

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

February 13, 2018

Consolidated Financial Report
for the Nine-Month Period Ended December 31, 2017
<Japanese GAAP>

Representative: Shigeki Miyachi, President and Representative Director

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Scheduled Date to Submit Quarterly Annual Securities Report:	February 13, 2018
Scheduled Date to Begin Dividend Payments:	—
Preparation of Supplementary Explanation Material for Quarterly Financial Results:	None
Holding of Presentation Meeting for Quarterly Financial Results:	None

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

1. Consolidated Operating Performance for the Nine-Month Period Ended December 31, 2017
(From April 1, 2017 to December 31, 2017)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary Profit	Percentage change
December 31, 2017	40,107	25.3	1,335	112.9	1,436	139.7
December 31, 2016	32,007	(2.7)	627	(75.2)	599	(78.0)

Note: Comprehensive income

Nine-month period ended December 31, 2017: 3,345 million yen 395.6 %

Nine-month period ended December 31, 2016: 675 million yen (29.2) %

: Percentage change for net sales, operating profit, ordinary profit, and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)	Diluted earnings per share (Yen)
December 31, 2017	1,335	—	18.57	18.54
December 31, 2016	(686)	—	(9.51)	—

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
December 31, 2017	100,896	61,109	60.1	842.89
March 31, 2017	99,627	58,605	58.4	810.11

Reference: Shareholders' equity

As of December 31, 2017: 60,667 million yen

As of March 31, 2017: 58,216 million yen

2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
2018(Forecast)				6.50	13.00
2018	—	6.50	—		
2017	—	6.50	—	6.50	13.00

Note: Change in the current three-month period ended December 31, 2017, to dividend forecast: None

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2018

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Year ending March 31, 2018	52,500	19.0	2,300	100.8	2,400	165.0

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Year ending March 31, 2018	2,000	—	27.80

Notes: Percentage change for net sales, operating profit, ordinary profit and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

: Change in the current three-month period ended December 31, 2017, to consolidated operating performance forecast: None

4. Others

- (1) Changes in the state of significant subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None
- (2) Application of the special accounting methods for the presentation of the quarterly consolidated financial statements: Yes
Note: For further details, please refer on page 8.

- (3) Changes in accounting principles and accounting estimates, and restatements
- | | |
|---|------|
| Changes in accounting principles arising from revision of accounting standards: | None |
| Changes other than those in above: | None |
| Changes in accounting estimates: | None |
| Restatements: | None |

- (4) Number of shares issued (Common stock)

Number of shares outstanding at period-end (Including treasury stock)

As of December 31, 2017:	73,501,425 shares
As of March 31, 2017:	73,501,425 shares

Number of treasury stock

As of December 31, 2017:	1,525,344 shares
As of March 31, 2017:	1,638,790 shares

Average number of shares outstanding at period-end

Nine-month period ended December 31, 2017:	71,918,722 shares
Nine-month period ended December 31, 2016:	72,151,863 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 0 shares as of December 31, 2017 and 113,700 shares as of March 31, 2017. In addition, treasury stock held by the ESOP trust is excluded from the calculation of the average number of shares outstanding at period-end, as is other treasury stock. The number of shares excluded from said calculation totaled 57,488 shares for the nine-month period ended December 31, 2017 and 235,988 shares for the nine-month period ended December 31, 2016.

These consolidated financial statements are not subject to quarterly review by auditors

Explanations or Other Items Pertaining to Appropriate use of Operating Performance Forecasts

Performance forecasts presented herein are based on information available to the Nippon Thompson Group (the "Group") as of the date of this document, February 13, 2018. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of December 31, 2017 and March 31, 2017

