

Financial Results for the First Quarter of Fiscal Year Ending October 31, 2010

March 10, 2010

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section
 URL : <http://www.nikko-company.co.jp/>
 Representative : Makoto Yoshida, Chief Executive Officer
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 Scheduled date to submit Securities Report : March 12, 2010

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended January 31, 2010 (November 1, 2009 - January 31, 2010)

(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	%
Three months ended Jan. 31, 2010	4,093	(12.1)	(386)	-	(379)	-	(391)	-
Three months ended Jan. 31, 2009	4,657	-	(651)	-	(642)	-	(662)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jan. 31, 2010	(20.92)	-
Three months ended Jan. 31, 2009	(35.31)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jan. 31, 2010	14,226	4,817	33.9	257.69
As of Oct. 31, 2009	13,828	5,258	38.0	280.59

Reference: Shareholders' equity (Millions of yen): Jan. 31, 2010: 4,817 Oct. 31, 2009: 5,258

2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Oct. 31, 2009	-	0.00	-	0.00	0.00
Year ending Oct. 31, 2010	-	-	-	-	-
Year ending Oct. 31, 2010 (forecast)	-	0.00	-	0.00	0.00

Note: Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2010 (November 1, 2009 - October 31, 2010)

(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
First half	9,400	4.4	(400)	-	(400)	-	(420)	-	(22.45)
Full year	19,600	14.9	(330)	-	(300)	-	(350)	-	(18.71)

Note: Revision of projected consolidated performance during the period: Yes

4. Others

- (1) Changes in consolidated subsidiaries during the period (Changes in scope of consolidation): None
(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to "Qualitative Information and Financial Statements, Other Information" on page 3 for further information.

- (3) Changes in accounting principles, procedures, presentation methods for preparation of quarterly consolidated financial statements
1) Changes caused by revision of accounting standards: Yes
2) Other changes: Yes

Note: Please refer to "Qualitative Information and Financial Statements, Other Information" on page 3 for further information.

- (4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period			
Jan. 31, 2010:	19,572,000 shares	Oct. 31, 2009:	19,572,000 shares
2) Number of treasury stock at the end of the period			
Jan. 31, 2010:	876,256 shares	Oct. 31, 2009:	831,026 shares
3) Average number of shares issued during the period (cumulative; consolidated)			
Three months ended Jan. 31, 2010:	18,726,166 shares	Three months ended Jan. 31, 2009:	18,776,631 shares

*Appropriate use of business forecasts, other special items

These forward-looking statements involve uncertainties. Actual results may differ from those anticipated due to various factors that may arise in the future.

(Qualitative Information and Financial Statements)

1. Other Information

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

Not applicable

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

1) Simplified Accounting Method

(Valuation of inventory assets)

The value of inventories at the end of the period under review is calculated using a rational method, based on physical inventories at the end of the previous fiscal year, rather than physical inventories at the end of the period under review.

(Calculation of depreciation expense for fixed assets)

Amount of acquisition, disposal and depreciation of the fixed assets which to be applied to the quarter is calculated by distributing the amount quoted or budgeted according to the length of the period.

2) Special accounting treatment for preparing quarterly consolidated financial statements

Not applicable

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

Changes in recording basis for completed work amount and completed work cost

Concerning the recording basis for earnings related to contract works, we had been applying the completed contract method.

Effective from the first quarter of the current fiscal year, however, the Company has applied "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and "Guidance for the Application of Accounting Standards for Construction Contracts" (ASBJ Statement No. 18, December 27, 2007), we have been applying these accounting standards from construction contracts, the construction of which was commenced in the first quarter of the current fiscal year, applying the percent of completion method to construction works showing the certainty of the results for portion completed by the end of the first quarter of the current fiscal year (the cost percentage method for estimation of percentage of work completion) and the completed contract method to other works. These changes do not have a material effect on earnings and segment Information.

