

Financial Results for the Fiscal Year Ended March 31, 2014<under Japanese GAAP> (Consolidated)

May 14, 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 of general meeting of shareholders : June 25, 2014
 Scheduled date to submit Securities Report : June 26, 2014
 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 Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(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 | % |
| FY ended Mar. 31, 2014 | 16,639 | 1.6 | (473) | - | (382) | - | (477) | - |
| FY ended Mar. 31, 2013 | 16,374 | (10.2) | (1,505) | - | (1,458) | - | (2,268) | - |

Note: Comprehensive income (Millions of yen) : Mar. 31, 2014 : (478) (-%) Mar. 31, 2013 : (2,166) (-%)

| | Net income per share | Diluted net income per share | Return on equity | Ordinary income to total assets | Operating income to net sales |
|------------------------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| FY ended Mar. 31, 2014 | (25.51) | - | (44.9) | (3.4) | (2.8) |
| FY ended Mar. 31, 2013 | (121.12) | - | (89.3) | (11.8) | (9.2) |

Reference: Equity in earnings of affiliates (Millions of yen) : Mar. 31, 2014 : - Mar. 31, 2013 : -

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of Mar. 31, 2014 | 10,705 | 671 | 6.3 | 35.85 |
| As of Mar. 31, 2013 | 11,468 | 1,455 | 12.7 | 77.74 |

Reference: Shareholders' equity (Millions of yen) : Mar. 31, 2013: 671 Mar. 31, 2013: 1,455

(3) Consolidated cash flow position

| | Net cash provided by (used in) | | | Cash and cash equivalents at end of period |
|------------------------|--------------------------------|-----------------------|----------------------|--------------------------------------------|
| | Operating activities | Investment activities | Financing activities | |
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY ended Mar. 31, 2014 | (72) | (286) | (449) | 394 |
| FY ended Mar. 31, 2013 | 418 | (215) | 72 | 1,201 |

2. Dividends

| (Record date) | Dividend per share | | | | | Total dividends (annual) | Payout ratio (consolidated) | Dividend on Equity (consolidated) |
|--------------------------------------|--------------------|--------|--------|----------|--------|--------------------------|-----------------------------|-----------------------------------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended Mar. 31, 2013 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Year ended Mar. 31, 2014 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Year ending Mar. 31, 2015 (forecast) | - | 0.00 | - | 0.00 | 0.00 | | - | |

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(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 | 17,000 | 2.2 | 20 | - | 20 | - | (150) | - | (8.01) |

Note: Consolidated forecast for the six months ending September 30, 2014 have not been disclosed because the Company and its subsidiaries track performance on an annual basis only.

4. Notes

(1) Changes in major subsidiaries during the period (Changes in specifies subsidiaries causing changes in scope of consolidation): None
 New : — companies (Company name:)
 Eliminated : — companies (Company name:)

(2) 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

(3) Number of shares outstanding (common shares)

- 1) Number of shares outstanding (including treasury stock) at the end of the period
 Mar. 31, 2014 : 19,572,000 shares Mar. 31, 2013 : 19,572,000 shares
 2) Number of treasury stock at the end of the period
 Mar. 31, 2014 : 845,323 shares Mar. 31, 2013 : 842,706 shares
 3) Average number of shares over period
 Mar. 31, 2014 : 18,728,149 shares Mar. 31, 2013 : 18,731,479 shares

(Reference) Non-consolidated financial results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(1) Non-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 | % |
| FY ended Mar. 31, 2014 | 15,824 | 13.0 | (501) | - | (389) | - | (569) | - |
| FY ended Mar. 31, 2013 | 14,007 | (11.9) | (1,442) | - | (1,363) | - | (2,781) | - |

| | Net income per share | Diluted net income per share |
|------------------------|----------------------|------------------------------|
| | Yen | Yen |
| FY ended Mar. 31, 2014 | (30.42) | - |
| FY ended Mar. 31, 2013 | (148.47) | - |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of Mar. 31, 2014 | 12,063 | 845 | 7.0 | 45.13 |
| As of Mar. 31, 2013 | 12,538 | 1,421 | 11.3 | 75.90 |

Reference: Shareholders' equity (Millions of yen) : Mar.31, 2014: 845 Mar.31, 2013: 1,421

*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.

