

**Financial Results for the First Quarter of Fiscal Year Ending March 31, 2015**  
**(Three Months Ended June 30, 2014) <under Japanese GAAP> (Consolidated)**

August 7, 2014

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 : August 12, 2014  
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 Three Months Ended June 30, 2014 (April 1, 2014 - June 30, 2014)**

(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	%
Three months ended June 30, 2014	3,787	(8.2)	(181)	-	(169)	-	(329)	-
Three months ended June 30, 2013	4,126	6.6	(38)	-	(7)	-	(21)	-

Note: Comprehensive income (Millions of yen) : June 30, 2014: (227) ( -%) June 30, 2013: (30) ( -%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June. 30, 2014	(17.61)	-
Three months ended June. 30, 2013	(1.16)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2014	10,254	443	4.3	23.70
As of Mar. 31, 2014	10,705	671	6.3	35.85

Reference: Shareholders' equity (Millions of yen) : June 30, 2014: 443 Mar. 31, 2014: 671

**2. Dividends**

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2014	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2015	-				
Year ending Mar. 31, 2015 (forecast)		0.00	-	0.00	0.00

Notes: Revision of dividend forecast during the period: None

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)**

(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	17,000	2.2	20	-	20	-	(150)	-	(8.01)

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

Consolidated forecast for the six months ending September 30, 2014 have not been disclosed because the Company and its subsidiaries track performance on an annual basis only.

#### 4. 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 : Yes  
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  
June 30, 2014 : 19,572,000 shares Mar. 31, 2014 : 19,572,000 shares  
2) Number of treasury stock at the end of the period  
June 30, 2014 : 847,607 shares Mar. 31, 2014 : 845,323 shares  
3) Average number of shares issued during the period (cumulative; consolidated)  
Three months ended June 30, 2014 : 18,725,391 shares Three months ended June 30, 2013 : 18,728,638 shares

\*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.

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

	FY03/2014 (As of Mar.31,2014)	(Millions of yen) First quarter of FY03/2015 (As of June 30,2014)
<b>Assets</b>		
Current assets		
Cash and deposits	501	915
Notes and accounts receivable-trade	2,711	2,183
Merchandise and finished goods	1,374	1,495
Work in process	573	524
Costs on uncompleted construction contracts	329	343
Raw materials and supplies	290	296
Deferred tax assets	0	0
Other	128	156
Allowance for doubtful accounts	(24)	(19)
<b>Total current assets</b>	<b>5,885</b>	<b>5,896</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,705	6,790
Accumulated depreciation	(4,599)	(4,630)
Buildings and structures, net	2,106	2,159
Machinery, equipment and vehicles	4,861	4,866
Accumulated depreciation	(4,596)	(4,619)
Machinery, equipment and vehicles, net	264	247
Tools, furniture and fixtures	1,209	1,249
Accumulated depreciation	(1,144)	(1,158)
Tools, furniture and fixtures, net	65	91
Land	1,194	1,159
Lease assets	557	496
Accumulated depreciation	(241)	(223)
Lease assets, net	316	273
Construction in progress	45	43
<b>Total property, plant and equipment</b>	<b>3,992</b>	<b>3,973</b>
Intangible assets		
Lease assets	10	6
Other	111	103
<b>Total intangible assets</b>	<b>122</b>	<b>110</b>
Investments and other assets		
Investment securities	573	137
Claims provable in bankruptcy, claims provable in rehabilitation and other	516	515
Other	131	136
Allowance for doubtful accounts	(516)	(515)
<b>Total investments and other assets</b>	<b>704</b>	<b>274</b>
<b>Total noncurrent assets</b>	<b>4,820</b>	<b>4,358</b>
<b>Total assets</b>	<b>10,705</b>	<b>10,254</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,256	3,128
Short-term loans payable	1,800	1,800
Current portion of long-term loans payable	335	269
Lease obligations	183	180
Income taxes payable	57	24
Provision for bonuses	54	82
Provision for product warranties	389	366
Other	1,240	1,298
<b>Total current liabilities</b>	<b>7,317</b>	<b>7,150</b>
Noncurrent liabilities		
Long-term loans payable	745	708
Lease obligations	155	109
Provision for directors' retirement benefits	36	39
Net defined benefit liability	1,654	1,649
Deferred tax liabilities	—	8
Other	123	144
<b>Total noncurrent liabilities</b>	<b>2,716</b>	<b>2,660</b>
<b>Total liabilities</b>	<b>10,034</b>	<b>9,811</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,200	3,200
Capital surplus	1,321	1,321
Retained earnings	(3,005)	(3,335)
Treasury stock	(335)	(336)
<b>Total shareholders' equity</b>	<b>1,179</b>	<b>849</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(86)	0
Foreign currency translation adjustment	(116)	(116)
Remeasurements of defined benefit plans	(305)	(289)
<b>Total accumulated other comprehensive income</b>	<b>(508)</b>	<b>(405)</b>
<b>Total net assets</b>	<b>671</b>	<b>443</b>
<b>Total liabilities and net assets</b>	<b>10,705</b>	<b>10,254</b>

