

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

(URL: <http://www.ikont.co.jp/eg/>)

August 7, 2007

**Consolidated Financial Report
for the First Quarter of the Fiscal Year Ending March 31, 2008**

Representative: Akira Yamashita, President and Representative Director

For further information contact: Toshio Kondo, General Manager of Management Planning Department and Director
Telephone: +81-3-3448-5831

Figures have been rounded off to eliminate amounts less than one million yen.

1. Consolidated Operating Results for the First Quarter of Fiscal Year Ending March 31, 2008

(From April 1, 2007 to June 30, 2007)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change (%)	Operating income	Percentage change (%)	Ordinary income	Percentage change (%)
June 30, 2007	12,729	(1.0)	2,143	(14.7)	2,202	(13.4)
June 30, 2006	12,853	18.4	2,512	51.3	2,544	54.8
Fiscal year ended March 31, 2007	50,414	10.0	9,853	25.2	9,989	27.6

	Net income	Percentage change (%)	Net income per share (yen)	Diluted net income per share (yen)
June 30, 2007	1,310	(16.2)	17.59	15.89
June 30, 2006	1,562	61.1	21.02	18.98
Fiscal year ended March 31, 2007	6,333	34.4	85.07	76.85

Note: Percentage change for net sales, operating income, ordinary income, and net income indicate percentage increase/decrease compared to the same period in the previous year.

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (yen)
June 30, 2007	85,779	59,767	69.7	802.49
June 30, 2006	80,534	54,586	67.8	732.87
Fiscal year ended March 31, 2007	86,003	58,893	68.5	790.68

(3) Consolidated Cash Flows

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
June 30, 2007	1,367	(2,104)	(649)	16,445
June 30, 2006	2,119	(558)	(528)	15,882
Fiscal year ended March 31, 2007	7,059	(2,749)	(1,343)	17,858

2. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2008

(Six-month period ending September 30, 2007, and the fiscal year ending March 31, 2008)

(Millions of yen)

	Net sales	Percentage change (%)	Operating income	Percentage change (%)	Ordinary income	Percentage change (%)
Six-month period ending September 30, 2007	25,000	(3.0)	4,250	(18.4)	4,250	(18.4)
Year ending March 31, 2008	52,000	3.1	9,900	0.5	10,000	0.1

	Net income	Percentage change (%)	Net income per share (yen)
Six-month period ending September 30, 2007	2,550	(18.2)	34.24
Year ending March 31, 2008	6,000	(5.3)	80.55

Note: Percentage change for net sales, operating income, ordinary income, and net income indicate percentage increase/decrease compared to the same period in the previous year.

3. Others

(1) Changes in significant subsidiaries during the period

(Changes regarding specific companies accompanying changes in the scope of consolidation) : None

(2) Application of the simplified accounting method : Yes

(3) Changes in accounting principles : None

Note: For further details, please refer to "3.Others" of "Operating Results and Financial Position" on page 4.

Note: Explanation of Proper Use of Performance Forecasts, Other Special Instructions

As of the present time, results are primarily in line with expectations and Nippon Thompson Group (the "Group") has made no changes to its interim and full-year performance forecasts announced on May 14, 2007.

However, for a wide variety of reasons, there remains the possibility that actual performance results may differ.

Operating Results and Financial Position

1. Analysis of Operating Results

In the three-month period ended June 30, 2007, the Japan's domestic business conditions experienced further temporary business adjustment by temporary inventory adjustments in some IT-related fields, which had also been seen in the latter half of the previous fiscal year. However, slow growth continued on the back of an ongoing increase in private capital investment that reflected strong corporate performance. Personal consumption displayed a firm upward trend amid recovering and improving employment and income environments as a result of higher corporate earnings. Overseas, the European and Asian economies continued to exhibit steady growth, despite the somewhat stagnant U.S. market. On the other hand, crude oil prices warranted careful observation, having climbed once again from the beginning of the year and serving as a factor for concern about the direction of the economy.

Under these circumstances, the Group endeavored to expand sales by focusing on developing new markets and further cultivating existing markets through a user-centered, proposal-based sales approach across a broad range of industries. As a result, net sales showed an upward trend from the beginning of the fiscal period, but edged down 1.0% compared with the corresponding period in the previous fiscal year to ¥12,729 million. On the earnings front, where a focus was maintained on ongoing cost reductions and administrative operations streamlining, operating income fell 14.7% year on year to ¥2,143 million, owing to such factors as a heavier depreciation and amortization burden brought about by improvements to equipment and tax revisions. Ordinary income declined by 13.4% to ¥2,202 million, and net income decreased by 16.2% to ¥1,310 million.