1. Consolidated Financial Statements
(1) Consolidated Balance Sheets

| | FY03/2013 (As of Mar.31, 2013) | (Millions of yen) FY03/2014 (As of Mar.31, 2014) |
|----------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,327 | 501 |
| Notes and accounts receivable-trade | 2,654 | 2,711 |
| Merchandise and finished goods | 1,557 | 1,374 |
| Work in process | 541 | 573 |
| Costs on uncompleted construction contracts | 320 | 329 |
| Raw materials and supplies | 318 | 290 |
| Deferred tax assets | 1 | 0 |
| Other | 116 | 128 |
| Allowance for doubtful accounts | (42) | (24) |
| Total current assets | <u>6,795</u> | <u>5,885</u> |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 6,699 | 6,705 |
| Accumulated depreciation | (4,679) | (4,599) |
| Buildings and structures, net | <u>2,020</u> | <u>2,106</u> |
| Machinery, equipment and vehicles | 5,067 | 4,861 |
| Accumulated depreciation | (4,802) | (4,596) |
| Machinery, equipment and vehicles, net | <u>264</u> | <u>264</u> |
| Tools, furniture and fixtures | 1,280 | 1,209 |
| Accumulated depreciation | (1,229) | (1,144) |
| Tools, furniture and fixtures, net | <u>50</u> | <u>65</u> |
| Land | 1,207 | 1,194 |
| Lease assets | 238 | 557 |
| Accumulated depreciation | (146) | (241) |
| Lease assets, net | <u>91</u> | <u>316</u> |
| Construction in progress | <u>94</u> | <u>45</u> |
| Total property, plant and equipment | <u>3,729</u> | <u>3,992</u> |
| Intangible assets | | |
| Lease assets | 34 | 10 |
| Other | 137 | 111 |
| Total intangible assets | <u>171</u> | <u>122</u> |
| Investments and other assets | | |
| Investment securities | 638 | 573 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 518 | 516 |
| Other | 133 | 131 |
| Allowance for doubtful accounts | (518) | (516) |
| Total investments and other assets | <u>771</u> | <u>704</u> |
| Total noncurrent assets | <u>4,672</u> | <u>4,820</u> |
| Total assets | <u>11,468</u> | <u>10,705</u> |

| | FY03/2013 (As of Mar.31, 2013) | (Millions of yen) FY03/2014 (As of Mar.31, 2014) |
|-------------------------------------------------------|-----------------------------------|--------------------------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 3,100 | 3,256 |
| Short-term loans payable | 1,700 | 1,800 |
| Current portion of long-term loans payable | 361 | 335 |
| Lease obligations | 96 | 183 |
| Income taxes payable | 50 | 57 |
| Provision for bonuses | 101 | 54 |
| Provision for product warranties | 444 | 389 |
| Other | 1,390 | 1,240 |
| Total current liabilities | <u>7,244</u> | <u>7,317</u> |
| Noncurrent liabilities | | |
| Long-term loans payable | 1,080 | 745 |
| Lease obligations | 101 | 155 |
| Provision for retirement benefits | 1,329 | - |
| Net defined benefit liability | - | 1,654 |
| Provision for directors' retirement benefits | 35 | 36 |
| Other | 221 | 123 |
| Total noncurrent liabilities | <u>2,767</u> | <u>2,716</u> |
| Total liabilities | <u>10,012</u> | <u>10,034</u> |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,200 | 3,200 |
| Capital surplus | 1,321 | 1,321 |
| Retained earnings | (2,528) | (3,005) |
| Treasury stock | (335) | (335) |
| Total shareholders' equity | <u>1,657</u> | <u>1,179</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (80) | (86) |
| Foreign currency translation adjustment | (121) | (116) |
| Remeasurements of defined benefit plans | - | (305) |
| Accumulated other comprehensive income | <u>(201)</u> | <u>(508)</u> |
| Total net assets | <u>1,455</u> | <u>671</u> |
| Total liabilities and net assets | <u>11,468</u> | <u>10,705</u> |

