

Financial Results for the Fiscal Year Ended October 31, 2010

December 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

Contact : Shigekazu Kaneda, Board Director and Executive Managing Officer (Phone: +81-76-276-2121)

Scheduled date of general meeting of shareholders: January 28, 2011

Scheduled date to submit Securities Report : January 28, 2011

Scheduled date to begin dividend payments : -

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

1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2010 (November 1, 2009 - October 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	%
Fiscal year ended Oct. 31, 2010	17,961	5.3	(954)	-	(960)	-	(1,022)	-
Fiscal year ended Oct. 31, 2009	17,063	(19.8)	(2,322)	-	(2,223)	-	(2,303)	-

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Oct. 31, 2010	(54.54)	-	(21.7)	(6.9)	(5.3)
Fiscal year ended Oct. 31, 2009	(122.84)	-	(35.9)	(13.9)	(13.6)

Reference: Equity in earnings of affiliates (Millions of yen):

Oct. 31, 2010: - Oct. 31, 2009: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Oct. 31, 2010	13,939	4,143	29.7	221.13
As of Oct. 31, 2009	13,828	5,258	38.0	280.59

Reference: Shareholders' equity (Millions of yen):

Oct. 31, 2010: 4,143

Oct. 31, 2009: 5,258

(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
Fiscal year ended Oct. 31, 2010	(132)	(424)	(415)	1,251
Fiscal year ended Oct. 31, 2009	(783)	(785)	(726)	1,402

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 Oct. 31, 2009	-	0.00	-	0.00	0.00	-	-	-
Year ended Oct. 31, 2010	-	0.00	-	0.00	0.00	-	-	-
Year ending Mar. 31, 2011 (forecast)	-	-	-	0.00	0.00		-	

Note: A proposal to change the fiscal year end from October 31 to March 31 had been submitted for approval at the General Meeting of Shareholders to be held on January 28, 2011.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2011 (November 1, 2010 - March 31, 2011)

(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	8,000	-	(400)	-	(400)	-	(600)	-	(34.02)

Note: Due to the change in fiscal year end to March 31, the forecast figures for the full year are for 5-month period from November 1, 2010 to March 1, 2011 and comparisons with the previous year are not provided.

(Reference Information)

Consolidated Forecast for the Fiscal Year Ending March 31, 2012 (April 1, 2011 - March 31, 2012)

	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	19,800		90		90		40		2.13

4. Other

(1) Changes in consolidated subsidiaries during the period (Changes in scope of consolidation): None

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

1) Changes caused by revision of accounting standards: Yes

2) Other changes: No

Note: Please refer to "Changes in Basis of Preparation of Consolidated Financial Statements" for further information.

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period

Oct. 31, 2010: 19,572,000 shares

Oct. 31, 2009:

19,572,000 shares

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

Oct. 31, 2010: 833,316 shares

Oct. 31, 2009:

831,026 shares

(Reference) Non-consolidated financial results

Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2010 (November 1, 2009 - October 31, 2010)

(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	%
Fiscal year ended Oct. 31, 2010	15,720	5.7	(805)	-	(813)	-	(978)	-
Fiscal year ended Oct. 31, 2009	14,867	(20.8)	(2,247)	-	(2,127)	-	(2,354)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Oct. 31, 2010	(52.21)	-
Fiscal year ended Oct. 31, 2009	(125.53)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Oct. 31, 2010	14,149	4,751	33.6	253.57
As of Oct. 31, 2009	14,248	5,802	40.7	309.59

Reference: Shareholders' equity (Millions of yen):

Oct.31, 2010: 4,751

Oct. 31, 2009: 5,802

*Appropriate use of business forecasts, other special items

The above business outlook is based on information available as of the published date of this release and actual results may differ from the forecast subject to various factors that may arise in the future.

Going Concern Assumption

No reportable information.

Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation
 - 1) Number and name of consolidated subsidiaries: 3
Nikko Ceramics, Inc.
Nikko Hanbai Co., Ltd.
Nikko ME Co., Ltd.
 - 2) Number and name of non-consolidated subsidiaries: 2
Nikko (Asia) Co., Ltd.
Nikko Care Co., Ltd.

These 2 companies are excluded from the scope of consolidation, given the fact that they have minimal influence on the total assets, net sales, net income, and retained earnings and is relatively insignificant in the context of the consolidated financial statements.

