

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 : Kazuya Nunokawa, Chief Financial Officer (Phone: +81-76-276-2121) Contact 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.)

		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
Villions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2,973	1.7	(23)	-	(23)	-	(31)	-
2,924	(7.1)	(82)	-	(117)	-	(121)	-
	2,973	2,973 1.7 2,924 (7.1)	2,973 1.7 (23) 2,924 (7.1) (82)	2,973 1.7 (23) - 2,924 (7.1) (82) -	2,973 1.7 (23) - (23) 2,924 (7.1) (82) - (117)	2,973 1.7 (23) - (23) - 2,924 (7.1) (82) - (117) -	2,973 1.7 (23) - (23) - (31) 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	2Q-end 3Q-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	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 - March 31, 2018)

(Percentage figures represent changes from the same period of the previous year.									
	Net sales		Operating income		Ordinary income		Profit attributable		Net income
	Not baloo						to owners of parent		per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	13,300	3.0	150	127.7	200	196.7	120	(5.1)	5.15

Revision of projected consolidated performance during the period : None

the above figures also follows the same way of 1.(1).

The Group analyzes and makes decisions on investment and management scales and results, etc. from the viewpoint of improving corporate value over the medium to long term without falling into short-term or speculative perspectives. On the other hand, in addition to requests for active disclosure of future forecast information by stock exchanges, we carefully considered the opinion of some investors who recognize the usefulness of the next term performance forecasts, and forecast consolidated earnings forecasts for March 2018 we disclose.

In accordance with this purpose, there is no plan to do anything for quarterly earnings projections in the future.

%Notes

(1) Changes in major subsidiaries during the period : None

(2) Application of special accounting methods for guarterly 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

June 30, 2017 : 24,172,000 shares Mar. 31, 2017 : 24,172,000 shares

- 2) Number of treasury stock at the end of the period June 30, 2017 : 858.666 shares Mar. 31, 2017 : 858.236 shares
- Average number of shares issued during the period (cumulative; consolidated) Three months ended June 30, 2017 : 23,313,745 shares Three months ended June 30, 2016 : 23,318,645 shares

* The current quarterly financial statements are not subject to a quarterly review.

*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.

*Please refer to the first quarter report of the 93th Fiscal Period to be submitted on August 9, 2017 for the outlook of business results and financial condition.

This report is based on EDINET (Electronic Disclosure System on Disclosure Documents of Securities Reports etc. under the Financial Instruments and Exchange Act) Please refter to (http://disclosure.edinet-fsa.go.jp/)

NIKKO COMPANY

Consolidated quarterly Financial Statements

) Consolidated Balance Sheet	FY03/2017	(Millions of yen FY03/2018	
	(As of Mar.31,2017)	(As of June 30,2017	
ssets	·	· · · · ·	
Current assets			
Cash and deposits	1,158	1,165	
Notes and accounts receivable-trade	1,795	1,558	
Merchandise and finished goods Work in process	1,439 515	1,417 585	
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 Machinery, equipment and vehicles, net	<u>(4,133)</u> 244	(4,149	
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		
Other Total intangible assets	83	77 78	
Investments and other assets	85	10	
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	
abilities			
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	20	
Lease obligations	14	(
	6	(
Deferred tax liabilities		26	
Provision for directors' retirement benefits	25	1 20/	
Provision for directors' retirement benefits Net defined benefit liability	1,311		
Provision for directors' retirement benefits Net defined benefit liability Other	1,311 119	119	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities	1,311 119 1,709	11 1,68	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities Total liabilities	1,311 119	11 1,68	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities Total liabilities et assets	1,311 119 1,709	11 1,68	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities Total liabilities	1,311 119 1,709	111 1,683 8,34	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities Total liabilities et assets Shareholders' equity	1,311 119 1,709 8,443	119 1,689 8,34 3,470	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities tassets Shareholders' equity Capital stock	1,311 119 1,709 8,443 3,470	115 1,685 8,34 3,470 1,584	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities tassets Shareholders' equity Capital stock Capital surplus Retained earnings Treasury stock	1,311 119 1,709 8,443 3,470 1,584	119 1,68 8,34 3,47 1,58 (3,68	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities tassets Shareholders' equity Capital stock Capital surplus Retained earnings Treasury stock Total shareholders' equity	1,311 119 1,709 8,443 3,470 1,584 (3,652)	111 1,68 8,34 3,47 1,58 (3,68 (3,68 (33)	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities tassets Shareholders' equity Capital stock Capital stock Capital surplus Retained earnings Treasury stock Total shareholders' equity Accumulated other comprehensive income	1,311 119 1,709 8,443 3,470 1,584 (3,652) (337) 1,065	119 1,68 8,34 3,47 1,58 (3,68 (3,68 (3,37 1,03)	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities Total liabilities et assets Shareholders' equity Capital stock Capital surplus Retained earnings Treasury stock Total shareholders' equity Accumulated other comprehensive income Valuation difference on available-for-sale securities	1,311 119 1,709 8,443 3,470 1,584 (3,652) (337) 1,065 0	119 1,689 8,34 3,470 1,584 (3,685 (337 1,035) (
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities Total liabilities et assets Shareholders' equity Capital stock Capital stock Capital surplus Retained earnings Treasury stock Total shareholders' equity Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment	1,311 119 1,709 8,443 3,470 1,584 (3,652) (337) 1,065 0 (113)	119 1,685 8,34 ⁻ 3,47(1,584 (3,683 (337 1,033 (1,035) (113)	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities Total liabilities et assets Shareholders' equity Capital stock Capital stock Capital surplus Retained earnings Treasury stock Total shareholders' equity Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans	1,311 119 1,709 8,443 3,470 1,584 (3,652) (337) 1,065 0 (113) (123)	119 1,685 8,34 3,470 1,584 (3,685 (337 1,035 (113 (114)	
Provision for directors' retirement benefits Net defined benefit liability Other Total noncurrent liabilities Total liabilities et assets Shareholders' equity Capital stock Capital stock Capital surplus Retained earnings Treasury stock Total shareholders' equity Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment	1,311 119 1,709 8,443 3,470 1,584 (3,652) (337) 1,065 0 (113)	1,321 119 1,685 8,341 3,470 1,584 (3,683 (337 1,033 (337 1,033 (114 (114 (226 806	

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

Consolidated quarterly statements of income

Consolidated quarterly statements of income		
		(Millions of yen)
	FY03/2017	FY03/2018
	(Apr.1, 2016-June 30,2016)	(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	(Millions of yen) FY03/2018
	(Apr.1, 2016-June 30,2016)	(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 p	arent (110)	(22)
Comprehensive income attributable to non-controlling	interests —	_