

## Financial Results for the Fiscal Year Ended March 31, 2012<under Japanese GAAP> (Consolidated)

May 11, 2012

Company name : NIKKO COMPANY  
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section  
 URL : <http://www.nikko-company.co.jp/>  
 Representative : Kazuto Futamata, Chief Executive Officer  
 Contact : Yasuhiro Kurauchi, Finance and Administration, General Manager (Phone: +81-76-276-2121)  
 Scheduled date of general meeting of shareholders: June 26, 2012  
 Scheduled date to submit Securities Report : June 27, 2012  
 Scheduled date to begin dividend payments : -  
 Preparation of supplementary materials for financial results: None  
 Holding of financial results meeting: None

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 (April 1, 2011 - March 31, 2012)

(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	%
FY ended Mar. 31, 2012	18,239	-	32	-	48	-	226	-
FY ended Mar. 31, 2011	7,754	-	(408)	-	(377)	-	(755)	-

Note: Comprehensive income (Millions of yen): Mar. 31, 2012: 242 (-%) Mar. 31, 2011: (761) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY ended Mar. 31, 2012	12.09	-	6.5	0.4	0.2
FY ended Mar. 31, 2011	(40.31)	-	(20.1)	(2.8)	(5.3)

Reference: Equity in earnings of affiliates (Millions of yen): Mar. 31, 2012: - Mar. 31, 2011: -

Note: Nikko Company has changed its fiscal year-end from October 31 to March 31 resulting in an irregular five-month period for fiscal 2011 and as a result, changes from the previous fiscal year are not provided. Further, November 1, 2010 to March 31, 2011 figures for net income per share (yen), return on equity (%) and ordinary income to total assets (%) represent income for the five-month period.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2012	13,173	3,623	27.5	193.41
As of Mar. 31, 2011	13,288	3,381	25.4	180.49

Reference: Shareholders' equity (Millions of yen): Mar. 31, 2012: 3,623 Mar. 31, 2011: 3,381

(3) Consolidated cash flow position

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investment activities	Financing activities	Millions of yen
FY ended Mar. 31, 2012	(136)	(373)	148	924
FY ended Mar. 31, 2011	45	(237)	225	1,287

### 2. Dividends

(Record date)	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend on Equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
Year ended Mar. 31, 2011	-	-	-	0.00	0.00	-	-	-
Year ended Mar. 31, 2012	-	0.00	-	0.00	0.00	-	-	-
Year ending Mar. 31, 2013 (forecast)	-	0.00	-	0.00	0.00	-	-	-

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2013 (April 1, 2012 - March 31, 2013)

(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	18,300	0.3	0 ~100	(100.0) ~204.8	0 ~100	(100.0) ~105.9	0 ~100	(100.0) ~(55.8)	0.00 ~5.34

Note: Consolidated forecast for the six months ending September 30, 2012 have not been disclosed because the Company and its subsidiaries track performance on an annual basis only. In addition, because conditions both in Japan and overseas surrounding the Company have been changing dramatically, it is difficult to accurately forecast future earnings. For this reason, the Company discloses consolidated earning forecasts for the fiscal year ending March 31, 2013, in the form of a range.

### 4. Other

(1) Changes in major subsidiaries during the period (Changes in specifies subsidiaries causing changes in scope of consolidation):

None

New: — companies (Company name: )

Eliminated: — companies (Company name: )

(2) Changes in accounting policies, changes in accounting estimates, or restatement

1) Changes in accounting policies due to changes in consolidated accounting methods: None

2) Changes other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of shares outstanding (common shares)

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

Mar. 31, 2012: 19,572,000 shares Mar. 31, 2011: 19,572,000 shares

2) Number of treasury stock at the end of the period

Mar. 31, 2012: 838,142 shares Mar. 31, 2011: 835,419 shares

3) Average number of shares over period

Mar. 31, 2012: 18,734,917 shares Mar. 31, 2011: 18,737,419 shares

### (Reference) Non-consolidated financial results

#### Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2012 (April 1, 2011 - March 31, 2012)

(1) Non-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	%
FY ended Mar. 31, 2012	15,894	-	38	-	82	-	96	-
FY ended Mar. 31, 2011	6,837	-	(315)	-	(272)	-	(745)	-

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Mar. 31, 2012	5.18	-
FY ended Mar. 31, 2011	(39.78)	-

Note: The Company has changed its fiscal year-end from October 31 to March 31 resulting in an irregular 5-month period for fiscal 2011 and as a result, changes from the previous fiscal year are not provided. Further, November 1, 2010 to March 31, 2011 figures for net income per share (yen) represent income for the five-month period.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2012	13,464	4,109	30.5	219.38
As of Mar. 31, 2011	13,657	3,995	29.3	213.25

Reference: Shareholders' equity (Millions of yen):

Mar.31, 2012: 4,109

Mar.31, 2011: 3,995

\*Information regarding the implementation of review procedures

The current financial statements are exempted from review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, we have not completed the review process for these consolidated statements.