2. Application of equity method
 - 1) Number and name of companies accounted for under the equity method: none
 - 2) Number and name of companies not accounted for under the equity method and the reason for the exclusion
 - Non-consolidated subsidiaries: 2
Nikko (Asia) Co., Ltd.
Nikko Care Co., Ltd.
 - Affiliates: 2
Yamamae Seitousho Co., Ltd.
N&I Asia Pte Ltd.

These 4 companies are not accounted for under the equity method of accounting, given the fact that they have very minor effect on net income and retained earnings and is relatively insignificant in the context of consolidated financial statements.

3. Period end of consolidated subsidiaries
Consolidated subsidiaries, Nikko Ceramics, Inc. , Nikko Hanbai Co., Ltd. , and Nikko ME Co., Ltd have a fiscal year that ends on the same date as the consolidated financial statements.

4. Significant accounting standards
 - 1) Valuation criteria and methods for significant assets
(Securities)
 - Bonds held to maturity
Cost method
 - Other securities
 - Securities with market quotations
Securities with market quotations are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included in the net assets. The cost of securities sold is determined by the moving-average method)
 - Securities without market quotations
Securities without market quotations are stated at cost, cost being determined by the moving -average method.
 - (Derivatives)
Derivatives are carried at fair value.

- (Inventories)
At the Company and its domestic consolidated subsidiaries, finished goods, semi-finished products and work in process are stated at cost, cost being determined by the period-average method, merchandise, raw materials and supplies are valued at cost being determined by the moving average (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins), costs on uncompleted construction contracts are stated at cost, cost being determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)
Merchandise of overseas consolidated subsidiary is stated at the lower cost method determined by the first-in first-out method.

- 2) Depreciation and amortization method for principal depreciable assets
 - Tangible fixed assets (excluding lease assets)
At the company, depreciation of buildings is calculated using the straight-line method, other depreciation of tangible fixed assets is computed by the declining-balance method.
At the domestic consolidated subsidiaries, depreciation of tangible fixed assets is computed by the declining-balance method (however, depreciation of buildings (excluding attached structures) acquired on or April 1, 1998, is calculated using the straight-line method.
At the overseas consolidated subsidiary, depreciation of tangible fixed assets is calculated using the straight-line method.

Intangible fixed assets (excluding lease assets)

Amortization of intangible fixed assets is computed by the straight-line method. However, software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.

At the overseas consolidated subsidiary, depreciation of tangible fixed assets is calculated using the straight-line method.

Lease assets (finance leases that do not transfer ownership)

Depreciation of lease assets is calculated using the straight-line method with the respective lease terms as the useful lives. The residual value is zero unless there is a residual value guarantee, in which case the amount of the guarantee is the residual value. For finance lease transactions where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied, the Company uses an accounting method that is based on the method used for ordinary lease transactions.

3) Accounting for significant allowances

(Allowance for doubtful accounts)

To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case.

(Allowance for loss on valuation of investments of subsidiaries and affiliates)

To prepare for losses on valuation of investments in subsidiaries and affiliates, the Company provides an allowance in an appropriate amount determined by taking their financial conditions into account.

(Provision for bonuses)

To provide for employees' and director-employees' bonus obligation, the Company and its domestic consolidated subsidiaries provide an allowance in the amount accrued for the respective period based on the estimated bonus obligations.

There is no system of the bonus provision in an overseas consolidated subsidiary.

(Reserve for guarantee for after-care of products)

As warranty expenses for certain products sold by the Company are subsequently realized, a provision for product warranty has been recorded in order to reflect the results of their operations more accurately.

(Provision for retirement benefits)

To provide for employees' retirement benefits, the Company and its domestic consolidated subsidiaries provide an allowance in the amount deemed to have accrued at the end of the current fiscal year based on projected benefit obligations and pension assets at the end of the current fiscal year. Transitional obligations arising from the adoption of new accounting standards for retirement benefits is expensed using the straight-line method, based on 15 years. The actuarial difference is expensed in the following fiscal years using the straight-line method, based on the specified number of years (13 years) within the average length of remaining work period of employees.

(Provision for directors' retirement benefits)

To provide for directors' and officers' retirement benefits, the Company and its domestic consolidated subsidiaries provide an allowance for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.

4) Other significant accounting policies

(Accounting for consumption taxes)

At the Company and its domestic consolidated subsidiaries, consumption taxes are accounted by the tax-exclusion method.

5. Valuation of assets and liabilities of consolidated subsidiaries

Valuation of all the assets and liabilities of consolidated subsidiaries is based on market price method.