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

Consolidated statements of income

| | (Millions of yen) | |
|------------------------------------------------------------|-----------------------------|-----------------------------|
| | FY03/2013 | FY03/2014 |
| | (Apr.1, 2012-Mar. 31, 2013) | (Apr.1, 2013-Mar. 31, 2014) |
| Net sales | 16,374 | 16,639 |
| Cost of sales | 12,254 | 11,893 |
| Gross profit | 4,120 | 4,745 |
| Selling, general and administrative expenses | 5,625 | 5,219 |
| Operating income (loss) | (1,505) | (473) |
| Non-operating income | | |
| Interest income | 0 | 1 |
| Dividends income | 10 | 9 |
| Gain on sales of wastes | 14 | 38 |
| Rent income | 29 | 41 |
| Foreign exchange gain | 42 | 32 |
| Other | 29 | 44 |
| Total non-operating income | 127 | 167 |
| Non-operating expenses | | |
| Interest expenses | 48 | 49 |
| Loss on sales of notes payable | 13 | 8 |
| Sales discounts | 9 | 11 |
| Other | 9 | 6 |
| Total non-operating expenses | 80 | 75 |
| Ordinary income (loss) | (1,458) | (382) |
| Extraordinary Income | | |
| Gain on sales of noncurrent assets | - | 122 |
| Gain on sales of investment securities | 0 | - |
| Total extraordinary Income | 0 | 122 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | - | 0 |
| Loss on retirement of noncurrent assets | 32 | 26 |
| Impairment loss | 656 | 4 |
| Loss on valuation of stocks of subsidiaries and affiliates | 50 | 14 |
| Loss on sales of investment securities | - | 5 |
| Loss on abolishment of retirement benefit plan | 18 | - |
| Loss on lead trouble measures | - | 119 |
| Other | 2 | - |
| Total extraordinary losses | 759 | 170 |
| Income (loss) before income taxes and minority interests | (2,216) | (430) |
| Income taxes-current | 52 | 46 |
| Income taxes-deferred | (0) | 0 |
| Total income taxes | 52 | 47 |
| Income (loss) before minority interests | (2,268) | 477 |
| Net income (loss) | (2,268) | 477 |

Consolidated statements of comprehensive income

| | (Millions of yen) | |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| | FY03/2013 | FY03/2014 |
| | (Apr.1, 2012-Mar. 31, 2013) | (Apr.1, 2013-Mar. 31, 2014) |
| Income(loss) before minority interests | (2,268) | (477) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 93 | (6) |
| Foreign currency translation adjustment | 8 | 5 |
| Other comprehensive income | 102 | (1) |
| Comprehensive income | (2,166) | (478) |
| Comprehensive income attributable to owners of the parent | (2,166) | (478) |
| Comprehensive income attributable to minority interests | - | - |

(3) Consolidated Statements of changes in equity

FY03/2013 (Apr.1, 2012-Mar. 31, 2013)

(Millions of yen)

| | Shareholders' equity | | | | |
|------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 3,200 | 1,321 | (259) | (334) | 3,927 |
| Changes of items during the period | | | | | |
| Net income (loss) | | | (2,268) | | (2,268) |
| Purchase of treasury stock | | | | (0) | (0) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | - | - | (2,268) | (0) | (2,269) |
| Balance at the end of current period | 3,200 | 1,321 | (2,528) | (335) | 1,657 |

| | Accumulated other comprehensive income | | | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Accumulated other comprehensive income | |
| Balance at the beginning of current period | (173) | (130) | (303) | 3,623 |
| Changes of items during the period | | | | |
| Net income (loss) | | | | (2,268) |
| Purchase of treasury stock | | | | (0) |
| Net changes of items other than shareholders' equity | 93 | 8 | 102 | 102 |
| Total changes of items during the period | 93 | 8 | 102 | (2,167) |
| Balance at the end of current period | (80) | (121) | (201) | 1,455 |

FY03/2014 (Apr.1, 2013-Mar. 31, 2014)

(Millions of yen)

| | Shareholders' equity | | | | |
|------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 3,200 | 1,321 | (2,528) | (335) | 1,657 |
| Changes of items during the period | | | | | |
| Net income (loss) | | | (477) | | (477) |
| Purchase of treasury stock | | | | (0) | (0) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | - | - | (477) | (0) | (478) |
| Balance at the end of current period | 3,200 | 1,321 | (3,005) | (335) | 1,179 |

| | Accumulated other comprehensive income | | | | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Accumulated other comprehensive income | |
| Balance at the beginning of current period | (80) | (121) | - | (201) | 1,455 |
| Changes of items during the period | | | | | |
| Net income (loss) | | | | | (477) |
| Purchase of treasury stock | | | | | (0) |
| Net changes of items other than shareholders' equity | (6) | 5 | (305) | (306) | (306) |
| Total changes of items during the period | (6) | 5 | (305) | (306) | (784) |
| Balance at the end of current period | (86) | (116) | (305) | (508) | 671 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)
FY03/2013
FY03/2014
(Apr.1, 2012-Mar. 31, 2013) (Apr.1, 2013-Mar. 31, 2014)

