

Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2014
(Six Months Ended September 30, 2013) <under Japanese GAAP> (Consolidated)

November 7, 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 to submit Securities Report : November 14, 2013
 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 Six Months Ended September 30, 2013 (April 1, 2013 - September 30, 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	%
Six months ended Sept. 30, 2013	8,107	1.6	(219)	-	(174)	-	(237)	-
Six months ended Sept. 30, 2012	7,977	(11.9)	(650)	-	(658)	-	(1,339)	-

Note: Comprehensive income (Millions of yen): Sept. 30, 2013: (230) (-%) Sept. 30, 2012: (1,390) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sept. 30, 2013	(12.66)	-
Six months ended Sept. 30, 2012	(71.49)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sept. 30, 2013	11,002	1,225	11.1	65.43
As of Mar. 31, 2013	11,468	1,455	12.7	77.74

Reference: Shareholders' equity (Millions of yen): Sept 30, 2013: 1,225 Mar. 31, 2013: 1,455

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended Mar. 31, 2013	-	0.00	-	0.00	0.00
Fiscal Year ending Mar. 31, 2014	-	0.00			
Fiscal Year ending Mar. 31, 2014 (forecast)			-	0.00	0.00

Notes: Revision of dividend forecast during the period: None

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
Fiscal Year ending Mar. 31, 2014	17,500	6.9	20	-	20	-	0	-	0.00

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

Notes

(1) Changes in significant subsidiaries (changes in specified subsidiaries accompanying changes in the scope of consolidation) during the period: None

New: — companies (Company name:)
Eliminated: — companies (Company name:)

(2) Application of special accounting methods for quarterly consolidated financial statements: None

(3) 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

(4) Number of shares outstanding (common shares)

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

As of Sept. 30, 2013:	19,572,000 share	As of Mar. 31, 2013:	19,572,000 shares
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2) Number of treasury stock at the end of the period

As of Sept. 30, 2013:	843,585 shares	As of Mar. 31, 2013:	842,706 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Six months ended Sept. 30, 2013:	18,728,565 shares	Six months ended Sept. 30, 2012:	18,732,443 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 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.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(Millions of yen)	
	FY03/2013 (As of Mar.31,2013)	2nd Quarter of FY03/2014 (As of Sept. 30,2013)
Assets		
Current assets		
Cash and deposits	1,327	1,005
Notes and accounts receivable-trade	2,654	2,257
Merchandise and finished goods	1,557	1,443
Work in process	541	497
Costs on uncompleted construction contracts	320	344
Raw materials and supplies	318	294
Deferred tax assets	1	0
Other	116	128
Allowance for doubtful accounts	(42)	(33)
<u>Total current assets</u>	<u>6,795</u>	<u>5,939</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,699	6,893
Accumulated depreciation	(4,679)	(4,705)
Buildings and structures, net	<u>2,020</u>	<u>2,187</u>
Land	1,207	1,207
Other	6,680	6,605
Accumulated depreciation	(6,178)	(5,887)
Other, net	501	718
<u>Total property, plant and equipment</u>	<u>3,729</u>	<u>4,113</u>
Intangible assets	171	153
Investments and other assets		
Investment securities	638	642
Other	651	680
Allowance for doubtful accounts	(518)	(525)
<u>Total investments and other assets</u>	<u>771</u>	<u>796</u>
<u>Total noncurrent assets</u>	<u>4,672</u>	<u>5,063</u>
<u>Total assets</u>	<u>11,468</u>	<u>11,002</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,100	3,032
Short-term loans payable	1,700	1,800
Current portion of long-term loans payable	361	341
Income taxes payable	50	32
Provision for bonuses	101	58
Provision for product warranties	444	408
Other	1,486	1,496
<u>Total current liabilities</u>	<u>7,244</u>	<u>7,170</u>
Noncurrent liabilities		
Long-term loans payable	1,080	910
Provision for retirement benefits	1,329	1,314
Provision for directors' retirement benefits	35	38
Other	322	344
<u>Total noncurrent liabilities</u>	<u>2,767</u>	<u>2,607</u>
<u>Total liabilities</u>	<u>10,012</u>	<u>9,777</u>
Net assets		
Shareholders' equity		
Capital stock	3,200	3,200
Capital surplus	1,321	1,321
Retained earnings	(2,528)	(2,765)
Treasury stock	(335)	(335)
<u>Total shareholders' equity</u>	<u>1,657</u>	<u>1,420</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(80)	(76)
Foreign currency translation adjustment	(121)	(118)
<u>Accumulated other comprehensive income</u>	<u>(201)</u>	<u>(194)</u>
<u>Total net assets</u>	<u>1,455</u>	<u>1,225</u>
<u>Total liabilities and net assets</u>	<u>11,468</u>	<u>11,002</u>