6. Range of funds in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of change in value.

Changes in Basis of preparation of 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 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 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 current fiscal year (the cost percentage method for estimation of percentage of work completion) and the completed contract method to other works. This change had no effect on earnings and segment information.

1. Consolidated Financial Statements
(1) Consolidated Balance Sheets

	FY10/2009 (As of Oct. 31,2009)	(Millions of yen) FY10/2010 (As of Oct.31,2010)
Assets		
Current assets		
Cash and deposits	1,580	1,431
Notes and accounts receivable-trade	2,936	3,338
Merchandise and finished goods	2,195	2,094
Work in process	850	849
Costs on uncompleted construction contracts	231	360
Raw materials and supplies	340	330
Deferred tax assets	4	1
Other	155	152
Allowance for doubtful accounts	(198)	(269)
Total current assets	8,096	8,289
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,633	6,726
Accumulated depreciation	(4,165)	(4,332)
Buildings and structures, net	2,468	2,393
Machinery, equipment and vehicles	5,874	5,863
Accumulated depreciation	(5,321)	(5,206)
Machinery, equipment and vehicles, net	552	656
Tools, furniture and fixtures	1,362	1,315
Accumulated depreciation	(1,227)	(1,233)
Tools, furniture and fixtures, net	134	82
Land	1,261	1,261
Lease assets	342	341
Accumulated depreciation	(49)	(118)
Lease assets, net	293	223
Construction in progress	1	4
Total property, plant and equipment	4,711	4,621
Intangible assets		
Lease assets	162	237
Other	87	121
Total intangible assets	249	359
Investments and other assets		
Investment securities	776	523
Claims provable in bankruptcy, claims provable in rehabilitation and other	296	286
Other	153	145
Allowance for doubtful accounts	(298)	(285)
Allowance for loss on valuation of investments of subsidiaries and affiliates	(157)	—
Total investments and other assets	770	670
Total noncurrent assets	5,731	5,650
Total assets	13,828	13,939

	FY10/2009 (As of Oct. 31,2009)	(Millions of yen) FY10/2010 (As of Oct.31,2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,116	3,501
Short-term loans payable	422	446
Current portion of long-term loans payable	100	172
Lease obligations	101	126
Income taxes payable	42	60
Provision for bonuses	306	203
Provision for product warranties	105	86
Other	1,232	1,463
Total current liabilities	<u>5,427</u>	<u>6,060</u>
Noncurrent liabilities		
Long-term loans payable	1,350	1,778
Lease obligations	362	346
Provision for retirement benefits	1,196	1,368
Provision for directors' retirement benefits	88	104
Other	144	137
Total noncurrent liabilities	<u>3,141</u>	<u>3,735</u>
Total liabilities	<u>8,569</u>	<u>9,796</u>
Net assets		
Shareholders' equity		
Capital stock	3,200	3,200
Capital surplus	3,620	3,045
Retained earnings	(1,007)	(1,454)
Treasury stock	(333)	(334)
Total shareholders' equity	<u>5,479</u>	<u>4,456</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(109)	(180)
Foreign currency translation adjustment	(111)	(132)
Total valuation and translation adjustments	<u>(220)</u>	<u>(313)</u>
Total net assets	<u>5,258</u>	<u>4,143</u>
Total liabilities and net assets	<u>13,828</u>	<u>13,939</u>

(2) Consolidated statements of income

	(Millions of yen)	
	FY10/2009	FY10/2010
	(Nov.1,2008-Oct. 31,2009)	(Nov.1,2009-Oct. 31,2010)
Net sales	17,063	17,961
Cost of sales	13,589	13,445
Gross profit	<u>3,473</u>	<u>4,516</u>
Selling, general and administrative expenses	<u>5,796</u>	<u>5,471</u>
Operating income (loss)	<u>(2,322)</u>	<u>(954)</u>
Non-operating income		
Interest income	3	1
Gain on sales of wastes	—	17
Priority use fee of products	100	—
Rent income	—	44
Compensation income	—	16
Other	113	52
Total non-operating income	<u>217</u>	<u>131</u>
Non-operating expenses		
Interest expenses	36	52
Foreign exchange loss	—	34
Provision of allowance for doubtful accounts	—	20
Loss on valuation of derivatives	19	—
Sales discounts	11	—
Commission fee	18	—
Other	30	30
Total non-operating expenses	<u>117</u>	<u>137</u>
Ordinary income (loss)	<u>(2,223)</u>	<u>(960)</u>
Extraordinary Income		
Gain on sales of noncurrent assets	50	5
Reversal of provision for loss on business of subsidiaries and affiliates	—	0
Total extraordinary Income	<u>50</u>	<u>6</u>
Extraordinary loss		
Loss on sales of noncurrent assets	9	—
Loss on retirement of noncurrent assets	20	17
Loss on valuation of investment securities	—	0
Loss on valuation of stocks of subsidiaries and affiliates	1	3
Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	58	—
Total extraordinary losses	<u>89</u>	<u>21</u>
Income (loss) before income taxes and minority interests	<u>(2,262)</u>	<u>(975)</u>
Income taxes-current	41	44
Income taxes-deferred	0	2
Total income taxes	<u>41</u>	<u>46</u>
Net income (loss)	<u>(2,303)</u>	<u>(1,022)</u>