| | | |
|-----------------------------------------------------------------------------------------|--------------|--------------|
| Net cash provided by (used in) operating activities | | |
| Income (loss) before income taxes and minority interests | (2,216) | (430) |
| Depreciation and amortization | 459 | 461 |
| Impairment loss | 656 | 4 |
| Loss on valuation of stocks of subsidiaries and affiliates | 50 | 14 |
| Increase (decrease) in allowance for doubtful accounts | 48 | (21) |
| Increase (decrease) in provision for bonuses | 15 | (46) |
| Increase (decrease) in provision for retirement benefits | 99 | (1,329) |
| Increase (decrease) in net defined benefit liability | - | 1,348 |
| Increase (decrease) in provision for product warranties | 316 | (54) |
| Interest and dividends income | (11) | (10) |
| Interest expenses | 48 | 49 |
| Loss (gain) on sales of property, plant and equipment | - | (121) |
| Loss on retirement of noncurrent assets | 32 | 26 |
| Loss on lead trouble measures | - | 119 |
| Decrease (increase) in notes and accounts receivable-trade | 552 | (53) |
| Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation | (113) | 2 |
| Decrease (increase) in inventories | 875 | 176 |
| Increase (decrease) in notes and accounts payable-trade | (275) | 151 |
| Other, net | (28) | (273) |
| Subtotal | <u>508</u> | <u>14</u> |
| Interest and dividends income received | 11 | 10 |
| Interest expenses paid | (48) | (49) |
| Income taxes paid | (53) | (48) |
| Net cash provided by (used in) operating activities | <u>418</u> | <u>(72)</u> |
| Net cash provided by (used in) investment activities | | |
| Payments into time deposits | (126) | (88) |
| Proceeds from withdrawal of time deposits | 206 | 108 |
| Purchase of property, plant and equipment | (231) | (524) |
| Proceeds from sales of property, plant and equipment | - | 179 |
| Other, net | (64) | 39 |
| Net cash provided by (used in) investment activities | <u>(215)</u> | <u>(286)</u> |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | 500 | 100 |
| Repayment of long-term loans payable | (328) | (361) |
| Repayments of lease obligations | (99) | (188) |
| Purchase of treasury stock | (0) | (0) |
| Net cash provided by (used in) financing activities | <u>72</u> | <u>(449)</u> |
| Effect of exchange rate change on cash and cash equivalents | <u>1</u> | <u>1</u> |
| Net increase (decrease) in cash and cash equivalents | <u>276</u> | <u>(806)</u> |
| Cash and cash equivalents at beginning of period | <u>924</u> | <u>1,201</u> |
| Cash and cash equivalents at end of period | <u>1,201</u> | <u>394</u> |

Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation

1) Number and name of consolidated subsidiaries : 3

NIKKO CERAMICS, INC.
NIKKO LOGISTICS CO., LTD.
Nikko ME Co., Ltd.

2) Number and name of non-consolidated subsidiaries : 2

NIKKO MIDDLE EAST TRADING LLC
Nikko Care Co., Ltd.

These 2 companies are excluded from the scope of consolidation, given the fact that they have minimal influence on the total assets, net sales, net income, and retained earnings and is relatively insignificant in the context of the consolidated financial statements.

2. Application of equity method

1) Number and name of companies accounted for under the equity method : none

2) Number and name of companies not accounted for under the equity method and the reason for the exclusion

| | |
|-----------------------------------|--------------------------------------------------------|
| Non-consolidated subsidiaries : 2 | NIKKO MIDDLE EAST TRADING LLC. Nikko Care Co., Ltd. |
| Affiliates : 2 | Yamamae Seitousho Co., Ltd. N&I ASIA PTE LTD |

These 4 companies are not accounted for under the equity method of accounting, given the fact that they have very minor effect on net income and retained earnings and is relatively insignificant in the context of consolidated financial statements.

3. Period end of consolidated subsidiaries

Consolidated subsidiaries, NIKKO CERAMICS, INC., NIKKO LOGISTICS CO., LTD. , and Nikko ME Co., Ltd. have a fiscal year that ends on the same date as the consolidated financial statements.

[Segment Information]

1. Overview of reportable segments

Segments used for financial reporting are the Nikko Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has established business divisions that comprise of the company and its subsidiaries and affiliates, and each division conducts business in line with the comprehensive strategies they have devised for products, merchandise and services in both domestic and overseas markets.

