

Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2015
(Six Months Ended September 30, 2014) <under Japanese GAAP> (Consolidated)

November 11, 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 : November 14, 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 Six Months Ended September 30, 2014 (April 1, 2014 - September 30, 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	%
Six months ended Sept. 30, 2014	7,837	(3.3)	(120)	-	(60)	-	(186)	-
Six months ended Sept. 30, 2013	8,107	1.6	(219)	-	(174)	-	(237)	-

Note: Comprehensive income (Millions of yen): Sept. 30, 2014: (66) (-%) Sept. 30, 2013: (230) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sept. 30, 2014	(9.97)	-
Six months ended Sept. 30, 2013	(12.66)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sept. 30, 2014	10,472	1,137	10.9	48.77
As of Mar. 31, 2014	10,705	671	6.3	35.85

Reference: Shareholders' equity (Millions of yen): Sept 30, 2014: 1,137 Mar. 31, 2014: 671

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended Mar. 31, 2014	-	0.00	-	0.00	0.00
Fiscal Year ending Mar. 31, 2015	-	0.00			
Fiscal Year ending Mar. 31, 2015 (forecast)			-	0.00	0.00

Notes: Revision of dividend forecast during the period: None

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
Fiscal Year ending Mar. 31, 2015	17,000	2.2	20	-	20	-	(150)	-	(8.01)

Notes: Revision of projected consolidated performance during the period: None

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: Yes

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 Sept. 30, 2014:	24,172,000 share	As of Mar. 31, 2014:	19,572,000 shares
-----------------------	------------------	----------------------	-------------------

2) Number of treasury stock at the end of the period

As of Sept. 30, 2014:	848,580 shares	As of Mar. 31, 2014:	845,323 shares
-----------------------	----------------	----------------------	----------------

3) Average number of shares issued during the period (cumulative; consolidated)

Six months ended Sept. 30, 2014:	18,749,898 shares	Six months ended Sept. 30, 2013:	18,728,565 shares
----------------------------------	-------------------	----------------------------------	-------------------

*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.

Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

	FY03/2014 (As of Mar.31,2014)	(Millions of yen) 2nd Quarter of FY03/2015 (As of Sept. 30,2014)
Assets		
Current assets		
Cash and deposits	501	1,128
Notes and accounts receivable-trade	2,711	2,393
Merchandise and finished goods	1,374	1,443
Work in process	573	539
Costs on uncompleted construction contracts	329	355
Raw materials and supplies	290	289
Deferred tax assets	0	1
Other	128	123
Allowance for doubtful accounts	(24)	(20)
Total current assets	5,885	6,254
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,705	6,800
Accumulated depreciation	(4,599)	(4,670)
Buildings and structures, net	2,106	2,130
Machinery, equipment and vehicles	4,861	4,863
Accumulated depreciation	(4,596)	(4,628)
Machinery, equipment and vehicles, net	264	234
Tools, furniture and fixtures	1,209	1,271
Accumulated depreciation	(1,144)	(1,178)
Tools, furniture and fixtures, net	65	93
Land	1,194	1,145
Lease assets	557	497
Accumulated depreciation	(241)	(267)
Lease assets, net	316	229
Construction in progress	45	6
Total property, plant and equipment	3,992	3,840
Intangible assets		
Lease assets	10	5
Other	111	98
Total intangible assets	122	103
Investments and other assets		
Investment securities	573	138
Claims provable in bankruptcy, claims provable in rehabilitation and other	516	514
Other	131	135
Allowance for doubtful accounts	(516)	(514)
Total investments and other assets	704	273
Total noncurrent assets	4,820	4,217
Total assets	10,705	10,472
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,256	2,956
Short-term loans payable	1,800	1,795
Current portion of long-term loans payable	335	269
Lease obligations	183	148
Income taxes payable	57	40
Provision for bonuses	54	85
Provision for product warranties	389	338
Other	1,240	1,133
Total current liabilities	7,317	6,766
Noncurrent liabilities		
Long-term loans payable	745	611
Lease obligations	155	97
Provision for directors' retirement benefits	36	40
Net defined benefit liability	1,654	1,665
Deferred tax liabilities	—	8
Other	123	143
Total noncurrent liabilities	2,716	2,567
Total liabilities	10,034	9,334
Net assets		
Shareholders' equity		
Capital stock	3,200	3,470
Capital surplus	1,321	1,584
Retained earnings	(3,005)	(3,192)
Treasury stock	(335)	(336)
Total shareholders' equity	1,179	1,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(86)	0
Foreign currency translation adjustment	(116)	(115)
Remeasurements of defined benefit plans	(305)	(272)
Total accumulated other comprehensive income	(508)	(388)
Total net assets	671	1,137
Total liabilities and net assets	10,705	10,472

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

Consolidated quarterly statements of income

(Millions of yen)

	2nd Quarter of FY03/2014 (Apr.1,2013-Sept.30,2013)	2nd Quarter of FY03/2015 (Apr.1,2014-Sept.30,2014)
Net sales	8,107	7,837
Cost of sales	5,752	5,587
Gross profit	2,355	2,249
Selling, general and administrative expenses	2,575	2,370
Operating income (loss)	(219)	(120)
Non-operating income		
Interest income	0	0
Rent income	23	19
Foreign exchange gains	14	32
Other	40	45
Total non-operating income	78	97
Non-operating expenses		
Interest expenses	21	19
Sales discounts	6	5
Stock issuance cost	—	5
Other	5	7
Total non-operating expenses	33	37
Ordinary income (loss)	(174)	(60)
Extraordinary Income		
Gain on sales of noncurrent assets	93	2
Gain on liquidation of subsidiaries and affiliates	—	7
Reversal of provision for loss on lead trouble measures	—	36
Total extraordinary Income	93	46
Extraordinary loss		
Loss on sales of noncurrent assets	—	19
Loss on retirement of noncurrent assets	13	—
Loss on lead trouble measures	119	—
Loss on sales of investment securities	—	123
Total extraordinary losses	132	143
Income (loss) before income taxes	(214)	(158)
Income taxes-current	22	22
Income taxes-deferred	0	6
Total income taxes	23	28
Income (loss) before minority interest	(237)	(186)
Net income (loss)	(237)	(186)

