

**Consolidated Financial Results for the Third Quarter of Fiscal Year Ending October 31, 2010**  
**(Nine Months Ended July 31, 2010) <under Japanese GAAP>**

September 13, 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 : September 13, 2010  
 Scheduled date to begin dividend payments : -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Nine Months Ended July 31, 2010 (November 1, 2009 - July 31, 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	%
Nine months ended July 31, 2010	12,982	1.8	(862)	-	(843)	-	(884)	-
Nine months ended July 31, 2009	12,748	(19.8)	(1,501)	-	(1,383)	-	(1,422)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended July 31, 2010	(47.19)	-
Nine months ended July 31, 2009	(75.84)	-

(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, 2010	14,061	4,308	30.6	229.94
As of Oct. 31, 2009	13,828	5,258	38.0	280.59

Reference: Shareholders' equity (Millions of yen): July 31, 2010: 4,308 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	18,200	6.7	(750)	-	(720)	-	(780)	-	(41.62)

Note: Revision of projected consolidated performance during the period: Yes

**4. Other (Please refer to “Other Information” on page 3 of the attached documents for further information)**

(1) Changes in consolidated subsidiaries during the period: None

Note: Changes in specified subsidiaries affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods : Yes

Note: Application of simplified methods and special accounting methods for presenting quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, presentation methods

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Changes in accounting principles, procedures and presentation methods for presenting quarterly consolidated financial statements described in “Change in Basis of Preparation of the Quarterly Consolidated Financial Statements”

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period

July 31, 2010:	19,572,000 shares	Oct. 31, 2009:	19,572,000 shares
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2) Number of treasury stock at the end of the period

July 31, 2010:	833,243 shares	Oct. 31, 2009:	831,026 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Nine months ended July 31, 2010:	18,739,594 shares	Nine months ended July 31, 2009:	18,755,706 shares
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\*Information regarding the implementation of quarterly review procedures

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, we have completed the review process for these consolidated statements.

\*Appropriate use of business forecasts, other special items

Forecasts regarding future results in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. Actual results may differ significantly from these forecasts for a number of reasons.

**(Qualitative Information and Financial Statements)**

**1. Other Information**

(1) Overview of Changes in Consolidated Subsidiaries  
No reportable information

(2) Overview of Application of Simplified Accounting Methods and Special Accounting Methods

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 and the first half of the current fiscal year, 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  
No reportable information

(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 third quarter 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.

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

	Third quarter of FY10/2010 (As of July 31,2010)	(Millions of yen) FY10/2009 Summary (As of Oct.31,2009)
<b>Assets</b>		
Current assets		
Cash and deposits	1,535	1,580
Notes and accounts receivable-trade	2,930	2,936
Merchandise and finished goods	2,328	2,195
Work in process	927	850
Costs on uncompleted construction contracts	412	231
Raw materials and supplies	342	340
Deferred tax assets	3	4
Other	144	155
Allowance for doubtful accounts	(197)	(198)
<b>Total current assets</b>	<b>8,428</b>	<b>8,096</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,659	6,633
Accumulated depreciation	(4,290)	(4,165)
Buildings and structures, net	2,369	2,468
Land	1,261	1,261
Other	7,493	7,580
Accumulated depreciation	(6,557)	(6,598)
Other, net	936	981
<b>Total property, plant and equipment</b>	<b>4,567</b>	<b>4,771</b>
Intangible assets	376	249
Investments and other assets		
Investment securities	540	776
Other	444	450
Allowance for doubtful accounts	(295)	(298)
Allowance for loss on valuation of investments of subsidiaries and affiliates	—	(157)
<b>Total investments and other assets</b>	<b>689</b>	<b>770</b>
<b>Total noncurrent assets</b>	<b>5,633</b>	<b>5,731</b>
<b>Total assets</b>	<b>14,061</b>	<b>13,828</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,623	3,116
Short-term loans payable	516	422
Current portion of long-term loans payable	154	100
Income taxes payable	44	42
Provision for bonuses	192	306
Provision for product warranties	101	105
Other	1,357	1,333
<b>Total current liabilities</b>	<b>5,990</b>	<b>5,427</b>
Noncurrent liabilities		
Long-term loans payable	1,836	1,350
Provision for retirement benefits	1,317	1,196
Provision for directors' retirement benefits	100	88
Other	508	506
<b>Total noncurrent liabilities</b>	<b>3,762</b>	<b>3,141</b>
<b>Total liabilities</b>	<b>9,753</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	(1,316)	(1,007)
Treasury stock	(334)	(333)
<b>Total shareholders' equity</b>	<b>4,594</b>	<b>5,479</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(164)	(109)
Foreign currency translation adjustment	(121)	(111)
<b>Total valuation and translation adjustments</b>	<b>(285)</b>	<b>(220)</b>
<b>Total net assets</b>	<b>4,308</b>	<b>5,258</b>
<b>Total liabilities and net assets</b>	<b>14,061</b>	<b>13,828</b>

