

Consolidated Financial Results for the Six Months of Fiscal Year Ending March 31, 2016 <under Japanese GAAP>

November 9, 2015

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section
 URL : <http://www.nikko-company.co.jp/>
 Representative : Mitsuru Mitani, Chairman and CEO
 Contact : Kazuya Nunokawa, Managing Officer (Phone: +81-76-276-2121)
 Scheduled date to submit Securities Report : November 13, 2015
 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, 2015 (April 1, 2015 - September 30, 2015)

(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	%
Six months ended September 30, 2015	6,508	(17.0)	(437)	-	(413)	-	(435)	-
Six months ended September 30, 2014	7,837	(3.3)	(120)	-	(60)	-	(186)	-

Note: Comprehensive income (Millions of yen): September 30, 2015: (410) (-%) September 30, 2014: (66) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2015	(18.66)	-
Six months ended September 30, 2014	(9.97)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2015	9,280	774	8.3	33.20
As of March 31, 2015	10,395	1,184	11.4	50.80

Reference: Shareholders' equity (Millions of yen): September 30, 2015: 774 March 31, 2015: 1,184

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2015	-	0.00	-	0.00	0.00
Fiscal Year ending March 31, 2016	-	0.00			
Fiscal Year ending March 31, 2016 (forecast)			-	0.00	0.00

Notes: Revision of dividend forecast during the period: None

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		Profit (loss) attributable to owners of parent		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

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

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 significant subsidiaries (changes in specified subsidiaries accompanying changes in the scope of consolidation) 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 : 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

September 30, 2015 :	24,172,000 shares	March 31, 2015 :	24,172,000 shares
----------------------	-------------------	------------------	-------------------

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

September 30, 2015 :	852,337 shares	March 31, 2015 :	850,499 shares
----------------------	----------------	------------------	----------------

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

Six months ended September 30, 2015 :	23,320,896 shares	Six months ended September 30, 2014 :	18,749,898 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

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	1,285	529
Notes and accounts receivable-trade	2,469	1,948
Merchandise and finished goods	1,407	1,519
Work in process	582	626
Costs on uncompleted construction contracts	224	316
Raw materials and supplies	259	302
Deferred tax assets	1	1
Other	119	127
Allowance for doubtful accounts	(11)	(8)
Total current assets	6,336	5,363
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,729	6,763
Accumulated depreciation	(4,660)	(4,745)
Buildings and structures, net	2,068	2,018
Machinery, equipment and vehicles	4,660	4,728
Accumulated depreciation	(4,433)	(4,471)
Machinery, equipment and vehicles, net	226	256
Tools, furniture and fixtures	1,190	1,209
Accumulated depreciation	(1,129)	(1,141)
Tools, furniture and fixtures, net	61	68
Land	1,145	1,145
Lease assets	462	251
Accumulated depreciation	(318)	(152)
Lease assets, net	144	99
Construction in progress	62	48
Total property, plant and equipment	3,708	3,636
Intangible assets		
Lease assets	4	3
Other	82	73
Total intangible assets	87	77
Investments and other assets		
Investment securities	139	86
Claims provable in bankruptcy, claims provable in rehabilitation and other	494	494
Deferred tax assets	—	0
Other	123	116
Allowance for doubtful accounts	(494)	(494)
Total investments and other assets	263	203
Total noncurrent assets	4,058	3,916
Total assets	10,395	9,280
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,729	2,487
Short-term loans payable	1,765	1,740
Current portion of long-term loans payable	369	368
Lease obligations	79	45
Income taxes payable	49	37
Provision for bonuses	51	49
Provision for product warranties	276	261
Other	1,184	999
Total current liabilities	6,504	5,989
Noncurrent liabilities		
Long-term loans payable	851	667
Lease obligations	77	62
Deferred tax liabilities	8	8
Provision for directors' retirement benefits	44	44
Net defined benefit liability	1,581	1,596
Other	142	138
Total noncurrent liabilities	2,706	2,516
Total liabilities	9,210	8,506
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,224)	(3,659)
Treasury stock	(336)	(336)
Total shareholders' equity	1,494	1,058
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Foreign currency translation adjustment	(115)	(115)
Remeasurements of defined benefit plans	(195)	(170)
Total accumulated other comprehensive income	(309)	(284)
Total net assets	1,184	774
Total liabilities and net assets	10,395	9,280

