corporate	Consolidated Total
Net sales							
(1)Sales to Outside Customers	8,391	4,697	2,796	15	15,900	-	15,900
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	8,391	4,697	2,796	15	15,900	-	15,900
Operating income (loss)	99	17	(230)	(6)	(119)	(499)	(618)

(Information by Geographic Segment)

Geographical segment information is not presented since domestic sales exceeded 90% of total segment sales.

(Overseas Sales)

Third quarter of FY10/2009 (Nov. 1, 2008 - July 31, 2009)

(Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	404	506	35	946
Consolidated net sales				12,748
Percentage of overseas sales against consolidated net sales	3.2%	4.0%	0.2%	7.4%

Notes :

- The countries or areas are classified based on the geographical proximity.
- Major countries and areas which belong to each classification:
North America : U.S.A., Canada
Asia: Korea, China, Other Asian Countries
- Overseas sales include the export sales of the company and domestic subsidiaries and the domestic sales of the subsidiaries abroad.

Third quarter of FY10/2008 (Nov. 1, 2007 - July 31, 2008)

(Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	881	806	116	1,805
Consolidated net sales				15,900
Percentage of overseas sales against consolidated net sales	5.6%	5.1%	0.7%	11.4%

(6) Significant changes in Shareholder's Equity

Not applicable.

(Supplementary Information)

Sales by Segment

(Millions of yen, rounded down)

Industry Segment	Third quarter of FY10/2008 (Nov. 1, 2007 - July 31, 2008)		Third quarter of FY10/2009 (Nov. 1, 2008 - July 31, 2009)		FY10/2008 (Nov. 1, 2007 - Oct. 31, 2008)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	8,391	52.8%	7,485	58.7%	11,174	52.5%
Tabletop	4,697	29.5	3,548	27.8	6,436	30.3
Electro- Ceramics	2,796	17.6	1,689	13.3	3,633	17.1
Other	15	0.1	24	0.2	24	0.1
Total	15,900	100.0	12,748	100.0	21,267	100.0

Notes:

- Amounts are converted to sales prices.
- Amounts do not include consumption taxes.
- The following table indicates the Company's Overseas sales share by industry segment and percentage figures represent Overseas sales ratio.

(Millions of yen, rounded down)

Industry Segment	Third quarter of FY10/2008 (Nov. 1, 2007 - July 31, 2008)		Third quarter of FY10/2009 (Nov. 1, 2008 - July 31, 2009)		FY10/2008 (Nov. 1, 2007 - Oct. 31, 2008)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Tabletop	1,472	31.3%	643	18.1%	2,112	32.8%
Electro- Ceramics	332	11.9	303	18.0	461	12.7
Total	1,805	11.4	946	7.4	2,574	12.1