(2) Consolidated Statements of Income
and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	(Millions of yen)	
	2nd Quarter of FY03/2013 (Apr.1,2012-Sept.30,2012)	2nd Quarter of FY03/2014 (Apr.1,2013-Sept.30,2013)
Net sales	7,977	8,107
Cost of sales	5,728	5,752
Gross profit	2,248	2,355
Selling, general and administrative expenses	2,898	2,575
Operating income (loss)	(650)	(219)
Non-operating income		
Interest income	0	0
Rent income	11	23
Other	29	54
Total non-operating income	42	78
Non-operating expenses		
Interest expenses	24	21
Sales discounts	4	6
Foreign exchange loss	11	—
Other	10	5
Total non-operating expenses	50	33
Ordinary income (loss)	(658)	(174)
Extraordinary Income		
Gain on sales of noncurrent assets	—	93
Total extraordinary Income	—	93
Extraordinary loss		
Loss on retirement of noncurrent assets	9	13
Impairment loss	603	—
Loss on lead trouble measures	—	119
Provision of allowance for investment loss	38	—
Total extraordinary losses	650	132
Income (loss) before income taxes	(1,309)	(214)
Income taxes-current	29	22
Income taxes-deferred	0	0
Total income taxes	29	23
Income (loss) before minority interests	(1,339)	(237)
Net income (loss)	(1,339)	(237)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	2nd Quarter of FY03/2013 (Apr.1,2012-Sept.30,2012)	2nd Quarter of FY03/2014 (Apr.1,2013-Sept.30,2013)
Income(loss) before minority interests	(1,339)	(237)
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	3
Foreign currency translation adjustment	(5)	2
Other comprehensive income	(51)	6
<u>Comprehensive income</u>	<u>(1,390)</u>	<u>(230)</u>
Comprehensive income attributable to owners of the parent	(1,390)	(230)
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Cash Flows

(Millions of yen)

2nd Quarter of FY03/2013 2nd Quarter of FY03/2014
 (Apr.1,2012-Sept.30,2012) (Apr.1,2013-Sept.30,2013)

Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(1,309)	(214)
Depreciation and amortization	254	193
Impairment loss	603	—
Increase (decrease) in allowance for doubtful accounts	43	(2)
Increase (decrease) in provision for bonuses	(85)	(42)
Increase (decrease) in provision for product warranties	266	(35)
Increase (decrease) in provision for retirement benefits	71	(15)
Increase (decrease) in allowance for investment loss	38	—
Interest and dividends income	(8)	(6)
Interest expenses	24	21
Loss (gain) on sales of property, plant and equipment	—	(93)
Loss on retirement of noncurrent assets	9	13
Loss on lead trouble measures	—	119
Decrease (increase) in notes and accounts receivable-trade	643	398
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	1	(7)
Decrease (increase) in inventories	20	159
Increase (decrease) in notes and accounts payable-trade	(414)	(69)
Other, net	(68)	(245)
Subtotal	90	174
Interest and dividends income received	8	6
Interest expenses paid	(24)	(21)
Income taxes paid	(48)	(42)
Net cash provided by (used in) operating activities	25	117
Net cash provided by (used in) investment activities		
Payments into time deposits	(74)	(98)
Proceeds from withdrawal of time deposits	175	118
Purchase of property, plant and equipment	(81)	(334)
Proceeds from sales of property, plant and equipment	—	100
Other, net	2	(30)
Net cash provided by (used in) investment activities	21	(244)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	334	100
Repayment of long-term loans payable	(157)	(190)
Repayments of lease obligations	(38)	(86)
Purchase of treasury stock	(0)	(0)
Net cash provided by (used in) financing activities	137	(176)
Effect of exchange rate change on cash and cash equivalents	(2)	0
Net increase (decrease) in cash and cash equivalents	182	(302)
Cash and cash equivalents at beginning of period	924	1,201
Cash and cash equivalents at end of period	1,106	898

[Segment Information]

I Second Quarter of FY03/2013 (Apr. 1, 2012 –Sep. 30, 2012)

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

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income
Net sales							
(1)Sales to Outside Customers	4,709	2,461	795	11	7,977	-	7,977
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	4,709	2,461	795	11	7,977	-	7,977
Segment profit (loss) (Operating income (loss))	(182)	27	(188)	2	(342)	(308)	(650)

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

2. Segment income adjustment of 308 million yen consists of expenses related to Strategic Planning Headquarters, Technical Headquarters and Administrative Headquarters that do not belong to the reportable segments.

2. Information regarding impairment loss on fixed assets and goodwill by reportable segment

No reportable information.

II Second Quarter of FY03/2014 (Apr. 1, 2013 –Sep. 30, 2013)

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

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Functional Ceramics Product	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income
Net sales							
(1)Sales to Outside Customers	4,925	2,026	1,153	2	8,107	-	8,107
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	4,925	2,026	1,153	2	8,107	-	8,107
Segment profit (loss) (Operating income (loss))	81	(91)	126	1	119	(338)	(219)

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

2. Segment income adjustment of 338 million yen consists of expenses related to Strategic Planning Headquarters, Technical Headquarters and Administrative Headquarters that do not belong to the reportable segments.

3. Effective from the third quarter of 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.

2. Information regarding impairment loss on fixed assets and goodwill by reportable segment

No reportable information.

[Supplementary Information]

Sales by Segment

(Millions of yen, rounded down)

Industry Segment	2nd Quarter of FY03/2013 (Apr. 1, 2012 – Sept. 30, 2012)		2nd Quarter of FY03/2014 (Apr. 1, 2013 – Sept. 30, 2013)		FY03/2013 (Apr. 1, 2012 - Mar. 31, 2013)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	4,709	59.0%	4,925	60.7%	9,847	60.1%
Tabletop	2,461	30.9	2,026	25.0	4,699	28.7
Functional Ceramics Product	795	10.0	1,153	14.2	1,800	11.0
Other	11	0.1	2	0.1	26	0.2
Total	7,977	100.0	8,107	100.0	16,374	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	2nd Quarter of FY03/2013 (Apr. 1, 2012- Sept. 30, 2012)		2nd Quarter of FY03/2014 (Apr. 1, 2013- Sept. 30, 2013)		FY03/2013 (Apr. 1, 2012 - Mar. 31, 2013)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Housing & Environmental Equipment	0	0.0%	-	-%	0	0.0%
Tabletop	616	25.1	465	23.0	1,138	24.2
Functional Ceramics Product	228	28.7	440	38.2	556	30.9
Other	-	-	0	21.5	1	5.4
Total	845	10.6	906	11.2	1,697	10.4