

# Financial Results for the Fiscal Year Ended March 31, 2013<under Japanese GAAP> (Consolidated)

May 10, 2013

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 : Kazuo Miyanabe, Chief Financial Officer (Phone: +81-76-276-2121)  
 Scheduled date of general meeting of shareholders: June 25, 2013  
 Scheduled date to submit Securities Report : June 26, 2013  
 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, 2013 (April 1, 2012 - March 31, 2013)

(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, 2013	16,374	(10.2)	(1,505)	-	(1,458)	-	(2,268)	-
FY ended Mar. 31, 2012	18,239	-	32	-	48	-	226	-

Note: Comprehensive income (Millions of yen): Mar. 31, 2013: (2,166) (-%) Mar. 31, 2012: 242 (-%)

	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, 2013	(121.12)	-	(89.3)	(11.8)	(9.2)
FY ended Mar. 31, 2012	12.09	-	6.5	0.4	0.2

Reference: Equity in earnings of affiliates (Millions of yen): Mar. 31, 2013: - Mar. 31, 2012: -

(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, 2013	11,468	1,455	12.7	77.74
As of Mar. 31, 2012	13,173	3,623	27.5	193.41

Reference: Shareholders' equity (Millions of yen): Mar. 31, 2013: 1,455 Mar. 31, 2012: 3,623

(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	Millions of yen	Millions of yen	Millions of yen
FY ended Mar. 31, 2013	418	(215)	72	1,201
FY ended Mar. 31, 2012	(136)	(373)	148	924

## 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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended Mar. 31, 2012	-	0.00	-	0.00	0.00	-	-	-
Year ended Mar. 31, 2013	-	0.00	-	0.00	0.00	-	-	-
Year ending Mar. 31, 2014 (forecast)	-	0.00	-	0.00	0.00		-	

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 - March 31, 2014)

(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	17,500	6.9	20	-	20	-	0	-	0.00

Note: Consolidated forecast for the six months ending September 30, 2013 have not been disclosed because the Company and its subsidiaries track performance on an annual basis only.

### 4. Notes

(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: Yes

2) Changes other than 1) above: None

3) Changes in accounting estimates: Yes

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, 2013: 19,572,000 shares Mar. 31, 2012: 19,572,000 shares

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

Mar. 31, 2013: 842,706 shares Mar. 31, 2012: 838,142 shares

3) Average number of shares over period

Mar. 31, 2013: 18,731,479 shares Mar. 31, 2012: 18,734,917 shares

### (Reference) Non-consolidated financial results

#### Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(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, 2013	14,007	(11.9)	(1,442)	-	(1,363)	-	(2,781)	-
FY ended Mar. 31, 2012	15,894	-	38	-	82	-	96	-

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Mar. 31, 2013	(148.47)	-
FY ended Mar. 31, 2012	5.18	-

(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, 2013	12,538	1,421	11.3	75.90
As of Mar. 31, 2012	13,464	4,109	30.5	219.38

Reference: Shareholders' equity (Millions of yen): Mar.31, 2013: 1,421 Mar.31, 2012: 4,109

\*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 not 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 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.