(3) Consolidated Statements of changes in equity

	FY10/2009 (Nov.1,2008-Oct. 31,2009)	(Millions of yen) FY10/2010 (Nov.1,2009-Oct. 31,2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	3,200	3,200
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	<u>3,200</u>	<u>3,200</u>
Capital surplus		
Balance at the end of previous period	3,620	3,620
Changes of items during the period		
Deficit disposition		(575)
Total changes of items during the period	—	(575)
Balance at the end of current period	<u>3,620</u>	<u>3,045</u>
Retained earnings		
Balance at the end of previous period	1,296	(1,007)
Changes of items during the period		
Deficit disposition	—	575
Net income (loss)	(2,303)	(1,022)
Total changes of items during the period	(2,303)	(446)
Balance at the end of current period	<u>(1,007)</u>	<u>(1,454)</u>
Treasury stock		
Balance at the end of previous period	(319)	(333)
Changes of items during the period		
Purchase of treasury stock	(14)	(0)
Total changes of items during the period	(14)	(0)
Balance at the end of current period	<u>(333)</u>	<u>(334)</u>
Total shareholders' equity		
Balance at the end of previous period	7,796	5,479
Changes of items during the period		
Net income (loss)	(2,303)	(1,022)
Purchase of treasury stock	(14)	(0)
Total changes of items during the period	(2,317)	(1,022)
Balance at the end of current period	<u>5,479</u>	<u>4,456</u>

	FY10/2009 (Nov.1,2008-Oct. 31,2009)	(Millions of yen) FY10/2010 (Nov.1,2009-Oct. 31,2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(116)	(109)
Changes of items during the period		
Net changes of items other than shareholders' equity	7	(71)
Total changes of items during the period	<u>7</u>	<u>(71)</u>
Balance at the end of current period	<u>(109)</u>	<u>(180)</u>
Foreign currency translation adjustment		
Balance at the end of previous period	(94)	(111)
Changes of items during the period		
Net changes of items other than shareholders' equity	(17)	(20)
Total changes of items during the period	<u>(17)</u>	<u>(20)</u>
Balance at the end of current period	<u>(111)</u>	<u>(132)</u>
Total valuation and translation adjustments		
Balance at the end of previous period	(210)	(220)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10)	(92)
Total changes of items during the period	<u>(10)</u>	<u>(92)</u>
Balance at the end of current period	<u>(220)</u>	<u>(313)</u>
Total net assets		
Balance at the end of previous period	7,586	5,258
Changes of items during the period		
Net income (loss)	(2,303)	(1,022)
Purchase of treasury stock	(14)	(0)
Net changes of items other than shareholders' equity	(10)	(92)
Total changes of items during the period	<u>(2,327)</u>	<u>(1,114)</u>
Balance at the end of current period	<u>5,258</u>	<u>4,143</u>

