

Consolidated Financial Results for the Three Months of Fiscal Year Ending March 31, 2018 <under Japanese GAAP>

August 8, 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, Chief Financial Officer (Phone: +81-76-276-2121)
 Scheduled date to submit Securities Report : August 9, 2017
 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 Three Months Ended June 30, 2017 (April 1, 2017 - June 30, 2017)

(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	%
Three months ended June 30, 2017	2,973	1.7	(23)	-	(23)	-	(31)	-
Three months ended June 30, 2016	2,924	(7.1)	(82)	-	(117)	-	(121)	-

Note: Comprehensive income (Millions of yen) : June 30, 2017 : (22) (-%) June 30, 2016 : (110) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2017	(1.35)	-
Three months ended June 30, 2016	(5.20)	-

* Effective from the first quarter consolidated accounting period, the revenue previously included in "Rent income" under "Non-operating income" is described as "Net sales". The expenses previously included in "Selling, general and administrative expenses" is described as "Cost of sales" 'Three months ended June 30, 2016' on (1) consolidated operating results is also stated according to the above way.

(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, 2017	9,148	806	8.8	34.61
Year ended Mar. 31, 2017	9,273	829	8.9	35.57

Reference: Shareholders' equity (Millions of yen) : June 30, 2017: 806 Mar. 31, 2017: 829

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, 2017	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2018	-				
Year ending Mar. 31, 2018 (forecast)		0.00	-	0.00	0.00

Consolidated quarterly Financial Statements

(1) Consolidated Balance Sheet

	FY03/2017 (As of Mar.31,2017)	(Millions of yen) FY03/2018 (As of June 30,2017)
Assets		
Current assets		
Cash and deposits	1,158	1,165
Notes and accounts receivable-trade	1,795	1,558
Merchandise and finished goods	1,439	1,417
Work in process	515	585
Costs on uncompleted construction contracts	348	509
Raw materials and supplies	241	231
Other	164	74
Allowance for doubtful accounts	(2)	(2)
Total current assets	5,661	5,540
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,765	6,767
Accumulated depreciation	(4,923)	(4,963)
Buildings and structures, net	1,842	1,803
Machinery, equipment and vehicles	4,378	4,380
Accumulated depreciation	(4,133)	(4,149)
Machinery, equipment and vehicles, net	244	230
Tools, furniture and fixtures	1,226	1,234
Accumulated depreciation	(1,116)	(1,131)
Tools, furniture and fixtures, net	109	102
Land	1,121	1,121
Lease assets	120	120
Accumulated depreciation	(84)	(90)
Lease assets, net	36	30
Construction in progress	12	82
Total property, plant and equipment	3,366	3,370
Intangible assets		
Lease assets	1	1
Other	83	77
Total intangible assets	85	78
Investments and other assets		
Investment securities	55	56
Other	105	103
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	159	158
Total noncurrent assets	3,611	3,608
Total assets	9,273	9,148
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,499	2,437
Short-term loans payable	2,460	2,450
Current portion of long-term loans payable	334	299
Lease obligations	23	22
Income taxes payable	32	19
Provision for bonuses	81	41
Provision for product warranties	221	214
Other	1,080	1,171
Total current liabilities	6,734	6,656
Noncurrent liabilities		
Long-term loans payable	231	201
Lease obligations	14	9
Deferred tax liabilities	6	6
Provision for directors' retirement benefits	25	26
Net defined benefit liability	1,311	1,321
Other	119	119
Total noncurrent liabilities	1,709	1,685
Total liabilities	8,443	8,341
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,652)	(3,683)
Treasury stock	(337)	(337)
Total shareholders' equity	1,065	1,033
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(113)	(113)
Remeasurements of defined benefit plans	(123)	(114)
Total accumulated other comprehensive income	(235)	(226)
Total net assets	829	806
Total liabilities and net assets	9,273	9,148

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

Consolidated quarterly statements of income

	FY03/2017 (Apr. 1, 2016-June 30,2016)	(Millions of yen) FY03/2018 (Apr. 1, 2017-June 30,2017)
Net sales	2,924	2,973
Cost of sales	2,078	2,030
Gross profit	845	943
Selling, general and administrative expenses	928	966
Operating income (loss)	(82)	(23)
Non-operating income		
Interest income	0	—
Rent income	2	2
Commission fee	2	3
Gain on sales of wastes	3	4
Other	3	1
Total non-operating income	12	11
Non-operating expenses		
Interest expenses	10	7
Sales discounts	2	2
Foreign exchange loss	30	—
Other	3	2
Total non-operating expenses	47	12
Ordinary income (loss)	(117)	(23)
Extraordinary Income		
Outplacement bounty	9	—
Total extraordinary Income	9	—
Extraordinary loss		
Loss on fire	11	—
Total extraordinary losses	11	—
Income (loss) before income taxes and minority interests	(119)	(23)
Income taxes-current	5	7
Income taxes-deferred	(3)	(0)
Total income taxes	2	7
Profit (loss)	(121)	(31)
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	(121)	(31)

Consolidated quarterly statements of comprehensive income

	FY03/2017 (Apr. 1, 2016-June 30,2016)	(Millions of yen) FY03/2018 (Apr. 1, 2017-June 30,2017)
Profit (loss)	(121)	(31)
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	3	0
Remeasurements of defined benefit plans, net of tax	7	8
Other comprehensive income	10	9
Comprehensive income	(110)	(22)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(110)	(22)
Comprehensive income attributable to non-controlling interests	—	—