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

	FY03/2012 (As of Mar.31,2012)	(Millions of yen) FY03/2013 (As of Mar.31,2013)
Assets		
Current assets		
Cash and deposits	1,131	1,327
Notes and accounts receivable-trade	3,203	2,654
Merchandise and finished goods	2,197	1,557
Work in process	731	541
Costs on uncompleted construction contracts	317	320
Raw materials and supplies	357	318
Deferred tax assets	1	1
Other	148	116
Allowance for doubtful accounts	(117)	(42)
Total current assets	<u>7,970</u>	<u>6,795</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,783	6,699
Accumulated depreciation	(4,584)	(4,679)
Buildings and structures, net	<u>2,198</u>	<u>2,020</u>
Machinery, equipment and vehicles	5,474	5,067
Accumulated depreciation	(4,920)	(4,802)
Machinery, equipment and vehicles, net	<u>554</u>	<u>264</u>
Tools, furniture and fixtures	1,276	1,280
Accumulated depreciation	(1,197)	(1,229)
Tools, furniture and fixtures, net	<u>78</u>	<u>50</u>
Land	1,261	1,207
Lease assets	234	238
Accumulated depreciation	(119)	(146)
Lease assets, net	<u>115</u>	<u>91</u>
Construction in progress	<u>9</u>	<u>94</u>
Total property, plant and equipment	<u>4,218</u>	<u>3,729</u>
Intangible assets		
Lease assets	152	34
Other	92	137
Total intangible assets	<u>244</u>	<u>171</u>
Investments and other assets		
Investment securities	595	638
Claims provable in bankruptcy, claims provable in rehabilitation and other	404	518
Other	134	133
Allowance for doubtful accounts	(394)	(518)
Total investments and other assets	<u>740</u>	<u>771</u>
Total noncurrent assets	<u>5,202</u>	<u>4,672</u>
Total assets	<u>13,173</u>	<u>11,468</u>

	FY03/2012 (As of Mar.31,2012)	(Millions of yen) FY03/2013 (As of Mar.31,2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,370	3,100
Short-term loans payable	1,199	1,700
Current portion of long-term loans payable	328	361
Lease obligations	94	96
Income taxes payable	53	50
Provision for bonuses	85	101
Provision for product warranties	128	444
Other	1,154	1,390
<b>Total current liabilities</b>	<u>6,414</u>	<u>7,244</u>
<b>Noncurrent liabilities</b>		
Long-term loans payable	1,441	1,080
Lease obligations	180	101
Provision for retirement benefits	1,229	1,329
Provision for directors' retirement benefits	104	35
Other	178	221
<b>Total noncurrent liabilities</b>	<u>3,135</u>	<u>2,767</u>
<b>Total liabilities</b>	<u>9,549</u>	<u>10,012</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,200	3,200
Capital surplus	1,321	1,321
Retained earnings	(259)	(2,528)
Treasury stock	(334)	(335)
<b>Total shareholders' equity</b>	<u>3,927</u>	<u>1,657</u>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(173)	(80)
Foreign currency translation adjustment	(130)	(121)
<b>Accumulated other comprehensive income</b>	<u>(303)</u>	<u>(201)</u>
<b>Total net assets</b>	<u>3,623</u>	<u>1,455</u>
<b>Total liabilities and net assets</b>	<u>13,173</u>	<u>11,468</u>

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

### Consolidated statements of income

	(Millions of yen)	
	FY03/2012	FY03/2013
	(Apr.1,2011-Mar. 31,2012)	(Apr.1,2012-Mar. 31,2013)
Net sales	18,239	16,374
Cost of sales	12,977	12,254
Gross profit	<u>5,261</u>	<u>4,120</u>
Selling, general and administrative expenses	<u>5,228</u>	<u>5,625</u>
Operating income (loss)	<u>32</u>	<u>(1,505)</u>
Non-operating income		
Interest income	1	0
Gain on sales of wastes	17	14
Rent income	24	29
Foreign exchange gain	4	42
Other	58	39
Total non-operating income	<u>105</u>	<u>127</u>
Non-operating expenses		
Interest expenses	52	48
Loss on sales of notes payable	15	13
Sales discounts	9	9
Other	12	9
Total non-operating expenses	<u>89</u>	<u>80</u>
Ordinary income (loss)	<u>48</u>	<u>(1,458)</u>
Extraordinary Income		
Gain on sales of noncurrent assets	0	—
Gain on sales of subsidiaries and affiliates' stocks	0	—
Gain on sales of investment securities	—	0
Gain on abolishment of retirement benefit plan	283	—
Total extraordinary Income	<u>285</u>	<u>0</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	9	32
Impairment loss	41	656
Loss on valuation of stocks of subsidiaries and affiliates	—	50
Business structure improvement expenses	11	—
Loss on abolishment of retirement benefit plan	—	18
Other	1	2
Total extraordinary losses	<u>64</u>	<u>759</u>
Income (loss) before income taxes and minority interests	<u>269</u>	<u>(2,216)</u>
Income taxes-current	41	52
Income taxes-deferred	1	(0)
Total income taxes	<u>43</u>	<u>52</u>
Income (loss) before minority interests	<u>226</u>	<u>(2,268)</u>
Net income (loss)	<u>226</u>	<u>(2,268)</u>