2. Quarterly Consolidated Financial Statements
(1) Consolidated Balance Sheet

	First quarter of FY10/2010 (As of Jan.31,2010)	(Millions of yen) FY10/2009 Summary (As of Oct.31,2009)
Assets		
Current assets		
Cash and deposits	1,749	1,580
Notes and accounts receivable-trade	3,121	2,936
Merchandise and finished goods	2,216	2,195
Work in process	777	850
Costs on uncompleted construction contracts	393	231
Raw materials and supplies	335	340
Deferred tax assets	2	4
Other	180	155
Allowance for doubtful accounts	(197)	(198)
Total current assets	8,579	8,096
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,634	6,633
Accumulated depreciation	(4,209)	(4,165)
Buildings and structures, net	2,425	2,468
Land	1,261	1,261
Other	7,656	7,580
Accumulated depreciation	(6,680)	(6,598)
Other, net	975	981
Total property, plant and equipment	4,662	4,771
Intangible assets	240	249
Investments and other assets		
Investment securities	739	776
Other	459	450
Allowance for doubtful accounts	(297)	(298)
Allowance for loss on valuation of investments of subsidiaries and affiliates	(158)	(157)
Total investments and other assets	743	770
Total noncurrent assets	5,646	5,731
Total assets	14,226	13,828
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,266	3,116
Short-term loans payable	1,390	422
Current portion of long-term loans payable	100	100
Income taxes payable	18	42
Provision for bonuses	196	306
Provision for product warranties	104	105
Other	1,172	1,333
Total current liabilities	6,249	5,427
Noncurrent liabilities		
Long-term loans payable	1,340	1,350
Provision for retirement benefits	1,237	1,196
Provision for directors' retirement benefits	92	88
Other	489	506
Total noncurrent liabilities	3,158	3,141
Total liabilities	9,408	8,569
Net assets		
Shareholders' equity		
Capital stock	3,200	3,200
Capital surplus	3,045	3,620
Retained earnings	(823)	(1,007)
Treasury stock	(343)	(333)
Total shareholders' equity	5,077	5,479
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(144)	(109)
Foreign currency translation adjustment	(115)	(111)
Total valuation and translation adjustments	(260)	(220)
Total net assets	4,817	5,258
Total liabilities and net assets	14,226	13,828

(2) Consolidated quarterly statements of income
(For the Three-month Period)

	(Millions of yen)	
	First quarter of FY10/2009 (Nov.1,2008-Jan.31,2009)	First quarter of FY10/2010 (Nov.1,2009-Jan.31,2010)
Net sales	4,657	4,093
Cost of sales	3,564	3,145
Gross profit	1,093	948
Selling, general and administrative expenses	1,745	1,335
Operating loss	(651)	(386)
Non-operating income		
Interest income	1	0
Priority use fee of products	50	—
Other	32	29
Total non-operating income	84	29
Non-operating expenses		
Interest expenses	4	12
Foreign exchange loss	31	5
Loss on valuation of derivatives	34	0
Other	5	3
Total non-operating expenses	75	22
Ordinary loss	(642)	(379)
Extraordinary loss		
Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	8	0
Other	—	1
Total extraordinary losses	8	1
Loss before income taxes and minority interests	(651)	(381)
Income taxes-current	9	9
Income taxes-deferred	2	1
Total income taxes	11	10
Net loss	(662)	(391)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First quarter of FY10/2009 (Nov.1,2008-Jan.31,2009)	First quarter of FY10/2010 (Nov.1,2009-Jan.31,2010)
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(651)	(381)
Depreciation and amortization	123	140
Increase (decrease) in allowance for doubtful accounts	359	(1)
Increase (decrease) in provision for bonuses	(232)	(109)
Increase (decrease) in provision for retirement benefits	42	40
Increase (decrease) in Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	8	0
Interest and dividends income	(3)	(2)
Interest expenses	4	12
Loss (gain) on valuation of derivatives	35	2
Decrease (increase) in notes and accounts receivable-trade	(5)	(185)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(308)	(1)
Decrease (increase) in inventories	(192)	(103)
Increase (decrease) in notes and accounts payable-trade	(261)	149
Other, net	(13)	(200)
Subtotal	(1,093)	(639)
Interest and dividends income received	3	2
Interest expenses paid	(4)	(12)
Income taxes paid	(42)	(34)
Net cash provided by (used in) operating activities	(1,137)	(683)
Net cash provided by (used in) investment activities		
Payments into time deposits	(124)	(24)
Proceeds from withdrawal of time deposits	124	24
Purchase of property, plant and equipment	(315)	(61)
Other, net	0	(3)
Net cash provided by (used in) investment activities	(316)	(65)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(421)	967
Repayment of long-term loans payable	—	(10)
Purchase of treasury stock	(12)	(9)
Other, net	—	(25)
Net cash provided by (used in) financing activities	(433)	922
Effect of exchange rate change on cash and cash equivalents	(23)	(3)
Net increase (decrease) in cash and cash equivalents	(1,909)	169
Cash and cash equivalents at beginning of period	3,714	1,402
Cash and cash equivalents at end of period	1,804	1,571

(4) Going Concern Assumption

No reportable information.