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	2nd Quarter of FY03/2014 (Apr.1,2013-Sept.30,2013)	2nd Quarter of FY03/2015 (Apr.1,2014-Sept.30,2014)
Income(loss) before minority interests	(237)	(186)
Other comprehensive income		
Valuation difference on available-for-sale securities	3	86
Foreign currency translation adjustment	2	0
Remeasurements of defined benefit plans, net of tax	—	32
Other comprehensive income	6	119
Comprehensive income	(230)	(66)
Comprehensive income attributable to owners of the parent	(230)	(66)
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	2nd Quarter of FY03/2014 (Apr.1,2013-Sept.30,2013)	2nd Quarter of FY03/2015 (Apr.1,2014-Sept.30,2014)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(214)	(158)
Depreciation and amortization	193	275
Increase (decrease) in allowance for doubtful accounts	(2)	(6)
Increase (decrease) in provision for bonuses	(42)	30
Increase (decrease) in provision for product warranties	(35)	(51)
Increase (decrease) in provision for retirement benefits	(15)	—
Increase (decrease) in net defined benefit liability	—	44
Interest and dividends income	(6)	(6)
Interest expenses	21	19
Foreign exchange losses (gains)	0	(8)
Loss (gain) on sales of investment securities	—	123
Loss (gain) on sales of property, plant and equipment	(93)	17
Loss on retirement of noncurrent assets	13	—
Loss on lead trouble measures	119	—
Reversal of provision for loss on lead trouble measures	—	(36)
Gain on liquidation of subsidiaries and affiliates	—	(7)
Decrease (increase) in notes and accounts receivable-trade	398	321
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(7)	1
Decrease (increase) in inventories	159	(55)
Increase (decrease) in notes and accounts payable-trade	(69)	(300)
Other, net	(245)	(99)
Subtotal	174	102
Interest and dividends income received	6	6
Interest expenses paid	(21)	(19)
Income taxes paid	(42)	(40)
Net cash provided by (used in) operating activities	117	49
Net cash provided by (used in) investment activities		
Payments into time deposits	(98)	—
Proceeds from withdrawal of time deposits	118	30
Proceeds from sales of investment securities	—	397
Purchase of property, plant and equipment	(334)	(97)
Proceeds from sales of property, plant and equipment	100	26
Proceeds from liquidation of subsidiaries and affiliates	—	7
Other, net	(30)	9
Net cash provided by (used in) investment activities	(244)	374
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	100	(5)
Repayment of long-term loans payable	(190)	(200)
Repayments of lease obligations	(86)	(93)
Purchase of treasury stock	(0)	(0)
Proceeds from issuance of common stock	—	531
Net cash provided by (used in) financing activities	(176)	232
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(302)	657
Cash and cash equivalents at beginning of period	1,201	394
Cash and cash equivalents at end of period	898	1,051

[Segment Information]

I Second Quarter of FY03/2014 (Apr. 1, 2013 –Sep. 30, 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	4,925	2,026	1,153	2	8,107	-	8,107
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	4,925	2,026	1,153	2	8,107	-	8,107
Segment profit (loss) (Operating income (loss))	81	(91)	126	1	119	(338)	(219)

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

2. Segment income adjustment of 338 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.

II Second Quarter of FY03/2014 (Apr. 1, 2014 –Sep. 30, 2014)

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	4,903	1,751	1,182	-	7,837	-	7,837
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	4,903	1,751	1,182	-	7,837	-	7,837
Segment profit (loss) (Operating income (loss))	91	32	89	-	213	(334)	(120)

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

2. Segment income adjustment of 334 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.

[Supplementary Information]

Sales by Segment

(Millions of yen, rounded down)

Industry Segment	2nd Quarter of FY03/2014 (Apr. 1, 2013 – Sept. 30, 2013)		2nd Quarter of FY03/2015 (Apr. 1, 2014 – Sept. 30, 2014)		FY03/2014 (Apr. 1, 2013 - Mar. 31, 2014)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	4,925	60.7%	4,903	62.6%	10,296	61.9%
Tabletop	2,026	25.0	1,751	22.3	4,110	24.7
Functional Ceramics Product	1,153	14.2	1,182	15.1	2,230	13.4
Other	2	0.1	-	-	2	0.0
Total	8,107	100.0	7,837	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	2nd Quarter of FY03/2014 (Apr. 1, 2013- Sept. 30, 2013)		2nd Quarter of FY03/2015 (Apr. 1, 2014- Sept. 30, 2014)		FY03/2014 (Apr. 1, 2013 - Mar. 31, 2014)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Housing & Environmental Equipment	-	-%	-	-%	-	-%
Tabletop	465	23.0	590	33.7	1,006	24.5
Functional Ceramics Product	440	38.2	387	32.8	738	33.1
Other	0	21.5	-	-	0	21.5
Total	906	11.2	977	12.5	1,745	10.5