**Consolidated statements of comprehensive income**

	(Millions of yen)	
	FY03/2012	FY03/2013
	(Apr. 1, 2011-Mar. 31, 2012)	(Apr. 1, 2012-Mar. 31, 2013)
Income(loss) before minority interests	226	(2,268)
Other comprehensive income		
Valuation difference on available-for-sale securities	17	93
Foreign currency translation adjustment	(2)	8
Other comprehensive income	<u>15</u>	<u>102</u>
Comprehensive income	<u>242</u>	<u>(2,166)</u>
Comprehensive income attributable to owners of the parent	242	(2,166)
Comprehensive income attributable to minority interests	—	—

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

(Millions of yen)

FY03/2012  
(Apr.1,2011-Mar. 31,2012)      FY03/2013  
(Apr.1,2012-Mar. 31,2013)

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	2,066	1,321
Changes of items during the period		
Deficit disposition	(745)	—
Total changes of items during the period	<u>(745)</u>	<u>—</u>
Balance at the end of current period	<u>1,321</u>	<u>1,321</u>
Retained earnings		
Balance at the beginning of current period	(1,231)	(259)
Changes of items during the period		
Deficit disposition	745	—
Net income (loss)	226	(2,268)
Total changes of items during the period	<u>971</u>	<u>(2,268)</u>
Balance at the end of current period	<u>(259)</u>	<u>(2,528)</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>(335)</u>
Total shareholders' equity		
Balance at the beginning of current period	3,701	3,927
Changes of items during the period		
Net income (loss)	226	(2,268)
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	<u>225</u>	<u>(2,269)</u>
Balance at the end of current period	<u>3,927</u>	<u>1,657</u>

(Millions of yen)

FY03/2012

FY03/2013

(Apr.1,2011-Mar. 31,2012) (Apr.1,2012-Mar. 31,2013)

Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(191)	(173)
Changes of items during the period		
Net changes of items other than shareholders' equity	17	93
Total changes of items during the period	17	93
Balance at the end of current period	<u>(173)</u>	<u>(80)</u>
Foreign currency translation adjustment		
Balance at the beginning of current period	(128)	(130)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2)	8
Total changes of items during the period	(2)	8
Balance at the end of current period	<u>(130)</u>	<u>(121)</u>
Accumulated other comprehensive income		
Balance at the beginning of current period	(319)	(303)
Changes of items during the period		
Net changes of items other than shareholders' equity	15	102
Total changes of items during the period	15	102
Balance at the end of current period	<u>(303)</u>	<u>(201)</u>
Total net assets		
Balance at the beginning of current period	3,381	3,623
Changes of items during the period		
Net income (loss)	226	(2,268)
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	15	102
Total changes of items during the period	241	(2,167)
Balance at the end of current period	<u>3,623</u>	<u>1,455</u>