ASSETS	Millions of yen	
	December 31, 2017	March 31, 2017
Current Assets:		
Cash and deposits	14,522	20,240
Notes and accounts receivable-trade	14,914	13,113
Securities	4,099	—
Finished products	12,058	13,186
Material in process	8,964	7,892
Raw material	4,987	4,837
Others	3,391	3,369
Less: Allowance for doubtful accounts	(11)	(11)
Total current assets	<u>62,928</u>	<u>62,629</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	10,061	10,548
Others	10,118	10,324
Total tangible fixed assets	<u>20,179</u>	<u>20,872</u>
Intangible fixed assets	3,043	3,374
Investments and other assets:		
Investment securities	12,537	10,440
Others	2,252	2,356
Less: Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	<u>14,744</u>	<u>12,751</u>
Total fixed assets	<u>37,967</u>	<u>36,998</u>
 TOTAL ASSETS	 <u>100,896</u>	 <u>99,627</u>

LIABILITIES	Millions of yen	
	December 31, 2017	March 31, 2017
Current Liabilities:		
Notes and accounts payable-trade	10,448	8,143
Short-term loans payable	—	400
Current portion of bonds	—	5,000
Current portion of long-term loans payable	3,655	3,133
Income taxes payable	590	202
Allowance for directors' and corporate auditors' bonuses	45	60
Others	3,819	3,920
Total current liabilities	18,558	20,861
Long-Term Liabilities:		
Corporate bond	10,000	10,000
Long-term loans payable	8,774	8,133
Net defined benefit liabilities	16	182
Others	2,436	1,844
Total long-term liabilities	21,227	20,160
TOTAL LIABILITIES	39,786	41,021
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,887	12,887
Retained earnings	33,201	32,801
Treasury stock	(753)	(801)
Total shareholders' equity	54,868	54,420
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	5,445	3,975
Deferred gains or losses on hedges	(2)	6
Foreign currency translation adjustments	373	(104)
Remeasurements of defined benefit plans	(18)	(82)
Total accumulated other comprehensive income	5,799	3,795
Subscription rights to shares	76	30
Non-controlling interests	365	359
TOTAL NET ASSETS	61,109	58,605
TOTAL LIABILITIES AND NET ASSETS	100,896	99,627

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

For the nine-month period ended December 31, 2017 and 2016

	Millions of yen	
	December 31, 2017	December 31, 2016
Net Sales	40,107	32,007
Cost of Sales	28,842	22,543
Gross Profit	11,264	9,463
Selling, General and Administrative Expenses	9,928	8,836
Operating Profit	1,335	627
Non-Operating Income:		
Interest income	9	6
Dividend income	168	160
Others	240	119
	418	286
Non-Operating Expenses:		
Interest expenses	101	92
Sales discounts	176	103
Others	38	118
	317	314
Ordinary Profit	1,436	599
Extraordinary income:		
Gain on sales of fixed assets	36	—
Compensation for transfer	250	—
	286	—
Profit before Income Taxes	1,723	599
Income Taxes	383	1,281
Profit (loss)	1,339	(681)
Profit attributable to non-controlling interests	4	4
Profit (loss) attributable to owners of parent	1,335	(686)

Consolidated Statements of Comprehensive Income

For the nine-month period ended December 31, 2017 and 2016

	Millions of yen	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Profit (loss)	1,339	(681)
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	1,470	1,266
Deferred gains or losses on hedges	(9)	(34)
Foreign currency translation adjustments	480	96
Remeasurements of defined benefit plans	63	28
Total Other Comprehensive Income	<u>2,005</u>	<u>1,356</u>
Comprehensive Income	<u>3,345</u>	<u>675</u>
Breakdown:		
Comprehensive income attributable to owners of the parent	3,339	669
Comprehensive income attributable to non-controlling interests	6	5

(3) Notes on the Premise of a Going Concern

There are no applicable articles.

(4) Notes on the Statement of Changes in Consolidated Shareholders' Equity

There are no applicable articles.

(5) Application of the special accounting methods for the presentation of the quarterly consolidated financial statements

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of deferred tax accounting on profit before income taxes in the current consolidated fiscal year, including the third quarter, and multiplying profit before income taxes by said estimated effective tax rate. However, in cases where tax expenses calculations using the estimated effective tax rate produce results that are notably unreasonable, tax expenses are calculated by multiplying profit (loss) before income taxes by the statutory tax rate, with consideration given to the recoverability of deferred tax assets.