**(2) Consolidated quarterly statements of income  
and consolidated quarterly statements of comprehensive income**

**Consolidated quarterly statements of income**

(Millions of yen)

	First quarter of FY03/2014 (Apr.1,2013-June30,2013)	First quarter of FY03/2015 (Apr.1,2014-June30,2014)
Net sales	4,126	3,787
Cost of sales	2,944	2,764
Gross profit	1,181	1,022
Selling, general and administrative expenses	1,220	1,204
Operating income (loss)	(38)	(181)
Non-operating income		
Interest income	0	0
Dividends income	6	6
Rent income	11	8
Foreign exchange gains	13	—
Other	17	16
Total non-operating income	48	31
Non-operating expenses		
Interest expenses	11	10
Foreign exchange loss	—	2
Other	5	5
Total non-operating expenses	16	19
Ordinary income (loss)	(7)	(169)
Extraordinary Income		
Gain on sales of noncurrent assets	—	1
Total extraordinary Income	—	1
Extraordinary loss		
Loss on sales of noncurrent assets	—	11
Loss on retirement of noncurrent assets	0	—
Loss on sales of investment securities	—	123
Total extraordinary losses	0	134
Income (loss) before income taxes	(7)	(302)
Income taxes-current	14	18
Income taxes-deferred	0	8
Total income taxes	14	27
Income (loss) before minority interest	(21)	(329)
Net income (loss)	(21)	(329)

**Consolidated quarterly statements of comprehensive income**

(Millions of yen)

	First quarter of FY03/2014 (Apr.1,2013-June30,2013)	First quarter of FY03/2015 (Apr.1,2014-June30,2014)
Income(loss) before minority interests	(21)	(329)
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	86
Foreign currency translation adjustment	3	(0)
Remeasurements of defined benefit plans, net of tax	—	16
Other comprehensive income	(8)	102
Comprehensive income	(30)	(227)
Comprehensive income attributable to owners of the parent	(30)	(227)
Comprehensive income attributable to minority interests	—	—

## [Segment Information]

I First Quarter of FY03/2013 (Apr. 1, 2013 - June 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 on the consolidated financial statements
Net sales							
Sales to Outside Customers	2,429	1,087	609	0	4,126	-	4,126
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	2,429	1,087	609	0	4,126	-	4,126
Segment profit (loss) (Operating income (loss))	95	(20)	57	0	132	(171)	(38)

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

2. Segment income adjustment of 171 million yen consists of expenses related to departments 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 First Quarter of FY03/2015 (Apr. 1, 2014 - June 30, 2014)

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 on the consolidated financial statements
Net sales							
Sales to Outside Customers	2,465	774	547	-	3,787	-	3,787
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	2,465	774	547	-	3,787	-	3,787
Segment profit (loss) (Operating income (loss))	28	(53)	9	(9)	(25)	(156)	(181)

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

2. Segment income adjustment of 156 million yen consists of expenses related to departments that do not belong to the reportable segments.

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	First Quarter of FY03/2014 (Apr. 1, 2013 - June 30, 2013)		First Quarter of FY03/2015 (Apr. 1, 2014 - June 30, 2014)		FY03/2014 (Apr. 1, 2013 - Mar. 31, 2014)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	2,429	58.9%	2,465	65.1%	10,296	61.9%
Tabletop	1,087	26.3	774	20.5	4,110	24.7
Functional Ceramics Product	609	14.8	547	14.4	2,230	13.4
Other	0	0.0	-	-	2	0.0
Total	4,126	100.0	3,787	100.0	16,639	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	First Quarter of FY03/2014 (Apr. 1, 2013 - June 30, 2013)		First Quarter of FY03/2015 (Apr. 1, 2014 - June 30, 2014)		FY03/2014 (Apr. 1, 2013 - Mar. 31, 2014)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Housing & Environmental Equipment	-	-%	-	-%	-	-%
Tabletop	242	22.3	190	24.6	1,006	24.5
Functional Ceramics Product	251	41.2	166	30.3	738	33.1
Other	0	88.3	-	-	0	21.5
Total	494	12.0	356	9.4	1,745	10.5