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

	(Millions of yen)	
	FY03/2012	FY03/2013
	(Apr.1,2011-Mar. 31,2012)	(Apr.1,2012-Mar. 31,2013)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	269	(2,216)
Depreciation and amortization	557	459
Impairment loss	41	656
Loss on valuation of stocks of subsidiaries and affiliates	—	50
Business structure improvement expenses	11	—
Increase (decrease) in allowance for doubtful accounts	(35)	48
Increase (decrease) in provision for bonuses	(287)	15
Increase (decrease) in provision for retirement benefits	(185)	99
Increase (decrease) in provision for product warranties	25	316
Interest and dividends income	(10)	(11)
Interest expenses	52	48
Loss (gain) on sales of property, plant and equipment	(0)	—
Loss on retirement of noncurrent assets	9	32
Decrease (increase) in notes and accounts receivable-trade	(142)	552
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(15)	(113)
Decrease (increase) in inventories	(217)	875
Increase (decrease) in notes and accounts payable-trade	7	(275)
Other, net	(159)	(28)
Subtotal	<u>(79)</u>	<u>508</u>
Interest and dividends income received	10	11
Interest expenses paid	(52)	(48)
Income taxes paid	(14)	(53)
Net cash provided by (used in) operating activities	<u>(136)</u>	<u>418</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	(106)	(126)
Proceeds from withdrawal of time deposits	80	206
Purchase of property, plant and equipment	(307)	(231)
Proceeds from sales of property, plant and equipment	4	—
Purchase of stocks of subsidiaries and affiliates	(50)	—
Proceeds from sales of stocks of subsidiaries and affiliates	15	—
Other, net	(10)	(64)
Net cash provided by (used in) investment activities	<u>(373)</u>	<u>(215)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	406	500
Proceeds from long-term loans payable	50	—
Repayment of long-term loans payable	(162)	(328)
Repayments of lease obligations	(145)	(99)
Purchase of treasury stock	(0)	(0)
Net cash provided by (used in) financing activities	<u>148</u>	<u>72</u>
Effect of exchange rate change on cash and cash equivalents	(1)	1
Net increase (decrease) in cash and cash equivalents	<u>(363)</u>	<u>276</u>
Cash and cash equivalents at beginning of period	<u>1,287</u>	<u>924</u>
Cash and cash equivalents at end of period	<u>924</u>	<u>1,201</u>

## **Basis of Presenting Consolidated Financial Statements**

### 1. Scope of Consolidation

#### 1) Number and name of consolidated subsidiaries: 3

NIKKO CERAMICS, INC.

NIKKO LOGISTICS CO., LTD.

Nikko ME Co., Ltd.

\*Nikko Hanbai Co., Ltd. changed company name to NIKKO LOGISTICS CO., LTD. in November 1st, 2012.

#### 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 LOGISTICS 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

Cost method

Other securities

Securities with market quotations

Securities with market quotations are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included in the net assets. The cost of securities sold is determined by the moving-average method)

Securities without market quotations

Securities without market quotations are stated at cost, cost being determined by the moving -average 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.

(A change in an accounting policy which is difficult to distinguish from a change in an accounting estimate)

At the Company and its domestic consolidated subsidiaries, pursuant to revisions made to the income tax act, the depreciation method for Property and equipment acquired on or after April 1, 2012 had been changed to method under the revised act from this fiscal year. The impact of this change to income and loss is immaterial.

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 product warranties)

As warranty expenses for certain products sold by the Company are subsequently realized, a provision for product warranty has been recorded in order to reflect the results of their operations more accurately.

(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.

## [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 "Functional Ceramics Product" are three reportable segments.

Effective from the current fiscal 2013, the name of reporting segment that is "Electro-Ceramics" has been changed to "Functional Ceramics Product". There is no impact of this change to reportable segment.

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

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

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	-	-	-	-	-	-	-
<b>Total</b>	<b>10,835</b>	<b>5,245</b>	<b>2,096</b>	<b>62</b>	<b>18,239</b>	<b>-</b>	<b>18,239</b>
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.