(5) Segment Information

(Industry Segment Information)

First Quarter of FY10/2009 (Nov. 1, 2008 - Jan. 31, 2009)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other	Segment total	Elimination or corporate	Consolidated Total
Net sales							
(1)Sales to Outside Customers	2,621	1,258	768	8	4,657	-	4,657
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	2,621	1,258	768	8	4,657	-	4,657
Operating income (loss)	(30)	(385)	(65)	(11)	(492)	(159)	(651)

Notes: 1. Major products in each industry segment:

Industry segments are classified based on the similarities of products, markets and so on.

Industry Segment	Major Products
Housing & Environmental Equipment	FRP bath-tubs, Bathroom units, Septic tanks, Water treatment facilities, Tiles, Wind turbine system
Tabletop	Fine bone china, Fine vitrified china, Fine porcelain, Oven ware
Electro-Ceramics	Alumina substrates, Hybrid IC, LTCC substrates, Dielectric ceramics

First Quarter of FY10/2010 (Nov. 1, 2009 - Jan. 31, 2010)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other	Segment total	Elimination or corporate	Consolidated Total
Net sales							
(1)Sales to Outside Customers	2,303	1,201	582	6	4,093	-	4,093
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	2,303	1,201	582	6	4,093	-	4,093
Operating income (loss)	(61)	(68)	(90)	(14)	(234)	(152)	(386)

Notes: 1. Major products in each industry segment:

Industry segments are classified based on the similarities of products, markets and so on.

Industry Segment	Major Products
Housing & Environmental Equipment	FRP bath-tubs, Bathroom units, Septic tanks, Water treatment facilities, Tiles, Wind turbine system
Tabletop	Fine bone china, Fine vitrified china, Fine porcelain, Oven ware
Electro-Ceramics	Alumina substrates, Hybrid IC, LTCC substrates, Dielectric ceramics

(Information by Geographic Segment)

Geographical segment information is not presented since domestic sales exceeded 90% of total segment sales.

(Overseas Sales)

First Quarter of FY10/2009 (Nov. 1, 2008 - Jan. 31, 2009) (Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	158	188	22	369
Consolidated net sales				4,657
Percentage of overseas sales against consolidated net sales	3.4%	4.1%	0.4%	7.9%

First Quarter of FY10/2010 (Nov. 1, 2009 - Jan. 31, 2010) (Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	201	216	17	436
Consolidated net sales				4,093
Percentage of overseas sales against consolidated net sales	4.9%	5.3%	0.5%	10.7%

Notes :

1. The countries or areas are classified based on the geographical proximity.
2. Major countries and areas which belong to each classification:
North America : U.S.A., Canada
Asia: Korea, China, Other Asian Countries
3. Overseas sales include the export sales of the company and domestic subsidiaries and the domestic sales of the subsidiaries abroad.

(6) Significant changes in Shareholder's Equity

Not applicable.

(Supplementary Information)

Sales by Segment

(Millions of yen, rounded down)

Industry Segment	First Quarter of FY10/2009 (Nov. 1, 2008 - Jan. 31, 2009)		First Quarter of FY10/2010 (Nov. 1, 2009 - Jan. 31, 2010)		FY10/2009 (Nov. 1, 2008 - Oct. 31, 2009)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	2,621	56.3%	2,303	56.3%	9,756	57.2%
Tabletop	1,258	27.0	1,201	29.4	5,007	29.3
Electro- Ceramics	768	16.5	582	14.2	2,268	13.3
Other	8	0.2	6	0.1	30	0.2
Total	4,657	100.0	4,093	100.0	17,063	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	First Quarter of FY10/2009 (Nov. 1, 2008 - Jan. 31, 2009)		First Quarter of FY10/2010 (Nov. 1, 2009 - Jan. 31, 2010)		FY10/2009 (Nov. 1, 2008 - Oct. 31, 2009)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Tabletop	237	18.8%	325	27.1%	1,197	23.9%
Electro- Ceramics	132	17.2	110	18.9	419	18.5
Total	369	7.9	436	10.7	1,616	9.5