2. Analysis of Financial Position

Total assets as of June 30, 2007, totaled ¥85,779 million, a decrease of ¥224 million compared with the end of the previous fiscal year. The main factors were a decrease in cash and deposits of ¥613 million to ¥17,445 million, and an increase in tangible fixed assets of ¥264 million to ¥16,827 million.

Total liabilities fell ¥1,098 million to ¥26,012 million due to a decrease in deferred tax liabilities to pay income taxes. Thanks to the Group's favorable performance, net assets amounted to ¥59,767 million. The main factor was an increase in retained earnings of ¥714 million compared to the end of the previous fiscal year.

Cash Flows

Cash and cash equivalents at the end of the first quarter totaled ¥16,445 million, a decrease of ¥1,413 million compared to the end of the previous fiscal year.

Net cash provided by operating activities was ¥1,367 million. This was mainly due to income before income taxes of ¥2,202 million, depreciation and amortization of ¥805 million, income taxes paid of ¥2,384 million, and increase in notes and accounts receivable-trade of ¥271 million.

Net cash used in investing activities totaled ¥2,104 million, of which the principal component was the acquisition of plant and equipment.

Net cash provided by financing activities was ¥649 million. This was mainly due to cash dividends paid.

3. Others

- (1) Changes in significant subsidiaries during the period
(Changes regarding specific companies accompanying changes in the scope of consolidation) : None
- (2) Application of simplified accounting methods:
Depreciation of fixed assets is calculated using the first quarter of the forecast full-year amount.
The simplified method is applied to other items with minimal impact.
- (3) Changes in accounting principles : None

Consolidated Financial Statements

Consolidated Balance Sheets

As of June 30, 2007, 2006 and March 31, 2007

ASSETS	Millions of yen		
	June 30, 2007	June 30, 2006	March 31, 2007
Current Assets:			
Cash and deposits	17,445	15,882	18,058
Notes and accounts receivable - trade	13,311	13,021	13,040
Inventories	25,403	23,556	25,353
Others	2,365	2,303	2,949
Total current assets	<u>58,526</u>	<u>54,764</u>	<u>59,401</u>
Fixed Assets:			
Tangible fixed assets	16,827	14,705	16,563
Intangible fixed assets	352	229	334
Investments and other assets	10,074	10,834	9,703
Total fixed assets	<u>27,253</u>	<u>25,770</u>	<u>26,601</u>
 TOTAL ASSETS	 <u>85,779</u>	 <u>80,534</u>	 <u>86,003</u>

	Millions of yen		
LIABILITIES	June 30, 2007	June 30, 2006	March 31, 2007
Current Liabilities:			
Notes and accounts payable - trade	8,982	9,240	9,009
Short-term bank loans	1,180	1,157	1,191
Current portion of long-term bank loans	-	260	-
Others	6,199	4,993	7,357
Total current liabilities	16,363	15,651	17,558
Long-Term Liabilities:			
Convertible bond	7,586	7,599	7,586
Others	2,063	2,696	1,965
Total long-term liabilities	9,649	10,295	9,551
TOTAL LIABILITIES	26,012	25,947	27,110
NET ASSETS			
Shareholders' Equity:			
Common stock	9,532	9,526	9,532
Capital surplus	12,887	12,880	12,887
Retained earnings	34,910	29,872	34,196
Treasury stock	(85)	(63)	(77)
Total shareholders' equity	57,245	52,215	56,538
Revaluation and Conversions:			
Net unrealized holding gains on available-for-sale securities	2,402	2,505	2,190
Foreign currency translation adjustments	119	(134)	164
Total revaluation and conversions	2,521	2,371	2,354
Minority Interests in Consolidated Subsidiaries:	-	-	-
TOTAL NET ASSETS	59,767	54,586	58,893
TOTAL LIABILITIES AND NET ASSETS	85,779	80,534	86,003

Consolidated Statements of Income

For the first quarter ended June 30, 2007, 2006 and the year ended March 31, 2007

	Millions of yen		
	June 30, 2007	June 30, 2006	March 31, 2007
Net sales	12,729	12,853	50,414
Cost of sales	8,027	7,909	30,926
Gross profit	4,702	4,944	19,488
Selling, general and administrative expenses	2,559	2,431	9,634
Operating income	2,143	2,512	9,853
Non-Operating income:	135	120	419
Non-Operating expenses:	76	88	282
Ordinary income	2,202	2,544	9,989
Extraordinary income:	-	-	548
Income before income taxes	2,202	2,544	10,538
Income taxes:			
Current	892	981	4,204
Net income	1,310	1,562	6,333