FY03/2013(Apr. 1, 2012 - Mar. 31, 2013)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Functional Ceramics Product	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements
Net sales							
Sales to Outside Customers	9,847	4,699	1,800	26	16,374	-	16,374
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	9,847	4,699	1,800	26	16,374	-	16,374
Segment profit (loss) (Operating income (loss))	(99)	(487)	(279)	11	(855)	(649)	(1,505)
Segment assets	3,533	3,495	1,741	7	8,778	2,689	11,468
Other Items							
Depreciation and Amortization	123	148	136	0	408	56	464
Increase in Property, plant and equipment and Intangible assets	65	57	126	-	249	24	274
Impairment loss	-	53	603	-	656	-	656

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

2. Below is a description of adjustments.

- Segment income adjustment of 649 million yen consists of expenses related to Administrative Headquarters, Strategic Planning Headquarters and Technical Headquarters that do not belong to the reportable segments.
- Segment assets adjustment of 2,689 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 Headquarters, Strategic Planning Headquarters and Technical Headquarters.
- Increase in Property, plant and equipment and Intangible assets adjustment of 24 million yen consists of capital investments associated with Administrative Headquarters, Strategic Planning Headquarters and Technical Headquarters.

**(Sales by Segment)**

(Millions of yen, rounded down)

Industry Segment	FY03/2012 (Apr. 1, 2011 - Mar. 31, 2012)		FY03/2013 (Apr. 1, 2012 - Mar. 31, 2013)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	10,835	59.4%	9,847	60.1%
Tabletop	5,245	28.8	4,699	28.7
Functional Ceramics Product	2,096	11.5	1,800	11.0
Other	62	0.3	26	0.2
Total	18,239	100.0	16,374	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	FY03/2012 (Nov. 1, 2011 - Mar. 31, 2012)		FY03/2013 (Apr. 1, 2012 - Mar. 31, 2013)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Housing & Environmental Equipment	-	-%	0	0.0%
Tabletop	1,289	24.6	1,138	24.2%
Functional Ceramics Product	620	29.6	556	30.9
Other	-	-	1	5.4
Total	1,910	10.5	1,697	10.4

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

	FY03/2012 (As of Mar.31,2012)	(Millions of yen) FY03/2013 (As of Mar.31,2013)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	987	1,206
Notes receivable-trade	120	132
Accounts receivable-trade	2,600	2,490
Merchandise and finished goods	1,444	1,491
Work in process	731	541
Costs on uncompleted construction contracts	317	320
Raw materials and supplies	356	318
Prepaid expenses	36	35
Advances paid	41	48
Other	93	70
Allowance for doubtful accounts	(111)	(40)
<b>Total current assets</b>	<b>6,618</b>	<b>6,614</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	6,032	5,960
Accumulated depreciation	(3,961)	(4,041)
<b>Buildings, net</b>	<b>2,070</b>	<b>1,919</b>
Structures	327	327
Accumulated depreciation	(262)	(273)
<b>Structures, net</b>	<b>65</b>	<b>54</b>
Machinery and equipment	5,260	4,857
Accumulated depreciation	(4,722)	(4,603)
<b>Machinery and equipment, net</b>	<b>538</b>	<b>253</b>
Vehicles	180	178
Accumulated depreciation	(177)	(177)
<b>Vehicles, net</b>	<b>2</b>	<b>0</b>
Tools, furniture and fixtures	1,169	1,253
Accumulated depreciation	(1,111)	(1,206)
<b>Tools, furniture and fixtures, net</b>	<b>57</b>	<b>47</b>
Land	868	868
Lease assets	226	236
Accumulated depreciation	(111)	(145)
<b>Lease assets, net</b>	<b>114</b>	<b>91</b>
Construction in progress	9	92
<b>Total property, plant and equipment</b>	<b>3,728</b>	<b>3,327</b>
<b>Intangible assets</b>		
Software	68	117
Lease assets	152	34
Telephone subscription right	13	17
<b>Total intangible assets</b>	<b>234</b>	<b>169</b>
<b>Investments and other assets</b>		
Investment securities	493	586
Stocks of subsidiaries and affiliates	231	148
Investments in capital	2	2
Long-term loans receivable from subsidiaries and affiliates	2,040	1,575
Lease and guarantee deposits	101	103
Claims provable in bankruptcy, claims provable in rehabilitation and other	372	512
Long-term prepaid expenses	0	0
Other	4	9
Allowance for doubtful accounts	(362)	(512)
<b>Total investments and other assets</b>	<b>2,883</b>	<b>2,426</b>
<b>Total noncurrent assets</b>	<b>6,845</b>	<b>5,923</b>
<b>Total assets</b>	<b>13,464</b>	<b>12,538</b>

