

Financial Results for the Three Months of Fiscal Year Ending March 31, 2017
<under Japanese GAAP>

August 5, 2016

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section
 URL : http://www.nikko-company.co.jp/
 Representative : Akiko Mitani, Chief Executive Officer
 Contact : Kazuya Nunokawa, Managing Officer (Phone: +81-76-276-2121)
 Scheduled date to submit Securities Report : August 10, 2016
 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 Three Months Ended June 30, 2016 (April 1, 2016 - June 30, 2016)

(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	%
Three months ended June 30, 2016	2,914	(7.4)	(92)	-	(117)	-	(121)	-
Three months ended June 30, 2015	3,147	(16.9)	(217)	-	(202)	-	(214)	-

Note: Comprehensive income (Millions of yen) : June 30, 2016: (110) (-%) June 30, 2015: (202) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2016	(5.20)	-
Three months ended June 30, 2015	(9.21)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	9,226	572	6.2	24.53
As of Mar. 31, 2016	9,317	683	7.3	29.29

Reference: Shareholders' equity (Millions of yen) : June 30, 2016: 572 Mar. 31, 2016: 683

2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2016	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2017	-				
Year ending Mar. 31, 2017 (forecast)		0.00	-	0.00	0.00

Notes: Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(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	13,800	1.1	120	-	100	-	40	-	1.72

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

Consolidated forecast for the six months ending September 30, 2016 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

June 30, 2016	:	24,172,000 shares	Mar. 31, 2016	:	24,172,000 shares
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2) Number of treasury stock at the end of the period

June 30, 2016	:	854,423 shares	Mar. 31, 2016	:	853,064 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Three months ended June 30, 2016	:	23,318,645 shares	Three months ended June 30, 2015	:	23,321,501 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 Quarterly Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	982	1,219
Notes and accounts receivable-trade	1,992	1,597
Merchandise and finished goods	1,200	1,248
Work in process	632	623
Costs on uncompleted construction contracts	282	481
Raw materials and supplies	228	222
Deferred tax assets	1	2
Other	145	77
Allowance for doubtful accounts	(4)	(3)
Total current assets	5,460	5,468
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,730	6,718
Accumulated depreciation	(4,783)	(4,816)
Buildings and structures, net	1,946	1,901
Machinery, equipment and vehicles	4,600	4,570
Accumulated depreciation	(4,296)	(4,284)
Machinery, equipment and vehicles, net	304	286
Tools, furniture and fixtures	1,222	1,215
Accumulated depreciation	(1,101)	(1,111)
Tools, furniture and fixtures, net	121	103
Land	1,121	1,121
Lease assets	251	251
Accumulated depreciation	(173)	(184)
Lease assets, net	78	67
Construction in progress	5	5
Total property, plant and equipment	3,576	3,485
Intangible assets		
Lease assets	3	2
Other	106	97
Total intangible assets	109	100
Investments and other assets		
Investment securities	55	55
Claims provable in bankruptcy, claims provable in rehabilitation and other	490	491
Deferred tax assets	2	6
Other	112	109
Allowance for doubtful accounts	(491)	(491)
Total investments and other assets	170	171
Total noncurrent assets	3,856	3,757
Total assets	9,317	9,226
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,387	2,404
Short-term loans payable	2,540	2,540
Current portion of long-term loans payable	382	377
Lease obligations	46	41
Income taxes payable	45	17
Provision for bonuses	44	65
Provision for product warranties	242	237
Other	870	1,007
Total current liabilities	6,559	6,690
Noncurrent liabilities		
Long-term loans payable	565	501
Lease obligations	37	31
Deferred tax liabilities	6	6
Provision for directors' retirement benefits	48	20
Net defined benefit liability	1,282	1,269
Other	133	133
Total noncurrent liabilities	2,075	1,963
Total liabilities	8,634	8,654
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,778)	(3,899)
Treasury stock	(336)	(337)
Total shareholders' equity	939	817
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(112)	(109)
Remeasurements of defined benefit plans	(143)	(136)
Total accumulated other comprehensive income	(256)	(245)
Total net assets	683	572
Total liabilities and net assets	9,317	9,226

**(2) Consolidated Quarterly Statements of Income
and Consolidated Quarterly Statements of Comprehensive Income**

Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	3,147	2,914
Cost of sales	2,249	2,064
Gross profit	898	849
Selling, general and administrative expenses	1,116	942
Operating income (loss)	(217)	(92)
Non-operating income		
Interest income	0	0
Rent income	12	12
Foreign exchange gains	9	—
Other	8	9
Total non-operating income	30	21
Non-operating expenses		
Interest expenses	9	10
Foreign exchange loss	—	30
Other	5	5
Total non-operating expenses	15	47
Ordinary income (loss)	(202)	(117)
Extraordinary Income		
Outplacement bounty	—	9
Total extraordinary Income	—	9
Extraordinary loss		
Loss on valuation of investment securities	2	—
Loss on fire	—	11
Total extraordinary losses	2	11
Income (loss) before income taxes	(205)	(119)
Income taxes-current	8	5
Income taxes-deferred	0	(3)
Total income taxes	9	2
Profit (loss)	(214)	(121)
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	(214)	(121)

Consolidated Quarterly Statements of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit (loss)	(214)	(121)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	(0)	3
Remeasurements of defined benefit plans, net of tax	12	7
Total other comprehensive income	12	10
Comprehensive income	(202)	(110)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(202)	(110)
Comprehensive income attributable to non-controlling interests	—	—

[Consolidated Segment Information]

Three months ended June 30, 2015 (April 1, 2015 - June 30, 2015)

(Millions of yen, rounded down)

	Functional Ceramics Product	Housing & Environmental Equipment	Tabletop	Segment total	Adjustment (Note)	Amounts on the consolidated financial statements
Net sales						
Sales to Outside Customers	592	2,004	551	3,147	-	3,147
Intersegment sales or Transfers	-	-	-	-	-	-
Total	592	2,004	551	3,147	-	3,147
Segment profit (loss) (Operating income (loss))	78	(51)	(77)	(51)	(166)	(217)

Notes: Segment income adjustment of 166 million yen consists of expenses related to departments that do not belong to the reportable segments.

Three months ended June 30, 2016 (April 1, 2016 - June 30, 2016)

(Millions of yen, rounded down)

	Functional Ceramics Product	Housing & Environmental Equipment	Tabletop	Segment total	Adjustment (Note)	Amounts on the consolidated financial statements
Net sales						
Sales to Outside Customers	536	1,912	465	2,914	-	2,914
Intersegment sales or Transfers	-	-	-	-	-	-
Total	536	1,912	465	2,914	-	2,914
Segment profit (loss) (Operating income (loss))	78	(28)	(28)	21	(114)	(92)

Notes: Segment income adjustment of 114 million yen consists of expenses related to departments that do not belong to the reportable segments.