\*Appropriate use of business forecasts, other special items

The above business outlook is based on information available as of the published date of this release and actual results may differ from the forecast subject to various factors that may arise in the future.

**1. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

	FY03/2011 (As of Mar.31,2011)	(Millions of yen) FY03/2012 (As of Mar.31,2012)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,468	1,131
Notes and accounts receivable-trade	3,060	3,203
Merchandise and finished goods	1,959	2,197
Work in process	857	731
Costs on uncompleted construction contracts	218	317
Raw materials and supplies	352	357
Deferred tax assets	2	1
Other	132	148
Allowance for doubtful accounts	(158)	(117)
<b>Total current assets</b>	<b>7,893</b>	<b>7,970</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	6,750	6,783
Accumulated depreciation	(4,426)	(4,584)
Buildings and structures, net	2,324	2,198
Machinery, equipment and vehicles	5,407	5,474
Accumulated depreciation	(4,828)	(4,920)
Machinery, equipment and vehicles, net	579	554
Tools, furniture and fixtures	1,249	1,276
Accumulated depreciation	(1,176)	(1,197)
Tools, furniture and fixtures, net	72	78
Land	1,261	1,261
Lease assets	230	234
Accumulated depreciation	(84)	(119)
Lease assets, net	146	115
Construction in progress	11	9
<b>Total property, plant and equipment</b>	<b>4,395</b>	<b>4,218</b>
<b>Intangible assets</b>		
Lease assets	211	152
Other	108	92
<b>Total intangible assets</b>	<b>319</b>	<b>244</b>
<b>Investments and other assets</b>		
Investment securities	542	595
Claims provable in bankruptcy, claims provable in rehabilitation and other	389	404
Other	136	134
Allowance for doubtful accounts	(388)	(394)
<b>Total investments and other assets</b>	<b>679</b>	<b>740</b>
<b>Total noncurrent assets</b>	<b>5,395</b>	<b>5,202</b>
<b>Total assets</b>	<b>13,288</b>	<b>13,173</b>

	FY03/2011 (As of Mar.31,2011)	(Millions of yen) FY03/2012 (As of Mar.31,2012)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,364	3,370
Short-term loans payable	793	1,199
Current portion of long-term loans payable	162	328
Lease obligations	127	94
Income taxes payable	30	53
Provision for bonuses	373	85
Provision for product warranties	103	128
Other	1,257	1,154
<b>Total current liabilities</b>	<u>6,212</u>	<u>6,414</u>
<b>Noncurrent liabilities</b>		
Long-term loans payable	1,720	1,441
Lease obligations	293	180
Provision for retirement benefits	1,414	1,229
Provision for directors' retirement benefits	99	104
Other	166	178
<b>Total noncurrent liabilities</b>	<u>3,694</u>	<u>3,135</u>
<b>Total liabilities</b>	<u>9,907</u>	<u>9,549</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,200	3,200
Capital surplus	2,066	1,321
Retained earnings	(1,231)	(259)
Treasury stock	(334)	(334)
<b>Total shareholders' equity</b>	<u>3,701</u>	<u>3,927</u>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(191)	(173)
Foreign currency translation adjustment	(128)	(130)
<b>Accumulated other comprehensive income</b>	<u>(319)</u>	<u>(303)</u>
<b>Total net assets</b>	<u>3,381</u>	<u>3,623</u>
<b>Total liabilities and net assets</b>	<u>13,288</u>	<u>13,173</u>