Therefore, the Group consists of segments by products, merchandise and services on the basis of the business divisions, and the "Housing & Environmental equipment", "Tabletop" and "Functional Ceramics Product" are three reportable segments.

| Industry Segment | Major Products |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Housing & Environmental Equipment | Septic tanks, Garbage disposal systems, System baths, Other FRP items, Water treatment facilities, Small wind turbine generator systems, Multi-function interior boards |
| Tabletop | Fine bone china, Fine vitrified china, Fine porcelain, Oven ware |
| Functional Ceramics Product | Alumina substrates, LTCC substrates, Dielectric ceramics |

2. Information related to net sales and profit or loss for each reportable segment

FY03/2013(Apr. 1, 2012 - Mar. 31, 2013)

(Millions of yen, rounded down)

| | Housing & Environmental Equipment | Tabletop | Functional Ceramics Product | Other (Note 1) | Segment total | Adjustment (Note 2) | Amounts on the consolidated financial statements |
|-----------------------------------------------------------------|-----------------------------------|----------|-----------------------------|----------------|---------------|---------------------|--------------------------------------------------|
| Net sales | | | | | | | |
| Sales to Outside Customers | 9,847 | 4,699 | 1,800 | 26 | 16,374 | - | 16,374 |
| Intersegment sales or Transfers | - | - | - | - | - | - | - |
| Total | 9,847 | 4,699 | 1,800 | 26 | 16,374 | - | 16,374 |
| Segment profit (loss) (Operating income (loss)) | (99) | (487) | (279) | 11 | (855) | (649) | (1,505) |
| Segment assets | 3,533 | 3,495 | 1,741 | 7 | 8,778 | 2,689 | 11,468 |
| Other Items | | | | | | | |
| Depreciation and Amortization | 123 | 142 | 136 | 0 | 402 | 56 | 458 |
| Increase in Property, plant and equipment and Intangible assets | 65 | 57 | 126 | - | 249 | 24 | 274 |
| Impairment loss | - | 53 | 603 | - | 656 | - | 656 |

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

2. Below is a description of adjustments.

- (1) Segment income adjustment of 649 million yen consists of expenses related to Administrative Headquarters, Strategic Planning Headquarters and Technical Headquarters that do not belong to the reportable segments.
- (2) Segment assets adjustment of 2,689 million yen includes assets that do not belong to the reportable segments. The assets consists of mainly surplus funds (cash and cash equivalents), long-term investment funds (investment securities), and the assets associated with Administrative Headquarters, Strategic Planning Headquarters and Technical Headquarters.
- (3) Depreciation and Amortization adjustment of 56 million yen consists of Depreciation and Amortization related to Administrative Headquarters, Strategic Planning Headquarters and Technical Headquarters that do not belong to the reportable segments.
- (4) Increase in Property, plant and equipment and Intangible assets adjustment of 24 million yen consists of capital investments associated with Administrative Headquarters, Strategic Planning Headquarters and Technical Headquarters.

FY03/2014(Apr. 1, 2013 - Mar. 31, 2014)

(Millions of yen, rounded down)

| | Housing & Environmental Equipment | Tabletop | Functional Ceramics Product | Other (Note 1) | Segment total | Adjustment (Note 2) | Amounts on the consolidated financial statements |
|-----------------------------------------------------------------|-----------------------------------|----------|-----------------------------|----------------|---------------|---------------------|--------------------------------------------------|
| Net sales | | | | | | | |
| Sales to Outside Customers | 10,296 | 4,110 | 2,230 | 2 | 16,639 | - | 16,639 |
| Intersegment sales or Transfers | - | - | - | - | - | - | - |
| Total | 10,296 | 4,110 | 2,230 | 2 | 16,639 | - | 16,639 |
| Segment profit (loss) (Operating income (loss)) | 164 | (199) | 259 | (3) | 221 | (695) | (473) |
| Segment assets | 3,843 | 3,257 | 1,619 | 7 | 8,727 | 1,978 | 10,705 |
| Other Items | | | | | | | |
| Depreciation and Amortization | 170 | 134 | 90 | 0 | 395 | 65 | 461 |
| Increase in Property, plant and equipment and Intangible assets | 513 | 125 | 52 | 0 | 692 | 113 | 806 |
| Impairment loss | - | 4 | - | - | 4 | - | 4 |

