

Financial Results for the Fiscal Year Ended March 31, 2015<under Japanese GAAP> (Consolidated)

May 11, 2015

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, 2015
 Scheduled date to submit Securities Report : June 26, 2015
 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, 2015 (April 1, 2014 - March 31, 2015)

(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, 2015	15,591	(6.3)	(200)	-	(61)	-	(218)	-
FY ended Mar. 31, 2014	16,639	1.6	(473)	-	(382)	-	(477)	-

Note: Comprehensive income (Millions of yen) : Mar. 31, 2015 : (19) (-%) Mar. 31, 2014 : (478) (-%)

	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, 2015	(10.37)	-	(23.5)	(0.6)	(1.3)
FY ended Mar. 31, 2014	(25.51)	-	(44.9)	(3.4)	(2.8)

Reference: Equity in earnings of affiliates (Millions of yen) : Mar. 31, 2015 : - Mar. 31, 2014 : -

(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, 2015	10,395	1,184	11.4	50.80
As of Mar. 31, 2014	10,705	671	6.3	35.85

Reference: Shareholders' equity (Millions of yen) : Mar. 31, 2015: 1,184 Mar. 31, 2014: 671

(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, 2015	163	197	449	1,208
FY ended Mar. 31, 2014	(72)	(286)	(449)	394

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, 2014	-	0.00	-	0.00	0.00	-	-	-
Year ended Mar. 31, 2015	-	0.00	-	0.00	0.00	-	-	-
Year ending Mar. 31, 2016 (forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(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	16,000	2.6	50	-	50	-	0	-	0.00

Note: Consolidated forecast for the six months ending September 30, 2015 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, 2015 : 24,172,000 shares Mar. 31, 2014 : 19,572,000 shares
- 2) Number of treasury stock at the end of the period
 Mar. 31, 2015 : 850,499 shares Mar. 31, 2014 : 845,323 shares
- 3) Average number of shares over period
 Mar. 31, 2015 : 21,029,919 shares Mar. 31, 2014 : 18,728,149 shares

(Reference) Non-consolidated financial results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(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, 2015	14,707	(7.1)	(257)	-	(93)	-	(276)	-
FY ended Mar. 31, 2014	15,824	13.0	(501)	-	(389)	-	(569)	-

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Mar. 31, 2015	(13.13)	-
FY ended Mar. 31, 2014	(30.42)	-

(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, 2015	11,805	1,189	10.1	51.01
As of Mar. 31, 2014	12,063	845	7.0	45.13

Reference: Shareholders' equity (Millions of yen) : Mar.31, 2015: 1,189 Mar.31, 2014: 845

*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

	FY03/2014 (As of Mar.31,2014)	(Millions of yen) FY03/2015 (As of Mar.31,2015)
Assets		
Current assets		
Cash and deposits	501	1,285
Notes and accounts receivable-trade	2,711	2,469
Merchandise and finished goods	1,374	1,407
Work in process	573	582
Costs on uncompleted construction contracts	329	224
Raw materials and supplies	290	259
Deferred tax assets	0	1
Other	128	119
Allowance for doubtful accounts	(24)	(11)
Total current assets	5,885	6,336
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,705	6,729
Accumulated depreciation	(4,599)	(4,660)
Buildings and structures, net	2,106	2,068
Machinery, equipment and vehicles	4,861	4,660
Accumulated depreciation	(4,596)	(4,433)
Machinery, equipment and vehicles, net	264	226
Tools, furniture and fixtures	1,209	1,190
Accumulated depreciation	(1,144)	(1,129)
Tools, furniture and fixtures, net	65	61
Land	1,194	1,145
Lease assets	557	463
Accumulated depreciation	(241)	(318)
Lease assets, net	316	144
Construction in progress	45	62
Total property, plant and equipment	3,992	3,708
Intangible assets		
Lease assets	10	4
Other	111	82
Total intangible assets	122	87
Investments and other assets		
Investment securities	573	139
Claims provable in bankruptcy, claims provable in rehabilitation and other	516	494
Other	131	123
Allowance for doubtful accounts	(516)	(494)
Total investments and other assets	704	263
Total noncurrent assets	4,820	4,058
Total assets	10,705	10,395
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,256	2,729
Short-term loans payable	1,800	1,765
Current portion of long-term loans payable	335	369
Lease obligations	183	79
Income taxes payable	57	49
Provision for bonuses	54	51
Provision for product warranties	389	276
Other	1,240	1,184
Total current liabilities	7,317	6,504
Noncurrent liabilities		
Long-term loans payable	745	851
Lease obligations	155	77
Provision for directors' retirement benefits	36	44
Net defined benefit liability	1,654	1,581
Deferred tax liabilities	—	8
Other	123	142
Total noncurrent liabilities	2,716	2,706
Total liabilities	10,034	9,210
Net assets		
Shareholders' equity		
Capital stock	3,200	3,470
Capital surplus	1,321	1,584
Retained earnings	(3,005)	(3,224)
Treasury stock	(335)	(336)
Total shareholders' equity	1,179	1,494
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(86)	1
Foreign currency translation adjustment	(116)	(115)
Remeasurements of defined benefit plans	(305)	(195)
Total accumulated other comprehensive income	(508)	(309)
Total net assets	671	1,184
Total liabilities and net assets	10,705	10,395