## (2) Consolidated statements of income and consolidated statements of comprehensive income

### Consolidated statements of income

	(Millions of yen)	
	FY03/2011	FY03/2012
	(Nov.1,2010-Mar. 31,2011)	(Apr.1,2011-Mar. 31,2012)
Net sales	7,754	18,239
Cost of sales	5,665	12,977
Gross profit	<u>2,088</u>	<u>5,261</u>
Selling, general and administrative expenses	<u>2,497</u>	<u>5,228</u>
Operating income (loss)	<u>(408)</u>	<u>32</u>
Non-operating income		
Interest income	0	1
Gain on sales of wastes	9	17
Rent income	11	24
Other	47	62
Total non-operating income	<u>69</u>	<u>105</u>
Non-operating expenses		
Interest expenses	22	52
Loss on sales of notes payable	6	15
Sales discounts	4	9
Other	4	12
Total non-operating expenses	<u>38</u>	<u>89</u>
Ordinary income (loss)	<u>(377)</u>	<u>48</u>
Extraordinary Income		
Gain on sales of noncurrent assets	0	0
Gain on sales of subsidiaries and affiliates' stocks	—	0
Reversal of allowance for doubtful accounts	23	—
Gain on abolishment of retirement benefit plan	14	283
Total extraordinary Income	<u>38</u>	<u>285</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	2	9
Impairment loss	—	41
Loss on valuation of stocks of subsidiaries and affiliates	0	—
Loss on liquidation of subsidiaries and affiliates	7	—
Business structure improvement expenses	344	11
Loss on adjustment for changes of Accounting Standard for asset retirement obligations	43	—
Other	6	1
Total extraordinary losses	<u>405</u>	<u>64</u>
Income (loss) before income taxes and minority interests	<u>(744)</u>	<u>269</u>
Income taxes-current	17	41
Income taxes-deferred	(6)	1
Total income taxes	<u>10</u>	<u>43</u>
Income (loss) before minority interests	<u>(755)</u>	<u>226</u>
Net income (loss)	<u>(755)</u>	<u>226</u>

**Consolidated statements of comprehensive income**

	FY03/2011 (Nov.1,2010-Mar. 31,2011)	(Millions of yen) FY03/2012 (Apr.1,2011-Mar. 31,2012)
Income(loss) before minority interests	(755)	226
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	17
Foreign currency translation adjustment	3	(2)
Other comprehensive income	<u>(6)</u>	<u>15</u>
Comprehensive income	<u>(761)</u>	<u>242</u>
Comprehensive income attributable to owners of the parent	(761)	242
Comprehensive income attributable to minority interests	—	—

**(3) Consolidated Statements of changes in equity**

(Millions of yen)

FY03/2011  
(Nov.1,2010-Mar. 31,2011)FY03/2012  
(Apr.1,2011-Mar. 31,2012)

Shareholders' equity		
Capital stock		
Balance at the beginning of current period	3,200	3,200
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	<u>3,200</u>	<u>3,200</u>
Capital surplus		
Balance at the beginning of current period	3,045	2,066
Changes of items during the period		
Deficit disposition	(978)	(745)
Total changes of items during the period	<u>(978)</u>	<u>(745)</u>
Balance at the end of current period	<u>2,066</u>	<u>1,321</u>
Retained earnings		
Balance at the beginning of current period	(1,454)	(1,231)
Changes of items during the period		
Deficit disposition	978	745
Net income (loss)	(755)	226
Total changes of items during the period	<u>223</u>	<u>971</u>
Balance at the end of current period	<u>(1,231)</u>	<u>(259)</u>
Treasury stock		
Balance at the beginning of current period	(334)	(334)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	<u>(0)</u>	<u>(0)</u>
Balance at the end of current period	<u>(334)</u>	<u>(334)</u>
Total shareholders' equity		
Balance at the beginning of current period	4,456	3,701
Changes of items during the period		
Net income (loss)	(755)	226
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	<u>(755)</u>	<u>225</u>
Balance at the end of current period	<u>3,701</u>	<u>3,927</u>



(Millions of yen)

FY03/2011

FY03/2012

(Nov.1,2010-Mar. 31,2011)

(Apr.1,2011-Mar. 31,2012)

Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(180)	(191)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10)	17
Total changes of items during the period	(10)	17
Balance at the end of current period	(191)	(173)
Foreign currency translation adjustment		
Balance at the beginning of current period	(132)	(128)
Changes of items during the period		
Net changes of items other than shareholders' equity	3	(2)
Total changes of items during the period	3	(2)
Balance at the end of current period	(128)	(130)
Accumulated other comprehensive income		
Balance at the beginning of current period	(313)	(319)
Changes of items during the period		
Net changes of items other than shareholders' equity	(6)	15
Total changes of items during the period	(6)	15
Balance at the end of current period	(319)	(303)
Total net assets		
Balance at the beginning of current period	4,143	3,381
Changes of items during the period		
Net income (loss)	(755)	226
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	(6)	15
Total changes of items during the period	(761)	241
Balance at the end of current period	3,381	3,623