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

2. Below is a description of adjustments.

- (1) Segment income adjustment of 695 million yen consists of expenses related to departments that do not belong to the reportable segments.
- (2) Segment assets adjustment of 1,978 million yen includes assets that do not belong to the reportable segments. The assets consists of mainly surplus funds (cash and cash equivalents), long-term investment funds (investment securities).
- (3) Depreciation and Amortization adjustment of 65 million yen consists of Depreciation and Amortization related to departments that do not belong to the reportable segments.
- (4) Increase in Property, plant and equipment and Intangible assets adjustment of 113 million yen consists of capital investments associated with departments that do not belong to the reportable segments.

(Sales by Segment)

(Millions of yen, rounded down)

| Industry Segment | FY03/2013 (Apr. 1, 2012 - Mar. 31, 2013) | | FY03/2014 (Apr. 1, 2013 - Mar. 31, 2014) | |
|-----------------------------------|---------------------------------------------|----------------------|---------------------------------------------|----------------------|
| | Net Sales | Percent of Net Sales | Net Sales | Percent of Net Sales |
| Housing & Environmental Equipment | 9,847 | 60.1% | 10,296 | 61.9% |
| Tabletop | 4,699 | 28.7 | 4,110 | 24.7 |
| Functional Ceramics Product | 1,800 | 11.0 | 2,230 | 13.4 |
| Other | 26 | 0.2 | 2 | 0.0 |
| Total | 16,374 | 100.0 | 16,639 | 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 | FY03/2013 (Apr. 1, 2012 - Mar. 31, 2013) | | FY03/2014 (Apr. 1, 2013 - Mar. 31, 2014) | |
|-----------------------------------|---------------------------------------------|----------------------|---------------------------------------------|----------------------|
| | Overseas Sales | Overseas Sales Ratio | Overseas Sales | Overseas Sales Ratio |
| Housing & Environmental Equipment | 0 | 0.0% | - | -% |
| Tabletop | 1,138 | 24.2 | 1,006 | 24.5 |
| Functional Ceramics Product | 556 | 30.9 | 738 | 33.1 |
| Other | 1 | 5.4 | 0 | 21.5 |
| Total | 1,697 | 10.4 | 1,745 | 10.5 |

2. Non-Consolidated Financial Statements
(1) Balance Sheets

| | FY03/2013 (As of Mar.31, 2013) | (Millions of yen) FY03/2014 (As of Mar.31, 2014) |
|----------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,206 | 468 |
| Notes receivable-trade | 132 | 160 |
| Accounts receivable-trade | 2,490 | 2,518 |
| Merchandise and finished goods | 1,491 | 1,304 |
| Work in process | 541 | 573 |
| Costs on uncompleted construction contracts | 320 | 329 |
| Raw materials and supplies | 318 | 290 |
| Prepaid expenses | 35 | 40 |
| Other | 119 | 97 |
| Allowance for doubtful accounts | (40) | (24) |
| Total current assets | 6,614 | 5,758 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 5,960 | 6,190 |
| Accumulated depreciation | (4,041) | (4,135) |
| Buildings, net | 1,919 | 2,054 |
| Structures | 327 | 329 |
| Accumulated depreciation | (273) | (280) |
| Structures, net | 54 | 48 |
| Machinery and equipment | 4,857 | 4,657 |
| Accumulated depreciation | (4,603) | (4,405) |
| Machinery and equipment, net | 253 | 251 |
| Vehicles | 178 | 174 |
| Accumulated depreciation | (177) | (169) |
| Vehicles, net | 0 | 4 |
| Tools, furniture and fixtures | 1,253 | 1,192 |
| Accumulated depreciation | (1,206) | (1,129) |
| Tools, furniture and fixtures, net | 47 | 63 |
| Land | 868 | 868 |
| Lease assets | 236 | 557 |
| Accumulated depreciation | (145) | (241) |
| Lease assets, net | 91 | 316 |
| Construction in progress | 92 | 45 |
| Total property, plant and equipment | 3,327 | 3,653 |
| Intangible assets | | |
| Software | 117 | 91 |
| Lease assets | 34 | 10 |
| Telephone subscription right | 17 | 17 |
| Total intangible assets | 169 | 119 |
| Investments and other assets | | |
| Investment securities | 586 | 536 |
| Stocks of subsidiaries and affiliates | 148 | 98 |
| Investments in capital | 2 | 2 |
| Long-term loans receivable from subsidiaries and affiliates | 1,575 | 1,771 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 512 | 510 |
| Long-term prepaid expenses | 0 | 0 |
| Other | 113 | 122 |
| Allowance for doubtful accounts | (512) | (511) |
| Total investments and other assets | 2,426 | 2,531 |
| Total noncurrent assets | 5,923 | 6,304 |
| Total assets | 12,538 | 12,063 |