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

Consolidated statements of income

	(Millions of yen)	
	FY03/2014 (Apr.1, 2013-Mar. 31, 2014)	FY03/2015 (Apr.1, 2014-Mar. 31, 2015)
Net sales	16,639	15,591
Cost of sales	11,893	11,149
Gross profit	4,745	4,442
Selling, general and administrative expenses	5,219	4,643
Operating income (loss)	(473)	(200)
Non-operating income		
Interest income	1	1
Rent income	41	41
Foreign exchange gains	32	83
Other	92	83
Total non-operating income	167	210
Non-operating expenses		
Interest expenses	49	39
Loss on sales of notes payable	8	8
Sales discounts	11	10
Other	6	12
Total non-operating expenses	75	71
Ordinary income (loss)	(382)	(61)
Extraordinary Income		
Gain on sales of noncurrent assets	122	2
Gain on liquidation of subsidiaries and affiliates	—	7
Reversal of provision for loss on lead trouble measures	—	36
Total extraordinary Income	122	46
Extraordinary loss		
Loss on sales of noncurrent assets	0	19
Loss on retirement of noncurrent assets	26	6
Impairment loss	4	—
Loss on valuation of stocks of subsidiaries and affiliates	14	—
Loss on sales of investment securities	5	123
Loss on lead trouble measures	119	—
Total extraordinary losses	170	150
Income (loss) before income taxes and minority interests	(430)	(165)
Income taxes-current	46	45
Income taxes-deferred	0	6
Total income taxes	47	52
Income (loss) before minority interests	(477)	(218)
Net income (loss)	(477)	(218)

Consolidated statements of comprehensive income

	(Millions of yen)	
	FY03/2014 (Apr.1, 2013-Mar. 31, 2014)	FY03/2015 (Apr.1, 2014-Mar. 31, 2015)
Income(loss) before minority interests	(477)	(218)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	87
Foreign currency translation adjustment	5	0
Remeasurements of defined benefit plans, net of tax	—	110
Other comprehensive income	(1)	198
Comprehensive income	(478)	(19)
Comprehensive income attributable to owners of the parent	(478)	(19)
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of changes in equity

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)
Issuance of new shares	-	-			
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)
Issuance of new shares					
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

FY03/2015 (Apr.1, 2014-Mar. 31, 2015)

(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	(3,005)	(335)	1,179
Changes of items during the period					
Net income (loss)			(218)		(218)
Purchase of treasury stock				(0)	(0)
Issuance of new shares	270	263			533
Net changes of items other than shareholders' equity					
Total changes of items during the period	270	263	(218)	(0)	314
Balance at the end of current period	3,470	1,584	(3,324)	(336)	1,494