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

	FY03/2011 (Nov.1,2010-Mar. 31,2011)	(Millions of yen) FY03/2012 (Apr.1,2011-Mar. 31,2012)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(744)	269
Depreciation and amortization	244	557
Impairment loss	—	41
Loss on adjustment for changes of Accounting Standard for asset retirement obligations	43	—
Loss on liquidation of subsidiaries and affiliates	7	—
Business structure improvement expenses	344	11
Increase (decrease) in allowance for doubtful accounts	(8)	(35)
Increase (decrease) in provision for bonuses	169	(287)
Increase (decrease) in provision for retirement benefits	46	(185)
Increase (decrease) in provision for product warranties	17	25
Interest and dividends income	(3)	(10)
Interest expenses	22	52
Loss (gain) on sales of property, plant and equipment	(0)	(0)
Loss on retirement of noncurrent assets	2	9
Decrease (increase) in notes and accounts receivable-trade	279	(142)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(102)	(15)
Decrease (increase) in inventories	43	(217)
Increase (decrease) in notes and accounts payable-trade	(140)	7
Other, net	(114)	(159)
Subtotal	<u>107</u>	<u>(79)</u>
Interest and dividends income received	3	10
Interest expenses paid	(22)	(52)
Income taxes paid	(42)	(14)
Net cash provided by (used in) operating activities	<u>45</u>	<u>(136)</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	(106)	(106)
Proceeds from withdrawal of time deposits	106	80
Purchase of property, plant and equipment	(200)	(307)
Proceeds from sales of property, plant and equipment	0	4
Proceeds from sales of stocks of subsidiaries and affiliates	—	15
Payments for investments in capital of subsidiaries and affiliates	(30)	(50)
Other, net	(7)	(10)
Net cash provided by (used in) investment activities	<u>(237)</u>	<u>(373)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	346	406
Proceeds from long-term loans payable	—	50
Repayment of long-term loans payable	(68)	(162)
Repayments of lease obligations	(52)	(145)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(0)	—
Net cash provided by (used in) financing activities	<u>225</u>	<u>148</u>
Effect of exchange rate change on cash and cash equivalents	3	(1)
Net increase (decrease) in cash and cash equivalents	<u>36</u>	<u>(363)</u>
Cash and cash equivalents at beginning of period	<u>1,251</u>	<u>1,287</u>
Cash and cash equivalents at end of period	<u>1,287</u>	<u>924</u>

## Going Concern Assumption

No reportable information.

## Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation
  - 1) Number and name of consolidated subsidiaries: 3  
Nikko Ceramics, Inc.  
Nikko Hanbai Co., Ltd.  
Nikko ME Co., Ltd.
  - 2) Number and name of non-consolidated subsidiaries: 3  
NIKKO MIDDLE EAST TRADING LLC  
Nikko Care Co., Ltd.  
Sai Co., Ltd.

These 3 companies are excluded from the scope of consolidation, given the fact that they have minimal influence on the total assets, net sales, net income, and retained earnings and is relatively insignificant in the context of the consolidated financial statements.

2. Application of equity method
  - 1) Number and name of companies accounted for under the equity method: none
  - 2) Number and name of companies not accounted for under the equity method and the reason for the exclusion
    - Non-consolidated subsidiaries: 3  
NIKKO MIDDLE EAST TRADING LLC.  
Nikko Care Co., Ltd.  
Sai Co., Ltd.
    - Affiliates: 2  
Yamamae Seitousho Co., Ltd.  
N&I Asia Pte Ltd.

These 5 companies are not accounted for under the equity method of accounting, given the fact that they have very minor effect on net income and retained earnings and is relatively insignificant in the context of consolidated financial statements.

3. Period end of consolidated subsidiaries  
Consolidated subsidiaries, Nikko Ceramics, Inc. , Nikko Hanbai Co., Ltd. , and Nikko ME Co., Ltd have a fiscal year that ends on the same date as the consolidated financial statements.
4. Significant accounting standards
  - 1) Valuation criteria and methods for significant assets
    - (Securities)
      - Bonds held to maturity  
Other securities
      - Securities with market quotations
      - Securities without market quotations
    - Cost method
  - (Derivatives)  
Derivatives are carried at fair value.
  - (Inventories)  
At the Company and its domestic consolidated subsidiaries, finished goods, semi-finished products and work in process are stated at cost, cost being determined by the period-average method, merchandise, raw materials and supplies are valued at cost being determined by the moving average (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins), costs on uncompleted construction contracts are stated at cost, cost being determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)  
Merchandise of overseas consolidated subsidiary is stated at the lower cost method determined by the first-in first-out method.