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY10/2009	FY10/2010
	(Nov.1,2008-Oct. 31,2009)	(Nov.1,2009-Oct. 31,2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(2,262)	(975)
Depreciation and amortization	782	580
Increase (decrease) in allowance for doubtful accounts	315	59
Increase (decrease) in provision for bonuses	(124)	(103)
Increase (decrease) in provision for retirement benefits	161	171
Increase (decrease) in provision of allowance for loss on valuation of investments of subsidiaries and affiliates	58	(157)
Increase (decrease) in provision for product warranties	11	(19)
Interest and dividends income	(11)	(9)
Interest expenses	36	52
Loss (gain) on sales of property, plant and equipment	(41)	(5)
Loss on retirement of noncurrent assets	20	17
Loss (gain) on valuation of investment securities	1	0
Loss (gain) on valuation of derivatives	19	2
Decrease (increase) in notes and accounts receivable-trade	1,113	(417)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(215)	10
Decrease (increase) in inventories	427	(32)
Increase (decrease) in notes and accounts payable-trade	(1,198)	403
Other, net	200	369
Subtotal	<u>(705)</u>	<u>(52)</u>
Interest and dividends income received	11	9
Interest expenses paid	(36)	(52)
Income taxes paid	(52)	(36)
Net cash provided by (used in) operating activities	<u>(783)</u>	<u>(132)</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	(78)	(180)
Proceeds from withdrawal of time deposits	176	178
Purchase of property, plant and equipment	(988)	(411)
Proceeds from sales of property, plant and equipment	106	8
Purchase of investment securities	(1)	—
Acquisition of investments in affiliates	—	20
Other, net	(0)	(39)
Net cash provided by (used in) investment activities	<u>(785)</u>	<u>(424)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,111)	25
Proceeds from long-term loans payable	1,450	600
Repayment of long-term loans payable	—	(100)
Repayments of lease obligations	(49)	(109)
Purchase of treasury stock	(14)	(0)
Cash dividends paid	(0)	(0)
Net cash provided by (used in) financing activities	<u>(726)</u>	<u>415</u>
Effect of exchange rate change on cash and cash equivalents	(17)	(9)
Net increase (decrease) in cash and cash equivalents	<u>(2,311)</u>	<u>(151)</u>
Cash and cash equivalents at beginning of period	3,714	1,402
Cash and cash equivalents at end of period	<u>1,402</u>	<u>1,251</u>

(Segment Information)

1. Industry Segment Information

FY10/2009 (Nov. 1, 2008 -Oct. 31, 2009)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other	Segment total	Elimination or corporate	Consolidated Total
1.Net sales							
(1)Sales to Outside Customers	9,756	5,007	2,268	30	17,063	-	17,063
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	9,756	5,007	2,268	30	17,063	-	17,063
Operating expenses	10,103	5,615	2,971	88	18,778	606	19,385
Operating income (loss)	(347)	(607)	(703)	(57)	(1,715)	(606)	(2,322)
2.Assets,depreciation, and capital expenditures							
Asset	4,022	4,552	2,159	8	10,743	3,084	13,828
Depreciation	421	146	164	2	735	43	778
Capital expenditures	319	54	92	-	466	37	503

FY10/2010 (Nov. 1, 2009 -Oct. 31, 2010)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Electro-Ceramics	Other	Segment total	Elimination or corporate	Consolidated Total
1.Net sales							
(1)Sales to Outside Customers	9,780	5,482	2,656	42	17,961	-	17,961
(2)Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	9,780	5,482	2,656	42	17,961	-	17,961
Operating expenses	9,872	5,603	2,724	125	18,325	590	18,916
Operating income (loss)	(92)	(121)	(67)	(83)	(363)	(590)	(954)
2.Assets,depreciation, and capital expenditures							
Asset	4,088	4,691	2,520	9	11,310	2,629	13,939
Depreciation	213	145	160	1	521	59	580
Capital expenditures	59	297	130	-	488	2	490

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

2. Unallocated operating expenses included in eliminations or corporate consists primarily of expenses related to the administration division at the Company and expenses for research. Amounts are as follows:

(Millions of yen, rounded down)

FY10/2009	FY10/2010
606	590

3. Corporate assets included in eliminations or corporate consist primarily of financial assets (cash and deposits and investment securities, etc.), and assets related to the administration division and the research division at the Company. Amounts are as follows:

(Millions of yen, rounded down)

FY10/2009	FY10/2010
3,084	2,629

2. Information by Geographic Segment

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

3. Overseas Sales

FY10/2009 (Nov. 1, 2008 - Oct. 31, 2009)

(Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	870	699	46	1,616
Consolidated net sales				17,063
Percentage of overseas sales against consolidated net sales	5.1%	4.1%	0.3%	9.5%

FY10/2010 (Nov. 1, 2009 - Oct. 31, 2010)

(Millions of yen, rounded down)

	North America	Asia	Other	Consolidated total
Overseas sales	1,028	1,096	59	2,184
Consolidated net sales				17,961
Percentage of overseas sales against consolidated net sales	5.7%	6.1%	0.3%	12.2%

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.

