

## Financial Results for the First Half of Fiscal Year Ending October 31, 2010

June 10, 2010

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 : June 11, 2010  
 Scheduled date to begin dividend payments : -

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

### 1. Consolidated Financial Results for the Six Months Ended April 30, 2010 (November 1, 2009 - April 30, 2010)

(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	%
Six months ended Apr. 30, 2010	8,760	(2.7)	(484)	-	(460)	-	(487)	-
Six months ended Apr. 30, 2009	9,008	(19.0)	(972)	-	(944)	-	(973)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2010	(26.03)	-
Six months ended Apr. 30, 2009	(51.91)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Apr. 30, 2010	13,921	4,751	34.1	253.56
As of Oct. 31, 2009	13,828	5,258	38.0	280.59

Reference: Shareholders' equity (Millions of yen): Apr. 30, 2010: 4,751 Oct. 31, 2009: 5,258

### 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, 2009	-	0.00	-	0.00	0.00
Year ending Oct. 31, 2010	-	0.00			
Year ending Oct. 31, 2010 (forecast)			-	0.00	0.00

Note: Revision of dividend forecast during the period: None

### 3. Consolidated Forecast for the Fiscal Year Ending October 31, 2010 (November 1, 2009 - October 31, 2010)

(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	19,600	14.9	(330)	-	(300)	-	(350)	-	(18.68)

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: None

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			
Apr. 30, 2010:	19,572,000 shares	Oct. 31, 2009:	19,572,000 shares
2) Number of treasury stock at the end of the period			
Apr. 30, 2010:	832,858 shares	Oct. 31, 2009:	831,026 shares
3) Average number of shares issued during the period (cumulative; consolidated)			
Six months ended Apr. 30, 2010:	18,739,904 shares	Six months ended Apr. 30, 2009:	18,761,767 shares

\*Appropriate use of business forecasts, other special items

These forward-looking statements involve uncertainties. Actual results may differ from those anticipated due to various factors that may arise in the future.

**(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 a certain inventories at the end of the period under review is calculated using a rational method, based on physical inventories at the end of the previous fiscal year, rather than physical inventories at the end of the period under review.

(Calculation of depreciation expense for fixed assets)

For assets subject to the declining balance method, depreciation was calculated pro rate based on the amount for the fiscal year.

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**

Changes in recording basis for completed work amount and completed work cost

Concerning the recording basis for earnings related to contract works, we had been applying the completed contract method. Effective from the first quarter of the current fiscal year, however, the Company has applied "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and "Guidance for the Application of Accounting Standards for Construction Contracts" (ASBJ Statement No. 18, December 27, 2007), we have been applying these accounting standards from construction contracts, the construction of which was commenced in the first quarter of the current fiscal year, applying the percent of completion method to construction works showing the certainty of the results for portion completed by the end of the first half of the current fiscal year (the cost percentage method for estimation of percentage of work completion) and the completed contract method to other works. This changes had no effect on earnings and segment Information.