2) Depreciation and amortization method for principal depreciable assets

Tangible fixed assets (excluding lease assets)

At the Company, depreciation of buildings is calculated using the straight-line method, other depreciation of tangible fixed assets is computed by the declining-balance method.

At the domestic consolidated subsidiaries, depreciation of tangible fixed assets is computed by the declining-balance method (however, depreciation of buildings (excluding attached structures) acquired on or April 1, 1998, is calculated using the straight-line method.

At the overseas consolidated subsidiary, depreciation of tangible fixed assets is calculated using the straight-line method.

Intangible fixed assets (excluding lease assets)

At the Company and its domestic consolidated subsidiaries, software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.

At the overseas consolidated subsidiary, depreciation of tangible fixed assets is calculated using the straight-line method.

Lease assets (finance leases that do not transfer ownership)

Depreciation of lease assets is calculated using the straight-line method with the respective lease terms as the useful lives. The residual value is zero unless there is a residual value guarantee, in which case the amount of the guarantee is the residual value. For finance lease transactions where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied, the Company uses an accounting method that is based on the method used for ordinary lease transactions.

3) Accounting for significant allowances

(Allowance for doubtful accounts)

To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case.

(Provision for bonuses)

To provide for employees' and director-employees' bonus obligation, the Company and its domestic consolidated subsidiaries provide an allowance in the amount accrued for the respective period based on the estimated bonus obligations.

There is no system of the bonus provision in an overseas consolidated subsidiary.

(Provision for retirement benefits)

To provide for employees' retirement benefits, the Company and its domestic consolidated subsidiaries provide an allowance in the amount deemed to have accrued at the end of the current fiscal year based on projected benefit obligations and pension assets at the end of the current fiscal year. Transitional obligations arising from the adoption of new accounting standards for retirement benefits is expensed using the straight-line method, based on 15 years. The actuarial difference is expensed in the following fiscal years using the straight-line method, based on the specified number of years (13 years) within the average length of remaining work period of employees.

(Provision for directors' retirement benefits)

To provide for directors' and officers' retirement benefits, the Company and its domestic consolidated subsidiaries provide an allowance for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.

4) Other significant accounting policies

(Scope of cash and cash equivalents in statement of cash flows)

Cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.

(Accounting for consumption taxes)

At the Company and its domestic consolidated subsidiaries, consumption taxes are accounted by the tax-exclusion method.

(Application of consolidated tax payment system)

The consolidated tax system is applied.

(Additional Information)

Application of accounting standard for accounting changes and error corrections

After the beginning of the fiscal year under review, the Company made accounting changes and/or corrections of past errors. For this reason, it has applied Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009).

## [Segment Information]

### 1. Overview of reportable segments

Segments used for financial reporting are the Nikko Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has established business divisions that comprise of the company and its subsidiaries and affiliates, and each division conducts business in line with the comprehensive strategies they have devised for products, merchandise and services in both domestic and overseas markets.

Therefore, the Group consists of segments by products, merchandise and services on the basis of the business divisions, and the "Housing & Environmental equipment", "Tabletop" and "Electro-Ceramics" are three reportable segments.

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

### 2. Information related to net sales and profit or loss for each reportable segment

FY03/2011 (Nov. 1, 2010 - Mar. 31, 2011)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements
Net sales							
Sales to Outside Customers	4,390	2,247	1,085	31	7,754	-	7,754
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	4,390	2,247	1,085	31	7,754	-	7,754
Segment profit (loss) (Operating income (loss))	(20)	(79)	(18)	(16)	(135)	(273)	(408)
Segment assets	3,593	4,493	2,563	8	10,660	2,628	13,288
Other Items							
Depreciation and Amortization	70	72	76	0	219	24	244
Increase in Property, plant and equipment and Intangible assets	8	17	40	-	67	0	67
Impairment loss	111	-	-	-	111	-	111

Notes: 1. The "Other" category indicated businesses not included in reporting segments, including sales of other products.

2. Below is a description of adjustments.

- (1) Segment income adjustment of 273 million yen consists of expenses, such as general administrative expenses, and research and development costs that do not belong to the reportable segments.
- (2) Segment assets adjustment of 2,628 million yen includes assets that do not belong to the reportable segments. The assets consists of mainly surplus funds (cash and cash equivalents), long-term investment funds (investment securities), and the assets associated with administrative department and research and development department.
- (3) Increase in Property, plant and equipment and Intangible assets adjustment of 0 million yen consists of capital investments associated with administrative department and research and development department.