(Sales by Segment)

(Millions of yen, rounded down)

Industry Segment	FY10/2009 (Nov. 1, 2008 - Oct. 31, 2009)		FY10/2010 (Nov. 1, 2009 - Oct. 31, 2010)	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Housing & Environmental Equipment	9,756	57.2%	9,780	54.5%
Tabletop	5,007	29.3	5,482	30.5
Electro- Ceramics	2,268	13.3	2,656	14.8
Other	30	0.2	42	0.2
Total	17,063	100.0	17,961	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	FY10/2009 (Nov. 1, 2008 - Oct. 31, 2009)		FY10/2010 (Nov. 1, 2009 - Oct. 31, 2010)	
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	Overseas Sales Ratio
Housing & Environmental Equipment	-	-	2	0.0%
Tabletop	1,197	23.9%	1,513	27.6%
Electro- Ceramics	419	18.5	667	25.1
Total	1,616	9.5	2,184	12.2

Non-Consolidated Financial Statements
(1)Balance Sheets

	FY10/2009 (As of Oct. 31,2009)	(Millions of yen) FY10/2010 (As of Oct.31,2010)
Assets		
Current assets		
Cash and deposits	1,445	1,196
Notes receivable-trade	157	126
Accounts receivable-trade	2,309	2,815
Merchandise and finished goods	1,354	1,282
Work in process	850	849
Costs on uncompleted construction contracts	231	360
Raw materials and supplies	340	330
Prepaid expenses	34	43
Advances paid	33	37
Other	103	85
Allowance for doubtful accounts	(208)	(283)
Total current assets	<u>6,651</u>	<u>6,845</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	5,910	5,984
Accumulated depreciation	(3,584)	(3,736)
Buildings, net	<u>2,325</u>	<u>2,247</u>
Structures	310	329
Accumulated depreciation	(243)	(243)
Structures, net	<u>76</u>	<u>86</u>
Machinery and equipment	5,629	5,647
Accumulated depreciation	(5,096)	(5,015)
Machinery and equipment, net	<u>533</u>	<u>632</u>
Vehicles	220	181
Accumulated depreciation	(211)	(176)
Vehicles, net	<u>8</u>	<u>5</u>
Tools, furniture and fixtures	1,258	1,212
Accumulated depreciation	(1,152)	(1,151)
Tools, furniture and fixtures, net	<u>106</u>	<u>61</u>
Land	868	868
Lease assets	333	333
Accumulated depreciation	(40)	(110)
Lease assets, net	<u>292</u>	<u>222</u>
Construction in progress	1	4
Total property, plant and equipment	<u>4,213</u>	<u>4,129</u>
Intangible assets		
Software	51	89
Lease assets	162	237
Telephone subscription right	13	13
Total intangible assets	<u>227</u>	<u>340</u>
Investments and other assets		
Investment securities	556	485
Stocks of subsidiaries and affiliates	511	330
Investments in capital	2	2
Long-term loans receivable from subsidiaries and affiliates	2,126	1,900
Lease and guarantee deposits	110	107
Claims provable in bankruptcy, claims provable in rehabilitation and other	250	250
Long-term prepaid expenses	5	3
Other	3	4
Allowance for doubtful accounts	(254)	(250)
Allowance for loss on valuation of investments of subsidiaries and affiliates	(157)	—
Total investments and other assets	<u>3,155</u>	<u>2,833</u>
Total noncurrent assets	<u>7,597</u>	<u>7,303</u>
Total assets	<u>14,248</u>	<u>14,149</u>

	FY10/2009 (As of Oct. 31,2009)	(Millions of yen) FY10/2010 (As of Oct.31,2010)
Liabilities		
Current liabilities		
Notes payable-trade	484	466
Accounts payable-trade	2,387	2,760
Current portion of long-term loans payable	100	172
Lease obligations	101	126
Accounts payable-other	491	649
Accrued expenses	142	138
Income taxes payable	37	47
Advances received on uncompleted construction contracts	103	106
Deposits received	402	364
Provision for bonuses	280	178
Provision for product warranties	105	86
Notes payable-facilities	44	136
Other	47	51
Total current liabilities	<u>4,726</u>	<u>5,284</u>
Noncurrent liabilities		
Provision for retirement benefits	1,149	1,306
Provision for directors' retirement benefits	76	89
Long-term loans payable	1,350	1,478
Provision for loss on business of subsidiaries and affiliates	639	757
Lease obligations	362	346
Long-term guarantee deposited	84	87
Deferred tax liabilities	6	6
Other	51	42
Total noncurrent liabilities	<u>3,719</u>	<u>4,113</u>
Total liabilities	<u>8,446</u>	<u>9,397</u>
Net assets		
Shareholders' equity		
Capital stock	3,200	3,200
Capital surplus		
Legal capital surplus	3,619	3,044
Other capital surplus	0	0
Total capital surpluses	<u>3,620</u>	<u>3,045</u>
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	9	8
General reserve	1,662	—
Retained earnings brought forward	(2,246)	(987)
Total earned surpluses	<u>(575)</u>	<u>(978)</u>
Treasury stock	(333)	(334)
Total shareholders' equity	<u>5,911</u>	<u>4,932</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(109)	(180)
Total valuation and translation adjustments	<u>(109)</u>	<u>(180)</u>
Total net assets	<u>5,802</u>	<u>4,751</u>
Total liabilities and net assets	<u>14,248</u>	<u>14,149</u>