Statement of Changes in Consolidated Shareholders' Equity

For the first quarter ended June 30, 2007

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2007	9,532	12,887	34,196	(77)	56,538
Changes during the period					
Cash dividends	-	-	(595)	-	(595)
Net income	-	-	1,310	-	1,310
Acquisition of treasury stock	-	-	-	(7)	(7)
Net changes in items other than shareholders' capital	-	-	-	-	-
Total changes during the period	-	-	714	(7)	706
As of June 30, 2007	9,532	12,887	34,910	(85)	57,245

	Revaluation and Conversions			Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Total revaluation and Conversions		
As of March 31, 2007	2,190	164	2,354	-	58,893
Changes during the period					
Cash dividends	-	-	-	-	(595)
Net income	-	-	-	-	1,310
Acquisition of treasury stock	-	-	-	-	(7)
Net changes in items other than shareholders' capital	212	(44)	167	-	167
Total changes during the period	212	(44)	167	-	873
As of June 30, 2007	2,402	119	2,521	-	59,767

For the first quarter ended June 30,2006

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2006	9,341	12,695	28,802	(59)	50,780
Changes during the period					
Conversion of convertible bond	184	184	-	-	368
Cash dividends (Note)	-	-	(407)	-	(407)
Directors' bonus (Note)	-	-	(85)	-	(85)
Net income	-	-	1,562	-	1,562
Acquisition of treasury stock	-	-	-	(3)	(3)
Net changes in items other than shareholders' capital	-	-	-	-	-
Total changes during the period	184	184	1,070	(3)	1,434
As of June 31, 2006	9,526	12,880	29,872	(63)	52,215

	Revaluation and Conversions			Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Total revaluation and Conversions		
As of March 31, 2006	3,049	(154)	2,894	-	53,675
Changes during the period					
Conversion of convertible bond	-	-	-	-	368
Cash dividends (Note)	-	-	-	-	(407)
Directors' bonus (Note)	-	-	-	-	(85)
Net income	-	-	-	-	1,562
Acquisition of treasury stock	-	-	-	-	(3)
Net changes in items other than shareholders' capital	(543)	19	(523)	-	(523)
Total changes during the period	(543)	19	(523)	-	911
As of June 31, 2006	2,505	(134)	2,371	-	54,586

Note: These items were approved at the ordinary general meeting of shareholders in June 2006

For the fiscal year ended March 31, 2007

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2006	9,341	12,695	28,802	(59)	50,780
Changes during the period					
Conversion of convertible bond	190	190	-	-	381
Cash dividends (Note)	-	-	(407)	-	(407)
Cash dividends	-	-	(446)	-	(446)
Directors' bonus (Note)	-	-	(85)	-	(85)
Net income	-	-	6,333	-	6,333
Acquisition of treasury stock	-	-	-	(18)	(18)
Sales of treasury stock	-	0	-	1	1
Net changes in items other than shareholders' capital	-	-	-	-	-
Total changes during the period	190	191	5,393	(17)	5,758
As of March 31, 2007	9,532	12,887	34,196	(77)	56,538

	Revaluation and Conversions			Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Total revaluation and Conversions		
As of March 31, 2006	3,049	(154)	2,894	-	53,675
Changes during the period					
Conversion of convertible bond	-	-	-	-	381
Cash dividends (Note)	-	-	-	-	(407)
Cash dividends	-	-	-	-	(446)
Directors' bonus (Note)	-	-	-	-	(85)
Net income	-	-	-	-	6,333
Acquisition of treasury stock	-	-	-	-	(18)
Sales of treasury stock	-	-	-	-	1
Net changes in items other than shareholders' capital	(858)	318	(540)	-	(540)
Total changes during the period	(858)	318	(540)	-	5,218
As of March 31, 2007	2,190	164	2,354	-	58,893

Note: These items were approved at the ordinary general meeting of shareholders in June 2006

Consolidated Statements of Cash Flows

For the first quarter ended June 30, 2007 and 2006, and the year ended March 31, 2007

	Millions of yen		
	June 30, 2007	June 30, 2006	March 31, 2007
Cash Flows from Operating Activities:			
Income before income taxes	2,202	2,544	10,538
Depreciation and amortization	805	606	2,466
Interest and dividend income	(73)	(57)	(252)
Interest expenses	0	2	11
Increase in notes and accounts receivable - trade	(271)	(840)	(803)
Increase in inventories	(52)	(429)	(1,930)
Increase in notes and accounts payable - trade	35	1,233	975
Others - net	1,050	728	(691)
Subtotal	3,695	3,786	10,312
Interest and dividend income received	73	57	252
Interest paid	(16)	(2)	(64)
Income taxes paid	(2,384)	(1,721)	(3,441)
Net cash provided by operating activities	1,367	2,119	7,059
Cash Flows from Investing Activities:			
Payments into time deposits	(800)	-	(200)
Payments for purchase of property, plant and equipment	(1,265)	(646)	(3,221)
Others - net	(39)	87	672
Net cash used in investing activities	(2,104)	(558)	(2,749)
Cash Flows from Financing Activities:			
Net decrease in short-term bank loans	(78)	(136)	(211)
Repayments of long-term bank loans	-	-	(260)
Cash dividends paid	(563)	(387)	(854)
Others - net	(7)	(3)	(17)
Net cash used in financing activities	(649)	(528)	(1,343)
Foreign currency translation adjustments on cash and cash Equivalents	(26)	(7)	34
Net increase (decrease) in cash and cash equivalents	(1,413)	1,025	3,001
Cash and cash equivalents at beginning of period	17,858	14,857	14,857
Cash and cash equivalents at end of period	16,445	15,882	17,858