FY03/2012 (Apr. 1, 2011 - Mar. 31, 2012)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements
Net sales							
Sales to Outside Customers	10,835	5,245	2,096	62	18,239	-	18,239
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	10,835	5,245	2,096	62	18,239	-	18,239
Segment profit (loss) (Operating income (loss))	638	184	(223)	(15)	583	(551)	32
Segment assets	4,009	4,465	2,391	8	10,874	2,299	13,173
Other Items							
Depreciation and Amortization	123	167	209	1	501	56	557
Increase in Property, plant and equipment and Intangible assets	54	89	167	-	312	3	315
Impairment loss	-	-	41	-	41	-	41

Notes: 1. The "Other" category indicated businesses not included in reporting segments, including sales of other products.

2. Below is a description of adjustments.

- (1) Segment income adjustment of 551 million yen consists of expenses, such as general administrative expenses, and research and development costs that do not belong to the reportable segments.
- (2) Segment assets adjustment of 2,299 million yen includes assets that do not belong to the reportable segments. The assets consists of mainly surplus funds (cash and cash equivalents), long-term investment funds (investment securities), and the assets associated with administrative department and research and development department.
- (3) Increase in Property, plant and equipment and Intangible assets adjustment of 3 million yen consists of capital investments associated with administrative department and research and development department.

**(Sales by Segment)**

(Millions of yen, rounded down)

Industry Segment	FY03/2011 (Nov. 1, 2010 - Mar. 31, 2011)		FY03/2012 (Apr. 1, 2011 - Mar. 31, 2012)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	4,390	56.6%	10,835	59.4%
Tabletop	2,247	29.0	5,245	28.8
Electro- Ceramics	1,085	14.0	2,096	11.5
Other	31	0.4	62	0.3
Total	7,754	100.0	18,239	100.0

Notes:

1. Amounts are converted to sales prices.
2. Amounts do not include consumption taxes.
3. 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	FY03/2011 (Nov. 1, 2010 - Mar. 31, 2011)		FY03/2012 (Apr. 1, 2011 - Mar. 31, 2012)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Tabletop	685	30.5%	1,289	24.6%
Electro- Ceramics	306	28.3	620	29.6
Total	992	12.8	1,910	10.5

**2. Non-Consolidated Financial Statements**  
**(1) Balance Sheets**

	FY03/2011 (As of Mar.31,2011)	(Millions of yen) FY03/2012 (As of Mar.31,2012)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,268	987
Notes receivable-trade	113	120
Accounts receivable-trade	2,613	2,600
Merchandise and finished goods	1,176	1,444
Work in process	857	731
Costs on uncompleted construction contracts	218	317
Raw materials and supplies	352	356
Prepaid expenses	35	36
Advances paid	56	41
Other	53	93
Allowance for doubtful accounts	(165)	(111)
<b>Total current assets</b>	<b>6,578</b>	<b>6,618</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	6,009	6,032
Accumulated depreciation	(3,822)	(3,961)
Buildings, net	2,187	2,070
Structures	329	327
Accumulated depreciation	(249)	(262)
Structures, net	79	65
Machinery and equipment	5,193	5,260
Accumulated depreciation	(4,636)	(4,722)
Machinery and equipment, net	557	538
Vehicles	180	180
Accumulated depreciation	(174)	(177)
Vehicles, net	5	2
Tools, furniture and fixtures	1,149	1,169
Accumulated depreciation	(1,097)	(1,111)
Tools, furniture and fixtures, net	52	57
Land	868	868
Lease assets	222	226
Accumulated depreciation	(77)	(111)
Lease assets, net	145	114
Construction in progress	11	9
<b>Total property, plant and equipment</b>	<b>3,907</b>	<b>3,728</b>
<b>Intangible assets</b>		
Software	78	68
Lease assets	211	152
Telephone subscription right	13	13
<b>Total intangible assets</b>	<b>303</b>	<b>234</b>
<b>Investments and other assets</b>		
Investment securities	475	493
Stocks of subsidiaries and affiliates	329	231
Investments in capital	2	2
Long-term loans receivable from subsidiaries and affiliates	1,920	2,040
Investments in capital of subsidiaries and affiliates	30	—
Lease and guarantee deposits	103	101
Claims provable in bankruptcy, claims provable in rehabilitation and other	355	372
Long-term prepaid expenses	2	0
Other	4	4
Allowance for doubtful accounts	(355)	(362)
<b>Total investments and other assets</b>	<b>2,867</b>	<b>2,883</b>
<b>Total noncurrent assets</b>	<b>7,078</b>	<b>6,845</b>
<b>Total assets</b>	<b>13,657</b>	<b>13,464</b>