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

Consolidated quarterly statements of income	(Millions of yen)	
	Six Months ended September 30, 2014	Six Months ended September 30, 2015
Net sales	7,837	6,508
Cost of sales	5,587	4,716
Gross profit	2,249	1,792
Selling, general and administrative expenses	2,370	2,229
Operating income (loss)	(120)	(437)
Non-operating income		
Interest income	0	1
Rent income	19	25
Other	78	26
Total non-operating income	97	52
Non-operating expenses		
Interest expenses	19	18
Other	18	10
Total non-operating expenses	37	28
Ordinary income (loss)	(60)	(413)
Extraordinary Income		
Gain on sales of noncurrent assets	2	—
Gain on liquidation of subsidiaries and affiliates	7	—
Gain on sales of investment securities	—	1
Reversal of provision for loss on lead trouble measures	36	—
Total extraordinary Income	46	1
Extraordinary loss		
Loss on sales of noncurrent assets	19	—
Loss on valuation of investment securities	—	2
Loss on sales of investment securities	123	—
Total extraordinary losses	143	2
Income (loss) before income taxes	(158)	(414)
Income taxes-current	22	20
Income taxes-deferred	6	0
Total income taxes	28	20
Profit (loss)	(186)	(435)
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	(186)	(435)

Consolidated quarterly statements of comprehensive income

Consolidated quarterly statements of comprehensive income	(Millions of yen)	
	Six Months ended September 30, 2014	Six Months ended September 30, 2015
Profit (loss)	(186)	(435)
Other comprehensive income		
Valuation difference on available-for-sale securities	86	(0)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	32	24
Other comprehensive income	119	24
Comprehensive income	(66)	(410)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(66)	(410)
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Cash Flows

	Six Months ended September 30, 2014	Six Months ended September 30, 2015
(Millions of yen)		
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(158)	(414)
Depreciation and amortization	275	200
Increase (decrease) in allowance for doubtful accounts	(6)	(2)
Increase (decrease) in provision for bonuses	30	(1)
Increase (decrease) in provision for product warranties	(51)	(14)
Increase (decrease) in net defined benefit liability	44	38
Interest and dividends income	(6)	(1)
Interest expenses	19	18
Foreign exchange losses (gains)	(8)	0
Loss (gain) on valuation of investment securities	—	2
Loss (gain) on sales of investment securities	123	(1)
Loss (gain) on sales of property, plant and equipment	17	—
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	321	521
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	1	(0)
Decrease (increase) in inventories	(55)	(292)
Increase (decrease) in notes and accounts payable-trade	(300)	(241)
Other, net	(99)	(180)
Subtotal	102	(370)
Interest and dividends income received	6	1
Interest expenses paid	(19)	(18)
Income taxes paid	(40)	(32)
Net cash provided by (used in) operating activities	49	(418)
Net cash provided by (used in) investment activities		
Payments into time deposits	—	(5)
Proceeds from withdrawal of time deposits	30	9
Proceeds from sales of investment securities	397	51
Purchase of property, plant and equipment	(97)	(128)
Proceeds from sales of property, plant and equipment	26	—
Proceeds from liquidation of subsidiaries and affiliates	7	—
Other, net	9	6
Net cash provided by (used in) investment activities	374	(66)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(5)	(25)
Repayment of long-term loans payable	(200)	(184)
Repayments of lease obligations	(93)	(55)
Purchase of treasury stock	(0)	(0)
Proceeds from issuance of common stock	531	—
Net cash provided by (used in) financing activities	232	(265)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	657	(751)
Cash and cash equivalents at beginning of period	394	1,208
Cash and cash equivalents at end of period	1,051	457

[Consolidated Segment Information]

Six Months ended September 30, 2014 (April 1, 2014 – September 30, 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	4,903	1,751	1,182	-	7,837	-	7,837
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 departments that do not belong to the reportable segments.

Six Months ended September 30, 2015 (April 1, 2015 – September 30, 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	4,170	1,131	1,206	6,508	-	6,508
Intersegment sales or Transfers	-	-	-	-	-	-
Total	4,170	1,131	1,206	6,508	-	6,508
Segment profit (loss) (Operating income (loss))	(25)	(207)	145	(87)	(349)	(437)

Notes: 1. The “Other” is not business segment.

2. Segment income adjustment of 349 million yen consists of expenses related to departments that do not belong to the reportable segments.