	FY03/2012 (As of Mar.31,2012)	(Millions of yen) FY03/2013 (As of Mar.31,2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	429	464
Accounts payable-trade	2,746	2,547
Short-term loans payable	800	1,700
Current portion of long-term loans payable	262	292
Lease obligations	94	96
Accounts payable-other	508	536
Accrued expenses	93	113
Income taxes payable	39	40
Advances received on uncompleted construction contracts	85	145
Deposits received	372	541
Provision for bonuses	78	90
Provision for product warranties	128	444
Notes payable-facilities	18	43
Other	25	133
<b>Total current liabilities</b>	<b>5,682</b>	<b>7,188</b>
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	1,182	1,277
Provision for directors' retirement benefits	91	26
Long-term loans payable	1,158	866
Provision for loss on business of subsidiaries and affiliates	886	1,440
Lease obligations	180	101
Long-term guarantee deposited	83	78
Other	89	138
<b>Total noncurrent liabilities</b>	<b>3,672</b>	<b>3,927</b>
<b>Total liabilities</b>	<b>9,354</b>	<b>11,116</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,200	3,200
Capital surplus		
Legal capital surplus	800	800
Other capital surplus	521	521
<b>Total capital surpluses</b>	<b>1,321</b>	<b>1,321</b>
Retained earnings		
Other retained earnings		
Retained earnings brought forward	96	(2,684)
<b>Total earned surpluses</b>	<b>96</b>	<b>(2,684)</b>
Treasury stock	(334)	(335)
<b>Total shareholders' equity</b>	<b>4,283</b>	<b>1,501</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(173)	(80)
<b>Total valuation and translation adjustments</b>	<b>(173)</b>	<b>(80)</b>
<b>Total net assets</b>	<b>4,109</b>	<b>1,421</b>
<b>Total liabilities and net assets</b>	<b>13,464</b>	<b>12,538</b>

**(2) Statements of income**

	(Millions of yen)	
	FY03/2012	FY03/2013
	(Apr.1,2011-Mar. 31,2012)	(Apr.1,2012-Mar. 31,2013)
Net sales		
Net sales of merchandise and finished goods	14,592	12,978
Net sales of completed construction contracts	1,301	1,028
Total net sales	<u>15,894</u>	<u>14,007</u>
Cost of sales		
Beginning merchandise and finished goods	982	1,259
Cost of purchased goods	3,898	3,546
Cost of products manufactured	7,172	6,465
Total	<u>12,053</u>	<u>11,271</u>
Finished goods transfer to other account	13	25
Ending merchandise and finished goods	1,259	1,126
Cost of merchandise and finished goods sold	<u>10,780</u>	<u>10,120</u>
Cost of sales of completed construction contracts	1,023	803
Total cost of sales	<u>11,803</u>	<u>10,923</u>
Gross profit	<u>4,090</u>	<u>3,083</u>
Selling, general and administrative expenses		
Freightage expenses	519	462
Salaries and allowances	1,303	1,279
Provision for bonuses	7	42
Provision for directors' retirement benefits	12	8
Retirement benefit expenses	100	103
Welfare expenses	223	228
Depreciation	157	141
Rent expenses	252	277
Provision of allowance for doubtful accounts	—	58
Research and development expenses	190	141
Provision for product warranties	25	494
Other	1,259	1,285
Total Selling, general and administrative expenses	<u>4,052</u>	<u>4,525</u>
Operating income (loss)	<u>38</u>	<u>(1,442)</u>
Non-operating income		
Interest income	2	2
Commission fee	40	46
Foreign exchange gain	6	47
Other	76	55
Total non-operating income	<u>126</u>	<u>151</u>
Non-operating expenses		
Interest expenses	45	41
Loss on sales of notes payable	15	13
Sales discounts	9	9
Other	11	7
Total non-operating expenses	<u>82</u>	<u>72</u>
Ordinary income (loss)	<u>82</u>	<u>(1,363)</u>
Extraordinary Income		
Gain on sales of noncurrent assets	0	—
Gain on sales of subsidiaries and affiliates' stocks	0	—
Gain on abolishment of retirement benefit plan	283	—
Total extraordinary Income	<u>285</u>	<u>—</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	9	27
Impairment loss	41	603
Loss on valuation of stocks of subsidiaries and affiliates	162	83
Provision for loss on business of subsidiaries and affiliates	30	554
Business structure improvement expenses	11	—
Loss from Adjustment of profit on sale of finished goods	—	129
Other	—	0
Total extraordinary losses	<u>255</u>	<u>1,399</u>
Income (loss) before income taxes	<u>111</u>	<u>(2,762)</u>
Income taxes-current	14	18
Total income taxes	<u>14</u>	<u>18</u>
Net income (loss)	<u>96</u>	<u>(2,781)</u>