	FY03/2011 (As of Mar.31,2011)	(Millions of yen) FY03/2012 (As of Mar.31,2012)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	411	429
Accounts payable-trade	2,744	2,746
Short-term loans payable	300	800
Current portion of long-term loans payable	162	262
Lease obligations	127	94
Accounts payable-other	605	508
Accrued expenses	146	93
Income taxes payable	27	39
Advances received on uncompleted construction contracts	70	85
Deposits received	366	372
Provision for bonuses	347	78
Provision for product warranties	103	128
Notes payable-facilities	23	18
Other	41	25
<b>Total current liabilities</b>	<b>5,477</b>	<b>5,682</b>
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	1,366	1,182
Provision for directors' retirement benefits	89	91
Long-term loans payable	1,420	1,158
Provision for loss on business of subsidiaries and affiliates	855	886
Lease obligations	293	180
Long-term guarantee deposited	87	83
Other	73	89
<b>Total noncurrent liabilities</b>	<b>4,184</b>	<b>3,672</b>
<b>Total liabilities</b>	<b>9,662</b>	<b>9,354</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,200	3,200
Capital surplus		
Legal capital surplus	2,066	800
Other capital surplus	0	521
<b>Total capital surpluses</b>	<b>2,066</b>	<b>1,321</b>
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(745)	96
<b>Total earned surpluses</b>	<b>(745)</b>	<b>96</b>
Treasury stock	(334)	(334)
<b>Total shareholders' equity</b>	<b>4,186</b>	<b>4,283</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(191)	(173)
<b>Total valuation and translation adjustments</b>	<b>(191)</b>	<b>(173)</b>
<b>Total net assets</b>	<b>3,995</b>	<b>4,109</b>
<b>Total liabilities and net assets</b>	<b>13,657</b>	<b>13,464</b>



**(2) Statements of income**

	(Millions of yen)	
	FY03/2011	FY03/2012
	(Nov.1,2010-Mar. 31,2011)	(Apr.1,2011-Mar. 31,2012)
Net sales		
Net sales of merchandise and finished goods	6,339	14,592
Net sales of completed construction contracts	498	1,301
Total net sales	<u>6,837</u>	<u>15,894</u>
Cost of sales		
Beginning merchandise and finished goods	1,091	982
Cost of purchased goods	1,604	3,898
Cost of products manufactured	3,262	7,172
Total	<u>5,958</u>	<u>12,053</u>
Finished goods transfer to other account	180	13
Ending merchandise and finished goods	982	1,259
Cost of merchandise and finished goods sold	<u>4,794</u>	<u>10,780</u>
Cost of sales of completed construction contracts	402	1,023
Total cost of sales	<u>5,197</u>	<u>11,803</u>
Gross profit	<u>1,640</u>	<u>4,090</u>
Selling, general and administrative expenses		
Freightage expenses	210	519
Traveling and communication expenses	90	214
Salaries and allowances	515	1,303
Provision for bonuses	153	7
Provision for directors' retirement benefits	5	12
Retirement benefit expenses	50	100
Welfare expenses	110	223
Depreciation	66	157
Rent expenses	112	252
Provision of allowance for doubtful accounts	15	—
Research and development expenses	122	190
Provision for product warranties	17	25
Other	484	1,044
Total Selling, general and administrative expenses	<u>1,955</u>	<u>4,052</u>
Operating income (loss)	<u>(315)</u>	<u>38</u>
Non-operating income		
Interest income	1	2
Gain on sales of wastes	9	17
Commission fee	26	40
Other	40	65
Total non-operating income	<u>78</u>	<u>126</u>
Non-operating expenses		
Interest expenses	20	45
Loss on sales of notes payable	6	15
Sales discounts	4	9
Other	4	11
Total non-operating expenses	<u>35</u>	<u>82</u>
Ordinary income (loss)	<u>(272)</u>	<u>82</u>