(2) Statements of income

	(Millions of yen)	
	FY10/2009	FY10/2010
	(Nov.1,2008-Oct. 31,2009)	(Nov.1,2009-Oct. 31,2010)
Net sales		
Net sales of merchandise and finished goods	13,843	14,888
Net sales of completed construction contracts	1,023	832
Total net sales	<u>14,867</u>	<u>15,720</u>
Cost of sales		
Beginning merchandise and finished goods	1,371	1,157
Cost of purchased goods	3,399	3,516
Cost of products manufactured	8,138	8,044
Total	<u>12,908</u>	<u>12,718</u>
Finished goods transfer to other account	39	29
Ending merchandise and finished goods	1,157	1,091
Cost of merchandise and finished goods sold	<u>11,711</u>	<u>11,597</u>
Cost of sales of completed construction contracts	839	715
Total cost of sales	<u>12,551</u>	<u>12,313</u>
Gross profit	<u>2,316</u>	<u>3,406</u>
Selling, general and administrative expenses		
Freightage expenses	546	534
Salaries and allowances	1,299	1,294
Provision for bonuses	114	44
Provision for directors' retirement benefits	13	13
Retirement benefit expenses	109	118
Welfare expenses	—	215
Depreciation	89	137
Rent expenses	233	246
Provision of allowance for doubtful accounts	392	55
Research and development expenses	263	335
Provision for product warranties	11	37
Other	1,490	1,180
Total Selling, general and administrative expenses	<u>4,563</u>	<u>4,212</u>
Operating income (loss)	<u>(2,247)</u>	<u>(805)</u>
Non-operating income		
Interest income	3	2
Gain on sales of wastes	14	17
Commission fee	—	35
Compensation income	—	16
Priority use fee of products	100	—
Other	114	48
Total non-operating income	<u>233</u>	<u>120</u>
Non-operating expenses		
Interest expenses	36	50
Foreign exchange loss	9	27
Loss on valuation of derivatives	18	—
Sales discounts	11	—
Provision of allowance for doubtful accounts	—	20
Commission fee	18	—
Other	19	30
Total non-operating expenses	<u>113</u>	<u>127</u>
Ordinary income (loss)	<u>(2,127)</u>	<u>(813)</u>

	(Millions of yen)	
	FY10/2009	FY10/2010
	(Nov.1,2008-Oct. 31,2009)	(Nov.1,2009-Oct. 31,2010)
Extraordinary Income		
Gain on sales of noncurrent assets	50	5
Gain on sales of subsidiaries and affiliates' stocks	—	0
Total extraordinary Income	<u>50</u>	<u>6</u>
Extraordinary loss		
Loss on sales of noncurrent assets	9	—
Loss on retirement of noncurrent assets	20	17
Loss on valuation of investment securities	—	0
Loss on valuation of stocks of subsidiaries and affiliates	1	3
Provision for loss on business of subsidiaries and affiliates	155	118
Provision of allowance for loss on valuation of investments of subsidiaries and affiliates	58	—
Total extraordinary losses	<u>244</u>	<u>138</u>
Income (loss) before income taxes	<u>(2,322)</u>	<u>(946)</u>
Income taxes-current	32	32
Income taxes-deferred	(0)	(0)
Total income taxes	<u>31</u>	<u>32</u>
Net income (loss)	<u>(2,354)</u>	<u>(978)</u>

