

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

February 8, 2018

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 : February 9, 2018
 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 Nine Months Ended December 31, 2017 (April 1, 2017 - December 31, 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	%
Nine months ended December 31, 2017	9,971	4.6	78	2.3	91	2.1	69	74.3
Nine months ended December 31, 2016	9,529	(5.2)	76	-	89	-	40	-

Note: Comprehensive income (Millions of yen) : December 31, 2017 : 96 (76.2%) December 31, 2016 : 54 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2017	3.00	-
Nine months ended December 31, 2016	1.72	-

* 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" 'Nine months ended December 31, 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 December 31, 2017	9,583	925	9.7	39.71
As of March 31, 2017	9,273	829	8.9	35.57

Reference: Shareholders' equity (Millions of yen) : December 31, 2017: 925 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
Fiscal Year ended March 31, 2017	-	0.00	-	0.00	0.00
Fiscal Year ending March 31, 2018	-	0.00	-		
Fiscal Year ending March 31, 2018 (forecast)				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 to owners of parent		Net income 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 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

December 31, 2017	:24,172,000 shares	Mar. 31, 2017	: 24,172,000 shares
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 - 2) Number of treasury stock at the end of the period

December 31, 2017	: 863,046 shares	Mar. 31, 2017	: 858,236 shares
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 - 3) Average number of shares issued during the period (cumulative; consolidated)

Nine months ended December 31, 2017	: 23,311,509 shares	Nine months ended December 31, 2016	: 23,317,178 shares
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* 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 third quarter report of the 93th Fiscal Period to be submitted on February 9, 2018 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 refer to (<http://disclosure.edinet-fsa.go.jp/>)

Consolidated quarterly Financial Statements

(1) Consolidated Balance Sheet

	(Millions of yen)	
	FY03/2017	FY03/2018
	(As of Mar.31,2017)	(As of Dec.31,2017)
Assets		
Current assets		
Cash and deposits	1,158	1,174
Notes and accounts receivable-trade	1,795	1,833
Merchandise and finished goods	1,439	1,458
Work in process	515	562
Costs on uncompleted construction contracts	348	652
Raw materials and supplies	241	260
Other	164	68
Allowance for doubtful accounts	(2)	(2)
Total current assets	5,661	6,007
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,765	6,811
Accumulated depreciation	(4,923)	(5,044)
Buildings and structures, net	1,842	1,766
Machinery, equipment and vehicles	4,378	4,508
Accumulated depreciation	(4,133)	(4,197)
Machinery, equipment and vehicles, net	244	310
Tools, furniture and fixtures	1,226	1,268
Accumulated depreciation	(1,116)	(1,169)
Tools, furniture and fixtures, net	109	99
Land	1,121	1,121
Lease assets	120	103
Accumulated depreciation	(84)	(84)
Lease assets, net	36	18
Construction in progress	12	35
Total property, plant and equipment	3,366	3,352
Intangible assets		
Lease assets	1	0
Other	83	65
Total intangible assets	85	65
Investments and other assets		
Investment securities	55	56
Other	105	102
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	159	157
Total noncurrent assets	3,611	3,575
Total assets	9,273	9,583
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,499	2,798
Short-term loans payable	2,460	2,450
Current portion of long-term loans payable	334	219
Lease obligations	23	16
Income taxes payable	32	39
Provision for bonuses	81	40
Provision for product warranties	221	215
Other	1,080	1,278
Total current liabilities	6,734	7,058
Noncurrent liabilities		
Long-term loans payable	231	141
Lease obligations	14	3
Deferred tax liabilities	6	6
Provision for directors' retirement benefits	25	31
Net defined benefit liability	1,311	1,296
Other	119	119
Total noncurrent liabilities	1,709	1,599
Total liabilities	8,443	8,657
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,652)	(3,582)
Treasury stock	(337)	(338)
Total shareholders' equity	1,065	1,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	1
Foreign currency translation adjustment	(113)	(113)
Remeasurements of defined benefit plans	(123)	(96)
Total accumulated other comprehensive income	(235)	(208)
Total net assets	829	925
Total liabilities and net assets	9,273	9,583

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

Consolidated quarterly statements of income

	(Millions of yen)	
	FY03/2017	FY03/2018
	(Apr.1, 2016-Dec.31,2016)	(Apr.1, 2017-Dec.31,2017)
Net sales	9,529	9,971
Cost of sales	6,669	7,022
Gross profit	2,859	2,949
Selling, general and administrative expenses	2,783	2,871
Operating income	76	78
Non-operating income		
Interest income	0	0
Commission fee	6	11
Gain on sales of wastes	9	13
Other	41	28
Total non-operating income	57	53
Non-operating expenses		
Interest expenses	28	21
Sales discounts	7	9
Other	8	9
Total non-operating expenses	44	39
Ordinary income	89	91
Extraordinary Income		
Gain on sales of noncurrent assets	1	1
Outplacement bounty	9	—
Total extraordinary Income	10	1
Extraordinary loss		
Loss on retirement of noncurrent assets	2	0
Loss on fire	16	—
Total extraordinary losses	18	0
Income before income taxes and minority interests	81	92
Income taxes-current	39	22
Income taxes-deferred	2	(0)
Total income taxes	41	22
Profit	40	69
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	40	69

Consolidated quarterly statements of comprehensive income

	(Millions of yen)	
	FY03/2017	FY03/2018
	(Apr.1, 2016-Dec.31,2016)	(Apr.1, 2017-Dec.31,2017)
Profit	40	69
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(1)	(0)
Remeasurements of defined benefit plans, net of tax	16	26
Other comprehensive income	14	27
Comprehensive income	54	96
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	54	96
Comprehensive income attributable to non-controlling interests	—	—