	(Millions of yen)	
	FY03/2011	FY03/2012
	(Nov.1,2010-Mar. 31,2011)	(Apr.1,2011-Mar. 31,2012)
Extraordinary Income		
Gain on sales of noncurrent assets	0	0
Gain on sales of subsidiaries and affiliates' stocks	—	0
Reversal of allowance for doubtful accounts	30	—
Gain on abolishment of retirement benefit plan	—	283
Total extraordinary Income	<u>30</u>	<u>285</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	2	9
Impairment loss	—	41
Loss on valuation of stocks of subsidiaries and affiliates	0	162
Loss on liquidation of subsidiaries and affiliates	7	—
Provision for loss on business of subsidiaries and affiliates	98	30
Business structure improvement expenses	344	11
Loss on adjustment for changes of Accounting Standard for asset retirement obligations	40	—
Total extraordinary losses	<u>494</u>	<u>255</u>
Income (loss) before income taxes	<u>(736)</u>	<u>111</u>
Income taxes-current	14	14
Income taxes-deferred	(6)	—
Total income taxes	<u>8</u>	<u>14</u>
Net income (loss)	<u>(745)</u>	<u>96</u>

**(3) Statements of changes in equity**

	(Millions of yen)	
	FY03/2011	FY03/2012
	(Nov.1,2010-Mar. 31,2011)	(Apr.1,2011-Mar. 31,2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	3,200	3,200
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	<u>3,200</u>	<u>3,200</u>
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	3,044	2,066
Changes of items during the period		
Reversal of legal capital surplus	(978)	(1,266)
Total changes of items during the period	<u>(978)</u>	<u>(1,266)</u>
Balance at the end of current period	<u>2,066</u>	<u>800</u>
Other capital surplus		
Balance at the beginning of current period	0	0
Changes of items during the period		
Reversal of legal capital surplus	978	1,266
Deficit disposition	(978)	(745)
Total changes of items during the period	<u>—</u>	<u>520</u>
Balance at the end of current period	<u>0</u>	<u>521</u>
Total capital surplus		
Balance at the beginning of current period	3,045	2,066
Changes of items during the period		
Deficit disposition	(978)	(745)
Total changes of items during the period	<u>(978)</u>	<u>(745)</u>
Balance at the end of current period	<u>2,066</u>	<u>1,321</u>
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets		
Balance at the beginning of current period	8	—
Changes of items during the period		
Reversal of reserve for advanced depreciation of noncurrent assets	(8)	—
Total changes of items during the period	<u>(8)</u>	<u>—</u>
Balance at the end of current period	<u>—</u>	<u>—</u>
Retained earnings brought forward		
Balance at the beginning of current period	(987)	(745)
Changes of items during the period		
Reversal of reserve for advanced depreciation of noncurrent assets	8	—
Deficit disposition	978	745
Net income (loss)	(745)	96
Total changes of items during the period	<u>241</u>	<u>842</u>
Balance at the end of current period	<u>(745)</u>	<u>96</u>
Total retained earnings		
Balance at the beginning of current period	(978)	(745)
Changes of items during the period		
Deficit disposition	978	745
Net income (loss)	(745)	96
Total changes of items during the period	<u>232</u>	<u>842</u>
Balance at the end of current period	<u>(745)</u>	<u>96</u>

	FY03/2011 (Nov.1,2010-Mar. 31,2011)	(Millions of yen) FY03/2012 (Apr.1,2011-Mar. 31,2012)
Treasury stock		
Balance at the beginning of current period	(334)	(334)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	<u>(0)</u>	<u>(0)</u>
Balance at the end of current period	<u>(334)</u>	<u>(334)</u>
Total shareholders' equity		
Balance at the beginning of current period	4,932	4,186
Changes of items during the period		
Net income (loss)	(745)	96
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	<u>(745)</u>	<u>96</u>
Balance at the end of current period	<u>4,186</u>	<u>4,283</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(180)	(191)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10)	17
Total changes of items during the period	<u>(10)</u>	<u>17</u>
Balance at the end of current period	<u>(191)</u>	<u>(173)</u>
Total valuation and translation adjustments		
Balance at the beginning of current period	(180)	(191)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10)	17
Total changes of items during the period	<u>(10)</u>	<u>17</u>
Balance at the end of current period	<u>(191)</u>	<u>(173)</u>
Total net assets		
Balance at the beginning of current period	4,751	3,995
Changes of items during the period		
Net income (loss)	(745)	96
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	(10)	17
Total changes of items during the period	<u>(756)</u>	<u>114</u>
Balance at the end of current period	<u>3,995</u>	<u>4,109</u>