| | FY03/2013 | (Millions of yen) FY03/2014 |
|---------------------------------------------------------------|----------------------|--------------------------------|
| | (As of Mar.31, 2013) | (As of Mar.31, 2014) |
| Liabilities | | |
| Current liabilities | | |
| Notes payable-trade | 464 | 453 |
| Accounts payable-trade | 2,547 | 2,770 |
| Short-term loans payable | 1,700 | 1,800 |
| Current portion of long-term loans payable | 292 | 266 |
| Lease obligations | 96 | 183 |
| Accounts payable-other | 536 | 542 |
| Accrued expenses | 113 | 173 |
| Income taxes payable | 40 | 48 |
| Advances received on uncompleted construction contracts | 145 | 93 |
| Deposits received | 541 | 614 |
| Provision for bonuses | 90 | 52 |
| Provision for product warranties | 444 | 389 |
| Notes payable-facilities | 43 | 5 |
| Other | 133 | 84 |
| Total current liabilities | <u>7,188</u> | <u>7,472</u> |
| Noncurrent liabilities | | |
| Provision for retirement benefits | 1,277 | 1,341 |
| Provision for directors' retirement benefits | 26 | 31 |
| Long-term loans payable | 866 | 600 |
| Provision for loss on business of subsidiaries and affiliates | 1,440 | 1,493 |
| Lease obligations | 101 | 155 |
| Other | 216 | 123 |
| Total noncurrent liabilities | <u>3,927</u> | <u>3,746</u> |
| Total liabilities | <u>11,116</u> | <u>11,218</u> |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,200 | 3,200 |
| Capital surplus | | |
| Legal capital surplus | 800 | 800 |
| Other capital surplus | 521 | 521 |
| Total capital surpluses | <u>1,321</u> | <u>1,321</u> |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | <u>(2,684)</u> | <u>(3,253)</u> |
| Total earned surpluses | <u>(2,684)</u> | <u>(3,253)</u> |
| Treasury stock | <u>(335)</u> | <u>(335)</u> |
| Total shareholders' equity | <u>1,501</u> | <u>931</u> |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | <u>(80)</u> | <u>(86)</u> |
| Total valuation and translation adjustments | <u>(80)</u> | <u>(86)</u> |
| Total net assets | <u>1,421</u> | <u>845</u> |
| Total liabilities and net assets | <u>12,538</u> | <u>12,063</u> |

