

Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2014
(Nine Months Ended December 31, 2013) <under Japanese GAAP> (Consolidated)

February 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 : February 13, 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 Nine Months Ended December 31, 2013 (April 1, 2013 - December 31, 2013)

(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	%
Nine months ended Dec. 31, 2013	12,260	2.3	(278)	-	(185)	-	(235)	-
Nine months ended Dec. 31, 2012	11,990	(10.1)	(840)	-	(819)	-	(1,519)	-

Note: Comprehensive income (Millions of yen): Dec. 31, 2013: (208) (-%) Dec. 31, 2012: (1,534) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2013	(12.58)	-
Nine months ended Dec. 31, 2012	(81.11)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2013	11,040	1,246	11.3	66.58
As of Mar. 31, 2013	11,468	1,455	12.7	77.74

Reference: Shareholders' equity (Millions of yen): Dec. 31, 2013: 1,246 Mar. 31, 2013: 1,455

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended Mar. 31, 2013	-	0.00	-	0.00	0.00
Fiscal Year ending Mar. 31, 2014	-	0.00	-		
Fiscal Year ending Mar. 31, 2014 (forecast)				0.00	0.00

Notes: Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 - March 31, 2014)

(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	16,600	1.4	(570)	-	(490)	-	(530)	-	(28.30)

Notes: Revision of projected consolidated performance during the period : Yes

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 : 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

As of Dec. 31, 2013:	19,572,000 share	As of Mar. 31, 2013:	19,572,000 shares
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2) Number of treasury stock at the end of the period

As of Dec. 31, 2013:	844,217 shares	As of Mar. 31, 2013:	842,706 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Nine months ended Dec. 31, 2013:	18,728,429 shares	Nine months ended Dec. 31, 2012:	18,731,990 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 Financial Statements

(1) Consolidated Balance Sheet

	FY03/2013 (As of Mar.31,2013)	(Millions of yen) 3rd Quarter of FY03/2014 (As of Dec. 31, 2013)
Assets		
Current assets		
Cash and deposits	1,327	782
Notes and accounts receivable-trade	2,654	2,474
Merchandise and finished goods	1,557	1,449
Work in process	541	582
Costs on uncompleted construction contracts	320	383
Raw materials and supplies	318	313
Deferred tax assets	1	0
Other	116	135
Allowance for doubtful accounts	(42)	(37)
Total current assets	6,795	6,083
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,699	6,695
Accumulated depreciation	(4,679)	(4,567)
Buildings and structures, net	2,020	2,127
Land	1,207	1,195
Other	6,680	6,663
Accumulated depreciation	(6,178)	(5,974)
Other, net	501	688
Total property, plant and equipment	3,729	4,011
Intangible assets	171	138
Investments and other assets		
Investment securities	638	657
Other	651	669
Allowance for doubtful accounts	(518)	(520)
Total investments and other assets	771	806
Total noncurrent assets	4,672	4,956
Total assets	11,468	11,040
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,100	3,176
Short-term loans payable	1,700	1,800
Current portion of long-term loans payable	361	341
Income taxes payable	50	38
Provision for bonuses	101	31
Provision for product warranties	444	335
Other	1,486	1,496
Total current liabilities	7,244	7,219
Noncurrent liabilities		
Long-term loans payable	1,080	874
Provision for retirement benefits	1,329	1,327
Provision for directors' retirement benefits	35	35
Other	322	335
Total noncurrent liabilities	2,767	2,573
Total liabilities	10,012	9,793
Net assets		
Shareholders' equity		
Capital stock	3,200	3,200
Capital surplus	1,321	1,321
Retained earnings	(2,528)	(2,763)
Treasury stock	(335)	(335)
Total shareholders' equity	1,657	1,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(80)	(60)
Foreign currency translation adjustment	(121)	(114)
Accumulated other comprehensive income	(201)	(174)
Total net assets	1,455	1,246
Total liabilities and net assets	11,468	11,040