	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	(86)	(116)	(305)	(508)	671
Changes of items during the period					
Net income (loss)					(218)
Purchase of treasury stock					(0)
Issuance of new shares					533
Net changes of items other than shareholders' equity	87	0	110	198	198
Total changes of items during the period	87	0	110	198	513
Balance at the end of current period	1	(115)	(195)	(309)	1,184

(4) Consolidated Statements of Cash Flows

(Millions of yen)

FY03/2014 FY03/2015
(Apr.1, 2013-Mar. 31, 2014) (Apr.1, 2014-Mar. 31, 2015)

Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(430)	(165)
Depreciation and amortization	461	534
Impairment loss	4	—
Loss on valuation of stocks of subsidiaries and affiliates	14	—
Increase (decrease) in allowance for doubtful accounts	(21)	(36)
Increase (decrease) in provision for bonuses	(46)	(3)
Increase (decrease) in provision for retirement benefits	(1,329)	—
Increase (decrease) in net defined benefit liability	1,348	37
Increase (decrease) in provision for product warranties	(54)	(113)
Interest and dividends income	(10)	(8)
Interest expenses	49	39
Foreign exchange losses (gains)	0	(19)
Loss (gain) on sales of investment securities	5	123
Loss (gain) on sales of property, plant and equipment	(121)	17
Loss on retirement of noncurrent assets	26	6
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	(53)	247
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	2	21
Decrease (increase) in inventories	176	105
Increase (decrease) in notes and accounts payable-trade	151	(527)
Other, net	(278)	28
Subtotal	<u>14</u>	<u>246</u>
Interest and dividends income received	10	8
Interest expenses paid	(49)	(39)
Income taxes paid	(48)	(51)
Net cash provided by (used in) operating activities	<u>(72)</u>	<u>163</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	(88)	—
Proceeds from withdrawal of time deposits	108	30
Proceeds from sales of investment securities	39	397
Purchase of property, plant and equipment	(524)	(277)
Proceeds from sales of property, plant and equipment	179	31
Proceeds from liquidation of subsidiaries and affiliates	—	7
Other, net	(0)	7
Net cash provided by (used in) investment activities	<u>(286)</u>	<u>197</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	100	(35)
Proceeds from long-term loans payable	—	500
Repayment of long-term loans payable	(361)	(360)
Repayments of lease obligations	(188)	(182)
Purchase of treasury stock	(0)	(0)
Proceeds from issuance of common stock	—	528
Net cash provided by (used in) financing activities	<u>(449)</u>	<u>449</u>
Effect of exchange rate change on cash and cash equivalents	<u>1</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	<u>(806)</u>	<u>813</u>
Cash and cash equivalents at beginning of period	<u>1,201</u>	<u>394</u>
Cash and cash equivalents at end of period	<u>394</u>	<u>1,208</u>

[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

FY03/2014(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.

FY03/2015(Apr. 1, 2014 - Mar. 31, 2015)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Functional Ceramics Product	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements
Net sales						
Sales to Outside Customers	9,887	3,254	2,450	15,591	-	15,591
Intersegment sales or Transfers	-	-	-	-	-	-
Total	9,887	3,254	2,450	15,591	-	15,591
Segment profit (loss) (Operating income (loss))	253	3	233	490	(691)	(200)
Segment assets	3,337	3,129	1,630	8,096	2,298	10,395
Other Items						
Depreciation and Amortization	262	126	91	480	54	534
Increase in Property, plant and equipment and Intangible assets	83	35	71	189	36	226
Impairment loss	-	-	-	-	-	-

Notes: 1. The "Other" category of FY03/2014, was removed from reporting segment because there is no profit in FY03/2015.

2. Below is a description of adjustments.

- (5) Segment income adjustment of 691 million yen consists of expenses related to departments that do not belong to the reportable segments.
- (6) Segment assets adjustment of 2,298 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).
- (7) Depreciation and Amortization adjustment of 54 million yen consists of Depreciation and Amortization related to departments that do not belong to the reportable segments.
- (8) Increase in Property, plant and equipment and Intangible assets adjustment of 36 million yen consists of capital investments associated with departments that do not belong to the reportable segments.