**5. Quarterly Consolidated Financial Statements**  
**(1) Consolidated Balance Sheet**

	First half of FY10/2010 (As of Apr.30,2010)	(Millions of yen) FY10/2009 Summary (As of Oct.31,2009)
<b>Assets</b>		
Current assets		
Cash and deposits	1,714	1,580
Notes and accounts receivable-trade	2,904	2,936
Merchandise and finished goods	2,334	2,195
Work in process	765	850
Costs on uncompleted construction contracts	290	231
Raw materials and supplies	343	340
Deferred tax assets	4	4
Other	126	155
Allowance for doubtful accounts	(202)	(198)
<b>Total current assets</b>	<b>8,282</b>	<b>8,096</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,660	6,633
Accumulated depreciation	(4,242)	(4,165)
<b>Buildings and structures, net</b>	<b>2,417</b>	<b>2,468</b>
Land	1,261	1,261
Other	7,416	7,580
Accumulated depreciation	(6,465)	(6,598)
<b>Other, net</b>	<b>951</b>	<b>981</b>
<b>Total property, plant and equipment</b>	<b>4,629</b>	<b>4,771</b>
Intangible assets	259	249
Investments and other assets		
Investment securities	752	776
Other	447	450
Allowance for doubtful accounts	(295)	(298)
Allowance for loss on valuation of investments of subsidiaries and affiliates	(155)	(157)
<b>Total investments and other assets</b>	<b>748</b>	<b>770</b>
<b>Total noncurrent assets</b>	<b>5,638</b>	<b>5,731</b>
<b>Total assets</b>	<b>13,921</b>	<b>13,828</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,574	3,116
Short-term loans payable	550	422
Current portion of long-term loans payable	136	100
Income taxes payable	40	42
Provision for bonuses	260	306
Provision for product warranties	101	105
Other	1,119	1,333
<b>Total current liabilities</b>	<b>5,781</b>	<b>5,427</b>
Noncurrent liabilities		
Long-term loans payable	1,564	1,350
Provision for retirement benefits	1,277	1,196
Provision for directors' retirement benefits	97	88
Other	449	506
<b>Total noncurrent liabilities</b>	<b>3,387</b>	<b>3,141</b>
<b>Total liabilities</b>	<b>9,169</b>	<b>8,569</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,200	3,200
Capital surplus	3,045	3,620
Retained earnings	(919)	(1,007)
Treasury stock	(334)	(333)
<b>Total shareholders' equity</b>	<b>4,991</b>	<b>5,479</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(132)	(109)
Foreign currency translation adjustment	(106)	(111)
<b>Total valuation and translation adjustments</b>	<b>(239)</b>	<b>(220)</b>
<b>Total net assets</b>	<b>4,751</b>	<b>5,258</b>
<b>Total liabilities and net assets</b>	<b>13,921</b>	<b>13,828</b>

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

	(Millions of yen)	
	First half of FY10/2009 (Nov.1,2008-Apr.30,2009)	First half of FY10/2010 (Nov.1,2009-Apr.30,2010)
Net sales	9,008	8,760
Cost of sales	6,926	6,584
Gross profit	2,081	2,175
Selling, general and administrative expenses	3,053	2,660
Operating loss	(972)	(484)
Non-operating income		
Interest income	2	0
Foreign exchange gains	3	10
Priority use fee of products	50	—
Rent income	—	19
Other	53	33
Total non-operating income	108	63
Non-operating expenses		
Interest expenses	10	25
Loss on valuation of derivatives	29	3
Commission fee	18	—
Other	22	11
Total non-operating expenses	80	39
Ordinary loss	(944)	(460)
Extraordinary Income		
Gain on sales of noncurrent assets	—	5
Reversal of provision for loss on business of subsidiaries and affiliates	—	2
Total extraordinary Income	—	7
Extraordinary loss		
Loss on retirement of noncurrent assets	8	9
Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	0	—
Other	—	0
Total extraordinary losses	9	10
Loss before income taxes and minority interests	(953)	(464)
Income taxes-current	19	24
Income taxes-deferred	0	(0)
Total income taxes	20	23
Net loss	(973)	(487)