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

Consolidated quarterly statements of income

	(Millions of yen)	
	3rd Quarter of FY03/2013 (Apr. 1, 2012-Dec. 31, 2012)	3rd Quarter of FY03/2014 (Apr. 1, 2013-Dec. 31, 2013)
Net sales	11,990	12,260
Cost of sales	8,656	8,683
Gross profit	3,334	3,576
Selling, general and administrative expenses	4,174	3,855
Operating income (loss)	(840)	(278)
Non-operating income		
Interest income	0	0
Rent income	19	32
Foreign exchange gains	20	38
Gain on sales of wastes	9	32
Other	31	46
Total non-operating income	81	149
Non-operating expenses		
Interest expenses	36	37
Other	24	18
Total non-operating expenses	61	56
Ordinary income (loss)	(819)	(185)
Extraordinary Income		
Gain on sales of noncurrent assets	—	122
Total extraordinary Income	—	122
Extraordinary loss		
Loss on sales of noncurrent assets	—	0
Loss on retirement of noncurrent assets	10	13
Impairment loss	603	—
Loss on valuation of stocks of subsidiaries and affiliates	42	—
Loss on lead trouble measures	—	119
Total extraordinary losses	656	133
Income (loss) before income taxes	(1,476)	(196)
Income taxes-current	42	38
Income taxes-deferred	0	0
Total income taxes	43	39
Income (loss) before minority interests	(1,519)	(235)
Net income (loss)	(1,519)	(235)

Consolidated quarterly statements of comprehensive income

	(Millions of yen)	
	3rd Quarter of FY03/2013 (Apr.1,2012-Dec.31,2012)	3rd Quarter of FY03/2014 (Apr.1,2013-Dec.31,2013)
Income(loss) before minority interests	(1,519)	(235)
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	19
Foreign currency translation adjustment	5	7
Other comprehensive income	<u>(15)</u>	<u>26</u>
Comprehensive income	<u>(1,534)</u>	<u>(208)</u>
Comprehensive income attributable to owners of the parent	(1,534)	(208)
Comprehensive income attributable to minority interests	—	—

[Segment Information]

I Third Quarter of FY03/2013 (Apr. 1, 2012 –Dec. 31, 2012)

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 shown on quarterly consolidated statements of income
Net sales							
(1)Sales to Outside Customers	7,095	3,623	1,251	20	11,990	-	11,990
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	7,095	3,623	1,251	20	11,990	-	11,990
Segment profit (loss) (Operating income (loss))	(116)	(79)	(179)	5	(368)	(471)	(840)

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

2. Segment income adjustment of 471 million yen consists of expenses related to Strategic Planning Headquarters, Technical Headquarters and Administrative Headquarters that do not belong to the reportable segments.

2. Information regarding impairment loss on fixed assets and goodwill by reportable segment

During the subject nine-month period, impairment loss amounted to 603 million yen in the Functional Ceramics Product Division.

II Third Quarter of FY03/2014 (Apr. 1, 2013 –Dec. 31, 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 shown on quarterly consolidated statements of income
Net sales							
(1)Sales to Outside Customers	7,455	3,108	1,694	2	12,260	-	12,260
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	7,455	3,108	1,694	2	12,260	-	12,260
Segment profit (loss) (Operating income (loss))	130	(78)	189	△0	241	(520)	(278)

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

2. Segment income adjustment of 520 million yen consists of expenses related to Strategic Planning Headquarters, Technical Headquarters and Administrative Headquarters that do not belong to the reportable segments.

2. Information regarding impairment loss on fixed assets and goodwill by reportable segment

No reportable information.

[Significant changes in Shareholder's Equity]

No reportable information.

[Supplementary Information]

Sales by Segment

(Millions of yen, rounded down)

Industry Segment	3rd Quarter of FY03/2013 (Apr. 1, 2012 – Dec. 31, 2012)		3rd Quarter of FY03/2014 (Apr. 1, 2013 – Dec. 31, 2013)		FY03/2013 (Apr. 1, 2012 - Mar. 31, 2013)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	7,095	59.2%	7,455	60.8%	9,847	60.1%
Tabletop	3,623	30.2	3,108	25.4	4,699	28.7
Functional Ceramics Product	1,251	10.4	1,694	13.8	1,800	11.0
Other	20	0.2	2	0.0	26	0.2
Total	11,990	100.0	12,260	100.0	16,374	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	3rd Quarter of FY03/2013 (Apr. 1, 2012- Dec . 31, 2012)		3rd Quarter of FY03/2014 (Apr. 1, 2013- Dec. 31, 2013)		FY03/2013 (Apr. 1, 2012 - Mar. 31, 2013)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Housing & Environmental Equipment	0	0.0%	-	-%	0	0.0%
Tabletop	878	24.2	790	25.4	1,138	24.2
Functional Ceramics Product	359	28.7	585	34.5	556	30.9
Other	-	-	0	21.5	1	5.4
Total	1,238	10.3	1,376	11.2	1,697	10.4