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

	First three quarters of FY10/2009 (Nov.1,2008–July 31,2009)	First three quarters of FY10/2010 (Nov.1,2009–July 31,2010)
	(Millions of yen)	
Net sales	12,748	12,982
Cost of sales	9,915	9,768
Gross profit	2,833	3,213
Selling, general and administrative expenses	4,334	4,075
Operating loss	(1,501)	(862)
Non-operating income		
Interest income	3	0
Priority use fee of products	100	—
Rent income	—	32
Other	102	54
Total non-operating income	205	87
Non-operating expenses		
Interest expenses	21	38
Loss on valuation of derivatives	21	—
Commission fee	18	—
Other	26	30
Total non-operating expenses	88	68
Ordinary loss	(1,383)	(843)
Extraordinary Income		
Gain on sales of noncurrent assets	50	5
Reversal of provision for loss on business of subsidiaries and affiliates	—	0
Total extraordinary Income	50	5
Extraordinary loss		
Loss on retirement of noncurrent assets	8	9
Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	49	—
Loss on valuation of stocks of subsidiaries and affiliates	—	3
Total extraordinary losses	57	12
Loss before income taxes and minority interests	(1,390)	(850)
Income taxes-current	28	33
Income taxes-deferred	2	0
Total income taxes	31	33
Net loss	(1,422)	(884)

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

(Millions of yen)

	First three quarters of FY10/2009 (Nov.1,2008–July 31,2009)	First three quarters of FY10/2010 (Nov.1,2009–July 31,2010)
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(1,390)	(850)
Depreciation and amortization	580	429
Increase (decrease) in allowance for doubtful accounts	276	(4)
Increase (decrease) in provision for bonuses	(276)	(114)
Increase (decrease) in provision for retirement benefits	124	121
Increase (decrease) in Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	49	(0)
Interest and dividends income	(8)	(9)
Interest expenses	21	38
Loss (gain) on sales of property, plant and equipment	(50)	(5)
Loss on retirement of noncurrent assets	8	9
Loss (gain) on valuation of derivatives	21	2
Decrease (increase) in notes and accounts receivable-trade	1,017	5
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(257)	0
Decrease (increase) in inventories	(145)	(393)
Increase (decrease) in notes and accounts payable-trade	(1,324)	507
Other, net	3	41
<b>Subtotal</b>	<b>(1,350)</b>	<b>(221)</b>
Interest and dividends income received	8	9
Interest expenses paid	(21)	(38)
Income taxes paid	(46)	(37)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,410)</b>	<b>(288)</b>
Net cash provided by (used in) investment activities		
Payments into time deposits	(66)	(88)
Proceeds from withdrawal of time deposits	165	66
Purchase of property, plant and equipment	(987)	(283)
Proceeds from sales of property, plant and equipment	106	7
Other, net	(0)	(26)
<b>Net cash provided by (used in) investment activities</b>	<b>(783)</b>	<b>(325)</b>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,180)	83
Proceeds from long-term loans payable	1,490	600
Repayment of long-term loans payable	—	(50)
Purchase of treasury stock	(13)	(0)
Other, net	(36)	(78)
<b>Net cash provided by (used in) financing activities</b>	<b>259</b>	<b>555</b>
Effect of exchange rate change on cash and cash equivalents	(8)	(9)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,941)</b>	<b>(68)</b>
Cash and cash equivalents at beginning of period	3,714	1,402
Cash and cash equivalents at end of period	1,772	1,334

(4) Going Concern Assumption  
No reportable information

(5) Segment Information

(Industry Segment Information)

First three quarters 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	-	12,748
(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: 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

First three quarters of FY10/2010 (Nov. 1, 2009 - July 31, 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	7,240	3,806	1,913	22	12,982	-	12,982
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	7,240	3,806	1,913	22	12,982	-	12,982
Operating income (loss)	(84)	(130)	(117)	(84)	(416)	(445)	(862)

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

(Information by Geographic Segment)

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

(Overseas Sales)

First three quarters 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%

First three quarters of FY10/2010 (Nov. 1, 2009 - July 31, 2010)

(Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	655	709	53	1,418
Consolidated net sales				12,982
Percentage of overseas sales against consolidated net sales	5.0%	5.5%	0.4%	10.9%

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
- Overseas sales include the export sales of the company and domestic subsidiaries and the domestic sales of the subsidiaries abroad.

(6) Significant changes in Shareholder's Equity

No reportable information

### 3. Supplementary Information

Sales by Segment

(Millions of yen, rounded down)

Industry Segment	First three quarters of FY10/2009 (Nov. 1, 2008 - July 31, 2009)		First three quarters of FY10/2010 (Nov. 1, 2009 - July 31, 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	7,485	58.7%	7,240	55.8%	9,756	57.2%
Tabletop	3,548	27.8	3,806	29.3	5,007	29.3
Electro- Ceramics	1,689	13.3	1,913	14.7	2,268	13.3
Other	24	0.2	22	0.2	30	0.2
Total	12,748	100.0	12,982	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 three quarters of FY10/2009 (Nov. 1, 2008 - July 31, 2009)		First three quarters of FY10/2010 (Nov. 1, 2009 - July 31, 2010)		FY10/2009 (Nov. 1, 2008 - Oct. 31, 2009)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Housing & Environmental Equipment	-	-%	3	0.0%	-	-%
Tabletop	643	18.1	970	25.5	1,197	23.9
Electro- Ceramics	303	18.0	444	23.3	419	18.5
Total	946	7.4	1,418	10.9	1,616	9.5