(2)Statements of income

| | (Millions of yen) | |
|---------------------------------------------------------------|-----------------------------|-----------------------------|
| | FY03/2013 | FY03/2014 |
| | (Apr.1, 2012-Mar. 31, 2013) | (Apr.1, 2013-Mar. 31, 2014) |
| Net sales | | |
| Net sales of merchandise and finished goods | 12,978 | 14,744 |
| Net sales of completed construction contracts | 1,028 | 1,079 |
| Total net sales | <u>14,007</u> | <u>15,824</u> |
| Cost of sales | | |
| Beginning merchandise and finished goods | 1,259 | 1,371 |
| Cost of purchased goods | 3,546 | 4,177 |
| Cost of products manufactured | 6,465 | 6,378 |
| Total | <u>11,271</u> | <u>11,928</u> |
| Finished goods transfer to other account | 25 | 57 |
| Ending merchandise and finished goods | 1,126 | 1,185 |
| Cost of merchandise and finished goods sold | <u>10,120</u> | <u>10,684</u> |
| Cost of sales of completed construction contracts | 803 | 834 |
| Total cost of sales | <u>10,923</u> | <u>11,519</u> |
| Gross profit | <u>3,083</u> | <u>4,305</u> |
| Selling, general and administrative expenses | | |
| Freightage expenses | 462 | 472 |
| Salaries and allowances | 1,279 | 1,761 |
| Provision for bonuses | 42 | 28 |
| Provision for directors' retirement benefits | 8 | 6 |
| Retirement benefit expenses | 103 | 128 |
| Depreciation | 141 | 163 |
| Provision of allowance for doubtful accounts | 58 | (17) |
| Research and development expenses | 141 | 85 |
| Provision for product warranties | 494 | 359 |
| Other | 1,791 | 1,816 |
| Total Selling, general and administrative expenses | <u>4,525</u> | <u>4,807</u> |
| Operating income (loss) | <u>(1,442)</u> | <u>(501)</u> |
| Non-operating income | | |
| Interest income | 2 | 2 |
| Dividends income | 10 | 9 |
| Commission fee | 46 | 57 |
| Gain on sales of wastes | 14 | 38 |
| Foreign exchange gain | 47 | 34 |
| Other | 30 | 39 |
| Total non-operating income | <u>151</u> | <u>181</u> |
| Non-operating expenses | | |
| Interest expenses | 41 | 43 |
| Loss on sales of notes payable | 13 | 8 |
| Sales discounts | 9 | 11 |
| Other | 7 | 4 |
| Total non-operating expenses | <u>72</u> | <u>69</u> |
| Ordinary income (loss) | <u>(1,363)</u> | <u>(389)</u> |
| Extraordinary Income | | |
| Gain on sales of noncurrent assets | - | 93 |
| Total extraordinary Income | <u>-</u> | <u>93</u> |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 27 | 26 |
| Impairment loss | 603 | - |
| Loss on valuation of stocks of subsidiaries and affiliates | 83 | 49 |
| Provision for loss on business of subsidiaries and affiliates | 554 | 53 |
| Loss on sales of investment securities | - | 5 |
| Loss from Adjustment of profit on sale of finished goods | 129 | - |
| Loss on lead trouble measures | - | 119 |
| Other | 0 | - |
| Total extraordinary losses | <u>1,399</u> | <u>254</u> |
| Income (loss) before income taxes | <u>(2,762)</u> | <u>(550)</u> |
| Income taxes-current | 18 | 19 |
| Total income taxes | <u>18</u> | <u>19</u> |
| Net income (loss) | <u>(2,781)</u> | <u>(569)</u> |

(3) Statements of changes in equity

FY03/2013 (Apr.1, 2012-Mar. 31, 2013)

(Millions of yen)

| | Shareholders' equity | | | | | |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|--------------------------------------------------------------|-------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings Retained earnings brought forward | Total retained earnings |
| Balance at the beginning of current period | 3,200 | 800 | 521 | 1,321 | 96 | 96 |
| Changes of items during the period | | | | | | |
| Net income (loss) | | | | | (2,781) | (2,781) |
| Purchase of treasury stock | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | |
| Total changes of items during the period | - | - | - | - | (2,781) | (2,781) |
| Balance at the end of current period | 3,200 | 800 | 521 | 1,321 | (2,684) | (2,684) |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
| | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at the beginning of current period | (334) | 4,283 | (173) | (173) | 4,109 |
| Changes of items during the period | | | | | |
| Net income (loss) | | (2,781) | | | (2,781) |
| Purchase of treasury stock | (0) | (0) | | | (0) |
| Net changes of items other than shareholders' equity | | | 93 | 93 | 93 |
| Total changes of items during the period | (0) | (2,781) | 93 | 93 | (2,688) |
| Balance at the end of current period | (335) | 1,501 | (80) | (80) | 1,421 |

FY03/2014 (Apr.1, 2013-Mar. 31, 2014)

(Millions of yen)

| | Shareholders' equity | | | | | |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|--------------------------------------------------------------|-------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings Retained earnings brought forward | Total retained earnings |
| Balance at the beginning of current period | 3,200 | 800 | 521 | 1,321 | (2,684) | (2,684) |
| Changes of items during the period | | | | | | |
| Net income (loss) | | | | | (569) | (569) |
| Purchase of treasury stock | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | |
| Total changes of items during the period | - | - | - | - | (569) | (569) |
| Balance at the end of current period | 3,200 | 800 | 521 | 1,321 | (3,253) | (3,253) |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
| | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at the beginning of current period | (335) | 1,501 | (80) | (80) | 1,421 |
| Changes of items during the period | | | | | |
| Net income (loss) | | (569) | | | (569) |
| Purchase of treasury stock | (0) | (0) | | | (0) |
| Net changes of items other than shareholders' equity | | | (6) | (6) | (6) |
| Total changes of items during the period | (0) | (569) | (6) | (6) | (576) |
| Balance at the end of current period | (335) | 931 | (86) | (86) | 845 |