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	First half of FY10/2009 (Nov.1,2008-Apr.30,2009)	First half of FY10/2010 (Nov.1,2009-Apr.30,2010)
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(953)	(464)
Depreciation and amortization	319	273
Increase (decrease) in allowance for doubtful accounts	284	0
Increase (decrease) in provision for bonuses	(112)	(46)
Increase (decrease) in provision for retirement benefits	85	81
Increase (decrease) in Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	0	(2)
Interest and dividends income	(4)	(3)
Interest expenses	10	25
Loss (gain) on sales of noncurrent assets	—	(5)
Loss on retirement of noncurrent assets	8	9
Loss (gain) on valuation of derivatives	29	3
Decrease (increase) in notes and accounts receivable-trade	1,416	31
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(274)	0
Decrease (increase) in inventories	(43)	(115)
Increase (decrease) in notes and accounts payable-trade	(1,027)	457
Other, net	149	(168)
<b>Subtotal</b>	<b>(113)</b>	<b>78</b>
Interest and dividends income received	4	3
Interest expenses paid	(10)	(25)
Income taxes paid	(46)	(34)
<b>Net cash provided by (used in) operating activities</b>	<b>(165)</b>	<b>22</b>
Net cash provided by (used in) investment activities		
Payments into time deposits	(128)	(27)
Proceeds from withdrawal of time deposits	128	28
Proceeds from sales of property, plant and equipment	—	7
Purchase of property, plant and equipment	(942)	(192)
Other, net	4	(34)
<b>Net cash provided by (used in) investment activities</b>	<b>(938)</b>	<b>(219)</b>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,996)	127
Proceeds from long-term loans payable	1,500	300
Repayment of long-term loans payable	—	(50)
Purchase of treasury stock	(13)	(0)
Other, net	(0)	(50)
<b>Net cash provided by (used in) financing activities</b>	<b>(510)</b>	<b>326</b>
Effect of exchange rate change on cash and cash equivalents	(2)	5
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,617)</b>	<b>134</b>
Cash and cash equivalents at beginning of period	3,714	1,402
Cash and cash equivalents at end of period	2,096	1,537

(4) Going Concern Assumption  
No reportable information.

(5) Segment Information

(Industry Segment Information)

First half of FY10/2010 (Nov. 1, 2009 - Apr. 30, 2010)

(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	4,896	2,622	1,228	13	8,760	-	8,760
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	4,896	2,622	1,228	13	8,760	-	8,760
Operating income (loss)	28	(35)	(124)	(52)	(184)	(300)	(484)

Notes: 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, LTCC substrates, Dielectric ceramics

First half of FY10/2009 (Nov. 1, 2008 - Apr. 30, 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	5,236	2,505	1,250	14	9,008	-	9,008
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	5,236	2,505	1,250	14	9,008	-	9,008
Operating income (loss)	(31)	(375)	(230)	(20)	(657)	(315)	(972)

Notes: 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

(Information by Geographic Segment)

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

(Overseas Sales)

First half of FY10/2010 (Nov. 1, 2009 - Apr. 30, 2010)

(Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	388	479	37	905
Consolidated net sales				8,760
Percentage of overseas sales against consolidated net sales	4.4%	5.5%	0.4%	10.3%

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.

First half of FY10/2009 (Nov. 1, 2008 - Apr. 30, 2009)

(Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	240	329	30	600
Consolidated net sales				9,008
Percentage of overseas sales against consolidated net sales	2.7%	3.7%	0.3%	6.7%

(6) Significant changes in Shareholder's Equity  
Not applicable.

## 6. Supplementary Information

Sales by Segment

(Millions of yen, rounded down)

Industry Segment	First half of FY10/2009 (Nov. 1, 2008 - Apr. 30, 2009)		First half of FY10/2010 (Nov. 1, 2009 - Apr. 30, 2010)		FY10/2009 (Nov. 1, 2008 - Oct. 31, 2009)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	5,236	58.1%	4,896	55.9%	9,756	57.2%
Tabletop	2,505	27.8	2,622	29.9	5,007	29.3
Electro- Ceramics	1,250	13.9	1,228	14.0	2,268	13.3
Other	14	0.2	13	0.2	30	0.2
Total	9,008	100.0	8,760	100.0	17,063	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	First half of FY10/2009 (Nov. 1, 2008 - Apr. 30, 2009)		First half of FY10/2010 (Nov. 1, 2009 - Apr. 30, 2010)		FY10/2009 (Nov. 1, 2008 - Oct. 31, 2009)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Tabletop	381	15.2%	642	24.5%	1,197	23.9%
Electro- Ceramics	218	17.5	262	21.4	419	18.5
Total	600	6.7	905	10.3	1,616	9.5