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

	FY03/2012 (Apr.1,2011-Mar. 31,2012)	(Millions of yen) FY03/2013 (Apr.1,2012-Mar. 31,2013)
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	2,066	800
Changes of items during the period		
Reversal of legal capital surplus	(1,266)	—
Total changes of items during the period	<u>(1,266)</u>	<u>—</u>
Balance at the end of current period	<u>800</u>	<u>800</u>
Other capital surplus		
Balance at the beginning of current period	0	521
Changes of items during the period		
Reversal of legal capital surplus	1,266	—
Deficit disposition	(745)	—
Total changes of items during the period	<u>520</u>	<u>—</u>
Balance at the end of current period	<u>521</u>	<u>521</u>
Total capital surplus		
Balance at the beginning of current period	2,066	1,321
Changes of items during the period		
Deficit disposition	(745)	—
Total changes of items during the period	<u>(745)</u>	<u>—</u>
Balance at the end of current period	<u>1,321</u>	<u>1,321</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of current period	(745)	96
Changes of items during the period		
Deficit disposition	745	—
Net income (loss)	96	(2,781)
Total changes of items during the period	<u>842</u>	<u>(2,781)</u>
Balance at the end of current period	<u>96</u>	<u>(2,684)</u>
Total retained earnings		
Balance at the beginning of current period	(745)	96
Changes of items during the period		
Deficit disposition	745	—
Net income (loss)	96	(2,781)
Total changes of items during the period	<u>842</u>	<u>(2,781)</u>
Balance at the end of current period	<u>96</u>	<u>(2,684)</u>

	(Millions of yen)	
	FY03/2012	FY03/2013
	(Apr.1,2011-Mar. 31,2012)	(Apr.1,2012-Mar. 31,2013)
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>(335)</u>
Total shareholders' equity		
Balance at the beginning of current period	4,186	4,283
Changes of items during the period		
Net income (loss)	96	(2,781)
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	<u>96</u>	<u>(2,781)</u>
Balance at the end of current period	<u>4,283</u>	<u>1,501</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(191)	(173)
Changes of items during the period		
Net changes of items other than shareholders' equity	17	93
Total changes of items during the period	<u>17</u>	<u>93</u>
Balance at the end of current period	<u>(173)</u>	<u>(80)</u>
Total valuation and translation adjustments		
Balance at the beginning of current period	(191)	(173)
Changes of items during the period		
Net changes of items other than shareholders' equity	17	93
Total changes of items during the period	<u>17</u>	<u>93</u>
Balance at the end of current period	<u>(173)</u>	<u>(80)</u>
Total net assets		
Balance at the beginning of current period	3,995	4,109
Changes of items during the period		
Net income (loss)	96	(2,781)
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	17	93
Total changes of items during the period	<u>114</u>	<u>(2,688)</u>
Balance at the end of current period	<u>4,109</u>	<u>1,421</u>