

Consolidated Financial Results for the Nine Months of Fiscal Year Ending March 31, 2017 <under Japanese GAAP>

February 10, 2017

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section
 URL : http://www.nikko-company.co.jp/
 Representative : Akiko Mitani, Chief Executive Officer
 Contact : Kazuya Nunokawa, Managing Officer (Phone: +81-76-276-2121)
 Scheduled date to submit Securities Report : February 14, 2017
 Scheduled date to begin dividend payments : -
 Preparation of supplementary materials for quarterly financial results : None
 Holding of quarterly financial results meeting : None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2016 (April 1, 2016 - December 31, 2016)

(1) Consolidated operating results (Percentage figures represent changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	9,492	(5.6)	39	-	89	-	40	-
Nine months ended December 31, 2015	10,051	(12.5)	(464)	-	(432)	-	(599)	-

Note: Comprehensive income (Millions of yen): December 31, 2016: 54 (-%) December 31, 2015: (567) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2016	1.72	-
Nine months ended December 31, 2015	(25.69)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2016	9,414	737	7.8	31.64
As of March 31, 2016	9,317	683	7.3	29.29

Reference: Shareholders' equity (Millions of yen): December 31, 2016: 737 March 31, 2016: 683

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2016	-	0.00	-	0.00	0.00
Fiscal Year ending March 31, 2017	-	0.00	-		
Fiscal Year ending March 31, 2017 (forecast)				0.00	0.00

Notes: Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	13,800	1.1	120	-	100	-	40	-	1.72

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

4. Notes

(1) Changes in significant subsidiaries during the period: Yes
 (Changes in specified subsidiaries accompanying changes in the scope of consolidation)
 Newly added:- Excluded: 1 Nikko ME Co., Ltd.

(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

December 31, 2016 :	24,172,000 shares	March 31, 2016 :	24,172,000 shares
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- 2) Number of treasury stock at the end of the period

December 31, 2016 :	855,702 shares	March 31, 2016 :	853,064 shares
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- 3) Average number of shares issued during the period

Nine months ended December 31, 2016 :	23,317,178 shares	Nine months ended December 31, 2015 :	23,320,401 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 Quarterly Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	982	1,172
Notes and accounts receivable-trade	1,992	1,857
Merchandise and finished goods	1,200	1,357
Work in process	632	533
Costs on uncompleted construction contracts	282	489
Raw materials and supplies	228	236
Deferred tax assets	1	—
Other	145	80
Allowance for doubtful accounts	(4)	(6)
Total current assets	5,460	5,721
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,730	6,726
Accumulated depreciation	(4,783)	(4,890)
Buildings and structures, net	1,946	1,835
Machinery, equipment and vehicles	4,600	4,566
Accumulated depreciation	(4,296)	(4,319)
Machinery, equipment and vehicles, net	304	246
Tools, furniture and fixtures	1,222	1,271
Accumulated depreciation	(1,101)	(1,146)
Tools, furniture and fixtures, net	121	124
Land	1,121	1,121
Lease assets	251	186
Accumulated depreciation	(173)	(140)
Lease assets, net	78	46
Construction in progress	5	71
Total property, plant and equipment	3,576	3,444
Intangible assets		
Lease assets	3	2
Other	106	84
Total intangible assets	109	86
Investments and other assets		
Investment securities	55	55
Claims provable in bankruptcy, claims provable in rehabilitation and other	490	491
Deferred tax assets	2	—
Other	112	106
Allowance for doubtful accounts	(491)	(491)
Total investments and other assets	170	161
Total noncurrent assets	3,856	3,693
Total assets	9,317	9,414
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,387	2,441
Short-term loans payable	2,540	2,530
Current portion of long-term loans payable	382	348
Lease obligations	46	29
Income taxes payable	45	61
Provision for bonuses	44	20
Provision for product warranties	242	235
Other	870	1,182
Total current liabilities	6,559	6,849
Noncurrent liabilities		
Long-term loans payable	565	361
Lease obligations	37	19
Deferred tax liabilities	6	6
Provision for directors' retirement benefits	48	23
Net defined benefit liability	1,282	1,291
Other	133	124
Total noncurrent liabilities	2,075	1,827
Total liabilities	8,634	8,676
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,778)	(3,738)
Treasury stock	(336)	(337)
Total shareholders' equity	939	979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(112)	(114)
Remeasurements of defined benefit plans	(143)	(127)
Total accumulated other comprehensive income	(256)	(241)
Total net assets	683	737
Total liabilities and net assets	9,317	9,414

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

Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	10,051	9,492
Cost of sales	7,247	6,627
Gross profit	2,804	2,864
Selling, general and administrative expenses	3,269	2,824
Operating income (loss)	(464)	39
Non-operating income		
Interest income	1	0
Rent income	37	44
Foreign exchange gains	5	23
Other	35	26
Total non-operating income	80	94
Non-operating expenses		
Interest expenses	27	28
Other	20	15
Total non-operating expenses	47	44
Ordinary income (loss)	(432)	89
Extraordinary Income		
Gain on sales of noncurrent assets	—	1
Gain on sales of investment securities	1	—
Outplacement bounty	—	9
Total extraordinary Income	1	10
Extraordinary loss		
Loss on retirement of noncurrent assets	—	2
Loss on valuation of investment securities	2	—
Loss on fire	—	16
Business structure improvement expenses	133	—
Total extraordinary losses	136	18
Income (loss) before income taxes	(566)	81
Income taxes-current	31	39
Income taxes-deferred	0	2
Total income taxes	32	41
Profit (loss)	(599)	40
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	(599)	40

Consolidated Quarterly Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit (loss)	(599)	40
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	0	(1)
Remeasurements of defined benefit plans, net of tax	32	16
Other comprehensive income	32	14
Comprehensive income	(567)	54
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(567)	54
Comprehensive income attributable to minority interests	—	—

[Consolidated Segment Information]

Nine months ended December 31, 2015 (April 1, 2015 - December 31, 2015)

(Millions of yen, rounded down)

	Functional Ceramics Product	Housing & Environmental Equipment	Tabletop	Segment total	Adjustment (Note)	Amounts shown on consolidated statements of income
Net sales						
Sales to Outside Customers	1,845	6,437	1,767	10,051	-	10,051
Intersegment sales or Transfers	-	-	-	-	-	-
Total	1,845	6,437	1,767	10,051	-	10,051
Segment profit (loss) (Operating income (loss))	230	67	(266)	31	(495)	(464)

Notes: Segment income adjustment of 495 million yen consists of expenses related to departments that do not belong to the reportable segments.

Nine months ended December 31, 2016 (April 1, 2016 - December 31, 2016)

(Millions of yen, rounded down)

	Functional Ceramics Product	Housing & Environmental Equipment	Tabletop	Segment total	Adjustment (Note)	Amounts shown on consolidated statements of income
Net sales						
Sales to Outside Customers	1,660	6,378	1,453	9,492	-	9,492
Intersegment sales or Transfers	-	-	-	-	-	-
Total	1,660	6,378	1,453	9,492	-	9,492
Segment profit (loss) (Operating income (loss))	249	218	(74)	394	(355)	39

Notes: Segment income adjustment of 355 million yen consists of expenses related to departments that do not belong to the reportable segments.