Segment Information

1. Segment Information by Geographic Areas

(Millions of yen)

	First quarter ended June 30, 2007					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	10,024	1,307	1,398	12,729	-	12,729
(2) Inter-segment sales	1,718	0	5	1,724	(1,724)	-
Total net sales	11,743	1,307	1,403	14,454	(1,724)	12,729
Operating expenditure	9,758	1,172	1,225	12,157	(1,571)	10,586
Operating income	1,984	134	177	2,296	(153)	2,143

(Millions of yen)

	First quarter ended June 30, 2006					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	10,467	1,303	1,082	12,853	-	12,853
(2) Inter-segment sales	1,592	0	6	1,599	(1,599)	-
Total net sales	12,060	1,304	1,088	14,452	(1,599)	12,853
Operating expenditure	9,678	1,166	951	11,796	(1,455)	10,340
Operating income	2,381	137	137	2,656	(143)	2,512

/ (Millions of yen)

	Fiscal Year ended March 31, 2007					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	41,077	5,028	4,308	50,414	-	50,414
(2) Inter-segment sales	6,097	3	21	6,122	(6,122)	-
Total net sales	47,175	5,032	4,329	56,537	(6,122)	50,414
Operating expenditure	37,594	4,460	3,982	46,037	(5,476)	40,561
Operating income	9,580	572	346	10,499	(645)	9,853

Notes:

1. Categorization of countries and area is based on geographical adjacency.

2. Main countries or areas other than Japan:

(1) North America: United States

(2) Europe: The Netherlands, Germany, United Kingdom, Spain

2. Overseas Sales Information

(Millions of yen)

	First quarter ended June 30, 2007			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	1,498	1,422	1,508	4,429
(2) Consolidated sales				12,729
(3) Ratio of overseas sales to consolidated sales	11.8%	11.2%	11.8%	34.8%

Notes:

- Categorization of countries and areas is based on geographical adjacency.
- Main countries or areas that belong to a category:
 - Americas: United States, Canada, and Latin America
 - Europe: The Netherlands, Germany, United Kingdom, Spain
 - Asia and Other areas: Singapore, China, Taiwan, and Middle and near east
- Overseas sales indicate the amount of sales made by the Group in foreign countries and areas except Japan.

(Millions of yen)

	First quarter ended June 30, 2006			
	North America	Europe	Other areas	Total
(1) Overseas sales	1,359	1,105	1,532	3,997
(2) Consolidated sales				12,853
(3) Ratio of overseas sales to consolidated sales	10.6%	8.6%	11.9%	31.1%

Notes:

- Categorization of countries and areas is based on geographical adjacency.
- Main countries or areas that belong to a category:
 - North America: United States, Canada
 - Europe: The Netherlands, Germany, United Kingdom, Spain
 - Other areas: Asia, Latin America, Oceania
- Overseas sales indicate the amount of sales made by the Group in foreign countries and areas except Japan.

(Millions of yen)

	Fiscal Year ended March 31, 2007			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	5,762	4,399	5,562	15,724
(2) Consolidated sales				50,414
(3) Ratio of overseas sales to consolidated sales	11.4%	8.7%	11.1%	31.2%

Notes:

- Categorization of countries and areas is based on geographical adjacency.
- Main countries or areas that belong to a category:
 - Americas: United States, Canada, and Latin America
 - Europe: The Netherlands, Germany, United Kingdom, Spain
 - Asia and Other areas: Singapore, China, Taiwan, and Middle and near east
- Overseas sales indicate the amount of sales made by the Group in foreign countries and areas except Japan.
- During the current consolidated accounting period under review, the Group revised the classification of areas, changing "North America" to "Americas," and "Other areas" to "Asia and Other areas."

Sales Information

For the first quarter ended June 30, 2007, 2006 and the year ended March 31,2007

	Millions of yen		
	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>	<u>March 31,</u> <u>2007</u>
Needle roller bearings, linear motion rolling guides	10,982	11,040	43,464
Machine components	1,747	1,813	6,950
Total net sales	12,729	12,853	50,414