(3) Statements of changes in equity

	(Millions of yen)	
	FY10/2009	FY10/2010
	(Nov.1,2008-Oct. 31,2009)	(Nov.1,2009-Oct. 31,2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	3,200	3,200
Changes of items during the period		
Total changes of items during the period	<u>—</u>	<u>—</u>
Balance at the end of current period	<u>3,200</u>	<u>3,200</u>
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	3,619	3,619
Changes of items during the period		
Reversal of legal capital surplus	<u>—</u>	<u>(575)</u>
Total changes of items during the period	<u>—</u>	<u>(575)</u>
Balance at the end of current period	<u>3,619</u>	<u>3,044</u>
Other capital surplus		
Balance at the end of previous period	0	0
Changes of items during the period		
Reversal of legal capital surplus	<u>—</u>	<u>575</u>
Deficit disposition	<u>—</u>	<u>(575)</u>
Total changes of items during the period	<u>—</u>	<u>—</u>
Balance at the end of current period	<u>0</u>	<u>0</u>
Total capital surplus		
Balance at the end of previous period	3,620	3,620
Changes of items during the period		
Deficit disposition	<u>—</u>	<u>(575)</u>
Total changes of items during the period	<u>—</u>	<u>(575)</u>
Balance at the end of current period	<u>3,620</u>	<u>3,045</u>
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	10	9
Changes of items during the period		
Reversal of reserve for advanced depreciation of noncurrent assets	<u>(0)</u>	<u>(0)</u>
Total changes of items during the period	<u>(0)</u>	<u>(0)</u>
Balance at the end of current period	<u>9</u>	<u>8</u>
General reserve		
Balance at the end of previous period	4,262	1,662
Changes of items during the period		
Reversal of general reserve	<u>(2,600)</u>	<u>(1,662)</u>
Total changes of items during the period	<u>(2,600)</u>	<u>(1,662)</u>
Balance at the end of current period	<u>1,662</u>	<u>—</u>
Retained earnings brought forward		
Balance at the end of previous period	(2,493)	(2,246)
Changes of items during the period		
Reversal of reserve for advanced depreciation of noncurrent assets	<u>0</u>	<u>0</u>
Deficit disposition	<u>—</u>	<u>575</u>
Reversal of general reserve	<u>2,600</u>	<u>1,662</u>
Net income (loss)	<u>(2,354)</u>	<u>(978)</u>
Total changes of items during the period	<u>246</u>	<u>1,259</u>
Balance at the end of current period	<u>(2,246)</u>	<u>(987)</u>
Total retained earnings		
Balance at the end of previous period	1,778	(575)
Changes of items during the period		
Deficit disposition	<u>—</u>	<u>575</u>
Net income (loss)	<u>(2,354)</u>	<u>(978)</u>
Total changes of items during the period	<u>(2,354)</u>	<u>(403)</u>
Balance at the end of current period	<u>(575)</u>	<u>(978)</u>

	FY10/2009 (Nov.1,2008-Oct. 31,2009)	(Millions of yen) FY10/2010 (Nov.1,2009-Oct. 31,2010)
Treasury stock		
Balance at the end of previous period	(319)	(333)
Changes of items during the period		
Purchase of treasury stock	(14)	(0)
Total changes of items during the period	<u>(14)</u>	<u>(0)</u>
Balance at the end of current period	<u>(333)</u>	<u>(334)</u>
Total shareholders' equity		
Balance at the end of previous period	8,279	5,911
Changes of items during the period		
Net income (loss)	(2,354)	(978)
Purchase of treasury stock	(14)	(0)
Total changes of items during the period	<u>(2,368)</u>	<u>(978)</u>
Balance at the end of current period	<u>5,911</u>	<u>4,932</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(116)	(109)
Changes of items during the period		
Net changes of items other than shareholders' equity	<u>7</u>	<u>(71)</u>
Total changes of items during the period	<u>7</u>	<u>(71)</u>
Balance at the end of current period	<u>(109)</u>	<u>(180)</u>
Total valuation and translation adjustments		
Balance at the end of previous period	(116)	(109)
Changes of items during the period		
Net changes of items other than shareholders' equity	<u>7</u>	<u>(71)</u>
Total changes of items during the period	<u>7</u>	<u>(71)</u>
Balance at the end of current period	<u>(109)</u>	<u>(180)</u>
Total net assets		
Balance at the end of previous period	8,162	5,802
Changes of items during the period		
Net income (loss)	(2,354)	(978)
Purchase of treasury stock	(14)	(0)
Net changes of	<u>7</u>	<u>(71)</u>
Total changes of items during the period	<u>(2,360)</u>	<u>(1,050)</u>
Balance at the end of current period	<u>5,802</u>	<u>4,751</u>